



DEVELOPMENT FINANCE

Short Term Lending. Long Term Thinking.

REAL ESTATE FINANCE FOR RESIDENTIAL DEVELOPERS

Hypotek Capital is a principal lender that lends for the short term but applies long-term thinking to transactions and relationships.

Our greatest advantage is the ability to combine the strength of institutional capital with a personal director-led service.

Our ability to support experienced real estate developers comes from almost a decade of lending experience, and our directors' previous backgrounds in law, property development and finance.

Hypotek uses this experience and our understanding of the needs of developers to provide joined up thinking and a supportive and insightful real estate finance journey from beginning to end.

For further information please visit our website at www.hypotek.co.uk or contact us directly.



HYPOTEK

REASONS TO WORK WITH HYPOTEK

Appetite And Capital Base - we unequivocally believe in the core fundamentals in our market and so are committed to supporting our developers and their brokers through all asset and credit cycles - and we have the correct types of capital investment to do this.

Experience - we regularly advise on projects early on, in many cases even before an offer to purchase is made. This means we can test assumptions and provide our developers and brokers with insights on location, concept, title, planning matters, development costs, liquidity, refinance options etc. Our backgrounds as property developers, property lawyers and lenders provides a triangle of experience that developers and brokers can benefit from.

Alignment - we have a shared outcome with our developers and brokers, and as the largest "investor" in their projects we pride ourselves on providing a detailed and honest view on all aspects of the project from the outset. This means 3 things: (i) an offer is a real indication of support, (ii) professional reports are unlikely to present a surprise or mean the need for more equity than initially envisaged and (iii) we have a clear line of sight to completion having already tackled any issues early on.

Certainty - developers and brokers speak directly to the credit committee, so nothing will be promised that can't be delivered.

REASONS TO WORK WITH HYPOTEK

Partnership - rather than transactional overlaps, we foster long term relationships based on an in depth understanding of our developers' and brokers' businesses.

Transparency - we make sure that all developers and brokers that we work with understand the way we think and what our internal process involves so that we can work together effectively.

Communication - we ensure there is a single senior point of contact from initial enquiry, through the analysis, offer and underwriting stages, for construction drawdowns and redemption.

Teamwork - we use a limited group of external advisors to ensure communication and quality as we know their work reflects on us as well. This allows us to work together efficiently so the vast majority of development loans are completed within 4 weeks.

Automation - technology is useful but at Hypotek it sits in the background helping us to be efficient - our borrowers and brokers will never see this or lose human interaction.

Flexibility - we know that a development business plan is an educated guess. We will test any critical assumptions before initial completion, but we seek to be flexible if required during the construction phase.

HYPOTEK

EXAMPLE DEVELOPMENTS FUNDED BY HYPOTEK

Loan Size: £15.2m

Location: Finchley, London

Product: Heavy Refurbishment

Units: 45



Loan Size: £4m

Location: Billericay, Essex

Product: Heavy Refurbishment

Units: 23



EXAMPLE DEVELOPMENTS FUNDED BY HYPOTEK

Loan Size: £3m

Location: Finchley, London

Product: New Build

Units: 5 (plus serviced offices)



HYPOTEK

Loan Size: £2m

Location: Gerrards Cross, Buckinghamshire

Product: New Build

Units: 6





DEVELOPMENT FINANCE GUIDELINES

These guidelines are indicative, and we encourage developers and brokers to speak to us directly about the individual circumstances of each deal.

Asset Class:	Residential attractive schemes, well thought through concept – minor element of commercial permitted
Location:	England primary focus on southern England with northern boundary of Birmingham and western boundary of Bristol
Micro-Location:	Urban And Semi Rural urban, suburban, edge of town / village
Developer:	Experienced at least 2 previous development schemes completed and no insolvency history
Equity Source:	UK Equity Source Third party UK equity permitted
Term:	24 months maximum sufficient for construction period and refinance or sale of end units

DEVELOPMENT FINANCE GUIDELINES

These guidelines are indicative, and we encourage developers and brokers to speak to us directly about the individual circumstances of each deal.

Loan Size:	£2m - £10m exceptions can be made for loans below the minimum threshold
Loan To GDV:	65%
Loan To Cost:	80% up to 90% for planning gain
Developer Profit:	20% Profit On Costs
Arrangement Fee:	1% plus 1% to broker, if any
Interest Rate:	4.75% - 6.5% margin depending on deal this margin will be referenced to Bank Of England Base Rate or SONIA 1 Year
Exit Fee:	1% in certain circumstances this can be reduced or increased depending on the deal

REAL ESTATE FINANCE FOR RESIDENTIAL DEVELOPERS

Please do get in touch with us to discuss any requirement for development finance, or to get an early-stage view on a development project.

Hypotek Capital

Short Term Lending, Long Term Thinking



Hypotek Capital

2 Portman Street
London W1H 6DU

www.hypotek.co.uk