

FDC Real Estate Development Debt Strategy

Access to high-quality, secured property lending opportunities

FDC's real estate development debt strategy offers institutional investors access to a pipeline of UK industrial and logistics development loans, targeting >10% net returns and backed by first charge security. The proposed fund combines disciplined credit underwriting with a focus on brownfield regeneration and sustainable development across the UK.

Key proposed fund information

Target fund size	£500million
Fund strategy	UK Development Debt secured against commercial real estate
Target returns	>10% p.a. net (after management fees)
Fund objective	Provide secured debt for commercial real estate development and refurbishment in the UK. Targeting experienced professional developers with a strong track record and significant equity contribution in order to provide strong, secure financial returns for investors whilst maintaining a low probability of default across the portfolio

Proposed fund strategy



Geographic focus:
UK



Sector focus:
Industrial and logistics

Typical loan size:
£1 million - £30 million

Maximum Loan Size:
10% of fund size

New build development vs refurbishment allocation:

- Development: c.80%
- Refurbishment: c.20%

Proposed fund economics

Management fee	0.40% p.a.
Carried interest	20% carry over hurdle of 2% above BoE base rate
Fund life	7 years
Investment period	5 years (funds revolving during this period)
Loan term	Maximum 5 years (average term 2 years)
Security	<ul style="list-style-type: none">• First charge over all senior debt• Second charge over mezzanine debt• Both with LTV headroom
Investment return	<ul style="list-style-type: none">• Arrangement fees paid on signing and distributed monthly• Interest capitalised and repaid at loan termination or disposal of the site if earlier

Historic real estate track record - Excellent track record with no provisions over nine years of fund management

Fund	Fund size	Investor IRR* (excl. arrangement fees)
Commercial Investment Fund (CIF) I & II (2016)	£140m	6.00%
Residential Investment Fund (RIF) (2018/9)	£70m	5.19%
FDC Debt Fund (2020)	£25m	9.70%
WMCA Brownfield Housing Grant Fund (2024)	£100m	N/A (grant fund)
Commercial Investment Fund Increase (2025)	£90m	N/A

**IRR for comparison purposes if arrangement fees were included – CIF 8.71%, RIF 8.59% and FDC Debt Fund 12.9%*

Investment team

Highly experienced Real Estate Debt Team with deep sector networks and decades of experience:



Nick Oakley
Head of Real Estate Debt
(39 years' experience)



Ed Bradburn
Deputy Head
(17 years' experience)



Gerald Gannaway
Investment Director
(44 years' experience)



Kieren Turner-Owen
Assistant Director
(12 years' experience)



Donna Pickersgill
RICS – Consultant
(18 years' experience)

Responsible investment commitment

The proposed fund is committed to supporting sustainable and responsible development. To date from existing funds:

- Majority of schemes delivered to EPC A or BREEAM Excellent standards
 - Brownfield First development approach
- 189 acres of brownfield land regenerated
 - 3.03million sq ft of commercial floorspace created
 - 7,766 jobs created

Case in point



Property / Developer:	Xpanse, Seven Stars Road, Oldbury Opus Land - developing and investing in property across the UK for over 25 years
Size:	120,000 sqft / 1 unit
Investment amount:	£5,500,000 (loan) / £5,405,000 (Equity)
IRR:	5.93% excluding arrangement fees 8.51% including arrangement fees
Interest:	£268,210
Dates:	Initial Drawing: 3rd July 2019 Repayment Date: 22nd December 2020
Comments:	Fixed rate transaction, Grade A new build specification, EPC A. Let to ERIKS Industrial Services Ltd shortly after completion. Sold to London Metric in December 2020 for £18.1m



Steelpark

Property / Developer:	<u>Steelpark Trading Estate, Wolverhampton</u> Goold Estates – West Midlands property developer and investor with successful track record running back to the late 1990's
Size:	69,050 sqft / 4 units (capable of subdivision)
Investment amount:	£3,700,000 (loan) / £1,600,000 (Equity)
IRR:	5.07% excluding arrangement fees 13.29% including arrangement fees
Interest:	£46,744
Dates:	Initial Drawing: 12th September 2017 Repayment Date: 24th May 2018
Comments:	Fixed rate transaction, Grade A new build specification, EPC A. Phased construction with some units selling ahead of others completing as such borrower used cashflow from sales to complete and didn't draw the full facility



Drywall

Property / Developer:	<u>Drywall unit and G5 Industrial Park, Spring Road, Ettingshall</u> KMN Investments Ltd – Development SPV of Drywall Steel Sections- producer of steel frames for stud and partition walls in the construction sector
Size:	83,174 sqft / 18 units
Investment amount:	£7,590,000 (loan) / £1,500,000 (Equity)
IRR:	8.73% excluding arrangement fees 10.09% including arrangement fees
Interest:	£1,225,799.93
Dates:	Initial Drawing: 22nd February 2023 Repayment Date: 19th December 2024
Comments:	Variable rate transaction with base rate increasing through the term of the loan. Included owner occupier unit and multiple smaller units on an industrial park. Units built to EPC As Standards and BREEAM excellent



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