

AF | Advisory

REAL ESTATE FINANCE & ADVICE



AF ADVISORY AD-HOC UPDATE ON THE CLOSURE OF NATIONWIDE BUILDING SOCIETY'S COMMERCIAL REAL ESTATE LENDING BUSINESS

Recent press reports suggest that Nationwide Building Society has received offers to purchase their commercial real estate loan book. At this point, it is uncertain as to whether such a sale will occur and who the buyer will be. However, Nationwide Building Society is an experienced loan seller and such a transfer could therefore happen quickly. As a result and depending on who the buyer is, any borrower will face a loss of the existing lender relationship and potentially a very significant change in approach.

This may not be in the borrower's best interest.

Therefore, we strongly suggest that borrowers with exposure to Nationwide Building Society contact the appropriate advisor without further delay.

We are happy to help borrowers establish new banking / lending relationships and support their transfer from Nationwide to a new lender. For an initial confidential assessment, please contact AF Advisory at +44 (0)208 004 6868 or London@afadvisory.com.

We shall be more than happy to work alongside your existing legal and tax advisors etc.

Please see our initial comment on Nationwide's real estate commercial real estate lending business below.

ORIGINAL CLIENT BRIEFING OF 04/11/2016

AF ADVISORY AD HOC CLIENT BRIEFING REGARDING THE CLOSURE OF NATIONWIDE's COMMERCIAL REAL ESTATE LENDING BUSINESS

Today, the UK's Nationwide Building Society announced that it will end all commercial real estate lending to new and existing customers ahead of a complete closure of its CRE business.

We have spoken to very senior staff members of Nationwide Building Society and were told, that:

- a. the current strategy is an orderly wind down of the existing book, but without extensions etc.
- b. given recent lending policies (typically 5 year loans) this would take several years

- c. Nationwide Building Society would look favourably on early repayments
- d. at present there is no plan to sell off the remaining loan book to a third party

At AF ADVISORY we have experience in transferring loans from one lender to another in a variety of circumstances. We have previously helped clients move away from other lenders, following their decision to cease their commercial lending operations.

While each loan is different our general advice is as follows:

1. Communicate openly with Nationwide Building Society about your needs and listen carefully to their response.
2. Be proactive in communications and negotiations. Nationwide Building Society still have a large and fully functioning team. As time goes on staff will move and the skill base will shrink making negotiations more difficult.
3. Seek early advice from experienced debt advisors, certainly not after speaking to all other potential lenders and receiving a "No". It is often impossible to change the decision, once a deal has been rejected by a lender.
4. Be proactive in seeking an alternative lender, ideally together with an experienced debt advisor. While Nationwide Building Society's current policy is to manage the loan book themselves, we at AF Advisory would not be surprised if Nationwide would at some point opt for a portfolio solution, as they have done previously.

Please feel free to contact us at AF Advisory if you are an affected customer. For regulatory reasons we are unable to advise on personal and small loans, but we are very experienced in all sectors of commercial loans including large residential portfolios in the UK and Continental Europe.

We can be contacted on +44 20 8004 6868 or London@AFAdvisory.com and will treat all inquiries in strictest confidence.

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