

# Uniquely operating within the property finance region

Suzanne Wadsworth, Originator at Maslow Capital, explains what makes the company different from other property finance specialists, and how they are unique in the marketplace.

## In a congested marketplace, what do you feel makes Maslow Capital stand out?

At Maslow, we feel it is the depth of our experience, our broad offering, and rigorous execution that differentiate us within the alternative lending market.

The team of 20 at Maslow Capital has an in-depth understanding of the development and real estate market throughout England. This enables us to be better placed to both interpret our clients' needs and identify the appropriate funding solution.

Alongside our experience, we also offer a wide range of funding solutions. Maslow's origins were in providing mezzanine finance to initially part-built developments that could no longer rely on the traditional banks to continue financing their developments.

We have come a long way since then and we now provide senior and stretch senior development finance with loans starting from £5 million going up to £100 million across residential, mixed use, student accommodation, industrial and specialist living such as healthcare.

Finally, another key feature is the rigour of our approach. As we work increasingly with larger developers, we find that this is a real competitive advantage, as borrowers are not simply focused on speed to complete but also the quality of due diligence and work upfront which enables a smooth longer-term relationship.

## After agreeing indicative terms, how long does it take to complete a deal?

Turnaround times are often a function of the quality of information we receive from our borrowers. Generally speaking, it takes us a week to ten days from receipt of the required information to provide borrowers with credit approved terms.

Following this, we undertake due diligence with the borrower, their team and our panel of advisors. Naturally, we are always keen to finalise the loan as soon as possible – and will put in the effort to ensure we meet the borrower's time frame.

That said, we are increasingly seeing that the level of complexity and size of deals mean that transaction times are not the key concern for the borrower, who would rather the flexibility to work through the process at their own pace.

Maslow's focus is ensuring that our borrowers are comfortable with whatever timeline they want to work within.

## Generally speaking, how simple do you make things for clients?

We work closely with our clients and introducers to make the process as straight forward as possible, including prompt meetings on site and in person.

Our due diligence is thorough, and requests are made in good time. When unforeseen

situations arise, we ensure we dedicate the necessary resources to solve these as quickly as possible, ensuring we keep the borrower appraised of progress throughout the underwriting process.

## Do you treat every project on a case-by-case basis, or do you find that some will be identical to previous projects, and work off that basis?

Each development is unique and has to be considered on a case by case basis. That said, we do see projects which have similar features and indeed some present similar characteristics.

To enable us to keep this level of individual rigour and move as quickly as possible, Maslow has invested in its technology internally to make the assessment of each project faster, more consistent, and more

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reliable both in the initial assessment and throughout the loan relationship.

Ultimately however, it is the experience of the Maslow team that allows us to astutely assess the project risk parameters and how to best provide a funding solution.

### **How important is it to work predominantly with experienced developers, as opposed to up and coming ones?**

For us, it is very important that developers have an appropriate track record, particularly on the larger schemes we are financing.

The complexities of development become more challenging in an uncertain economic environment that leads to cost pressures (such as labour) as well as opportunities such as pre-fabrication of delivery.

With this in mind, every project we consider requires a relevant track record. There are some equity investors often international in nature, who may not have that track record but where they have partnered local experienced developers who we have backed.

### **Upon forming in 2009, the marketplace was very different to how it is now. What are the key changes you've noticed?**

When Maslow Capital was formed in 2009 these were capital constrained times.

Maslow was one of the earliest movers in the development finance space as the traditional lenders were hamstrung by the dual impacts of the property downturn and the banking crisis of 2008-2009.

As the financial markets and real estate markets recovered, the regulatory capital requirements and need to satisfy credit rating agencies, continued to constrain the banks and the leverage they provided.

Non-bank specialist lenders were not subject to the same restrictions and consequently became an increasingly important part of the property development funding landscape.

There have been many other entrants into the market since 2009 and mainstream

lenders continue to concentrate upon investment deals or are unwilling to leverage above very conservative parameters.

This has allowed development funders such as Maslow Capital, who are prepared to offer broader finance terms and who specialise on the development finance space, to continue to fill the gap created by the High Street Bank's retreat from the sector.

Specialist lenders are also generally able to provide a fast and professional response, and so have been welcomed by developers.

Since the financial crisis, developers have continually sought newer, more innovative, diverse funding solutions outside of the traditional banking channels. This has led rise to a more responsive style of funding that prices for risk across the capital stack.

The need for change has always represented an opportunity for companies like Maslow; firms with a deep sector knowledge, an understanding of the intricacies of property development and a balance sheet to deploy for experienced developers are increasingly taking market share where traditional funding is slow to complete or hard to secure.

We continue to see this demand growing despite more non-bank lenders entering the market.

### **What is the key for you when it comes to maintaining relationships?**

Primarily we focus on understanding the client's business strategy, their current and planned developments, so we can assist with their finance needs.

A huge part of any relationship is of course about communication and we work hard at this with regular contact in particular in person at development sites.

We prize long term relationships through the real estate cycles and working closely with our clients, introducers and professional advisors is how we maintain these.

### **Is there a certain type of build that you, personally, prefer working on?**

We tend to focus primarily on ensuring that the developer has the relevant track record and an experienced team. If we are satisfied with this, then we are flexible to finance a variety of different builds.

The delivery of these builds can be via traditional build with an owner builder or related construction company, construction management, or fixed price design and build contract whether single stage or two-stage contract.



Maslow Capital funded scheme, Kent.



Maslow Capital funded scheme, Dorset.



Maslow Capital funded scheme, Essex.

Further to this, as we finance student accommodation, these have substantial elements of pre-fabrication. We are comfortable financing builds of timber, concrete, steel construction and even shipping containers.

When financing refurbishments and permitted development schemes, these may present elements of construction from a different era that are no longer acceptable (such as asbestos) and so removing this is subject to regulatory process that we have dealt with on many occasions.

### What does Maslow Capital do to keep things transparent?

Maslow is a dynamic team that has quick access to the decision makers. This is key to offering transparency to the clients.

Maslow has invested in its systems from both external sources and well as developed its own software. This provides high quality and real-time information of our loan portfolio and its overall risk, and the ability to easily identify where projects are on track or not achieving milestones.

The systems in place can also assist with monitoring the pipeline and the type of deals we are assessing, which improves our understanding of the changes to client requests, the market, and our competitors.

### Is your product range still on the rise?

Yes absolutely. We are continually reviewing the product range to adapt to the market. Our core business historically has been in the

residential, mixed use and student accommodation sectors but we are now expanding this to cover industrial and specialist living.

### Has there been a particular project you've assisted on that you take a great deal of pride out of?

Maslow approved terms for the financing of a project in the North West of England for the construction of 109 apartments.

The transaction presented a number of legal title challenges, including the re-gearing of a long leasehold title from the Council Freeholder, the complexity added by the site being part of a larger master plan and interlinking planning consent, as well as the developer changing the design of the project and a number of registered title restraints.

Maslow worked closely with client through the challenges culminating in a loan of £16.4 million which completed last month.

### Do you feel the team you have at present is big enough for you to cope, or are you looking to expand?

We are looking to expand the team. Although we are able to happily manage the current strong pipeline of deals, we nevertheless have an appetite to increase the number of schemes we finance and want the extra team in place to support this.

It's important we maintain our standard of service to clients whilst being rigorous in our due diligence. The quality of who we hire is fundamental to our success.

### Looking ahead to the future, and where do you see Maslow Capital in five years?

Over the next five years, we aim to grow our book both in the UK and potentially in one or two other jurisdictions.

We will continue to seek specialist areas of lending which we believe are supporting undersupplied end-product.

We aim to be proactive and to continue to play a meaningful role in the development of the non-bank lending sector.

For more information on Maslow Capital, please visit their website at [www.maslowcapital.com](http://www.maslowcapital.com)

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Suzanne Wadsworth, Originator - Maslow Capital