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# Full Loan Request: Norfolk - Broker - Land With Planning

<b>Main Site:</b>	Land on the East Side of School Road, Terrington St.John, Norfolk, PE14 7SE
<b>Date:</b>	17/12/2018
<b>Asset Description:</b>	Two Linked Residential Building Sites With Planning Consent for 35 Dwellings



### Deal Summary

<b>Loan Type</b>	Commercial Bridge	<b>Borrower Profile</b>	Professional Property Developer
<b>SIPP Classification</b>	SIPP Eligible	<b>Loan Purpose</b>	Refinance

### Property Summary

<b>Market Value</b>	£1,468,575	<b>Property Income</b>	£0
<b>Vacant Possession Value</b>	£1,468,575	<b>Market Rental Value</b>	£0
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Land with Planning
<b>EPC Rating (min. E)</b>	n/a		

## Loan Summary

<b>Total Loan Required</b>	£ 1,037,000	<b>Loan to Value (LTV)</b>	70.61%
<b>Rate of Interest</b>	12.00%	<b>Interest Cover</b>	0x
<b>Loan Term</b>	12 months	<b>Interest Expense (p.a.)</b>	£ 124,440

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£82,426	19.75%	17.775%	0x
B	Medium	51-65%	£220,286	14.10%	12.69%	0x
A	Low	0-50%	£734,288	10.50%	9.45%	0x

## Borrower Details

<b>Name</b>	Three Knights Developments 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 SPV is owned equally between the three Directors; - Alan Peter Christie - Eduardo Antonio Prato Jaen - Roberto Martinez Casas

## Applicant Details

<b>Name</b>	Alan Christie
<b>Age</b>	52
<b>Experience</b>	<p>Alan Christie</p> <p>Alan is a highly experienced property developer with over 25 years' property development experience. During that time he has completed developments ranging in size from around 14 to 28 units with a range of gross development values of up to £9.5m. From the early 1990's Alan has been involved in a variety of property developments throughout the UK. During his career as a property developer, he has been responsible for all aspects of property business including sourcing of sites, development planning, construction and financing. His main focus in property development is new builds and commercial to residential conversions. Through Development Discovery Ltd, Alan has also launched a training program for aspiring property developers. The ability to leverage students participating in the property development programme has enabled Alan to expand his reach into England over the last couple of years.</p> <p>1997 - 2002, Evolve Holdings Ltd. Founded company to create video based remote monitoring services over internet protocol specifically to replace security guards on construction sites.</p> <p>2003 - 2009, Richmond Homes (Scotland) Ltd. A small housebuilder building on four or five sites simultaneously throughout Fife, Lothians and Borders.</p> <p>2010 - 2015, WMS Projects Ltd. Contracting and development. The contracting business grew in the subsequent five years from £300k to £4m. During this time the company managed on behalf of others multiple office and industrial projects up to £4.5m in value, completed multiple £1m+ projects as main contractor and completed a couple of small self-financed development projects.</p> <p>2016 - present, Property Developer. Full time property developer, creating multiple opportunities and projects throughout the UK. Developments have been established locally (Scotland – 12 unit conversion; 26 unit conversion &amp; new build; 19 new build units; 24 new build units; 6 new build units) and further afield (England – 20 units in Sheffield; 14 units in Devon; 9 units in Norfolk). The latter two developments are being developed with mentees from the Development Discovery programme.</p> <p>2016 - present, Development Discovery Ltd. The trainees participate in a live development as shareholders and developer, seeing the project develop from the inside, as well as entitling them to a profit share at the conclusion of the development. Projects underway include: Discovery One Ltd:</p>

Happisburgh (Norfolk), 9 units (detached and semi-detached) Discovery Two Ltd: Stoke Fleming (Devon), 14 units (apartments) .

#### Eduardo Prato

Eduardo is an experienced property developer and investor. Eduardo is currently managing a number of property development projects totaling around 75 residential units. Eduardo develops land for residential use in England and Scotland whilst conducting mentoring for aspiring developers. He also owns and supervises a fully staffed award winning Estate and Letting with 500+ fully managed properties.

2004 - present, Residential and Commercial Property Investor. Portfolio present Invests in the property market (residential and commercial) in the Aberdeen area.

2005 - present, Vector Properties Ltd T/A Martin & Co - Aberdeen. Owner and Director present Owns and supervises a fully staffed award winning Estate and Letting. 500+ fully managed properties.

2014 - present, Silver City Services Ltd. Owns and supervises a fully staffed operation that provides maintenance and inspection services to letting agents, and operates serviced accommodation to the public in Scotland.

2016 - present, Property Developer. Develops land for residential use in England and Scotland. Current sites include: Fife 6 residential units (detached) Dunfermline 26 units (apartments) Kingseat 19 residential units + 1 commercial unit Leslie 24 units (detached and apartments).

2016 - present, Development Discovery Ltd. Develops land for residential use whilst conducting mentoring for aspiring developers. Trainees benefit from a profit sharing scheme at the end of the mentorship. Projects includes: Happisburgh (Norfolk) 9 units (detached and semi-detached) Stoke Fleming (Devon) 13 units (apartments).

#### Roberto Martinez Casas

Roberto has extensive business management and property development experience. He has proven to be an invaluable asset to source sites at competitive terms. He has been involved into several property development projects in England. Roberto has also worked at senior management and sales positions: he owned two franchises, managed and developed the franchisee company.

1994 - present, Professional Helicopter Pilot, Norwich, UK. Currently working as Professional Helicopter Pilot supporting Norwich Oil and Gas industry. Worked all around the world in different projects, including tuna fishing, Oil and Gas, VIP flights, flight training, Search and Rescue.

2016 - present, Property Developer. Develops land for residential use in England. Current sites include: Terrington St John (Norfolk), 35 units (detached and semi-detached), Happisburgh (Norfolk), 9 units (detached and semi-detached).

<b>Credit History</b>	Three Knights Developments Ltd - Green/37 - which is as much as you can hope for with a newly incorporated property investment SPV.  Alan Christie - Creditsafe 596, band 10, which is the highest score/lowest risk band.
<b>Net Worth</b>	Alan Christie - £1.413m  Eduardo Prato - £585k  Roberto Martinez Casas - £373k.

<b>Loan Details</b>	
<b>Loan Purpose</b>	Refinance
<b>Gross Loan Amount</b>	£1,037,000
<b>LTV</b>	70.61%
<b>ICR</b>	0x
<b>Serviceability</b>	Monthly interest payments will be taken from the 15-month interest reserve.
<b>Interest reserve</b>	Proplend will retain £155,550 (15 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.
<b>Early Repayment</b>	2% first 6 months

## Existing Facility

<b>Lender</b>	The Route Finance	<b>Expiry</b>	31/12/2018
<b>Value</b>	£850,000	<b>Status</b>	Up-to-date

## Strategy During Loan Term

The site was bought for £1m in August 2017 with outline planning. The Borrower has since secured fill planning permission for 35 residential units. The 12-month term will allow the Borrower to go back in with a revised scheme for an additional 10 units on the smaller piece of land.

Upon approval, the value is expected to rise from the current £1,468,575 to around £1.89m. This will in turn reduce our LTV from 70% at the outset, to around 55%.

## Property Details

Two linked plots of cleared land on one title extending to 1.87 hectares and 0.38 hectares totalling 2.25 hectares or 5.56 acres, with planning consent for 35 dwellings.

The two sites are roughly flat undeveloped sites which are separated by a School Playing Field. The sites are opposite a Junior School and existing string development housing of a good standard.

The boundaries are well defined by the road, drainage ditches and simple fences. The area is currently vacant farm land without any development.



## Location Report

Terrington St John is a small rural village which is set out principally on a string development system (of service roads spread over an area around historic agricultural uses). It is a typical Fenland Village.

The size of the population and location affords a growing level of amenity, services and transports links, for the purposes of this valuation. Main services can be found within eight miles to Kings Lynn (15 minutes' drive). Wathington Station gives rail access to Norwich, Cambridge & London.



## 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>	Joint and Several Guarantee from the Directors and Shareholders of Three Knights Developments Limited for the sum of £207,400		

## Exit Strategy

Plan A is to obtain the planning mentioned above, and develop the site in accordance with the revised scheme. The site was bought for £1.0m in 2017, build costs of £5.5m are anticipated, and GDV of £8.35m.

If other more lucrative sites become available in the meantime, then plan B will be to sell the site to another developer in order to realise the planning uplift.

## Covenants

<b>LTV Covenant</b>	75%	<b>ICR Covenant</b>	0x
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## Fees

<b>Arrangement Fee</b>	2%	<b>Broker Fee</b>	1%
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## Valuation

A valuation of the property was carried out by Aldreds Chartered Surveyors on 7/12/2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,468,575  
Vacant Possession Value: £1,468,575  
Open Market Rental Value: £0

## Report on Title

A Report on Title will be supplied by Paris Smith LLP 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 local authority may refuse the scheme for 10 dwellings on the smaller site on the plot, in which case, the Borrower will pursue the build out of the current approved, and profitable, scheme.

**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 12 month term, and a 15 month Interest Reserve will be held on account, from where the monthly interest payments will be made.

**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.**

Repayment will come by way of development finance from another lender, or sale proceeds. They have secured full planning on the larger part of the site, and there is no reason to believe that they will not achieve the same on

**Medium**

the smaller part. How long it will take is another matter, but they do have good working relationships with local planning officials.

**Risk that the Property falls in value due to either macroeconomic or property specific reasons**

At 70% LTV, the property would have to fall by 30%, £431,575, before lenders in Tranche C would be affected.

**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 LLP
- 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**

## PROPLEND DISCLAIMER - PLEASE NOTE:

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