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# Full Loan Request: County Durham - Oliver - Land with Planning

<b>Main Site:</b>	Site of former Easington Club and adjoining land, Seaside Lane, Easington, Co Durham, SR8 3DY
<b>Date:</b>	13/12/2018
<b>Asset Description:</b>	A residential development site consisting of over 6.5 acres of cleared land.



Deal Summary			
<b>Loan Type</b>	Commercial Bridge	<b>Borrower Profile</b>	Property investment SPV
<b>SIPP Classification</b>	SIPP Eligible	<b>Loan Purpose</b>	Refinance
Property Summary			
<b>Market Value</b>	£1,190,000	<b>Property Income</b>	£0
<b>Vacant Possession Value</b>	£1,190,000	<b>Market Rental Value</b>	£0
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Land with Planning
<b>EPC Rating (min. E)</b>	na		
Loan Summary			
<b>Total Loan Required</b>	£747,500	<b>Loan to Value (LTV)</b>	62.82%
<b>Rate of Interest</b>	10.00%	<b>Interest Cover</b>	0x
<b>Loan Term</b>	9 months	<b>Interest Expense (p.a.)</b>	£82,225

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£152,500	14.90%	13.41%	0x
A	Low	0-50%	£595,000	10.00%	9.00%	0x

### Borrower Details

<b>Name</b>	Planning Gain Limited
<b>Registration</b>	UK Registered Limited Company
<b>Main Business Activity</b>	The proposed Borrower is a special purpose Limited Company, registered in the UK. It has no assets other than the Subject Properties.
<b>Ownership Structure</b>	The Company is owned 100% by Martin Oliver.

### Applicant Details

<b>Name</b>	Martin Oliver
<b>Age</b>	57
<b>Experience</b>	<p>Martin is an experienced property developer and investor. He is the Director of Oceana Business Park Limited, to whom we provided the Newcastle Business Park loan facility.</p> <p>That loan is about to be partially redeemed, and the remainder refinanced. We are looking to provide OBP Ltd with a new gross loan facility of £625k, with a supporting Guarantee limited to the sum of £125k from Martin Oliver.</p>
<b>Credit History</b>	<p>Martin Oliver - Clear. Creditsafe risk band 5 (he has recently changed address but no defaults or CCJs)</p> <p>Planning Gain Limited - Green. Score 79 out of 100.</p>
<b>Net Worth</b>	£2,690,000. The vast majority of which is comprised of equity in investment properties.

### Loan Details

<b>Loan Purpose</b>	We are asked to refinance the Borrower's existing facility with the current lender, which has 4 months to maturity.
<b>Gross Loan Amount</b>	£747,500
<b>LTV</b>	62.82%
<b>ICR</b>	0x
<b>Serviceability</b>	Monthly interest payments will be made from the Interest Reserve.
<b>Interest reserve</b>	<p>Proplend will retain £82,225 (12 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>
<b>Early Repayment</b>	2% first 3 months

## Existing Facility

<b>Lender</b>	Thin Cats	<b>Expiry</b>	30/4/2019
<b>Value</b>	£650,000	<b>Status</b>	Up to Date
<b>Existing Facility Description</b>	Bridging loan but servicing monthly interest payments		

## Strategy During Loan Term

The Borrower is selling the site, has received two offers, and has accepted the offer made by a local Residential Social Landlord (Housing Association) for £1.6m.

The Borrower envisages that the sale will take approximately 4 months to go through, and would like to refinance as the current lender insists that monthly interest payments are serviced.

As above, this loan will be repaid from the net sale proceeds.

## Property Details

A residential development site consisting of over 6.6 acres of cleared land, with outline planning for 59 dwellings on one title and a further 43 on the second title.

The site comprises the former working men's club site, which has been cleared and levelled, and an area of agricultural land to the west. The extends to approximately 6.61 acres (2.67 hectares).



## Location Report

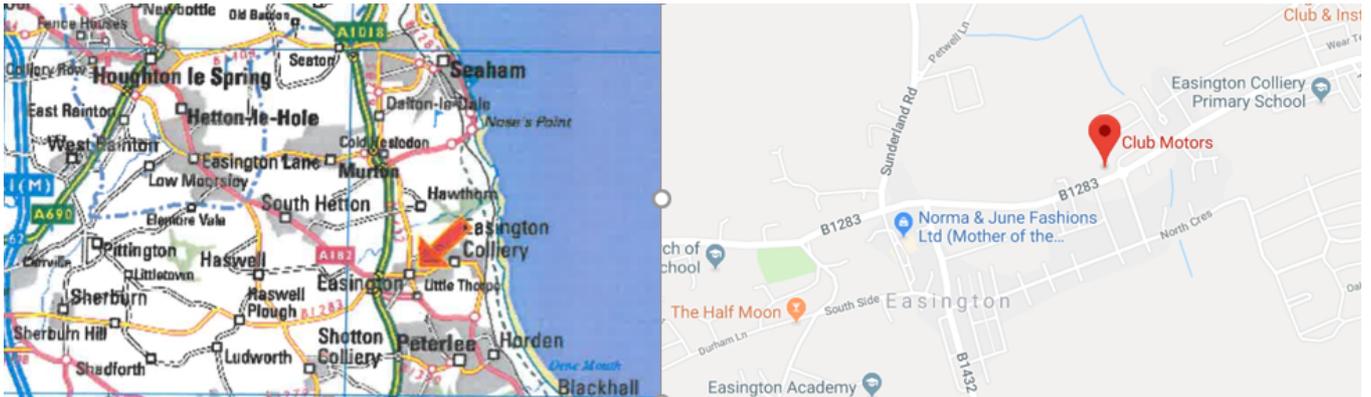
Easington is a former coal mining town on the east coast of County Durham. It comprises the original village (Easington) and Easington Colliery, a town which developed around the coal mine. The two settlements have grown and merged. Easington is situated to the north of Peterlee and to the east of Durham.

The site fronts Seaside Lane (B1283) which runs through Easington. It is situated in a predominantly residential area. There is a car repair workshop which adjoins the site and agricultural land to the north of the site.

Easington provides a range of essential services, including a GP's practice, a Primary and Secondary school, and a food store.

The site is bounded to the north by agricultural land and to the south and east by residential developments. The western edge of the site is bounded partially by residential development and partially by agricultural land. There is also a car repair centre situated to the western edge of the site.

The proposed use of this site for residential development is considered by the valuer to be suitable in this location.



## Security

<b>Main Site</b>	First Legal Charge	<b>Debenture</b>	Debenture Required
<b>Share Charge</b>	Share Charge Not Required	<b>Property Insurance</b>	PSL Interest to be Noted on Completion
<b>Personal Guarantee</b>	Individual Guarantee from an Individual Director of Planning Gain Limited for the sum of £148,000		

## Exit Strategy

We will be repaid in full upon receipt of the net sale proceeds.

## Covenants

**LTV Covenant** 65% **ICR Covenant** 0x

## Fees

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

## Valuation

A valuation of the property was carried out by Vickers & Barrass Chartered Surveyors on 29/11/2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,190,000  
Vacant Possession Value: £1,190,000  
Open Market Rental Value: £0

## 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
<b>Risk that the management of the Borrower is not able to execute their business plan.</b>	The Borrower has two bidders and the sale for the highest bidder is progressing - they have already undertaken a Site Investigation (which proved satisfactory).	<b>Low</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 loan is for a 9 month term, and monthly payments will be taken from the 12-month interest reserve held on account.	<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>	The risk here is if the sale becomes protracted, however the Borrower has requested a 9-month term, rather than 6 months, to ensure as far as possible that the loan does not become overdue.	<b>Medium</b>
<b>Risk that the Property falls in value due to either macroeconomic or property specific reasons</b>	The current economic climate suggests that land and property prices may fall in 2019, though as above, the Borrower has agreed the sale of the land to a well known and established regional housebuilder.	<b>High</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 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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