

Full Loan Request: Newbury - Rissance - Storage Yard

Main Site:	'Plot A' Express Way, Newbury, Berkshire, RG14 5TU, also known as Land Adjacent to 7-8 Express Way, Newbury, Berkshire,
Date:	2/11/2018
Asset Description:	Just under half an acre of land with outline planning for 10,000 sq ft of office and warehouse, B1 and B8 use, to be used as a storage yard.



Deal Summary

Loan Type	Commercial Mortgage	Borrower Profile	Property developers and investors
SIPP Classification	SIPP Eligible	Loan Purpose	Capital Raise

Property Summary

Market Value	£550,000	Property Income	£40,000
Tenure	Freehold	Asset Class	Storage Yard
EPC Rating (min. E)	n/a		

Loan Summary

Total Loan Required	£364,000	Loan to Value (LTV)	66.18%
Rate of Interest	7.28%	Interest Cover	1.51x
Loan Term	12 months	Interest Expense (p.a.)	£26,499

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£6,500	9.99%	8.99%	1.51x
B	Medium	51-65%	£82,500	9.00%	8.10%	1.55x
A	Low	0-50%	£275,000	6.70%	6.03%	2.17x

Borrower Details	
Name	Ressance Land No 54 Limited
Registration	UK Registered Limited Company
Main Business Activity	The proposed Borrower is a special purpose Limited Company, registered in the UK. It has no assets other than the Subject Properties.
Ownership Structure	The SPV is owned 100% by Ressance Land Ltd. Ressance Land Ltd is owned 100% by Ressance Ltd. Ressance Ltd is owned as follows; - Duncan Crook, 57% - David Grant, 19% - Nigel Jones, 16% - Nicholas Turner, 5% - Caroline Jones, 3%.

Applicant Details	
Name	Duncan Crook
Age	55
Experience	<p>Ressance Limited;</p> <p>An established developer and house-builder based in Newbury, West Berkshire, Ressance has developed about 300 high quality new homes.</p> <p>Through associated companies they also operate over 2,200 sq m of commercial buildings (offices, warehouse and industrial), together with about 7,000 sq m of commercial storage space and own a 2.5 hectare prime development site in Lagos, Portugal.</p> <p>They have a current UK development pipeline of over 300 dwellings and 15,000 sq m of commercial space, and carry out all aspects of the development cycle in-house and possess the full gambit of development core competencies including land assembly, town planning, architectural design, construction & project management, marketing and sales and post sales client care.</p> <p>Construction is carried out under a standard JCT by Ressance Construction Limited, a wholly owned subsidiary of Ressance Limited, which gives them complete control over quality and also, crucially for landowners, the ability to create land value through a combination of maximizing planning consent, optimizing density, high quality design and utilizing modern methods of construction.</p> <p>Ressance has an excellent track record of delivering projects on time and to budget. Developments are undertaken in individual subsidiary SPVs.</p> <p>Duncan Crook, Managing Director;</p> <p>Duncan is an experienced entrepreneur with thirty years' experience as an owner-manager. Prior to being involved in property, Duncan was a founder shareholder and CEO of an IT and communications company specialising in Managed Network Services to the public sector that was sold to a major private equity firm in 2004 and sold-on to Capita in 2009.</p> <p>With extensive experience in strategic planning, operational management, and corporate funding, Duncan is an experienced dealmaker, including a supply agreement that was at the time British Telecom's largest metropolitan deployment of fibre optic cable.</p> <p>In 2001 he led a team that won a contract to provide secure broadband internet and network services to 33 Local Authorities and around 3,000 schools in London. The contract, valued at some £100m, was at the time the largest of its kind in Europe and was endorsed by central government as part of their e-government strategy.</p> <p>For the past fourteen years Duncan has been involved in property development and investment, during which time he has acquired in-depth knowledge of land-use planning, land assembly, property finance and operational processes.</p>

In terms of land-use planning, Duncan has been responsible for acquiring dozens of development sites and has secured planning permission for well in excess of 500 dwellings together with a wide range of commercial uses.

Nigel Jones, Financial & Commercial Director;

Nigel is a chartered accountant who trained with KPMG in London. Qualifying as an FCA in the 1970's, he spent about a decade in the international oil services industry, including a six year tenure as the group finance director of a substantial Plc.

From the late 1980's to just after the turn of the millennium, he was involved with a number of technology companies. Nigel is very experienced in financial, commercial and legal issues and was closely involved in winning and negotiating key commercial contracts and venture capital funding.

Nigel has been involved in property development for the past fourteen years and has considerable knowledge of project funding, project finance control, commercial management and contract management (e.g. JCT and Section 106).

Nigel's experience in funding includes senior debt and specialist vehicles (e.g. EPUTs); amongst other things he was responsible for a developing a highly innovative small fund using share-holder pension monies to buy land in a mixed-use development site.

Credit History	DC - Band 3, to be expected given he is ordinarily resident in Portugal, but clear. NJ - Band 10, the strongest band.
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Loan Details	
Loan Purpose	We are asked to retrospectively finance part of the purchase of the subject property. The net loan requested is £350k. The property was bought for cash in August for £375k, including stamp duty and legals. Prior to that, the Borrower spent circa £60k in securing the outline planning that was granted in August 2017, and Reserved Matters were satisfied in June 2018. The property has now been valued at £550,000-00.
Gross Loan Amount	£364,000
LTV	66.18%
ICR	1.51x
Serviceability	Annual rental income to be received of £40,000-00 with annual interest payments of £26,499 (1.51x).
Interest reserve	Proplend will retain £6,625 (3 months interest) from the gross loan amount which will 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.
Early Repayment	1 % first 6 months, no fee thereafter.

Strategy During Loan Term

We are asked to provide a 12-month loan during which time the borrower will rent the property out at £40k p.a. to its parent, Ressance Limited, who will sub-let to the existing tenants (HGV owners).

Purchasing Plot A also came with an Option to buy neighbouring property 'Plot B', Express Way, from the same vendor, which the Borrower will be exercising in early 2019.

They will then consolidate and sell both plots in 12 months time. The properties will be marketed by Quintons Commercial Property Agents, Newbury.

Property Details

Just under half an acre of land with outline planning for office and warehouse, B1 and B8 use, currently being used as a vehicle storage yard.

The site comprises one of two parcels of land at the northern end of Express Way, known as Plot A.

It is broadly level, rectangular and bound by a mixture of fencing types.

Plot A extends to 0.18 hectares (0.45 acres).

The site is secure and serviced with water, drainage and power.



Location Report

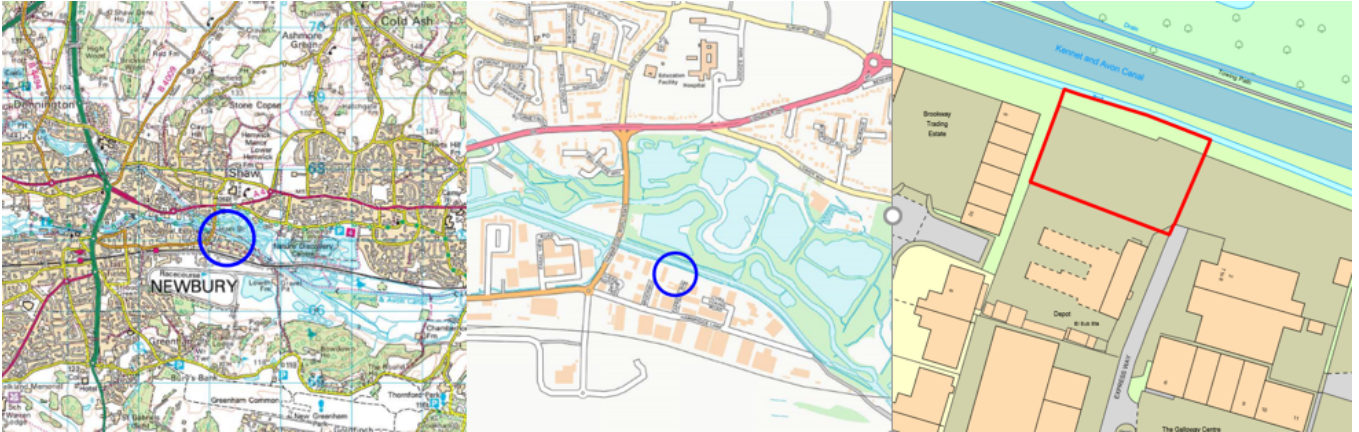
Newbury is the principal town in West Berkshire and its administrative centre. It is situated on the River Kennet and is located approximately 60 miles west of London and 65 miles east of Bristol.

The district has excellent communication links to London and to the West via trunk roads, the M4 motorway and mainline railways.

West Berkshire is home to a number of well-known national and international companies such as Atomic Weapons Establishment (AWE), Bayer, Nextra, Quantel and Vodafone. A strong industrial base, characterised by new technology industries with a strong service sector and several manufacturing and distribution firms, combine to give West Berkshire one of the lowest unemployment rates in the country. The properties in this area are a mix of commercial offices and industrial/warehouse units as well as PD developments.

The subject property is located four miles to the south east of the town centre being situated on the northern side of Hambridge Lane towards the western end near the junction with the B3421, in an established industrial and commercial area.

Immediately north of the property runs the River Kennet. Access is via Express Way, from Hambridge Lane, a principal industrial service road in the area.



Tenant Details

Tenant	Ressance Limited	Activity	Land and property investment
Lease Type	FRI	Lease Start Date	November 2018
Months to Lease Break	12	Months to Lease End	60
Contracted Rent (£ p.a.)	40,000-00.	Occupation Level (%)	100

Security

Main Site	First Legal Charge	Debenture	Debenture Required
Share Charge	Share Charge Not Required	Property Insurance	PSL Interest Requirement Outstanding
Personal Guarantee	Joint and Several Guarantee from the Directors and Shareholders of Ressance Land No 54 Limited for the sum of £100,000		

Exit Strategy

Sale of the property, as above.

Covenants

LTV Covenant 75% **ICR Covenant** 1.25x

Fees

Arrangement Fee 2% **Broker Fee** 0%

Valuation

A valuation of the property was carried out by JLL on 29/10/18, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £550,000

Vacant Possession Value: £550,000

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
Risk that the management of the Borrower is not able to execute their business plan.	The Borrower is an experienced professional property developer and investor. They have already secured planning gain, as confirmed by JLL. The valuer also comments that there are good levels of demand for this asset type in this location.	Low
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.	The Borrower's parent company is our tenant who are judged by Experian to be a below average risk company.	Low
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.	As above, the Borrower has already secured a £175k uplift in value, and will target purchasers both as current use as a storage facility, and also commercial property developers.	Low
Risk that the Property falls in value due to either macroeconomic or property specific reasons	There is general uncertainty currently due to general economic conditions, however the property would need to fall in value by 34%/£186k before entering negative equity.	Medium

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 to 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.