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Full Loan Request: Chessington - Land with planning

Main Site:	Land behind 547 Chessington Road, Epsom, Surrey, KT19 9HW
Date:	12/11/2018
Asset Description:	A vacant 0.5 acre development site, consisting of two separate titles, with planning consent for the erection of a three-bedroomed detached dwelling.



Deal Summary

Loan Type	Commercial Bridge	Borrower Profile	Property investment SPV
SIPP Classification	SIPP Eligible	Loan Purpose	Purchase

Property Summary

Market Value	£235,000	Property Income	N/A
Vacant Possession Value	£235,000	Market Rental Value	N/A
Purchase Price	£235,000	Purchase Type	Open Market
Tenure	Freehold	Asset Class	Land with Planning
EPC Rating (min. E)	n/a		

Loan Summary

Total Loan Required	£176,250	Loan to Value (LTV)	75%
Rate of Interest	10.00%	Interest Cover	N/A - Full interest Reserve
Loan Term	6 months	Interest Expense (p.a.)	£17,625

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£23,500	15.25%	13.725%	N/A - Full int. reserve
B	Medium	51-65%	£35,250	11.50%	10.35%	N/A - Full int. reserve
A	Low	0-50%	£117,500	8.50%	7.65%	N/A - Full int. reserve

Borrower Details

Name	DPJ Property Ltd
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 Company is owned 75% by Larry Isherwood, and 25% by his daughter, Philippa Isherwood.

Applicant Details

Name	Larry Isherwood
Age	69
Experience	Larry has been a property developer for over 40 years. He specialises in buying well, having undertaken hundreds of property ventures, with substantial property assets in various parts of Ipswich, Felixstowe, Surrey and London.
Credit History	Strong - Creditsafe score is in the highest band.
Net Worth	£25.6m, comprised predominantly of net equity in current land and property investments.

Loan Details

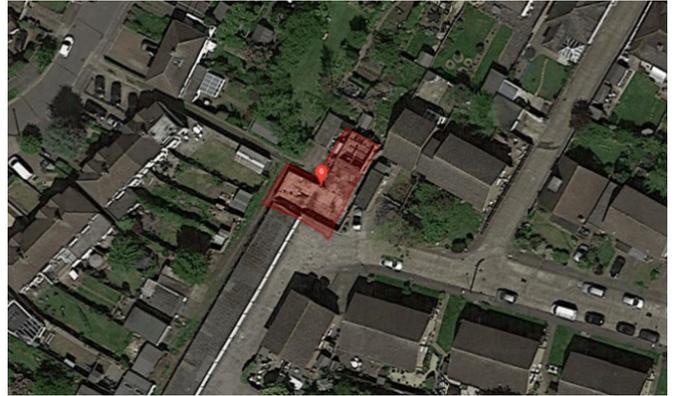
Loan Purpose	<p>Purchase. We are asked to provide a 75% LTV gross loan in order to assist with the purchase of the target property.</p> <p>The property is being purchased with full planning consent already in place, for the erection of a single three-bedroomed detached house.</p> <p>The Planning Consent granted in April 2016, can be found in Appendix E of the valuation report.</p>
Gross Loan Amount	£176,250
LTV	75%
ICR	N/A - Full interest reserve
Serviceability	Interest payments will be made from the interest reserve.
Interest reserve	<p>Proplend will retain £13,219 (9 months interest) from the gross loan amount which will be held on account.</p> <p>The balance of the Interest Reserve will be applied to the repayment of principal at the end of the loan term.</p>
Early Repayment	1% first 2 months, no fee thereafter.

Strategy During Loan Term

We will be repaid by way of development finance. Development finance had been agreed with another lender and legals were underway, but the client was not happy with the insistence on monthly QS reports, irrespective of whether a drawdown is required, and the broker is now being tasked to find an alternative development finance provider. In the meantime, the client has committed to purchase the property in November, and we are given the opportunity to provide a short term bridge, due to our ability to act quickly.

Property Details

A vacant development site with planning permission for the erection of a three-bedroom detached dwelling with associated parking and landscaping. The site is comprised of two adjoining separate titles, as shown below.



Location Report

The site lies behind 547 Chessington Road and is accessed off Headley Close and equally via a side shared driveway off Ashby Avenue.

The site lies within a residential area and is bordered by the rear gardens of the adjacent semi-detached houses and by a single storey garage block at the rear of Headley Close.

The property lies approximately half a mile distant to the east of Chessington town centre where a limited range of retail conveniences can be found, predominantly independent traders with a handful of national retailers.

Chessington Road itself provides a direct road link to the A243 and in turn, to the A3, approximately 2.5 miles to the north, the A3 then providing direct access to the M25 motorway in the south and London to the north.



Security

Main Site	First Legal Charge	Debenture	Debenture Required
Share Charge	Share Charge Not Required	Property Insurance	PSL Interest to be Noted on Completion

Personal Guarantee Individual Guarantee from a Director and majority Shareholder of DPJ Property Ltd for the sum of £176,250.
The Guarantor, Larry Isherwood, has also provided a Personal Guarantee for the Ipswich Warehouse loan, which is limited to the sum of £330,000-00.

Exit Strategy

The broker is sourcing our exit and will be with a provider that provides 75%-80% of land value on day one + 100% of build costs, thus sufficient to repay us in full.

The development appraisal can be found in Appendix D of the valuation report. The current land value is £235k, build costs will be £228k, and the GDV £600k.

Covenants

LTV Covenant	75%	ICR Covenant	0x
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Fees

Arrangement Fee	2%	Broker Fee	1%
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Valuation

A valuation of the property was carried out by Kempton Carr Croft on 7/11/2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £235,000
Vacant Possession Value: £235,000

Report on Title

A Report on Title will be supplied by Enact 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 has significant experience and expertise with developments of this size and nature, and larger developments. Full planning consent is already in place.	Medium
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 loan is for a 6-month term, and a 9-month interest reserve will be held.	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.	Our exit is not yet lined up, however the broker has significant experience in securing development finance for this client and many others, and is confident of placing this with a reputable lender, providing sufficient on day one, to repay us in full.	Medium
Risk that the Property falls in value due to either macroeconomic or property specific reasons	Recent market data points to general uncertainty, not least due to Brexit, however the valuer comments that the location is well sought after, with good local schools and commuter links.	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 Enact
- 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 397 8290

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