

Mezzanine development finance

Mezzanine funding for new build and heavy renovation projects
from £100,000 to £2.5million up to 90% LTC

“We support our borrowers with mezzanine finance to increase their funding capacity.”

What is mezzanine finance?

Mezzanine finance is where a loan is provided to a developer to sit alongside a senior loan and in the second charge position. Typically, the senior lender will fund around 60% of the costs and then the mezzanine provider can top that up to 90%, meaning the developer only has to commit 10% of the costs in equity (rather than the 40% if there was just the senior loan in this example). Our mezzanine loans are available alongside a panel of approved senior lenders and we will always consider new lenders on a case-by-case basis.

Why use mezzanine finance?

Mezzanine finance allows a developer to spread their finances whilst at the same time doubling the potential return on capital and increasing property development capacity. With mezzanine funding, developers can move onto their next development while still completing current projects as they can commit less equity into a single project. This can provide developers with a critical advantage at a time when competition for good sites is extremely high. In addition to increasing development capacity by carrying out two to three developments in the same period (with staggered commencement dates), the developer can spread their risk over more than one project at any given time.

Our mezzanine finance criteria

- ✓ Property located in UK (excluding Northern Ireland currently)
- ✓ Typical LTGDV up to 70% (higher with additional security)
- ✓ Typical LTC up to 90% (higher with our stretch product)
- ✓ Previous experience of a similar project required
- ✓ Residential and mixed commercial sites
- ✓ We will only lend behind certain approved lenders or those that we are comfortable with

- ✓ UK residents, UK companies, trusts and certain non-residents considered
- ✓ All credit profiles considered

What is the process?

1. Enquiry

You can enquire by emailing loans@saxontrust.com or call **0203 368 6340** and can download our enquiry form on our website at saxontrust.com/borrow/guides-and-forms

2. Full Application

We will then review the enquiry and get in touch, usually within 24 – 48 hours to discuss the enquiry and see if we can move to a full application. If so, we'll require a full application form to be completed which can be found on our website.

3. Decision in Principle

Our credit committee will then consider the full application and, if satisfied, will issue a Decision in Principle based on the information provided. This is subject to further due diligence, valuation and a QS report.

4. Full Credit Review, QS Report and Valuation

The next stage is for us to conduct our full credit review and for you to pay for our QS report and valuation which will allow us to then do our final checks and go through the final credit approval process. As part of this process, we may want to start the legal due diligence process so that doesn't hold things up.

5. Legals

Once you have received a final decision to lend, we will instruct one of our panel of law firms to draw up and complete the loan documentation.

6. Drawdown

On completion, the funds can be drawn down in accordance with the draw-down schedule. Any future drawdowns will require a QS site visit and report authorising the release of funds.

Tel: **+44 (0)203 368 6340** (Monday - Friday, 9am - 6pm) Email: loans@saxontrust.com

Single point of contact

From project start to finish, you'll have one contact – even if you transition to another loan type.