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Full Loan Request: County Durham Land Refinance

Main Site:	Site of former Easington Club and adjoining land, Seaside Lane, Easington, Co Durham, SR8 3DY
Date:	3/10/2019
Asset Description:	A residential development site consisting of over 6.5 acres of cleared land, comprising neighbouring titles.



Deal Summary

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

Property Summary

Market Value	£1,190,000	Property Income	£0
Vacant Possession Value	£1,190,000	Market Rental Value	£0
Tenure	Freehold	Asset Class	Land with Planning

Loan Summary

Total Loan Required	£773,500	Loan to Value (LTV)	65%
Rate of Interest	12.00%	Interest Cover	0x
Loan Term	6 months	Interest Expense (p.a.)	£92,820

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£178,500	17.00%	15.30%	0x
A	Low	0-50%	£595,000	10.50%	9.45%	0x

Borrower Details

Name	Planning Gain 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 Martin Oliver. Please note that Martin Oliver is also the 100% owner of the Newcastle Business Park Borrower.

Applicant Details

Name	Martin Oliver
Age	58
Experience	Martin is an experienced property developer and investor, with a small portfolio of investment properties. He is the Director of Oceana Business Park Limited, to whom we provided the Newcastle Business Park loan facility. That loan is on track to be redeemed, prior to the maturity date, of 4/12/2019. Interest payments on that loan are being serviced by the Borrower, and have always been made in a timely manner, since the loan commenced in December 2015.
Credit History	Martin Oliver, personally - Clear. Planning Gain Limited - Green. Score 79 out of 100.
Net Worth	£2.69m. The vast majority of which is comprised of equity in investment properties.

Loan Details

Loan Purpose	Refinance
Gross Loan Amount	£773,500
LTV	65%
ICR	0x
Interest reserve	Monthly interest payments will be made from the interest reserve. Proplend will retain £69,615 (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	1% first 2 months, no fee thereafter.

Existing Facility

Lender	Proplend	Expiry	22/10/2019
Value	£723,000	Status	Up to Date
Rate	11.00%		

Strategy During Loan Term

We are asked to refinance the Borrower's existing facility with ourselves, which is due to mature at the end of this month. The difference between the new net loan and the redemption figure for the first loan, is roughly £35k, which the Borrower will be contributing, from cash.

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 £1.37m. The Borrower envisages that the sale will take approximately 2-3 more months to go through.

We have been provided with e-mail correspondence from the solicitor acting for the Borrower, and also from the solicitor acting for the purchaser, confirming the sale price of £1.37m. Contracts are to be exchanged very shortly.

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

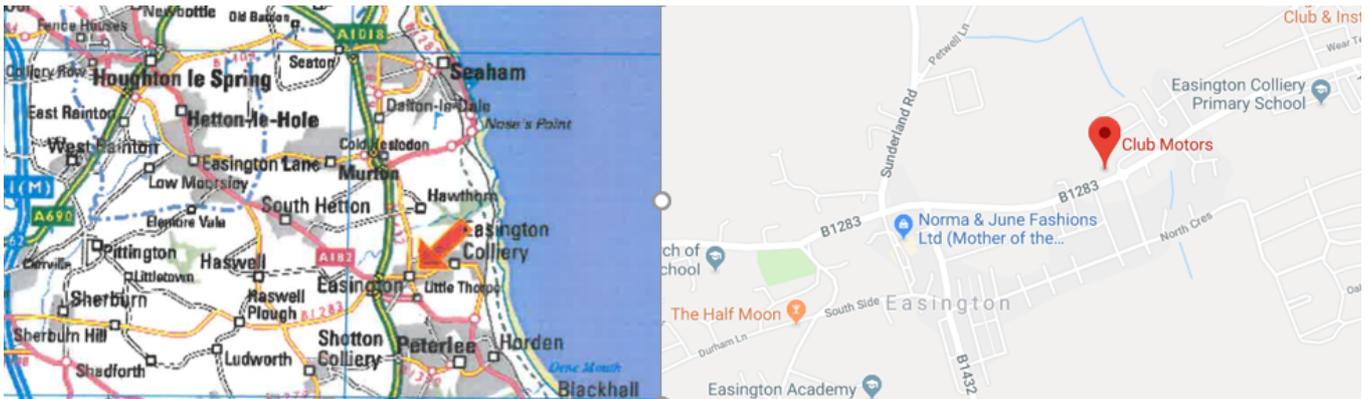
Easington is a former coal mining town on the east coast of County Durham. It comprises the original village (Easington) and Easington Colliery, a town which developed around the coal mine. The two settlements have grown and merged. Easington is situated to the north of Peterlee and to the east of Durham.

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

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 an Individual Director of Planning Gain Limited for the sum of £155,000.		

Exit Strategy

This loan will be redeemed upon receipt of the net sale proceeds.

Covenants

LTV Covenant 70% **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 tba, 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

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

The Borrower had two credible bidders and the sale for the highest bidder is progressing - they have already undertaken a good deal of Due Diligence, and have readied their solicitors.

Medium

This Risk Level will reduce to Low, on exchange of contracts.

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 monthly payments will be taken from the 9-month interest reserve 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 risk here is if the sale becomes protracted for any reason, however the Borrower has requested the shortest term possible, and that no Early Redemption Fees would be incurred after just two months, rather than our standard three.

Medium

This Risk Level will reduce to Low, on exchange of contracts.

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

The current economic climate suggests that land and property prices may fall during the next six months at varying regional degrees, though as above, the Borrower has agreed the sale of the land to a well known and established regional house-builder.

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

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