

# Full Loan Request: Sunderland - Butlers - Student Site

<b>Main Site:</b>	Development Site, Palmers Hill Road, Bonnersfield, SR6 0AA
<b>Date:</b>	22/02/2018
<b>Asset Description:</b>	Development site with planning permission granted for the erection of a 12 storey, 363 unit, purpose built student accommodation and residential apartment block.



## Deal Summary

<b>Loan Type</b>	Commercial Bridge	<b>Borrower Profile</b>	Commercial Property Investor
<b>SIPP Classification</b>	SIPP eligible	<b>Loan Purpose</b>	Purchase

## Property Summary

<b>Market Value</b>	£4,795,000	<b>Tenure</b>	Freehold
<b>Vacant Possession Value</b>	£4,795,000	<b>Asset Class</b>	Light Industrial
<b>GDV</b>	£29,500,000	<b>Purchase Type</b>	Purchase Option
<b>Purchase Price</b>	£1,350,000 + VAT		

## Loan Summary

<b>Total Loan Required</b>	£1,570,000	<b>Loan to Value (LTV)</b>	32.7%
<b>Blended Interest Rate</b>	12%	<b>Interest Cover</b>	N/A
<b>Loan Term</b>	9 months	<b>Interest Expense (p.a.)</b>	£188,400

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
A	Low	0-50%	£1,570,000	12%	12 month interest reserve to be retained on account

## Borrower Details

<b>Name</b>	Butlers Walsall Sunderland Ltd
<b>Registration</b>	UK Registered Limited Company - company number 11041089
<b>Main Business Activity</b>	Commercial Property Investment
<b>Ownership Structure</b>	<p>Directors of Butlers Walsall Sunderland Ltd:</p> <p>Amarveer Singh Dhatt Amar Singh Mehli</p> <p>Shareholder of Butlers Walsall Sunderland Ltd:</p> <p>Butlers Walsall Ltd (100%)</p> <p>Directors of Butlers Walsall Ltd:</p> <p>Amarveer Singh Dhatt Amar Singh Mehli</p> <p>Shareholders of Butlers Walsall Ltd:</p> <p>Amarveer Singh Dhatt (25%) Jasjeet Singh Dhatt (25% - brother of Amarveer) Amar Singh Mehli (25%) Mandeep Singh Mehli (25% - son of Amar)</p> <p>All Directors, Shareholders, Beneficiaries and Guarantors have cleared KYC, AML and Credit checks.</p>

## Applicant Details

<b>Name</b>	Amar Singh Mehli & Amarveer Singh Dhatt
<b>Age</b>	58 & 34
<b>Experience</b>	<p>Land and property traders and developers, utilising their own in-house construction team.</p> <p>The Applicants have significant experience gaining planning permission on development sites with the intention of selling them to developers.</p> <p>The Applicants have been involved in &gt;£40m worth (pre-development value) of similar transactions over the last 15+ years.</p>
<b>Credit History</b>	<p>Amar Singh - Clear - Credit Safe Score - 604(Band 10 of 10, i.e. the highest band)</p> <p>Amarveer Singh - Clear - Credit Safe Score 574 (Band 7 of 10)</p>
<b>Net Worth</b>	£14.1m - equity held in 7 further commercial development sites across the UK; based on current valuations not GDV.

## Loan Details

<b>Loan Purpose</b>	Commercial bridge to allow for the execution of an option by the Borrower to acquire a development site with vacant possession for £1,350,000 + VAT.  While Proplend are providing 100% of the funding to allow the Borrower to execute option, the borrower has spent £200k on gaining planning permission and will provide the funds required to cover the VAT (£270k), SDLT and all other fees incurred.
<b>Gross Loan Amount</b>	£1,570,000
<b>Net Loan Amount</b>	£1,350,200
<b>LTV</b>	32.7%
<b>ICR</b>	12 months interest reserve to be retained on account.
<b>Serviceability</b>	Interest to be serviced out of the interest reserve throughout the life of the facility. A further 3 months interest is being taken to provide further comfort.
<b>Interest reserve</b>	Proplend will retain £188,400 (12 months interest) from the gross loan amount to be held on account. The balance of the Interest Reserve will be applied to the repayment of principal at the end of the loan term.
<b>Early Repayment</b>	1% for the first 2 months, none thereafter

## Strategy During Loan Term

The Borrower is to progress existing discussions with two potential purchasers of the site, as well as continuing to market of site to other developers.

## Site Details

An irregular plot of roadside fronting land currently occupied by a terrace of single, storey light industrial workshops.

The Site has planning permission (confirmed December 2017) for demolition of the existing workshops and the erection of a 12 storey, 363 unit, purpose built, student accommodation and residential apartment block.

The site is located immediately to the west of the Sunderland College and University Riverside Campus sites.

Planning Use: Sui Generis Student Accommodation Use Classes Order 2010 under planning reference 16/02247/FUL.



## Location Report

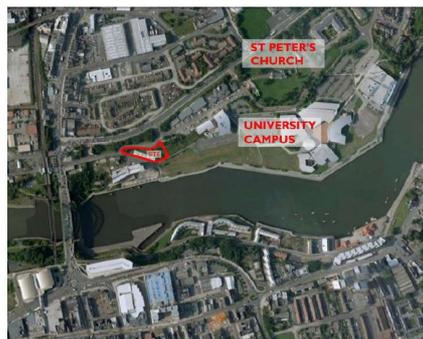
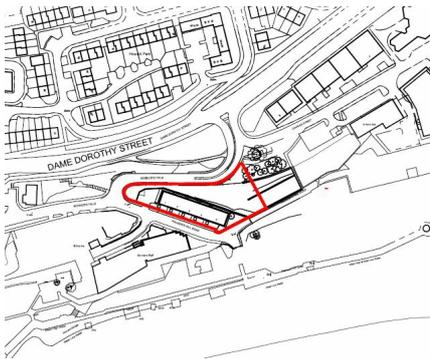
The site lies adjacent to The University of Sunderland St Peters Campus on the northern bank of the River Wear.

The University of Sunderland was established in 1992, having previously been Sunderland Polytechnic, and currently has more than 18,000 students. There are two University campuses in Sunderland, being City Campus and the Sir Tom Cowie Campus at St Peter's. More than £130 million has been spent on its two campuses in recent years as the university continues to modernise and expand.

The University of Sunderland, placed 96th in the Times University Guide, is among just 15 universities which gain more than a quarter of its income from overseas students (41%), mainly from the Far East.

Research from an online mortgage provider named Sunderland as the top postcode area for landlords letting properties to students. Based on figures for 2016, property investors who invest in Sunderland can enjoy average rental yields of 6.50%, with the next best area being Manchester, with an average rental yield of 6.2%.

The City of Sunderland is located on the North East coast in Tyne and Wear, 10 miles South East of Newcastle upon Tyne and 12 miles North East of Durham City. Sunderland has a resident population of some 290,000 and a significantly greater catchment population within the surrounding smaller towns and villages.



## Security

Main Site	First Legal Charge	Debenture	Debenture Required
<b>Personal Guarantee</b>	Joint and Several Guarantee from the Directors and Shareholders of Butlers Walsall Sunderland Ltd for the sum of £1,570,000		

## Exit Strategy

Sale of the site to property developers

## Covenants

**LTV Covenant** 55%

## Fees

**Arrangement Fee** 2% (1% on draw down / 1% on exit) **Broker Fee** 1%

## Valuation

A valuation of the property was carried out by Colin Lilley Surveyors Limited on 29th December 2017, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £4,795,000  
Vacant Possession Value: £4,795,000  
Gross Development Value: £29,500,000

## Report on Title

A report on Title will be supplied by Paris Smith acting on behalf of Proplend Security Ltd, and it's comments thereon can be viewed under documents.

Lender Risks	Mitigant	Risk Level
<b>Risk that the management of the Borrower is not able to execute their business plan.</b>	Being experienced property traders the Applicants requested a 9-month facility in order to all sufficient time to find a buyer for the Site. The Applicants are already in discussions with several interested parties.	<b>Medium</b>
<b>Risk that the Borrower stops making monthly interest payments to Lenders due to loss of lease income and or tenants whose leases had ended, had exercised a lease break or have gone into receivership.</b>	The Site is non-income producing so a full interest reserve has been included to cover all require interest payments due to Lenders throughout the term of the facility.  Proplend Security Limited holds a further 3 months interest reserve to provide additional cover in the unlikely even the facility overruns.	<b>Low</b>
<b>Risk that the Borrower is unable to repay the loan principal at the end of the loan term because they have not been able to sell or re-finance the property.</b>	Holding a first legal charge secured over the Site, registered with the Land Registry and Companies House, enables Proplend Security Limited to appoint solicitors and/or a receiver to repossess the Site, sell it and execute any other security held from the borrower Default interest is charged during the period of default.	<b>Medium</b>
<b>Risk that the Property falls in value due to either macroeconomic or property specific reasons</b>	The Site is well located in a stable UK city, within a mile of Sunderland University. The value of the site would have to fall by 67% before the lenders in Tranche A were affected.  Proplend Security Limited maintains a panel of experienced valuers who must have adequate professional indemnity insurance to provide property valuations.	<b>Low</b>

## Conditions Precedent

The following actions have been completed prior to credit approval:

- Satisfactory AML/KYC checks in respect of the Borrowers / Directors / Shareholders
- Clear credit searches against the Directors / Shareholders
- Formal, independent valuation addressed to Proplend Security Limited by a RICS qualified valuer confirming market value of the property.
- Satisfactory completion of all stated security requirements / Report on Title.
- Adequate insurance cover with Proplend Security Limited named as First Loss Payee
- Proplend Ltd diligence to be satisfied that interest payments can be serviced
- Loan to value not to exceed 75% on draw down

## Documents

The following documents are available to download via the Loan Request screen:

- A Draft Standard Loan Contract
- The Report On Title and Lettings Report produced by Paris Smith
- A copy of the Valuation Report

## Next Steps

**If you are interested in participating in this Loan Request and are already fully registered with Proplend then:**

Log-in your Proplend Lenders Account, go to Loan Investments

If the Loan Investment is In Funding, pick the Tranche you wish to lend into and click Lend Now. You will be required to enter the loan amount twice and then Lend Now. You then have the option to Lend again into a different Tranche if you wish. A copy of the Loan contract signed by you will appear in the Waiting to Close screen in your Lender Dashboard. When all the Loan Tranches are 100% filled, the Borrower will be invited to sign the Loan Contracts and the final Security documentation will be completed by Proplend Security Limited before drawing down the loan. This may take up to 10 days from 100% funding and you will be kept informed.

**If you have any questions, please call us on 0203 379 8290**

## PROPLEND DISCLAIMER - PLEASE NOTE:

The information provided in this Loan Request is provided solely by the applicant and not Proplend Ltd ("Proplend") or Proplend Security Limited ("PSL"). Neither Proplend nor PSL has verified or audited the information in the Loan Request or the Loan Request itself; and the publication of the Loan Request by the applicant on the Service Website does not constitute any approval, endorsement or representation by Proplend or PSL in relation to the Loan Request. Neither Proplend nor PSL provides any warranty, representation or undertaking as to the accuracy, timeliness or reliability of the information in the Loan Request or that the Loan Request or any Due Diligence Material accurately reflects the risks associated with the Loan Request; nor does Proplend or PSL make any recommendation or give any advice of any kind in relation to the Loan Request. Expected bad debt estimates are estimates for general guidance only and neither Proplend nor PSL warrant their accuracy or reliability. Lenders should seek their own independent legal, financial, tax or other advice before lending. Capital at risk.