

A photograph of a modern, multi-story apartment building at night. The building features large glass windows and balconies, many of which are illuminated from within, creating a warm glow against the dark blue twilight sky. In the foreground, there is a metal railing and some greenery, also lit by streetlights. The overall scene is a high-quality architectural photograph used as a background for a document cover.

PROPERTY
DEVELOPERS GUIDE

VAT FUNDING FOR COMMERCIAL PROPERTY

Bridging Vat
Your Specialist VAT Funding Partner

VALUE ADDED FUNDING



ABOUT US

Bridging Vat is a specialist lender advancing short terms loans for the VAT due on commercial property purchases.

Managed by Chartered Accountants and Debt Advisory professionals with an in depth knowledge of the UK property sector, we are able to provide a unique level of expertise in both the funding and recovery of VAT.

Since inception, Bridging Vat has developed a turnkey finance solution for property developers, providing the funding of the VAT requirement and pro-active management of the recovery with HMRC; this solution provides a hands-off service for our clients, allowing them to retain capital and liquidity throughout the purchase process.

As a principal lender, Bridging Vat is able to respond quickly to clients needs with in-house underwriting and decision making. Funds can be advanced in line with time critical completion schedules.

EXECUTIVE TEAM



Alan qualified as a Chartered Accountant with Price Waterhouse in London. For over 30 years he has held directorships in the financial services sector where his roles have included finance, operations, business development, strategy and mergers & acquisitions. In 2006 he led a successful management buy-in of specialist insurance provider. Since 2017 Alan has been focused on developing a VAT funding product for commercial property purchases. He is recognised as an expert in this area and is regularly asked to comment in the specialist financial press.

As a co-founder and Managing Director of Bridging Vat, Alan focuses on all aspects of the business including funding, loan origination, execution and VAT recovery.

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Ben has over 20 years' experience in structured finance. He began his career at SBC Warburg, initially working on the futures exchange and then moved across into the asset finance division. In 2004 he established his own debt advisory business. Whilst predominately focusing on real estate debt he has also structured facilities in the energy and healthcare sectors.

As a co-founder and director of Bridging Vat, Ben is responsible for establishing relationships with senior debt providers and specialist intermediaries as well taking an active role in the company's marketing activities.

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Mike has been working within the property sector since 1994. Having worked for major international commercial developers, distributing and selling over £100 million of properties, Mike then moved into development finance, initially structuring and distributing asset backed securities for a number of funds.

As Sales Director of Bridging Vat, Mike is responsible for managing and assisting our growing base of broker intermediaries, as well as working closely with property developers on their VAT loan requirements.

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OUR LOANS

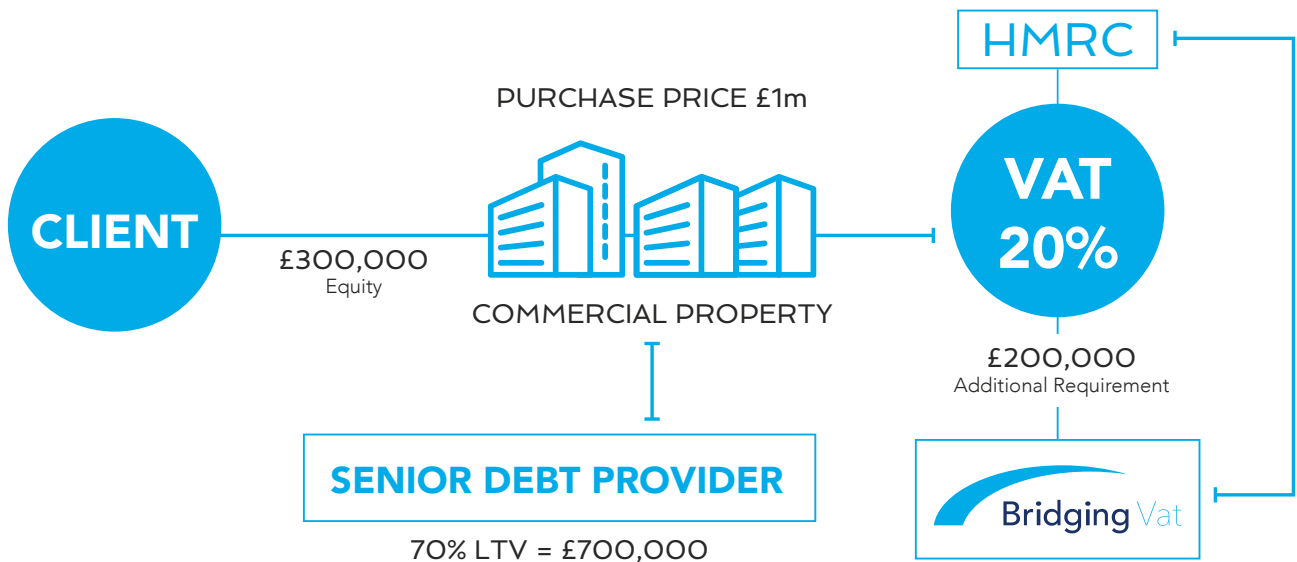
The application of VAT in commercial property transactions is complex. Bridging Vat has the in-house knowledge and expertise to ensure a quick and full recovery from HMRC.

However, we recognise that our borrowers do not want to be concerned with the technicalities of VAT; therefore we have designed our due diligence, documentation and recovery processes to provide simple fast loan advances, and a fully managed VAT recovery.

As a principal lender, our loans are made available to developers throughout the UK.

- Loans from £50,000 to £10 million
- No maximum LTV%
- Loans to SPV's and SPPs
- Same day illustrations
- Completions in as little as 5 working days
- 90 day standard loan term
- Option to re-finance VAT paid on recently completed transactions
- Fully Managed VAT recovery typically received within 45 days

HOW IT WORKS



WHY PROPERTY DEVELOPERS NEED TO HAVE BRIDGING VAT IN THEIR FUNDING MIX



ENHANCED DEAL CAPACITY

By using Bridging Vat, developers are able to retain capital that would otherwise be tied up with HMRC. This enhances developers' cash flow and increases the ability for them to acquire additional sites within a short timeframe.



DOWN VALUATION

Receiving a down valuation is very common, as senior debt providers are always looking to minimise their risk. This leaves the buyer a number of options including increasing the initial equity to cover the shortfall of the senior debt or re-negotiating with the seller. A Bridging Vat loan provides an essential piece of funding in this scenario, where a down valuation has created a funding gap.



NO LTV% CAPS

Bridging Vat recognises the inherent security of the VAT recovery from HMRC, and as such we lend without an LTV% Cap unlike many traditional debt providers. Because of this a Bridging Vat loan can become an essential piece of funding when producing financial models.



CAPITAL DEPLOYMENT

Upon completion retained capital can be immediately deployed which can help accelerate the build program and successful completion of the project. Using Bridging Vat keeps your capital contingency liquid, and able to be deployed quickly.



FULLY MANAGED RECOVERY

As well as advancing loans, we provide a fully managed VAT recovery process, overseen by Chartered Accountants. This provides a hands off solution for our clients with an average recovery period of 45 days.



CASE STUDIES

Birmingham Based Developer

VAT ADVANCED £850,000

Birmingham developer acquiring a 0.95 acre former retail site with planning permission to demolish and re-develop 164 one, two and three bedroom residential units in a prestigious eleven story development.

The acquiring SPV was part of a VAT group, a red line for most VAT lenders. Due to pressure to complete, there was not time to remove the SPV from the VAT group. As a principal lender, after satisfactory due diligence confirming there was no risk of HMRC offsetting the recovery, Bridging Vat had the flexibility to advance the loan with the Vat grouping in place.

SOLUTION

- 2nd charge loan behind 78% LTV senior lender
- Combined LTV 98%
- VAT group structure in place
- VAT recovery 46 days

Scottish Based Developer

VAT ADVANCED £1.2MILLION

A Scottish developer acquiring 130 acres of development land with planning permission for 860 residential and additional commercial and retail units.

The borrower did not have access to funds to pay the VAT and had been considering a profit share deal before coming to Bridging Vat resulting in a significant saving.

SOLUTION

- 2nd charge loan behind 90% LTV senior lender
- Combined LTV 110%
- Scottish Standard Security
- VAT recovery 48 days

Birmingham Based Developer

VAT ADVANCED £550,000

Birmingham developer acquiring a former factory site with planning permission for demolition and re-development of residential units.

A complicated transaction structure, the property was acquired by the purchase of a majority of the shares in a company, at the same time as the company exercised an option to acquire the commercial site.

SOLUTION

- 3rd charge loan behind 87% LTV senior debt
- Combined LTV 107%
- VAT recovery 61 days

Suffolk Developer

VAT ADVANCED £110,000

A London based developer acquiring land in the market town of Sudbury, formerly a tax office. It is a cleared site with planning permission for the development of 19 luxury one and two bedroom apartments.

A text book example of a developer being able to pay the VAT from their own resources, but with several live projects, choosing to remain in control of their working capital and borrow the VAT instead.

SOLUTION

- 3rd charge loan behind 70% LTV senior lenders
- Combined LTV 90%
- VAT recovery 43 days



**TALK TO THE
EXPERTS**



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