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Full Loan Request: Newbury - Ressance - Development Site

Main Site:	Land adjoining 108 Bartholomew Street, Newbury, RG14 5DT
Date:	20/8/2019
Asset Description:	0.23 acres of land with planning for 8 x 1-bed dwellings.

Deal Summary

Loan Type	Commercial Bridge	**Borrower Profile**	Property Investment SPV
SIPP Classification	SIPP Eligible	**Loan Purpose**	Refinance

Property Summary

Market Value	£490,000	**Property Income**	£0
Vacant Possession Value	£490,000	**Market Rental Value**	£0
Tenure	Freehold	**Asset Class**	Development Site

Loan Summary

Total Loan Required	£329,000	**Loan to Value (LTV)**	67.14%
Rate of Interest	10.45%	**Interest Cover**	0x

Loan Term	6 months	**Interest Expense (p.a.)**	£34,381

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£10,500	14.18%	12.762%	0x
B	Medium	51-65%	£73,500	12.25%	11.025%	0x
A	Low	0-50%	£245,000	9.75%	8.775%	0x

Borrower Details

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

Applicant Details

Name	Duncan Crook and Nigel Jones
Age	56 and 69 respectively.
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 egovernment 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 1970s, 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
Gross Loan Amount	£329,000
LTV	67.14%
ICR	0x
Serviceability	Monthly interest payments will be made from the Interest Reserve.
Interest reserve	Proplend will retain £25,785 (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	Lloyds	**Expiry**	31/8/2019
Value	£300,000	**Status**	Up-To-Date

Strategy During Loan Term

The site has planning for 8 x 1-bed dwellings, and during the term, the Borrower will be seeking to reduce the contribution towards affordable housing using a procedure known as S106A, and also value engineer the building to realise cost savings using a procedure known as S73.

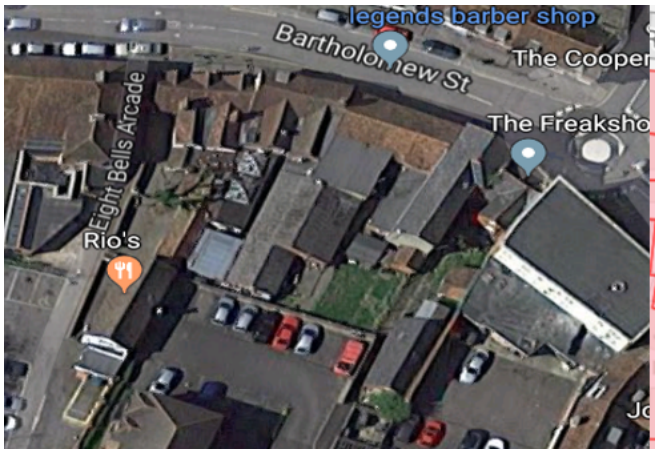
Both are short period procedures (8 weeks). The S73 application and the S106A have both now been lodged.

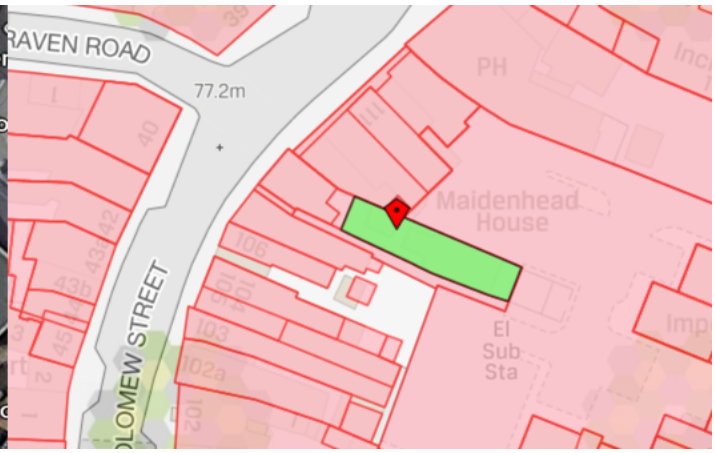
Property Details

The property comprises a site extending to approximately 0.23 acres.

The proposed development is situated upon land previously occupied by a dilapidated office building with ancillary outbuildings. These units have since been demolished to enable development.

The consented development comprises a new three storey residential property, arranged as eight, one-bed self-contained apartments.





Location Report

Newbury is the principal town in West Berkshire. It is situated on the River Kennet and is located approximately 60 miles west of London, 65 miles east of Bristol and 96 miles south west of Birmingham. The district has excellent communication links to London and to the West via trunk roads, the M4 motorway and mainline railways.

The property is located on Bartholomew Street, in central Newbury. Bartholomew Street leads into the pedestrianised section of Newbury town centre. Bartholomew Street is a busy street occupied by small shops and businesses alike.

The centre of Newbury is 0.1 mile to the north east, offering multiple; retail, commercial and leisure facilities.

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 3 Limited for the sum of £100,000. Please note that the same Guarantors have also provided the following PGs; - Newbury Storage Yard, £,100,000 - Newbury Storage Yard 2, £100,000 - Newbury Commercial Mixed Use, £243,750 ... and are proposing to provide; - Newbury Retail & Resi Mixed, £100,000 - Newbury Mixed Office and Retail, £100,000.

Exit Strategy

We will be repaid by way of development finance - development is scheduled to start in three months time.

Covenants

LTV Covenant	75%	**ICR Covenant**	0x

Fees

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

Valuation

A valuation of the property was carried out by Jones Lang LaSalle on 12/8/2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £490,000
Vacant Possession Value: £490,000
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 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. In addition to the net worth of the two individual Guarantors, the parent company, Ressance Limited, made a £418k net profit after tax in the year to 31/12/2017, with its net worth increasing accordingly to £1.449m.	**Low/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 three months time.	**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. 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.	**High**

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

PROPLEND DISCLAIMER - PLEASE NOTE:

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