

STRICTLY PRIVATE & CONFIDENTIAL

# Q2 Update Report 2019

proseed  capital



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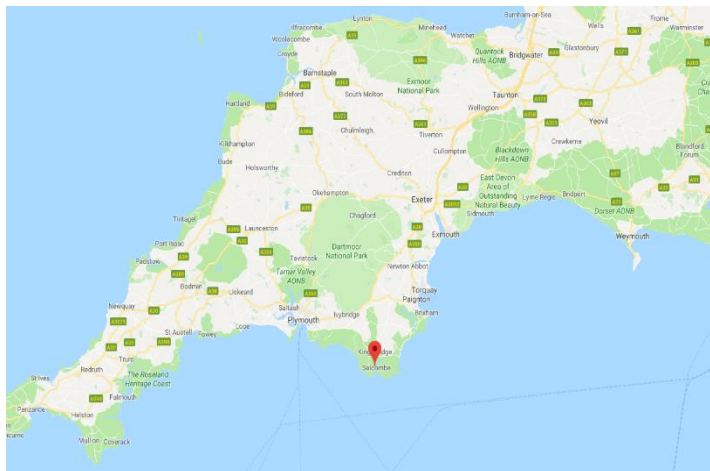
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## Ongoing Investment – Development of 12 residential units - Salcombe



### Key Investment Details

- Loan type: Mezzanine development finance
- Property Partner investment: £1,301,753 (as of 26/03/2019)
- LTV: 70.9%
- Security: 2<sup>nd</sup> charge, personal guarantee and a debenture
- Asset: 12 houses – with a mixture of 3 and 4 bed semi-detached and detached houses
- Planning: consent to develop 12 residential units
- Date of co-investment: 28<sup>th</sup> February 201
- Term: 15 Months
- Project status: progress delayed due to two issues which have now been resolved. There is a plan in place to recommence works in July.

### Underwrite as at 28/02/19

Land Costs (inc. stamp, CIL and planning)	£3,033,500
Build Costs and Professional Fees	£4,364,450
<b>Costs Pre Finance</b>	<b>£7,397,950</b>
Funded Finance Costs	£83,030
<b>Funding Requirement</b>	<b>£7,480,980</b>
GDV	£10,335,000
Forecast Sales Costs (Includes Senior Interest)	£661,885
Net Sales Proceeds	£10,177,977
<b>Profit</b>	<b>£2,825,911</b>
Gross Senior Facility	£5,735,062
Mez Facility	£1,541,705
Equity	£204,213
<b>Total Source of Funding</b>	<b>£7,480,980</b>

### Q2 Update

Proseed conducted a site visit on 5<sup>th</sup> June with the Borrower also in attendance.

The majority of the site is well progressed, however, works have fallen behind schedule due to the electrical subcontractor being wound up. The Borrower confirmed that a new electrical subcontractor has been appointed and is expected to be on site before the end of June.

The build on some of the units has not progressed on schedule either as there was a sourcing problem for the required stone which has to meet Planning Condition 3 per the Planning Approval. It has been confirmed that the Borrower will put in a bulk order for all required stone to avoid this problem occurring again. The Senior Lender, who Proseed also met with, are happy to fund this cost.

The Borrower confirmed that the agreement with the neighbouring landowner has now been agreed. The agreement allows the Borrower to remove the trees (shown in one of the pictures to the left) that would otherwise block the views of the estuary thus improving the saleability of the proposed units.

The final draft of the Salcombe Neighbourhood Plan is placing an emphasis on owner occupier homes by preventing any new second homes from being built in the area. Consequently the site would represent, in the area, the only new build options to the 2<sup>nd</sup> home buyers market, a material selling point.

In conclusion, whilst delays to the build have occurred, Proseed is pleased to see that; the build problems have been resolved, £2.3m of the Senior Facility is still available with the Senior Lender remaining supportive of the scheme and additional upside has been achieved due to the tree removal and planning restriction. Therefore Proseed remains supportive of the scheme.

Ongoing Investment – Development of 12 residential units - Salcombe



Proseed Update

The top 2 photos show some of the properties that are still in the relatively early stages with the breeze block work still ongoing. In comparison to the rest of the scheme, plots 35, 36 and 37 are in the earliest stages. The top right photo also shows the trees in the background which will be removed to provide views of the estuary.

The middle left photo shows that some of the plots have the roof trusses in place and the Borrower expects these properties to be watertight in less than 3 weeks (after works commence) with least developed plots (35, 36 and 37) achieving water tightness a few weeks after. Please note that the brick work delay relates to the exterior stone work which has to meet Planning Condition 3.

The middle right picture shows the show home which is the nearest to completion.

The bottom 2 photos show the interior of the show home. The bottom left photo shows the open space that the property will benefit from with the kitchen/living room doors opening on to the garden. The majority of the units benefit from a similar design.

The bottom right photo shows that the upstairs of the show home now has plasterboard in place and is a good example of the views that some of the properties will benefit from. These views will be enhanced once some of the trees in front of them have been removed.