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VAT - Full Loan Request: **Bradford Offices 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	Jan 19, 2023
Loan Purpose	VAT payment due on the purchase of Land and buildings on the east side of Nelson Street, Bradford and Land forming part of the deck level access ramp no.1 The Interchange, Bradford aka Latitude, 1 The Interchange, Nelson Street, West Yorkshire, BD1 5AX
Asset Description	The Subject Property provides c.60,000 sq ft of office accommodation which has recently been undergoing redevelopment to provide the largest Grade A office building in Bradford.
Loan Amount	£190,000
Loan Term	3 months
Interest Rate p.a.	10.00 % (Gross Interest paid by the Borrower)
Serviceability	Interest will be paid monthly in arrears from the Retained Interest
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).



Security	
Personal Guarantee	Personal Guarantee from Individual Director of Latitude Bradford Ltd for the sum of £190,000
Retained Interest	The total Retained Interest is £6333.34 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	£950,000	Asset Class	Office
Tenure	Long-leasehold		

Property Summary

The Subject Property comprises a part-refurbished Grade A, six-storey, office building with development potential and 116 associated parking spaces.

The Property is situated on Nelson Street, immediately west of the Bradford Travel Interchange the city's main train and bus station, and within a recognised and busy mixed use area of the city centre.

The location benefits from being within easy walking distance of the main retail core and The Broadway, Bradford's popular shopping centre, numerous amenities nearby and also provides for strong communication links with easy access to the A641, A650 and in turn, the motorway networks.

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	Latitude Bradford Ltd
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Ownership Structure	The Company is 100% owned by Mr Harjoth Singh Sekhon.
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Applicant Details	
Name	Harjoth Singh Sekhon
Experience	<p>Harjoth is a real estate entrepreneur, and is focussed on the office sector. He has developed from scratch a successful shared offices brand, called The Enterprise Hub. Please see https://www.the-enterprise-hub.co.uk/index.php.</p> <p>Harjoth comes from one of the largest Northern real estate families with a substantial property portfolio, but he wants to develop a name for himself independent from the family support. Please see www.sekhongroup.co.uk</p>
Credit History	The Applicant has a good personal credit rating - CreditSafe risk band 8, and Lexis Nexis checks Passed.
Net Worth	£2.465m
Additional Information	Harjoth is an existing Proplend borrower. He is the applicant behind the Pudsey Offices loan.

Senior Debt Loan	
Lender	The Bridging Group Limited
Amount	£855,000
LTV	90% of the purchase price, and 26% of their Red Book valuation
Loan Type	Bridge to purchase

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

PROPLEND DISCLAIMER - PLEASE NOTE:

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