

STRICTLY PRIVATE & CONFIDENTIAL

Q2 Update Report 2019

proseed  capital



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Ongoing Investment – Demolition of existing building and development of 12 flats - Exmouth



Key Investment Details

- Loan type: Mezzanine development finance
- Partnership investment: £100,914
- LTV: 75.9%
- Security: 2nd charge, 2nd debenture and a personal guarantee
- Asset: 12 residential flats (10 x 3-bed flats and 2x 2-bed flats)
- Planning: full planning permission approved
- Date of co-investment: 2nd April 2019
- Loan Term: 18 months
- IMS spend to date/ budget: £700,239/ £2,096,779
- IMS forecasted time to PC: 7-8 months
- Project status: Demolition and site clearance complete with significant progress made to superstructure of the ground floor



Underwrite as at 02/04/19

Land Costs (inc. stamp, CIL and planning)	£1,484,925
Build Costs and Professional Fees	£2,135,000
Costs Pre Finance	£3,619,925
Funded Finance Costs	£118,300
Funding Requirement	£3,738,225
GDV	£5,350,000
Forecast Sales Costs (including senior finance costs)	£404,775
Net Sales Proceeds	£4,945,225
Profit	£1,207,000
Gross Senior Facility (excludes senior finance costs)	£3,630,000
Mez Facility	£108,225
Equity	£0
Total Source of Funds	£3,738,225



Q2 Update

This report is the first of a series of reports which seek to provide an update on progress of the development on which the bond is underwritten. Further reports shall follow on a quarterly basis.

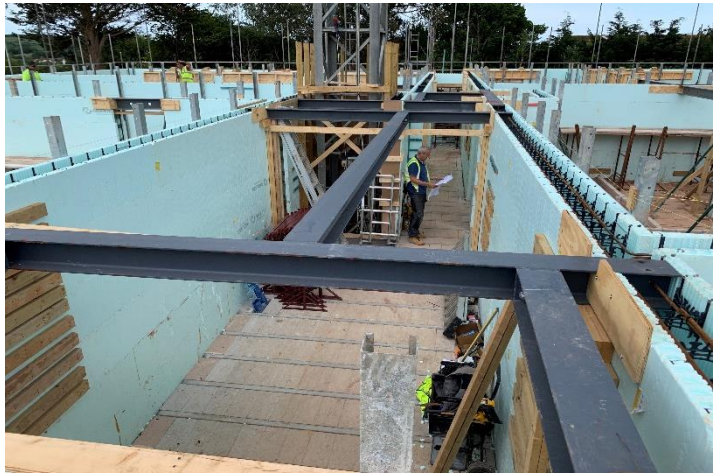
As evidenced by the photographs displayed on the following page, taken from Proseed Capital's most recent site inspection on the 7th of June 2019, it was noted that full demolition works and site clearance works had been completed with all foundations laid and the development of the superstructure to the ground floor well progressed.

An ICF (Insulated Concrete Forms) method is being used which is commonly thought to be a quicker and more cost effective alternative to other construction methods. An advantage of this method is that units can be made watertight sooner in the construction process allowing various streams of work to occur simultaneously. It was noted that the intention is to begin the first fix of the ground floor whilst the 1st floor is being developed.

We have noted that the development is progressing according to an accelerated schedule with the anticipated completion date being targeted for December 2019 which is 3 months sooner than that of the original underwrite, however per the latest QS Report, this is deemed to be optimistic and forecast a completion date of May 2020. Per discussions with the main contractor it was also noted that cost savings have been achieved on the budget to date with further savings expected on the fittings owing to the their relationships with certain suppliers. There are plans to accelerate works on unit 2 to present as a show flat while construction continues on the other units.



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Proseed Update

Proseed have also been notified that interest has been received following a launch in the town centre which is encouraging at this early stage of development.

Top left photo – shows the ease of access to the site allowing for materials to be delivered in an efficient manner.

Top right photo – shows a crane that has been installed on site which has resulted in added efficiency to the build as materials are able to be moved swiftly across the site.

Middle left photo – shows that both the inner and outer polystyrene layers have been installed throughout the ground floor including all reinforcement steel and rebars. Pouring of the concrete between the polystyrene layers is due to commence imminently after which it will take approximately 1 week to cure.

Middle right photo – steel structures being set above the ground floor units in preparation for works on the 1st floor.

Bottom photos – showing progress on first lift across the entire development.