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VAT - Full Loan Request: **Ebbw Vale Light Industrial 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.

Deal Summary	Oct 13, 2022
Loan Purpose	VAT payment due on the purchase of Unit 20, Rassau Industrial Estate, Rassau, Ebbw Vale, NP23 5SD
Asset Description	<p>A detached Property is set within a securely fenced site comprising the following:</p> <ul style="list-style-type: none">• Industrial / warehouse unit over two bays• Ground and first floor offices, kitchen/canteen area and WCs• 4.75 acre site which equates to a low site coverage of 18%, allowing for potential expansion• Tarmacadam yard area measuring 1 acre• Steel portal frame construction with steel clad elevations• Pitched roof with translucent light panels• Height of 5.2m to the truss• Three level access roller shutter doors• 3 phase power• Sodium and LED warehouse lighting• Gas blower warehouse heating
Loan Amount	£420,000
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
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>



Security	
Retained Interest	The total Retained Interest is £12,600 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	A Director's Personal Guarantee limited to the sum of £420,000.

Property Details			
Purchase Price	£2,100,000	Asset Class	Light Industrial
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.

Borrower Details

Name	HEBE Rassau 20 Ltd
Ownership Structure	The Company is 100% owned by Scott Liddle.

Applicant Details	
Name	Scott Liddle
	<p>The Applicant has personally owned a variety of residential, commercial and industrial properties mainly for redevelopment and resale, and also retained investment properties for rental use.</p> <p>Current properties include a rental property in Florida, an ex-care home in Caerleon that is being redeveloped as two residential properties. Main business HEBE Group Ltd currently owns 2no. Grade 2 listed buildings in Caerleon (8 & 9 High Street); 2 units are rented out to commercial tenants, 1 unit is being utilised as offices by the Applicant's own company, and the biggest unit is going through planning approval for redevelopment as a restaurant.</p> <p>Scott is also a partner in a business that owns a pub/restaurant, 4 residential properties (being currently offered as Airbnb), a former public house and associated land site that is being developed with Melin Homes to create 70 residential properties, and a former fuel garage site that will be sold as soon as the relevant planning status has been attained.</p>
Net Worth	£4.042m

Senior Debt Loan	
Lender	CBRE
Amount	£1,700,000
LTV	80%
Loan Type	Senior Acquisition Facility
Comments	<p>A term loan facility for the lower of:</p> <ul style="list-style-type: none"> i) £1.7 million. ii) 75% of the projected Total Acquisition Costs inclusive of fees, understood to be c.£2.27 million, as agreed in the attached Schedule of Costs. iii) 65% of the value of the site with the benefit of the lease to Pulse Plastics in place.

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 Blake'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 Ascott Blake 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.</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

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