

Company Voluntary Arrangement (CVA) engagement FAQs



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The British Property Federation

1. The British Property Federation (BPF) represents the real estate sector – an industry which contributed more than £100bn to the economy in 2018 and supported more than 2 million jobs.
2. We promote the interests of those with a stake in the UK built environment, and our membership comprises a broad range of owners, managers and developers of real estate as well as those who support them. Their investments help drive the UK's economic success; provide essential infrastructure and create great places where people can live, work and relax.

Engagement with the BPF on CVAs

3. The BPF strongly encourages prospective Proposers of a CVA and their Nominees to consult with us in advance of a CVA Proposal being distributed. This allows representatives of the landlord community to identify particular issues within a CVA that may need to be addressed and therefore helps to maximise the likelihood of approval.
4. In order to ensure these engagements can be as effective as possible for all parties, we recommend that those attending meetings review the below list of frequently asked questions (FAQs). We suggest that Proposers and Nominees provide us with answers to them ahead of time or, if that is not possible, are prepared to answer them at meetings.
5. This list is not to be confused with our '[red-flag clauses](#)', which are those terms in a CVA that the BPF deem poor practice and for which an explanation is always required.

CVA Engagement FAQs

6. Our top FAQs at CVA engagements are:
 - What percentage of the overall vote is the landlord vote?
 - What dividends have been paid in the last 5 years?
 - What is the annual cost to service any secured debt?
 - How many stores are needed to keep the business viable?
 - How has the stratification of stores been done?
 - What engagement has already been undertaken with your landlords and what has their reaction been?

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- Why is the CVA better than the alternative options – including an alternative CVA - for creditors?
- What extra funding has been sought?
- Is the new investment going into the business secured or unsecured?
- If any, what is the total value of arrears being compromised?
- Apart from property owners, which other groups of creditors are being compromised?
- If turnover rents are being proposed, please provide the reasoning as to how this has been calculated so as to ensure the turnover percentages meet the market rental value of the units (as required by case law)?