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VAT - Full Loan Request: Aldgate Commercial Mixed Use VAT Bridge

This is a VAT loan to be used by the Borrower to pay HMRC the VAT due on the purchase of the property. Repayment of the loan will be by way of a VAT return made to HMRC for the VAT rebate. This loan will NOT be secured by a 1st or 2nd legal charge but by the HMRC VAT process and a Personal Guarantee from the Borrower for the full amount of the VAT Loan

Deal Summary	Jun 30, 2022
Loan Purpose	VAT payment due on the purchase of; 1) 122 Minorities, London, EC3N 1NT 2) The Angel, 14 Crosswall, London EC3N 2LJ
Asset Description	Two commercial properties one of which will be acquired with vacant possession. The intention is to demolish and create new commercial space on the ground and basement with new residential units above.
Loan Amount	£581,000
Loan Term	3 months
Interest Rate p.a.	9.00 % (Gross Interest paid by the Borrower)
Serviceability	Interest will be paid monthly in arrears from the Retained Interest. Please note that on this occasion, it was conceded that we will only hold 3 months Retained Interest, rather than our usual 4 months for a VAT Bridge.
Lenders Please Note	VAT loans will not be tranching in the same way that Bridge or Term loans are, this is because they are not risk assessed Loan to Value based loans. Please also note that loan parts cannot be bought or sold on the Proplend Loan Exchange (PLE). On this occasion, the Sponsors have some surplus cash and do not therefore need to borrow the full 20% VAT liability.



Security	
Personal Guarantee	Personal Guarantee from the Directors and Shareholders of Estreetbrand Limited for the sum of £581,000
Retained Interest	The total Retained Interest is £13,072.50 and is used to make the monthly interest payments for the term of the Loan. Any unused Retained Interest will be deducted from the Loan Redemption amount.

Property Details			
Purchase Price	£4,790,000	Asset Class	Commercial Mixed Use - Office, Work Studio, Cafeteria
Stamp Duty	Payable, but not being lent	Tenure	122 Minories - Freehold 14 Crosswall - Leasehold

Property Summary

Prior to drawdown, the VAT Agent will confirm that the property is elected for VAT and that the Borrowing Company is VAT registered.

Alongside their own equity, the Borrower is raising a senior debt loan from a third party Lender to complete the purchase of the property. The Lender will be taking a first legal charge and a debenture.

On behalf of the Senior Debt Lender, a valuation of the property was carried out by a RICS qualified valuer. Proplend has had sight of and has read this valuation but as it was not instructed by Proplend Security Limited, we are not placing reliance on it for the purposes of this loan as it does not form part of the security package.

On behalf of the Senior Debt Lender, a Report on Title for the property was carried out by a SRA Registered Solicitor. Proplend will have sight of and have read this prior to loan drawdown.

Borrower Details

Name	Estreetbrand Limited
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Ownership Structure	The Company is owned 50% by Brand of London Limited, and 50% by Wilmot Place Limited.
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Brand Of London Limited is owned 100% by Alexander Kamenou.

Wilmot Place Limited is owned as follows;

- John Kamenou, 40%
- Anthony Kamenou, 25%
- Charles Kamenou (Jr), 25%
- Demetra Kamenou, 10%.

Applicant Details	
Name	John Kamenou and Alexander Kamenou
Experience	<p>The Sponsors have over 50 schemes across the capital under their belt, and are very experienced in schemes of the size and nature at this Subject Property.</p> <p>Charles (and his brother Gabriel) established Executive Developments Limited in 1986. Charles is a Director for the borrowing entity alongside his sons, John and Alex.</p> <p>Charles' sons, John and Alex, are the respective majority shareholders, and providers of the Directors Personal Guarantees.</p> <p>John and Alex have been working in this family business for circa 10 years.</p>
Credit History	<p>Strong.</p> <p>All three sponsors have a Creditsafe risk band of 10, and all three have passed Lexis Nexis checks.</p> <p>Creditsafe also confirms; Estreetbrand Limited to have a rating of C Brand of London Limited also a rating of C, and Wilmot Place Limited to have a rating of B.</p>
Net Worth	<p>CK - £4.714m AK - £4.668m</p>

Senior Debt Loan	
Lender	Jordan International Bank Plc
Amount	£3,000,000
LTV	63% (day one)
Loan Type	A 24-month Bridge and Development Finance facility

Strategy During Loan Term and Exit

Following the advance of the VAT loan and the completion of the property purchase, the focus switches to VAT Recovery.

The Borrower has appointed Gerald Edelman as their VAT Agent, who will work with the Borrower to complete and submit the VAT return. This process from submission to rebate usually takes between 30-90 days.

Gerald Edelman also acts for Proplend, and is authorised by the Borrower to provide us with all/any information required, along with regular updates.

Once the VAT return has been submitted, HMRC will not respond for a period of 21 days. After that Gerald Edelman can engage directly with HMRC on the Borrowers behalf, respond to any HMRC questions and regularly chase progress for the release of the VAT monies.

The VAT monies will be paid directly from HMRC into Gerald Edelman's Client Money account, they in turn will forward to Proplend for Lender disbursement less any other VAT collected on behalf of the borrower.

The borrower remains obliged for the term of the loan to provide us with any further information requested (specifically in regard to any questions raised by HMRC).

The Borrower is not obliged to retain the services of Gerald Edelman once the loan has been fully redeemed.

Fees			
Arrangement Fee	2%	Broker Fee	1%

Lender Risks	Mitigant	Risk Level
There is no legal charge over the property being taken as security.	The loan is being advanced on the back of the well established HMRC, VAT payment and refund process.	LOW
HMRC do not complete the VAT rebate within the Loan Term of 90 days	<p>The VAT Agent will prequalify and supply to HMRC all required information, and engage with HMRC from day 21, in order for the rebate to be completed with the 3-month Loan Term.</p> <p>In extreme cases, HMRC state that it can take up to 180 days. If the rebate does not materialise by day 120, the Borrower is aware that monthly interest payments will need to be serviced, and that Penalty Interest will be incurred.</p>	MEDIUM
The Borrower goes into Administration between the time the loan is granted and the VAT rebate is received	The loan is being made to a newly established SPV and Proplend has a Letter of Recognition of the VAT Loan with the Senior Debt Lender, confirming that they waive claim to the VAT rebate monies	MEDIUM

Conditions Precedent

The following actions will have been completed prior to drawdown:

- Satisfactory AML/KYC checks in respect of the Borrowers / Directors / Shareholders
- Clear credit searches against the Directors / Shareholders
- Conditions Precedent satisfaction letter from Gerald Edelman (VAT Agent)
- Conditions Precedent satisfaction letter from Solicitors
- Sign Loan Contracts
- Signed Security Documents

PROPLEND DISCLAIMER - PLEASE NOTE:

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