



EXETER
FINANCE

Insight

Issue 3 - May 2021

EXCITED TO ANNOUNCE
OUR 500TH LOAN IS ON
THE HORIZON

In this issue

FAITH IN EXETER FINANCE,
HEAVENLY CONVENT
CONVERSION

Contents

- 3** Director's Review: Continued growth despite uncertainty
- 4** Exeter Finance in numbers
- 6** A collaboration with Ashfords LLP
- 7** Behind the scenes at Exeter Finance
- 8** Faith in Exeter Finance: Heavenly Convent Conversion
- 10** Our relationship with Shawbrook Bank
- 11** The Loan Rotation Cycle
- 12** Highfield Homes in Holsworthy
- 14** A different kind of security
- 15** Supporting independent developers



8
Faith in Exeter Finance:
Heavenly Convent
Conversion

12
Highfield Homes in Holsworthy



Director's Review: Continued growth despite uncertainty



Peter Keech, Managing Director

In September 2020, Exeter Finance celebrated its 6th anniversary. Peter Keech discusses how he guided his team through a challenging year and his outlook for the business and the South West property market.

I recall Mother's Day 2020, the first lockdown and the uncertainty that surrounded us all. Zoom and Teams meetings quickly became the norm and remote working plans were implemented. With many questions unanswered, such as 'what would be the future of the South West residential property market?', we took the decision to curtail our lending.

My focus was turned to steering Exeter Finance safely through uncharted waters. Now, fast forward to 2021, who could have predicted how the past year has unfolded.

The housing market saw incredible resilience as many households sought homes that could act as workplaces, schools, as well as places to live. Despite the economy contracting by 10%, house prices increased by 7.3% over 2020. Importantly, our borrowers have done well with many sale prices exceeding expectations.

The outlook for interest rates has become much more benign and there remains capacity for further house price growth. It would not be unreasonable to anticipate average UK house price growth of around 20% sustainable over the next 5 years.

The recent extension of the stamp duty holiday to the end of June 2021 has added a sense of urgency to sale completions and further boosted the market more through behavioural change than underlying economics.

Many of our development projects from Truro, Perranporth, Exmouth, St Austell, Tiverton and beyond quickly became fully sold as the property market gained momentum. These sales contributed to Exeter Finance's continued excellent loan rotation.

Interestingly it has been sited that Cornwall has overtaken London as the most searched for location on Rightmove this year. This is encouraging for Exeter Finance as we look to support customers with their property transactions throughout the County.

Exeter Finance resumed actively lending in May 2020, firstly committing funds to our ongoing schemes and then to new lending. Many of our competitors concentrated on the government-backed 'CBILS' and Bounce Back loans and this further created opportunities for us.

We now move forward with confidence and will shortly achieve 500 property loan completions. Our investors remain loyal and our credit lines have been extended. We currently have £20m of loans instructed and with solicitors, which are due to complete over the next few months.

Our plan is simple, to do more of the same. Delivering a local lending service for non-regulated loans from £50,000 to £3m. We hope to increase our loan book to £35m in the short term.

We are truly grateful for the ongoing support received from our professional partners, investors, credit line providers and customers. Without them we would not be where we are today. We hope you and your families enjoy the summer ahead with renewed freedom. Take care and stay safe.

"Some of our customers are now on their fourth deal with Exeter Finance; that is down to the relationships we build with our clients and the way we conduct business"

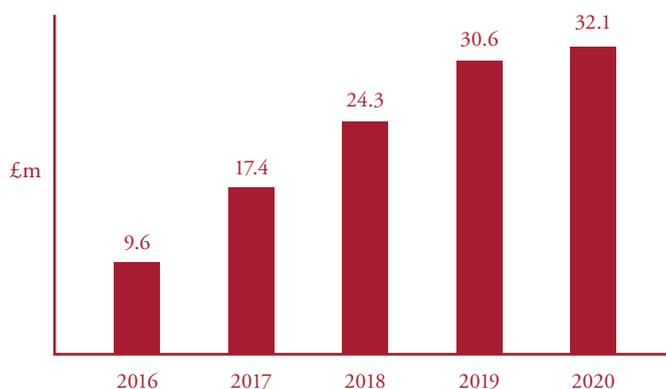
Exeter Finance in numbers

“What the below graphics present is the exciting journey that Exeter Finance is on. We pride ourselves on collating and importantly analysing monthly financial and loan book data in order to manage the business’ performance and our key risks.”



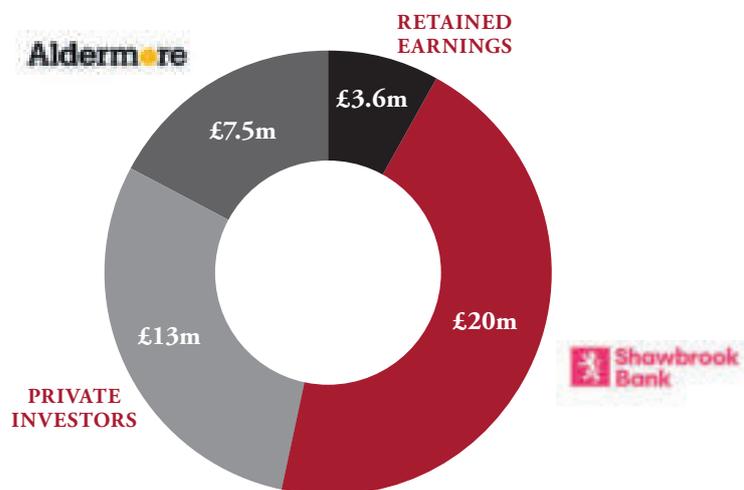
Alex Bowman, CFO

LOAN BOOK FINANCIAL YEAR END BALANCES



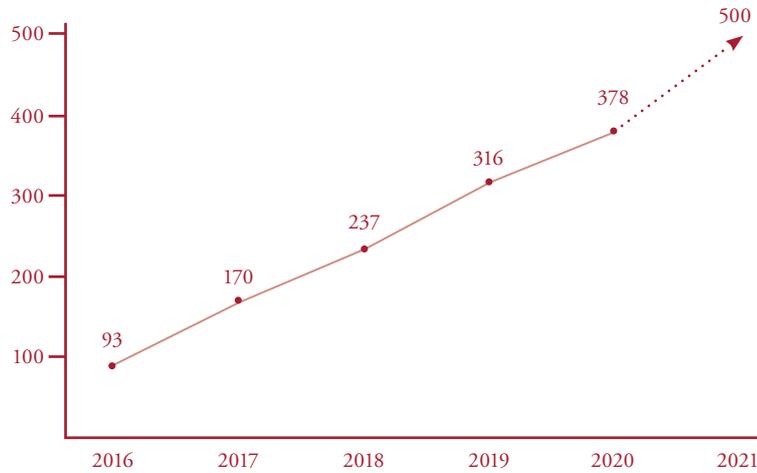
Year-on-year loan book growth

SOURCES OF FUNDING AS AT 30 SEPTEMBER 2020



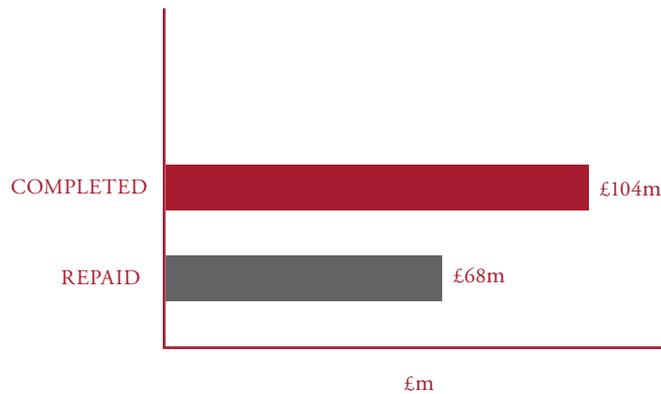
Diversified capital structure

NUMBERS OF NEW LOANS COMPLETED



We have now completed over 450 loans with value in excess of £120m

TOTAL LOANS COMPLETED AND REPAID AS AT 30 SEPTEMBER 2020



Strong loan rotation demonstrates our sound credit assessments



Francis Clark are Exeter Finance’s accountants and produce the companies’ monthly management and year-end accounts.

Alex recognises the importance of timely and accurate financial data and we would like to thank the Francis Clark team for their ongoing support to Exeter Finance.

A collaboration with Ashfords LLP

Exeter Finance continue to be supported by Ashfords LLP for transactional legal work, including advice on loan structuring, loan and security documents, property due diligence and liaising with the borrowers' solicitors to ensure transactions complete as required by borrowers' timetables. Ashfords also provides an extranet platform, which hosts all legal documents, and liaises with Exeter Finance's funders. The deals tend to have a property development and investment focus, but wider sector lending is also undertaken.

Rebecca Dury, client partner, comments "Ashfords LLP has been working closely with Exeter Finance since 2014, having helped establish the lending business and having acted on over 450 transactions in this period. As such, we are delighted to have supported Exeter Finance's growth and its service offering in the South West. As legal advisers to Exeter Finance, our work covers a number of lending scenarios, from

bridging finance to property and development finance. In acting on lending transactions, our approach is one of collaboration - to work effectively with a borrower's solicitor in order to reach completion and deployment of funds to fit in and meet with borrower timescales and requirements. Our work includes preparing loan agreements, security documents, guarantees, intercreditor and priority arrangements and dealing with satisfaction of conditions precedent to lending.

We have a dedicated team at Ashfords working with Exeter Finance on its transactional work, split across our Exeter and Plymouth offices. Jonathan Hyde and I deal with the Banking aspects, and specialist legal advice in relation to all property-related matters which arise in the process of secured lending is provided by our Real Estate team."



Rebecca Dury, Partner, Ashfords LLP

"Ashfords LLP has been working closely with Exeter Finance since 2014, having helped establish the lending business and having acted on over 450 transactions in this period. As such, we are delighted to have supported Exeter Finance's growth and its service offering in the South West"



Jonathan Hyde, Associate, Ashfords LLP

ashfords

Behind the scenes at Exeter Finance

As a customer of Exeter Finance, you will have a dedicated member of the sales team who will work with you and support you every step of the way. In addition, behind the scenes and based in our office in Exeter, are our Portfolio Managers: Tracy Smith and Ian Gresham. Passionate about customer service and with exceptional lending and security knowledge, Tracy and Ian play an integral role in ensuring everything is in place for your initial drawdown.

Introducing our Portfolio Managers

Tracy Smith

Tracy joined Exeter Finance in 2017 after working at NatWest for over 20 years specialising in loan securitisation. She works closely with our customers and solicitors to ensure all pre-lend requirements are met and loans are completed in a timely manner. Tracy is responsible for managing our loan book including co-ordinating customer drawdowns and loan redemptions.

Ian Gresham

Ian joined Exeter Finance in 2020 after a long career with NatWest supporting lending proposals. Ian facilitates all aspects of Exeter Finance's lending from application to repayment. He also prepares monthly loan portfolio data to fulfil our audit reporting obligations.

Meet Adam Lewis, our new Lending Manager

Having owned and managed an award-winning house building business before joining Exeter Finance in 2020, Adam brings a developer's perspective to the team and is responsible for overseeing many of our house building projects from single plot developments to 80 house schemes.

Adam is a Chartered Surveyor by profession and applies this expertise, along with his wealth of experience in residential development, working with our customers, such as monitoring progress on-site and arranging tranche drawdowns.

If you require development funding, feel free to contact Adam to discuss your plans: adam@exeterfinance.co.uk.



Tracy Smith



Ian Gresham

Adam Lewis (left) and David Baglow (right), Exeter Finance's Lending Managers



Faith in Exeter Finance: Heavenly Convent Conversion

Exeter Finance completed a loan to the Cooper and McMenamain Partnership to assist with the purchase and renovation of St Gildas Convent in Langport, Somerset. The extensive history of the convent is quite remarkable.



St Gildas, a birds-eye perspective



Mother Teresa during her visit in November 1970

Langport and Hill House

Langport's prosperity during the late 18th century and early 19th century was centred around the trading firm of Stuckey and Bagehot.

George Stuckey came from Kingsdon in the late 17th century as a worsted comber. His son, George II, went into partnership with Thomas Bagehot, a maltster, who had arrived in the town by 1747. Together they traded in a wide range of goods including corn, timber and salt and eventually they passed the business onto their sons.

Samuel Stuckey, the younger son of George II, grew the business by diversifying products and trading through UK cities by road and water. By 1866 the business owned 14 East Indiamen and 19 barges. Stuckey and Bagehot ultimately became part of The Somerset Trading Company.

Samuel Stuckey also founded Stuckey's Bank in Langport in 1770. After expansion into Bridgwater and Bristol, the Stuckey's Bank became a joint stock company in 1826 and then took over thirteen other banks mostly in Somerset. The Bank itself was taken over by Parr's Bank in 1909 and by this time, its banknote circulation was second only to that of the Bank of England! The Bank was subsequently absorbed by the Westminster (later the National Westminster) Bank.

From the late 18th Century, the area on top of the hill emerged as the most fashionable part of Langport with grand villas possessing extensive gardens.

Most impressive of these was Hill House built by the banker, Vincent Stuckey, in the late 1790s. The footprint of this imposing white villa was extended over time: initially merging with the White Cottage on the corner of the street and then with the long grey stone house to the rear of it.

Walter Bagehot, renowned economist and journalist, was the son of Vincent Stuckey's business partner and as such frequently visited Hill House.



St Gildas Convent

In 1903 a group of Sisters, members of the Order of the Christian Instruction, retreated to Langport to escape political pressures in France. The Sisters acquired Hill House from the daughter of Vincent Stuckey and renamed the property to St. Gildas Convent.

St Gildas Convent School for girls was founded in 1914. The Sisters continued to develop St Gildas: converting the billiard room into the chapel; building the adjoining church of St Joseph in 1929; adding a church tower in 1965; and creating various classrooms. Pupil numbers grew over time and by 1972 the school had over 200 pupils and was divided into Senior, Junior and Infant departments.

Mother Teresa's visit

Sisters from St Gildas travelled by train from London to Somerset and during one trip became acquainted with a lady called Bunty Watts, who had recently returned from India. They invited her to speak to their pupils.

During her time in India, Bunty became close to Mother Teresa and supported her work with the poor. Mother Teresa sought Bunty's help

with finding a home in England for sisters from India and hence Bunty arranged a visit to St Gildas.

On 5 November 1970 Bunty along with Sister Frederic and Mother Teresa visited St Gildas. During her visit Mother Teresa addressed the pupils in the main school hall and hosted an open meeting in the nearby Huish Episcopi Comprehensive School attracting coach loads from far and wide.

It's fascinating to know that Mother Teresa spent the night at St Gildas sleeping in a room in the Grey House, which became a small oratory for the Christian Centre.

Purchase and development of St Gildas

Subsequently to being a convent St Gildas was bought by a charity to offer education and a retreat for religious communities. St Gildas came to market in 2016 and Robert and Jo, of the Cooper and McMenamin Partnership both recognised the outstanding development opportunity of the beautiful period property comprising approximately 20,000 square foot of accommodation upon a 4.9 acre elevated site close to the town centre.

Previously Exeter Finance supported the Partnership with a development loan which facilitated the successful conversion of a church into four residential flats in Tiverton. As such, Robert knew Exeter Finance had the necessary experience and ability to act swiftly to secure the purchase of St Gildas.

The Partnership has sympathetically restored St Gildas and through a substantial renovation project divided the estate into separate residential dwellings: The Grey House, The Cottage, The Chapel and the Main House. The Main House, last part of St Gildas to be sold, is currently under offer.

Peter Keech of Exeter Finance was delighted to be able to assist the Partnership again: "This was a strong proposition with excellent security from proven clients. St Gildas' purchase offered an exciting opportunity and it's been our pleasure to see Robert and Jo's vision become a reality."

Exeter Finance offers funding solutions to meet the needs of our customers whether that be on initial purchase and/or during the renovation or development project.

Our relationship with Shawbrook Bank

Since 2014, Exeter Finance has been working with Shawbrook Bank, a specialist savings and lending bank that was founded in 2011. Currently Exeter Finance has a loan facility of £20million with Shawbrook and many of our loans are partly funded by this credit line. We have a strong relationship with the block discounting team at Shawbrook, who deliver exceptional service to Exeter Finance to ensure we meet our customers' requirements. We are audited both monthly and quarterly by Shawbrook and we are pleased to report a 100% audit success rate to date.

We look forward to our continued relationship with Shawbrook which supports our aim to achieve steady and sustainable growth.

Lending Certainty to the South West

Paul Tagg, Senior Director of Block Discounting at Shawbrook Bank, looks at the role of business finance in driving growth and opportunity in Devon and Cornwall.

Paul recognises that the economy in Devon and Cornwall is resilient and diverse. The South West is an innovative and constantly adapting region where aerospace, renewable energy, marine, biotech, cyber technology and digital media sectors are growing alongside more established industries such as agriculture and tourism. Encouragingly, companies in the South West are spending as much as 10% more on research and development than their counterparts elsewhere, putting the region at the forefront of tackling the UK's productivity challenge.

But uncertainty undoubtedly exists in the face of continued political and economic headwinds. Little wonder then that more and more business owners, property developers and consumers are seeking stability and greater levels of certainty from their finance providers and their choices of funding solutions.

Business owners we speak with every day are positive, pragmatic and prepared to navigate the

challenges and to grasp the opportunities ahead. The finance industry has a significant role in helping customers of all types realise their plans, and I'm proud to say that at Shawbrook Bank we're playing our part.

Whilst we work with a wide range of businesses direct, we're also proud to work with and invest in expert, specialist funders like Exeter Finance who can deliver exceptional levels of local knowledge or sector expertise – lenders who share our focus on taking time to understand their customers, rather than those that rely purely on automated scorecards and faceless decision making.

Our relationship with Exeter Finance is now approaching its seventh year, and it's been great to see Peter and the team go from strength to strength. It's testament to their ability to offer their customers in Exeter and across the South West the type of support that really matters – an appreciation of the local economy, including an understanding of key sectors across the region, and a human approach to decision-making. Whether the answer to a loan application is 'yes' or 'no', it's helpful to know the reasons why.

For Shawbrook and Exeter Finance, it's about people. It's people who set up businesses and bring drive and commitment to make them work. So it's taking the time to get to know people and where they're going that gives us the understanding to offer finance solutions that will help them get there. It sounds terribly old-fashioned, but it's now a rare thing to find and customers of Exeter Finance know they're onto a good thing.

Shawbrook Bank is a rapidly growing UK specialist bank, challenging the conventional approach of the mainstream banks by taking a thoughtful, human approach to the way it supports businesses like Exeter Finance to achieve their ambitions.

www.shawbrook.co.uk

Email: Paul.Tagg@shawbrook.co.uk

“Our relationship with Exeter Finance is now approaching its seventh year, and it's been great to see Peter and the team go from strength to strength. It's testament to their ability to offer their customers in Exeter and across the South West the type of support that really matters”



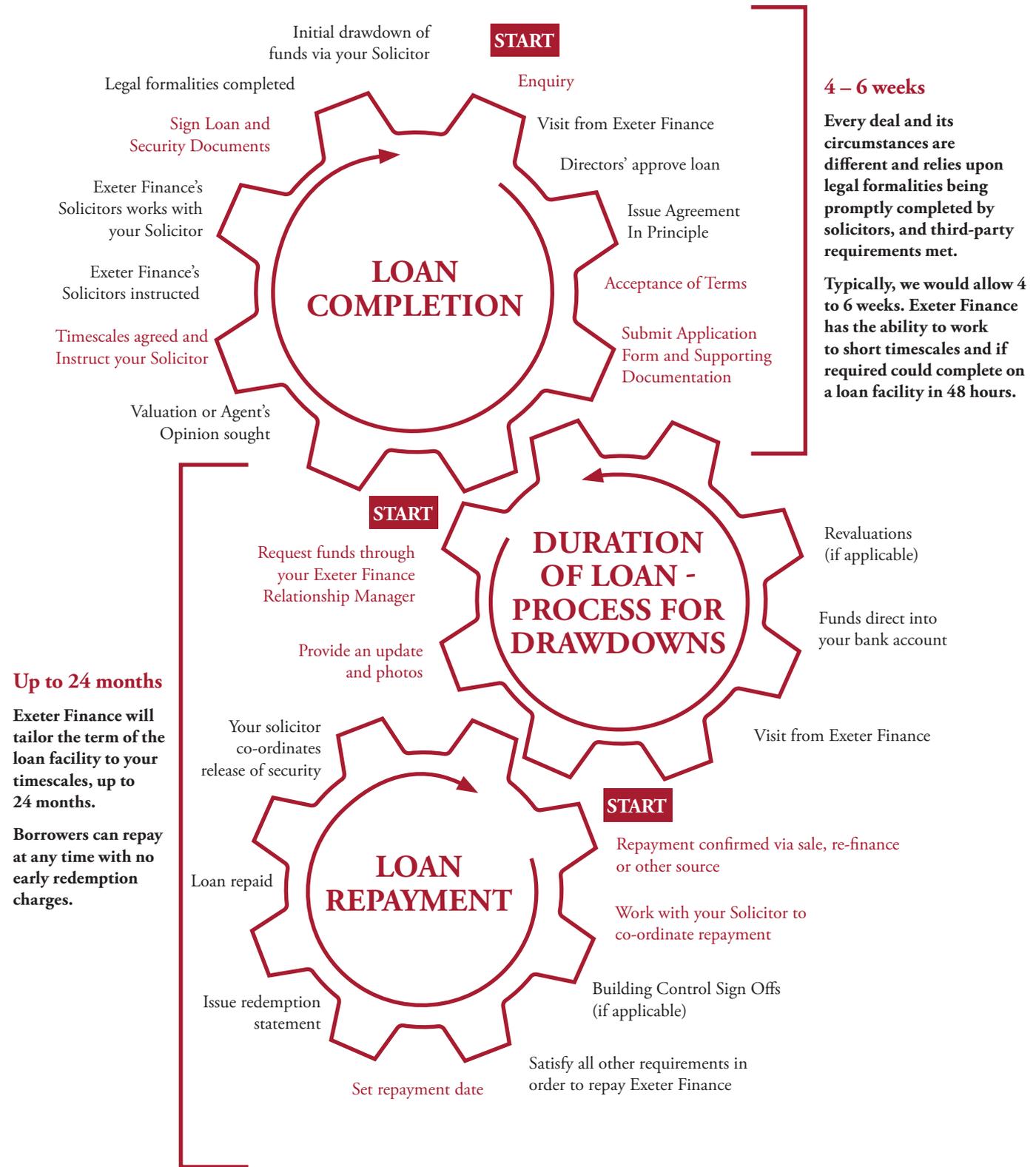
Paul Tagg, Senior Director, Shawbrook Bank



The Loan Rotation Cycle

Our “Loan Rotation Cycle” shows the key steps of the three phases of borrowing with Exeter Finance: Loan Completion; Duration of Loan; and Loan Repayment.

We provide a personal approach to lending: guiding you through the process, answering any queries you may have and working with all parties to facilitate a smooth transaction.



Highfield Homes in Holsworthy

Exeter Finance is proud to support local business communities within the West Country. David Watkins, originally an egg farmer and packer, has diversified his agricultural interests and has gained a reputation as a quality property developer. David's most recent ventures include Tre, Pol and Pen, a farm shop and kitchen, and the adjoining conversion of seven barns in the Tamar Valley.

One of David's most prestigious developments through Highfield Homes is the 64-house scheme, Rydon Fields, on the outskirts of Holsworthy in North Devon. Since 2016, Exeter Finance has provided funding to Highfield Homes to assist with this development project.

David Baglow, our Regional Lending Manager, states that "from first meeting David some five years ago it has been incredible to witness the transformation from building site into an array of quality 2, 3, 4 and 5-bedroom homes at Rydon Fields".

It is not just Exeter Finance that recognises the quality of David's team's workmanship, high attention to detail and bespoke designs. The development has won numerous awards and they were regional finalists at the LABC Building Excellence Awards in 2019 and 2020, for different categories including 'Best Local Builder or Traditional Craftsperson' and 'Best Small New Housing Development'. The 2019 Michelmores Property Awards also named Tre, Pol and Pen as 'Project of the Year' in the under £5m category.

The Rydon Fields scheme is located in the historic market town of Holsworthy. This upcoming area is surrounded by stunning countryside and is in close proximity to the popular North Devon coastal resort of Bude and the beginning of Cornwall's Atlantic coastline. Holsworthy is also an accessible 42 miles away from the Cathedral and University city of Exeter.



Rydon Fields



David Watkins of Highfield Homes



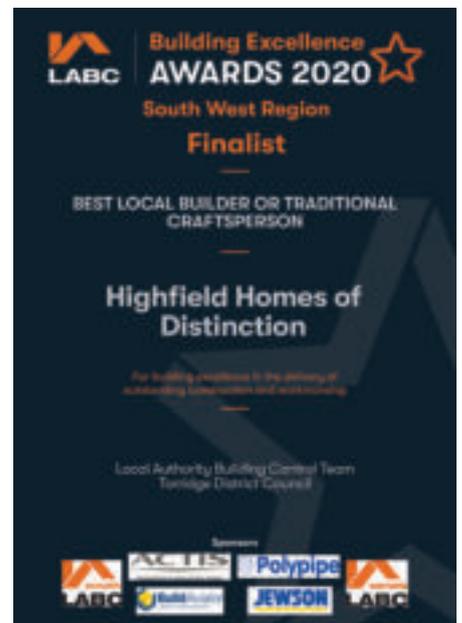
Tre, Pol and Pen

Holsworthy sits in the local government district of Torrridge. Properties in Torrridge offer great value for money for buyers compared to the North Devon property market. Torrridge has increased in popularity which has contributed to house price growth of c.25% over the last 5 years. The average property price in Torrridge stands at £231,444 compared to 5 years ago when it was £185,288. It is envisaged that demand for properties in Torrridge will only continue to grow.

A unique and attractive feature of the Highfield Homes development is the cycle track that will join Rydon Fields to Holsworthy town centre. Beyond Holsworthy there are plans for the cycle path to link into the national cycleway accessing the Tarka Trail in North Devon and the North Cornish coast at Bude.

Sales have been strong throughout the phased development at Rydon Fields and a close-knit community has formed across the site. The final phase is underway with only 17 plots remaining. The high specification new builds are a credit to David's loyal team and dedicated Site Manager John. The development supports the local economy with most of the team residing in the nearby town of Bude.

Peter Keech, our Managing Director, would like to congratulate everyone involved with the success of this development. "It is our privilege to support Highfield Homes and share this journey with David."



One of Highfield Homes' accolades



Rydon Fields site plan



A different kind of security

Matt Fiddes was introduced to Exeter Finance by a High Street bank who were unable to assist him at the time. Exeter Finance is pleased to support Matt with his property portfolio funding requirements. However, what is of greater interest is Matt's career to date.

Matt grew up in Barnstaple, North Devon. He was bullied at school at the young age of seven; this was his motivation to learn martial arts and self-defence. Who knew where these early developed skills would lead Matt?

Just five years later, Matt gained a black belt in Tae Kwon Do. Despite leaving school aged sixteen with no qualifications, he opened the first 'Matt Fiddes Martial Arts School' in Braunton with £100 saved up from lifeguarding at the local swimming pool. 20 years later, Matt now runs one of the world's largest martial arts franchises with over 1,200 schools around the world. Matt's unique training programmes, designed for both children and adults, have proved to be an international success. Programmes not only offer martial arts but extend to street dance and Pilates.

Over the years, Matt has provided bodyguard services to celebrity clientele including actors, singers and supermodels. Notably Matt was Michael Jackson's bodyguard for more than a decade after being introduced to the popstar through a mutual friend Uri Geller.

Matt is a 7th degree black belt master in Tae Kwon Do and also holds black belts in Kickboxing and Kung Fu. Matt is honoured to be presented with the Martial Arts Superstar Award and has been inducted into the UK Martial Arts Hall of Fame. Peter Keech, our MD, knows not to mess with Matt!

In 2016 Matt released a short video online demonstrating three self-defence moves for parents to teach their children. Gaining over 1 million views and such positive feedback, Matt launched a petition to introduce self-defence into UK secondary schools.



Not only does Matt promote fitness and self-defence but also forgiveness. In an unexpected twist of fate, Matt's school bully reached out to him and they were reunited after 30 years on the ITV show, This Morning. Together, as friends, they run anti-bullying talks and promote martial arts.

Matt and his family appeared on the Channel 5 documentary 'Rich House Poor House' in 2017 swapping their six-bedroom house at the time in Swindon with the Leamon's council house in Southampton. The experience touched Matt and afterwards, he surprised the mother with a mobility scooter and the children with gifts from Hamley's toy store.

Matt has returned to Devon with his family and continues to build his martial arts brand. Exeter Finance is proud to support Matt who seeks to positively impact the lives of others and we are delighted to have the opportunity to share some of his achievements and contributions to local communities with you.

Matt can offer Exeter Finance two kinds of security!



Supporting independent developers

Many of our loans are used to create new homes across the West Country. Some of our customers are tradesmen themselves, others enter into contracts with build teams – either way we are supporting local, independent developers.

We offer development loans from £50,000 to £3m from single house projects to multi-phase schemes. We will work with our customers throughout the duration of the loan, reviewing progress on site and co-ordinating tranche drawdowns until successful completion. The customer then has the option to sell or refinance (if they wish to retain the asset for future rental income) in order to repay Exeter Finance.

Development of 2 bedroom detached bungalow



Location: Chard, Somerset
Loan amount: £100,000
GDV: £230,000
Repayment: Sale

Development of 4 bedroom detached house



Location: Topsham, Devon
Loan amount: £230,000
GDV: £775,000
Repayment: Sale

Development of holiday chalet with excellent sea views



Location: Torpoint, Cornwall
Loan amount: £170,000
GDV: £350,000
Repayment: Refinance

Conversion of property into five flats



Location: Preston, Paignton
Loan amount: £670,000
GDV: £1.2m
Repayment: Refinance

Development of 2 bedroom detached bungalow



Location: Bournemouth, Dorset
Loan amount: £185,000
GDV: £330,000
Repayment: Sale

Development of 4 bedroom detached house



Location: Instow, North Devon
Loan amount: £313,000
GDV: £630,000
Repayment: Sale

ESTABLISHED LOCAL LENDER WITH A PERSONAL APPROACH



**BRIDGING
FINANCE**



**WORKING
CAPITAL**



**DEVELOPMENT
FINANCE**



**AUCTION
FINANCE**

*“If you would like to find out more about Exeter Finance
or are interested in any of our products, please contact one
of the team”*



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