

STRICTLY PRIVATE & CONFIDENTIAL

Q2 Update Report 2019

proseed  capital



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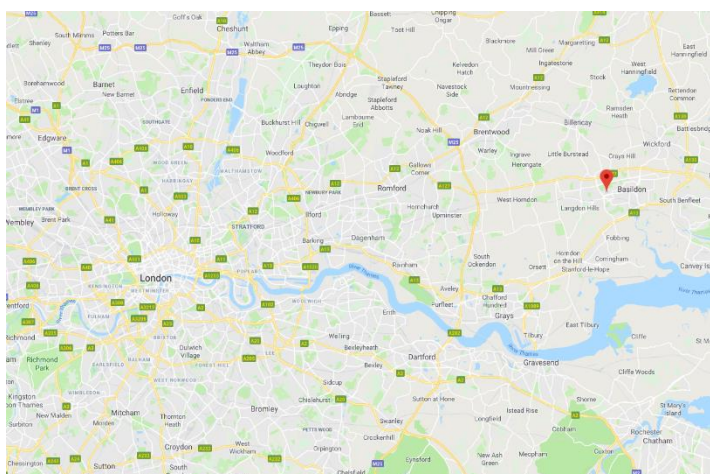
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Ongoing Investment – Development of 106 residential units - Basildon



Key Investment Details

- Loan type: Mezzanine development finance
- Property Partner investment: £1,173,606
- LTV: 68.2%
- Security: 2nd charge, personal guarantee and a debenture
- Asset: 99 one-bed and 7 two-bed residential units
- Planning: consent to convert an office block into 106 residential units
- Date of co-investment: 18th September 2018
- Term: 15 Months
- IMS forecast duration to PC: early July
- IMS spend to date/budget: £6,635,000/£6,700,000
- Project status: build is well progressed and the Borrower has commenced with the refinance of the property.

Underwrite as at 18/09/18

Land Costs (inc. stamp, CIL and planning)	£7,134,426
Build Costs and Professional Fees	£6,635,000
Costs Pre Finance	£13,769,426
Funded Finance Costs	£445,163
Funding Requirement	£14,214,589
GDV	£17,300,000
Forecast Sales Costs	£259,500
Net Sales Proceeds	£17,040,500
Profit	£2,825,911
Gross Senior Facility	£10,561,140
Mez Facility	£1,235,375
Equity	£2,418,074
Total Source of Funds	£14,214,589

Q2 Update

From our discussion with the Developer on 11th June, Proseed understand that the build works are slightly behind schedule with practical completion now targeted for the beginning of August. This is due to the electrical subcontractor delaying their works as they were delayed on an alternative scheme. This does not give rise to a material concern from Proceeds' perspective as the overall build is well progressed and the product is excellent.

As shown by one of the pictures to the left, the external cladding has now been completed and the scaffolding has been removed as the only remaining works are internal finishes.

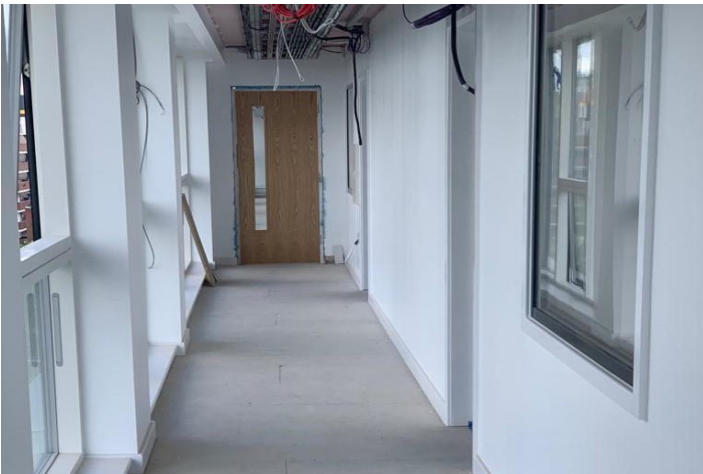
The Borrower is in the stage of snagging on 1st floor – 5th floor apartments. The communal corridors are being carpeted and painted. The Borrower expects the 1st floor – 5th floor to achieve completion in early Q3. The communal stairwells will be carpeted and painted nearer to practical completion.

The external soft landscaping is progressing on schedule with the turfed areas having been grass seeded and beginning to grow.

The subcontractor has confirmed that tarmacking will begin on the 24th June and the 2nd fix of the external lighting is expected to commence imminently.

The Borrower is currently progressing with the refinancing of the property using a hold to rent facility. The Borrower hopes to draw down on this in Q3 and this will fully redeem the Proseed loan. The Lender providing the refinance is happy to proceed with the facility despite practical completion having not been achieved as the build is so far progressed and the valuation came back higher than anticipated.

Ongoing Investment – Development of 106 residential units - Basildon



Proseed Update

Top left and top right photos – show that the exterior works including the installation of the cladding have been completed with the scaffolding removed.

Middle left, middle right and bottom right photos – show the internal works to the kitchen and bathroom as they near practical completion. As can be seen above, the appliances in the kitchen as well as fittings in the kitchen and bathroom have been installed.

Bottom left – show that works to the communal areas including corridors are still underway with carpeting and painting works to commence nearer to practical completion.