



BRIDGING FINANCE

**OVERVIEW**

## INVESTMENT STRATEGY

**Bridging finance seeks to take advantage of the continued difficult conditions in the lending market. Specifically, capital will be provided for the property market on a short term basis that will always be secured against a charge on property assets.**

Typical transactions will involve investors seeking to acquire buy to let properties who need to acquire the property, refurbish and find a tenant before a buy to let mortgage is approved. The short term loan will enable the buyer to secure the property and find a tenant. The capital advanced will be replaced by the mortgage obtained.

Alternatively vendors of property may require short term capital ahead of the completion of any property sale. We also seek business owners who need access to short term capital and pledge their property as security for the transaction.

## RETURNS FROM BRIDGING FINANCE

Bridging finance produces a regular income stream and the principal sum borrowed is repaid at the end of the finance period. The finance period is typically between six to twelve months duration, and the interest rate in the finance agreement is fixed at the start. The interest is also typically charged and received upfront and provides certainty of income over the finance period and ensures loan to value covenants are not exceeded.

## SECURITY

A Stellar Succession bridging partnership will only lend where we can take a charge over the asset and we insist that the borrower takes their own independent legal advice. We never extend lending terms and are always repaid at end of term. All fees including the interest are typically deducted up front from the amount of the loan which reduces credit risk.

## BRIDGING FINANCE MANAGER

Working with Bridgefast Finance, investors will take comfort from the steps taken on each transaction including:

- \* confirmation that the borrower has taken independent legal advice;
- \* the borrower has been subjected to a thorough credit vetting process;
- \* the properties provided as security have been independently valued; and
- \* the legal charges against the properties are registered and enforceable.

A Stellar Succession bridging partnership will ensure in all cases that the property asset has been valued recently both on an open market basis and a forced sale basis and a partnership will:

- \* ascertain that a mortgage advance is available subject to normal conditions;
- \* ascertain that the property is on the market and help manage the sales process (if applicable);
- \* never lend more than 60% of the property's forced sale value;
- \* ensure that no loan is greater than 35% of the partnership's capital; and
- \* ensure that no individual Succession Company has more than 25% of its capital in the partnership (unless requested).

## BENEFITS TO INVESTORS

This trade affords investors a predictable income with strong levels of asset security. Whilst there is no expectation of any capital growth, the lower risk profile of each transaction offers capital protection and complements our other trading activities.



**Manager**  
Stellar Asset Management Limited

**Investment Objectives**  
• Capital growth over medium term  
• Target return 5% per annum

**Tax Objective**  
100% IHT exemption after 2 years

**Structure**  
Private Limited Company

**Minimum Investment**  
£40,000

**Initial Charge**  
2%

**Annual Management Charge**  
1.5%

**Reporting Period**  
Half yearly

**Insurance**  
Two optional policies available

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Authorised and Regulated by the Financial Conduct Authority

### Important Information

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