Mesa Financial

Our Mission Statement:

Mesa Financial is a one-of-a-kind advisory business, that specialises in high value borrowing transactions.

We believe it is our duty to make finance simple and our mission is to deliver the absolute best lending solutions for our clients' circumstances by creating value with every interaction.

Our word is our promise and everyone's word is equal.

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About us

Our mission is to add value at every interaction with invaluable advice, and we don't shy away from the complexities of our client base. With a background across banking and general finance, we have experienced frustrations for our clients and have therefore built the Mesa proposition to have no such limitations. Through our wide spectrum of high street and specialist lenders, along with our network of private banks, we are specialists in finding our clients solutions across mortgages, development finance, bridging loans and commercial mortgages.

Commercial Mortgages

There are two main types of commercial mortgages:

- Owner occupier mortgages which are secured against a building where the business trades from and that belongs to the business.
- Commercial investment mortgages are loans designed to provide lending to businesses that rent the premises where they operate from.

Commercial mortgages interest margins are negotiable depending on a number of factors, including type and size of the business and whether the loan is for an owner occupier or not. Lenders tend to favour certain sectors and therefore they may offer better conditions to their preferred sectors. Our role is to negotiate the best possible lending solution for your business based on a number of metrics, such as but not limited to, loan to value, type of security and business sector.

Case Study

Over the last few years, commercial real estate as an asset class has taken a huge hit. This means it has been increasingly difficult to be able to borrow on commercial assets as lender criteria has tightened massively.

The client's goal was to buy a commercial office building that had a current tenant to provide passive income. The longer term goal was to create further asset management opportunities such as residential planning options.

There are a number of factors that a lender will look for when underwriting commercial real estate. First of all is the asset income producing. Secondly who is the covenant paying the lease and what are the terms of the lease. Thirdly who is the ultimate owner of the asset and do they have the key experience to operate commercial property. In this instance Mesa Financial was able to negotiate great leverage and pricing for our client.

The result for the client:

- Lending amount – £1.8m
- Interest rate – 3.5% over base
- Total LTV – 65%
- Interest Only, with a built in amortise profile

Mortgages

As a business we have a real niche offering in the mortgage sector. The first niche is our offering to LTD company directors. Over the past few years we have noticed that this particular pool of people have been seen as high risk from a lenders point of view. We believe this is completely opposite and the countries back bone is built upon entrepreneurs. Due to our beliefs, Mesa Financial has made it their number one priority to build a proposition that can service LTD company directors effectively.

The second niche we have focused on is assisting clients looking to borrow more than £1m. Believe it or not, a majority lenders do not offer mortgages over £1m. This can be very restrictive for prospective mortgage applicants when it comes to financing their dream home. At Mesa Financial we have built relationships with the biggest private banks in Europe to build a solution for this problem. The key to offering private banking solutions is to understand out clients global financial position, this will then allow us to advise on the correctly lending structures.

Case Study

We often work with other professionals in our field and on this occasion Mesa had been introduced to this client through another broker that we had worked with on numerous mortgages in the past. As always there were the initial speed bumps to overcome and the problems on this case included the following

- The clients bonus made up over 7x the basic income.
- The client worked and resided in the US and was a US tax payer.
- To make the purchase feasible the loan to value needed to be at 85% given the size of the stamp duty bill.
- The mortgage offer needed to be issued at pace, due to the competitive market.

As we were introduced to the client so early on during this process we were able to give the client exact numbers and timescales to work with. Prior to the client finding the property we had already introduced them to a private bank we work closely with. This meant that all of the lending was agreed subject to the valuation happening. At the point an offer was accepted, this aloud us to move at a fast pace which was needed in this transaction. The client was up against 2 other purchasing parties, so the speed on the transaction was vital.

Due to the clients' income structure it was key that a large amount of the mortgage was to be on interest only to allow monthly serviceability to be affordable.

Client outcome:

Property purchase price
– £2,300,000

Max borrowing – £1,955,000
(85% LTV)

Part interest only & part repayment

75% of the mortgage on interest only profile

34 year mortgage term

Interest rate – 2.19%

International Clients

We welcome international clients at Mesa Financial with our specialists having access to a large network of specific private banks, specialist lenders, challenger banks and building societies.

Lending across multiple countries and jurisdictions can be extremely complex with several factors needing to be navigated, such as; currencies, regulations, legal advice and tax implications. With our own experience and strong relationships across these areas, we are adept at finding solutions for our clients.

Private Banking

Private Banks are one of the best kept secrets for advisers. A very small percentage of the market can work with private banks.

A private bank is usually brought to the table when a borrower is looking to achieve more than £1m of lending. The typical private banking client will normally have extremely complex income, different currency income and multi jurisdiction asset holdings. When advising it is key that we have the ability to be able to look at the global position of our client and deliver solutions to fit their profile.

Not only can private banks be used for structuring normal mortgages, they are also happy to structure commercial lending, development finance and portfolio lending structures.

One of the biggest elements of private banking is their ability to lend against investment assets and the ability to create liquidity where other lenders can not.

Development

Development Facilities

There are a number of different lending facilities available to developers looking to take on a development project. A break down includes:

- Private Equity: Lending which attracts an interest charge as well as a profit share. Typically, this is the first money in and last money out, which can be useful to provide maximum flexibility during the project.
- Senior Debt: Borrowing which is considered to have priority of repayment over other forms of debt. They attract the best conditions because they have the lowest level of risk for the lender since a larger cash contribution from the developer would be required.
- Stretched Senior debt: They enable the lending to reach the higher "loan to cost" metrics than a normal senior debt facility and therefore they tend to be more expensive but require lower investment from the developer.
- Mezzanine facility: This is an additional lending facility in addition to the existing loan amount which provides an increased borrowing capacity in order to reduce the cash injection required by the developer.

In development it is key to understand your capital stack and how the above debt/equity structures can add value for you when taking on a development project.

There are a number of key metrics, but the main one lenders will focus on when assessing the deal overall profit inthe project.

To fully understand profit you will need to understand your total cost of funds to build the project, which is where Mesa Financial can act as your inhouse Finance Director. We will guide you through the process, whilst negotiating the lending terms to be within the client interest and not allow the lender to dictate the terms.

Case Study

This project is a great example of how we worked with lender and developer to create a great outcome for all parties.

We were initially approached by a developer to source them funds for a project in South West London.

They wanted to borrow as much money as possible on day one of the loan, the main reason behind this was to give them liquidity to be able to move at pace on other sites that come available. The problem with a lot of lenders in this scenario is they do not like to take the full planning gain into account, due to our knowledge in this area we were able to maximise the day one money for our client.

This allowed us to move forward with the following terms:

Total Loan Facility – £5,400,000

GDV – £8,400,000

Day 1 Money Released – £1,100,000

Build cost – 100% of build cost funded

Loan to GDV – 65%

Interest rate – 6.25%

Number of Units – 5

Exit – Sale

The outcome for our client has released them £1,100,000 against the site valuation which will allow them to capitalise on other projects. The amount of money released day 1 was £500,0000 more than our client currently had been offered by other lenders. They have also been able to build out the project knowing they have full support of the lender which will maximise their overall position as a business. As with everything the devil is in the detail and it is important to really understand the bigger picture when taking on development finance. There is a lot of hidden caveats that can really catch developers out with hidden fees and cash flow covenants. Please do take the correct advice when borrowing on your next project.

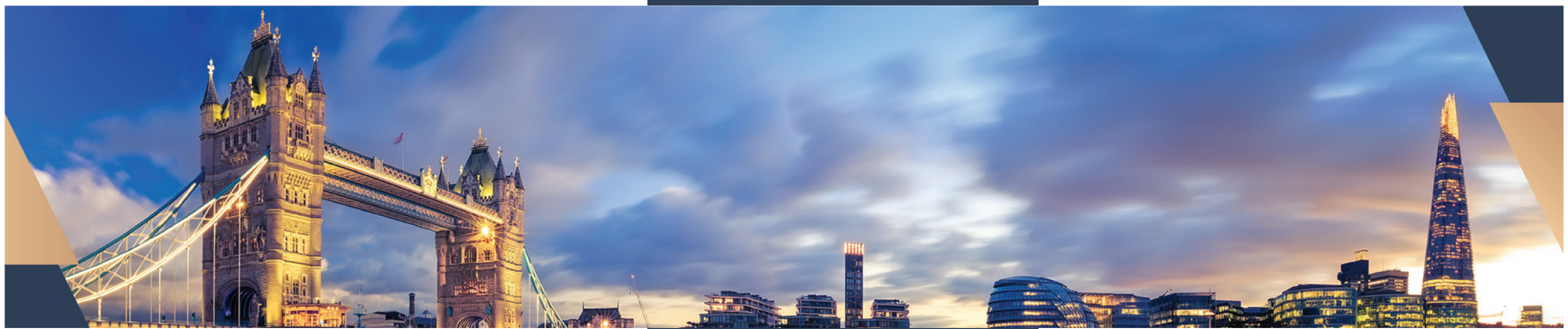
Bridging

Bridging finance has evolved significantly over the last few years. Bridging is short term lending with potentially complex structures, which can be very effective when used for the right purpose.

There are different types of bridging available:

- Residential bridging: Short term loan secured against a residential property.
- Asset based bridging: Used in assets which are unable to provide liquidity in the short term.
- Commercial bridge: The loan in this case is secured against a commercial property.
- Land bridge: The security would be a piece of land with planning permission to be redeveloped.

Possibly riskier than other bridging options.



As a borrower the bridging market can be a minefield to work through. The key thing a lender will want to see is a clear exit strategy. The more exit strategies and the clearer they are, the better the lending terms will look.

Case Study

£2,600,000 Development Exit Bridge

Liquidity Issues

For developers, the ability to free up liquidity as fast as possible is often a priority. One of the best ways to do this is using a Development Exit Loan.

Sometimes delays on site can push developers very close to the end of their facility term, which is also where a development exit loan comes in to great use.

In this particular situation, there had been huge delays due to issues with labour and getting access to material.

The developer faced problems getting material onsite through lockdown, then as the world opened the cost of labour increased at least 10%. This put a huge dent in the original appraisal.

Our solution was to restructure the whole facility on to a development exit loan. We were even able to get the funds released before practical completion and building regulations were signed off. The Development Exit Loan paid off the existing development finance facility and released extra cash. This is how it looked on paper:

3 Properties in North West London
Valuation – £3,700,000
Development Exit Loan – £2,600,000
(70% of the Valuation)
Exit – Sale

This solution allowed our property developer client to:

- Release an extra £300,000 in cash
- Pay off existing, more expensive facility
- Commit to future property development deals
- Give our client another year allowing them to maximise their sale price

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