

18 March 2008

## **Press release**

### **COMMERCIAL FIRST SUSPENDS NEW LENDING**

The UK's leading specialist commercial mortgage lender, Commercial First, has announced that with immediate effect all new lending has been suspended.

In November 2007 Commercial First completed the only public securitisation since the credit crisis began, but despite this has been forced to temporarily suspend new originations as existing facilities have been fully utilised and planned new arrangements have not materialised.

Commenting, Stephen Johnson Sales and Marketing Director said "The business had received positive indications that warehouse lines and working capital funding would be made available. Also an initial offer for the business was received during the last few weeks; however events in the market including the recent collapse of Bear Stearns have meant the offer for the business and additional funding have been withdrawn. As a consequence the business has no alternative but to suspend originations. Our team are in dialogue with our funding partners to work through possible solutions for pipeline business."

"We have explored every opportunity to obtain new funding. We have a business that made a profit of £13m last year and will make in excess of £20m this year, with a balance sheet of £1.6bn in performing mortgage assets at an average LTV of 68% and 4% margin – yet are still unable to obtain financing. It is abundantly clear the credit market has failed. "

"We have entered into a period of consultation with our staff and are exploring all available avenues to enable us to return to the market quickly. Since launch we have provided over 12,000 loans and £2bn in capital to the small and medium sized business customer. We have assembled a fantastic team

of professionals and established a network of very loyal and supportive intermediaries. Collectively we are another victim of a banking crisis that was unthinkable only nine months ago”.

### **Note to editors**

Commercial First was founded in September 2002. Leading industry figure David Johnson heads up the firm as its CEO, with Philip George joining Commercial First as managing director in 2003 - taking the reins through a period of phenomenal growth. Almost 6 years on the lender has originated over £2bn of commercial mortgages and employs over 180 staff out of its 23,000 sq ft Brentwood headquarters. Commercial First is backed by private equity firm LDC which currently holds a 28% shareholding in the business. Commercial First has completed 7 public securitisations and won over a dozen awards, including several “Commercial Mortgage Lender of the Year” titles as voted for by the National Association of Commercial Finance Brokers.

Ends