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VAT - Full Loan Request: **West Norwood VAT Loan**

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.

Deal Summary	Sep 20, 2022
Loan Purpose	VAT payment due on the purchase of 6 Lansdowne Hill, West Norwood, London SE27 0AR
Asset Description	<p>The subject Freehold Property currently comprises an overgrown area of land situated off Lansdowne Hill to the rear of the retail units which front onto Norwood Road.</p> <p>There are some existing buildings on the site which will be demolished to enable the redevelopment to provide 51 residential units together with an office building.</p> <p>There will be a mix of one, two and three bedroom dwellings with 35 private flats and 16 being designated affordable.</p> <p>GDV quoted as £23,542,200 within the Valuation provided from Strutt & Parker 12.07.2022.</p> <p>Exchanged and due to Complete within 7-10 days.</p> <p>Sponsor's related trading and construction business (Krinvest & Pooch) have a current similar project within the surrounding area and have completed several similar scaled property developments successfully.</p>
Loan Amount	£1,180,000
Loan Term	3 months
Interest Rate p.a.	9 % (Gross Interest paid by the Borrower)
Serviceability	Interest will be paid monthly in arrears from the Retained Interest

Deal Summary	Sep 20, 2022
Lenders Please Note	<p>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.</p> <p>Please also note that loan parts cannot be bought or sold on the Proplend Loan Exchange (PLE).</p>



Current site



Existing entrance from Lansdowne Hill and ground floor plan as proposed

Security	
Retained Interest	The total Retained Interest is £35,400 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.
Further Security	None

Property Details

Purchase Price	£5,900,000	Asset Class	Mixed Use (Commercial)
Stamp Duty	£0	Tenure	Freehold

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	Tower 48 Limited(New SPV)
Ownership Structure	Sole Director

Applicant Details

Name Krishnan Julian Satkunam

Experience

Dr. Krishnan Satkunam Executive Chairman

Krish is a qualified medical doctor who worked in a variety of hospital environments and contexts. He began renovating and renting residential properties in London. Krinvest Care Group was formed in 2004 to set up, own, and operate child care and residential care facilities. This has led to more specialist services for adults with mental health issues and supported living.

Krish developed a keen interest in property development whilst completing his academic studies establishing a London residential property investment portfolio alongside gaining a First Class Honours Degree in Medicine (St Bart's & Royal London Medical School) and Medical Physics (University College London) and a Diploma in Business Studies (City University).

Having commenced practise as a doctor in the NHS, with specialisms in Cardiology, Oncology & Psychiatry he progressed his career to Senior House Officer. Krish took a leap of faith and decided to take a sabbatical from medicine in 2004 to explore how he might combine his property development and medical/healthcare interests and set up Krinvest Ltd. Krinvest Ltd went on to acquire its first residential elderly care home business in Greater Manchester which required further development and renovation and so Pooch Ltd a construction company was established to support the project completion.

Krish has since established additional companies to expand the property development and healthcare business investments (Krinvest Care Group). However, he still adopts a very hands-on role in managing the businesses and liaises with all senior managers on a daily basis to ensure the smooth day-to-day running and performance but more so to guide and support the overall strategic direction and vision of the company to achieve its long term goals.

Additional Information

<https://www.krinvestcaregroup.com/>

<https://www.poochconstruction.com/>

The KR Health and Social Care Group was established in 2004, opening our first care home in Atherton Great Manchester. We have since grown organically providing high-quality services with the desire and motivation to exceed expectations.

Over the years, we have completed multiple projects predominantly in the North West of England, including our 5 successful care homes, 2 quality nurseries, 3 mental health hospitals and supported living services.

Senior Debt Loan	
Lender	West One Development Finance Ltd
Amount	£15,302,430
LTV	65% Development Funding against the GDV. 90% Purchase Funding (£2,422,642 West One & £2,900,000 Mezzanine Finance against £5,900,000 Purchase Price)
Loan Type	Development Loan
Comments	Mezzanine Finance with Shojin Property Partners for £2,900,000 towards purchase secured against a second charge.

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 Ascott Blake 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.

Ascott Blake 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 Ascott Blake 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 Ascott Blakes 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 Ascott Blake once the loan has been fully redeemed.

Fees			
Arrangement Fee	2%	Broker Fee	0%

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.</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 Ascott Blake (VAT Agent)
- Conditions Precedent satisfaction letter from Solicitors
- Sign Loan Contracts
- Signed Security Documents

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