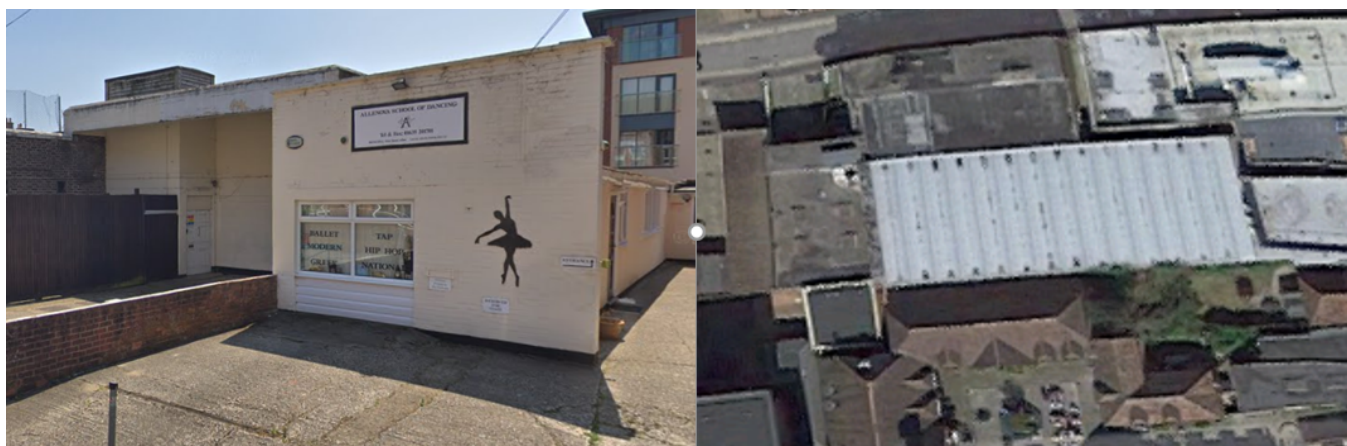


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Full Loan Request: Newbury - Ressance - Commercial Mixed Use

Main Site:	1 West Street, Newbury, Berkshire, RG14 1BE
Date:	11/4/2019
Asset Description:	The property comprises a former snooker hall and office space, in a vacant state, with outline planning permission in place for the development of 20 flats and associated parking.



Deal Summary

Loan Type	Commercial Bridge	Borrower Profile	Property Investment SPV
SIPP Classification	SIPP Eligible	Loan Purpose	Refinance and Capital Raise

Property Summary

Market Value	£1,875,000	Property Income	£0
Vacant Possession Value	£1,875,000	Market Rental Value	£0
Tenure	Freehold	Asset Class	Mixed Use (Commercial)

Loan Summary

Total Loan Required	£1,218,750	Loan to Value (LTV)	65%
Rate of Interest	10.00%	Interest Cover	0x
Loan Term	6 months	Interest Expense (p.a.)	£121,875

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£281,250	13.30%	11.97%	0x
A	Low	0-50%	£937,500	9.01%	8.109%	0x

Borrower Details

Name	Ressance Land No 56 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 Company is owned 100% by Ressance Land Limited. Ressance Land Limited is owned 100% by Ressance Limited. Ressance Limited is owned by; - Duncan Crook, 57% - David Grant, 19% - Nigel Jones, 16% - Nicholas Turner, 5% - Caroline Jones, 3%.

Applicant Details

Name	Duncan Crook
Age	56
Experience	Ressance Limited; An established developer and house-builder based in Newbury, West Berkshire, Ressance has developed about 300 high quality new homes. 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. 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. 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. Ressance has an excellent track record of delivering projects on time and to budget. Developments are undertaken in individual subsidiary SPVs. Duncan Crook, Managing Director; 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. 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. 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 government strategy. 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. 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.

Loan Details

Loan Purpose	Refinance and Capital Raise.
	We are asked to provide a 65% LTV gross loan facility, in order to refinance the current lender for the subject property, to the tune of £800k of the £1.1m net, and also to provide an additional £300k for one of the Borrower's associated SPVs, which will be used as working capital to accelerate a separate multi-phase development site, also in Newbury. This is a site for the construction of 300 apartments, 6000 sq ft of office space, a hotel, car dealership, restaurant and associated parking.
Gross Loan Amount	£1,218,750
LTV	65%
ICR	0x
Serviceability	The monthly interest payments will be made from the interest reserve.
Interest reserve	Proplend will retain £91,406.25 (9 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	2% first 3 months, no fee thereafter.

Existing Facility

Lender	Octopus/BridgeCo	Expiry	30/4/2019
Value	£800,000	Status	Up-to-date

Strategy During Loan Term

To convert the current Outline Planning for the subject property to Full Consent. Reserved Matters are being submitted now for 1 West Street, however due to other commitments, works are not due to commence until September.

The Reserved Matters relate only to appearance and landscaping. Because the site is within the Town Centre Conservation Area, the principle of appearance has already been scrutinised by the local planning authority.

The Section 106 contribution of £65,000 will be payable then, and will come from development finance proceeds. The works will be undertaken by Rissance Construction Limited. The developed properties will ultimately have the benefit of a 10-year underwritten warranty.

An indicative offer for development finance has already been received from several lenders, including both of Rissance's main development finance providers.

Property Details

The property comprises a former snooker hall and office space, in a vacant state. The majority of the building is single storey with high level windows. A small portion is two storey providing WC's and a small office.

The site now has outline planning permission under application 18/00207/OUTMAJ, for the development of 20 residential apartments, granted 19th November 2018. The total area has increased from 1,131 sqm to 1,156 sq m.

The property occupies almost 100% of the site and has a number of shared party walls. The property is currently accessed from West Street, which is an adopted highway. This is shared with the adjoining ballet school and access to an electricity substation.



Location Report

The property is situated circa 50m west of Northbrook Street, one of the principal shopping areas of Newbury and the main pedestrianised area.

The surrounding area is a mixture of retailing and offices interspersed with residential conversions. London Road runs in an east-west direction circa 200m to the north of the subject and provides a direct link to the A339 and on to the A34/M4 and the wider motorway network.

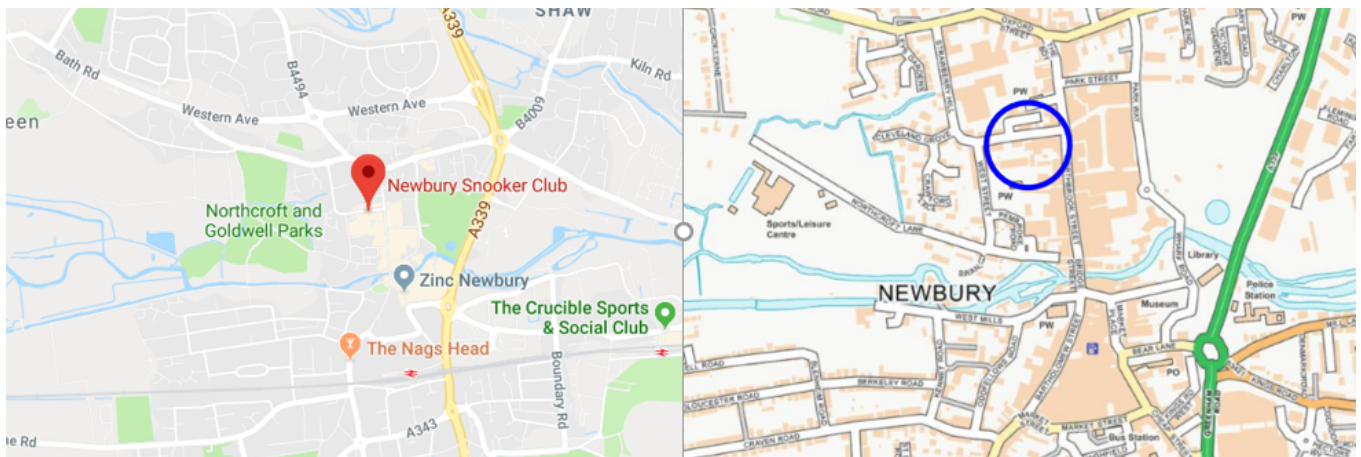
The property is equidistant between two parks, Northcroft Park to the west and Victoria Park to the east. The River Kennet is circa 500m to the south.

The location is very well served by bus and also a car-club operated by Co-Wheels and is within walking distance of the train station with links to Reading and London.

The railway was recently upgraded and electrified which has resulted in a significant reduction in journey time to London (under 50 minutes) and increased capacity.

There are a large number of local employers close by, including Vodafone whose global headquarters is on the edge of the Town. Newbury was recently categorised as the best place in the UK to establish a new hi-tech business and enjoys one of the highest hi-tech GDP per capita in the UK.

Newbury is the main focus for new housing in West Berkshire and has been allocated a housing target of several thousand new dwellings over the next 10 years.



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	Joint and Several Guarantee from the Directors and Shareholders of Ressance Land No 56 Limited for the sum of £243,750. The same two Directors have also already provided Joint and Several Personal Guarantees for the Newbury Storage Yard and Newbury Storage Yard 2 completed loans, limited to the sums of £200,000 collectively. These two loans are both performing and in good order, with all interest payments being received in a timely manner. Furthermore, each respective business plan is on track and due to be completed in line with expectations.		

Exit Strategy

As above, Ressance themselves will be building this particular scheme out. A well-known development finance provider, who they have used several times before, will most likely provide the funding required to redeem this loan.

Covenants

LTV Covenant	65%	ICR Covenant	0x
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Fees

Arrangement Fee	2%	Broker Fee	0%
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Valuation

A valuation of the property was carried out by Jones Lang Lasalle on 11/4/2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,875,000
Vacant Possession Value: £1,875,000
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

Risk that the management of the Borrower is not able to execute their business plan.

The business plan is reliant on the ability to obtain full planning consent. The Borrower is an experienced property developer, well known to the local planning authority, and does not envisage anything other than a positive outcome, given the local demand for housing.

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 monthly interest payments on this occasion will be made from the Interest Reserve. An additional three months over and above term will also be held on account.

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.

The time-frame is a short 6 months, however, as above, the Borrower is an experienced developer, and has provided a timeline, confirming works are schedule to start in October.

Medium

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

There is uncertainty in the property and wider economic markets, given the current political circumstances.

High

Development values can be volatile, rising steeply during buoyant market periods and falling rapidly when the market weakens.

As a consequence, the ability of development funding is sensitive to market conditions as demonstrated in the previous recession, particularly regarding apartment schemes.

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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