

Brokerplan Academy

Transport & Logistics Company

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Recently one of our network partners was approached by a transport and logistics company, with depots in Suffolk and Glasgow. The Glasgow depot was a specialist cold storage depot used for storing principally frozen fish a new service being offered by the clients' business as a specific response to the possible adverse impact due to Brexit.

The client entered in to a 2-year lease in 2019 with the landlord. The lease included an option for our client to purchase the target property at £1.2m, this being the value of the target asset in 2018, when the landlord was looking to rent/sell the asset.

When our client was in a position to purchase the Target Property (November/December 2020) due to the improvement works undertaken by our client since occupation and an improvement in market conditions for assets of this nature the target asset had increased in value to £1.5m.



The client approached Brokerplan Partner Mark Everard of Michaels Commercial Finance as they needed the help of someone with commercial finance knowledge to assist them in identifying a source of funding to purchase the target property, at the pre-agreed price of £1.2m as per the lease agreement,

after having struggled to secure the required funding from the clients' own bank.

After the client reached out, our Brokerplan Partner contacted Head Office to discuss the proposal with our Senior Case Manager – Peter Leonard

Ideally, the client was looking for a 70% Commercial Mortgage assessed against the Vacant Possession Value of £1.5m, rather than against the Purchase Price of £1.2m. The issue is that a majority of commercial funders are only prepared to lend against the lower of Purchase Price or Valuation i.e. £1.2m.

However, Aldermore are prepared to consider advancing 70% against the Vacant Possession value where the borrower is the existing tenant. Therefore, Aldermore were considered the most suitable fit given the clients funding requirements.

However, whilst the rate was competitive, we wanted to provide the client with an option from a Tier 1 lender, we therefore made an approach to TSB and whilst the interest terms were lower than those secured with Aldermore, the maximum advance would be restricted to 70% of the Purchase Price i.e. £1.2m. This would require the client to find a further £210,000 deposit than compared with the offer from Aldermore.

Having provided both options to the client, it was agreed to progress with the Indicative Terms received from Aldermore. Having provided Aldermore with the relevant information including Financials, Management Information including a list of the clients existing financial commitments.

Formal credit approval was achieved within 7-working days which was subject to a number of conditions. Between the Client, the Brokerplan Partner and Head Office, these conditions were quickly satisfied

allowing the case to complete within 6-weeks of achieving credit approval due to the close involvement of all parties including the respective legal advisers from both sides.

This case generated a total of £10,500 in commissions, but more crucially has now allowed the client to move forward, in the knowledge that the purchase of the property has secured the long-term future of the business as well as annual saving in excess of £60,000 per annum being the difference between the annual rent and the annual commercial mortgage payments.

To find out how you too can become a successful commercial broker

Email info@brokerplan.co.uk to receive our brochure or call 0333 405 6666 to speak to a member of our business development team.

Aldermore

