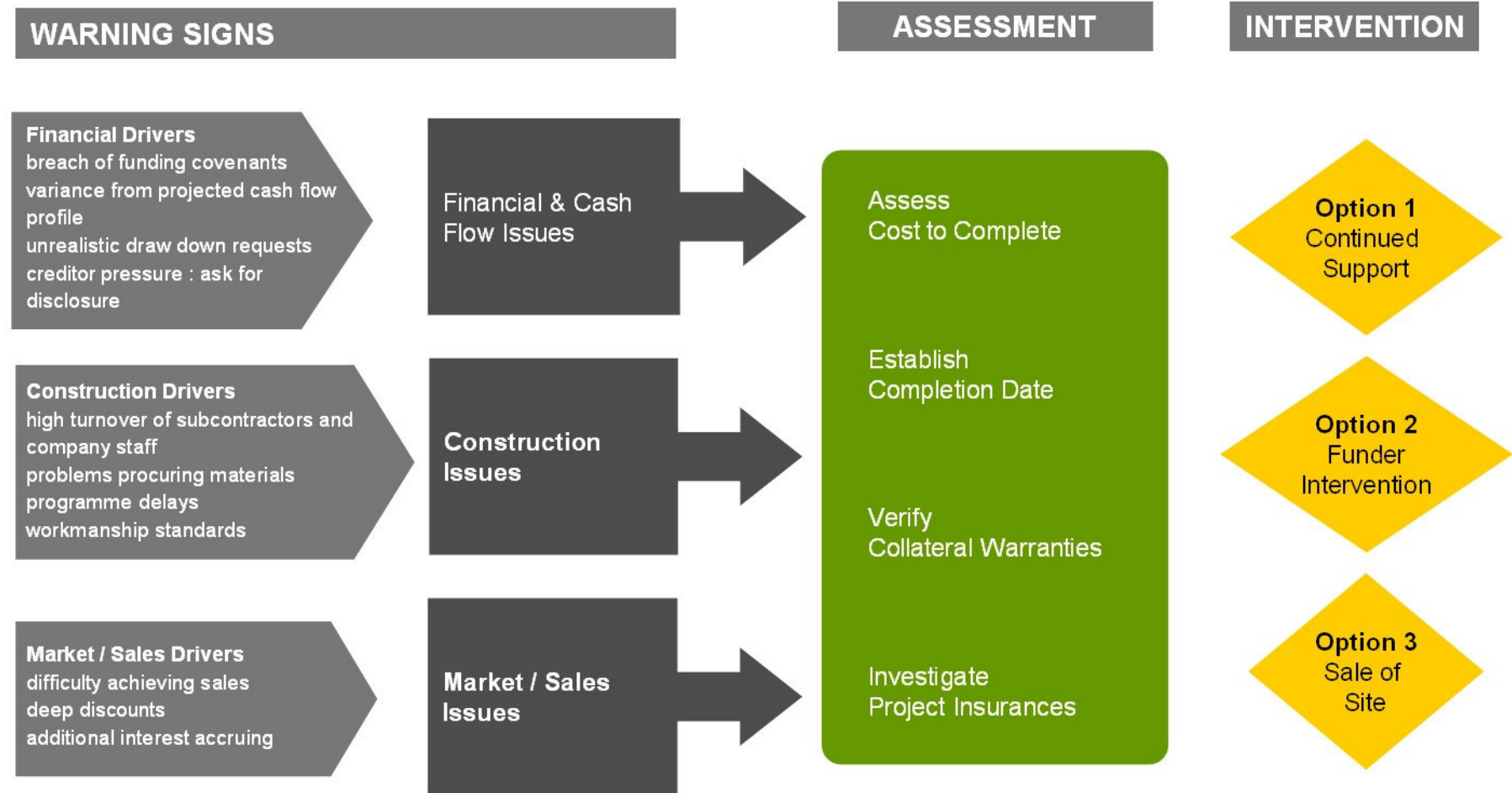


# CBR Knowledge: Path to Distress

The following diagram is a distillation of our understanding of the warning signs and interventions required to ensure the resolution of a distressed project. This knowledge helps us to deliver a holistic and pragmatic service, whilst the Davis Langdon corporate body allows us to engage in scenarios of multiple sites, diverse values and varying degrees of severity.

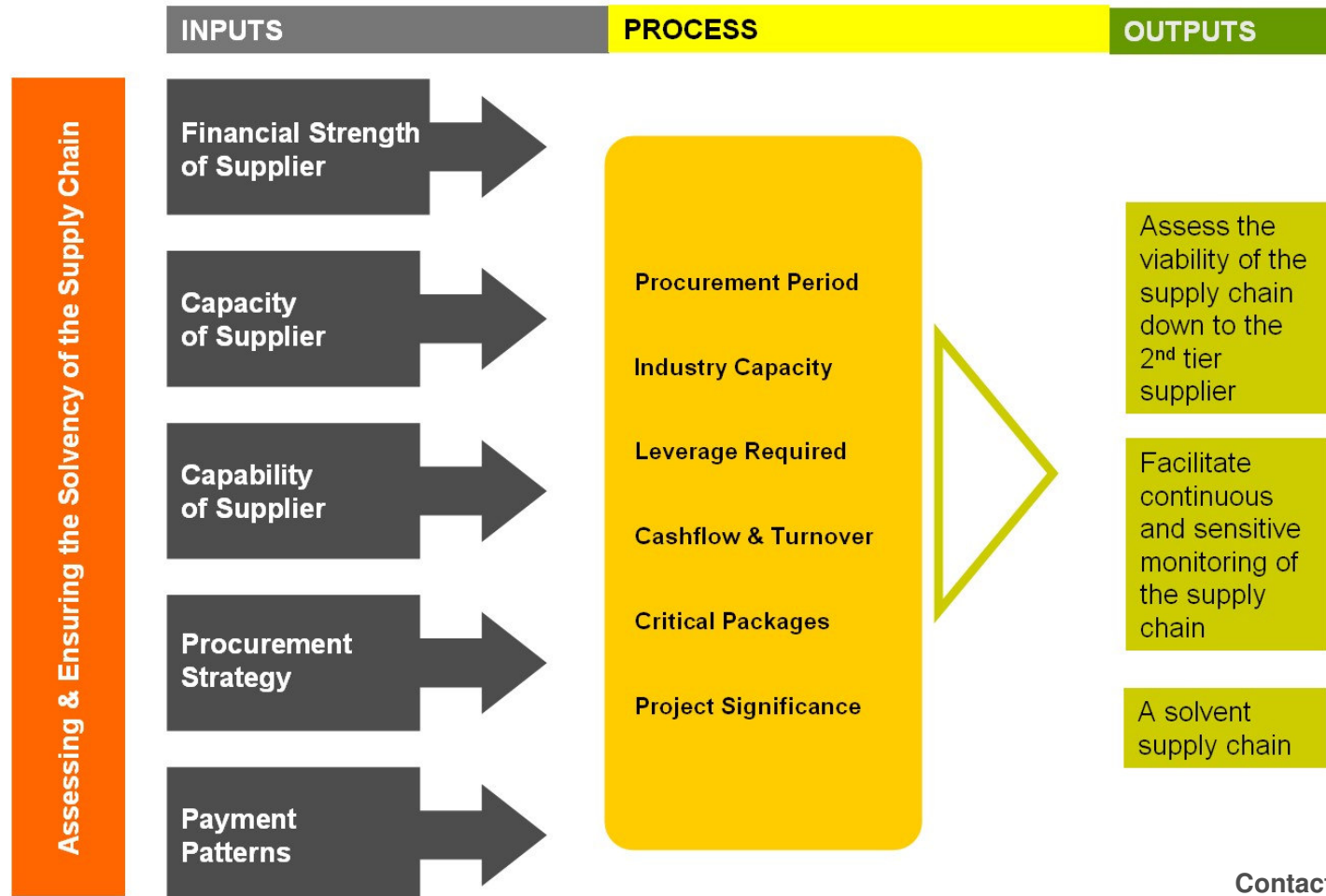


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# CBR Knowledge: Contractor Insolvency

Derived from our experiences on major programmes, the approach detailed below is an example of how we formalise our knowledge and learning into value innovation for our clients. This particular approach allows us to either:

- a) advise very early in the development to create a solid tender list
- b) use it to assess the robustness of the supply chain.



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# CBR Knowledge: Banking Glossary pt 1

<b>Banking</b>	
<b>Term</b>	<b>Meaning</b>
Charge	An agreement registered with HM Land Registry advising that a third party has an interest in the property which needs to be discharged before the registered owner can dispose of the property.
Covenants	A pre-agreed set of criteria which determine the basis on which the funding is lent
Credit Committee	Funders risk control panel who approve loans
Debt	The funds provided by the lender
Debt for Equity	A deal involving swapping some borrowed money for a proportion of the development
Default	Any breach of the agreed covenant, often refers to a failure to make an interest payment
Debenture	A certificate issued by a large firm to raise long term debt at a specified rate of interest with the debt being re-paid at a specified time
Development Assistance	The process by which a third party takes on the management of the project for the bank
Distressed Property	A property that is suffering from financial problems, this is more usually used to refer to developments that have entered a formal insolvency process
Equity	The funds or collateral provided by the developer or development company
Fixed Charge	A fixed charge confers a right on the secured party to appropriate a particular asset in the event of the debtor's default, which is enforceable by either power of sale or appointment of a receiver. It is probably the most common form of security taken over assets
Floating Charge	Floating charges are similar in effect to fixed charges once they crystallise (usually upon the commencement of liquidation proceedings against the charger), but prior to that they "float" and do not attach to any of the charger's assets, and the charger remains free to deal with or dispose of them
Gross Development Value	This is the sales (or capitalised rental value) of the development and used in the LTV calculation. This figure is normally supplied by a valuation surveyor

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# CBR Knowledge: Banking Glossary pt 2

<b>Banking</b>	
<b>Term</b>	<b>Meaning</b>
Impaired Asset	An asset that no longer looks as good as it did and has probably breached its covenants
Intensive Care	A term used to describe the intensive management process of an impaired asset
Interest Roll Up	An agreement which allows the developer to pay all of the interest at the end of the development. As developers receive no cash inflows during the construction
Law of Property Act	The act which governs rights to property
Loan to Value	A measure often used as part of the banking covenant, which measures the maximum value of the loan to the development value. Commonly loans were offered at 80% loan to value, in the current market this is being restated
LPA Receiver	A person appointed by a charge holder to take possession and administrate property once covenants have been breached
Mezzanine Funding	This is this trench of finance between equity and senior debt and is at more risk than the senior debt
Personal Guarantee	Some form of asset offered against the development or development company by the developer that can be called if certain pre-determined criteria are breached. Formerly known more commonly as collateral.
Profit Share	A form of financing which involves the funder taking profit as part or all of their interest and fees
Relationship Manager	A bank employee employed to generate and manage loans
Security	An asset offered as peace of mind to the funder
Senior Debt	Debt provided by a funder that has the first call on assets
Special Purpose Vehicle	A business entity used to isolate a specific part of a company from other parts of the company, often used by developers to isolate one development project from another

# CBR Knowledge: Construction Glossary

Construction	
Term	Meaning
Building Regulations	Statutory standards for quality and specification of building. If the building does not compile then it will not be possible to sell. (This may not be true in all circumstances?)
Construction Costs	Cost of building the property which is limited to the construction of the property and does not include external works and marketing
Construction, Design and Management	The regulations which cover Health and Safety and Building Design
Contract Administrator	The person named under the contract who is responsible for verifying payments and workmanship
Control of Substances Hazard to Health Assessment	Statement from those using dangerous materials who how they will be used, the dangers and that they have necessary training
Cost Plan	The initial budget estimate for a development
Cost to Complete	Forecast cost to complete the development
Development Appraisal	The assessment of the feasibility of a development
Form F10	Form to advise that the site is a construction site – statutory Health & Safety requirement
Monitoring Surveyor	An all round building expert with through knowledge of construction cost, process and regulations and with a good understanding of risk including wider economic risk.
National House-Building Council	Refers specifically to the trade body but is more commonly used to refer to the insurance provided on new homes. There are other providers of new homes insurance – such as the Zurich insurance scheme
Planning Conditions	Conditions issued by the local council which must be adhered to in the construction of the development
Planning Supervisor	The person responsible for Health and Safety planning and inspection
Programme	A document setting out the start and forecast finish date for each activity and showing which activities are interdependent. This will indicate the completion date of the development and therefore the date when sales can be completed
Risk Assessment and Method Statement	A requirement to ensure safe working on site
Section 106	A payment to the local council to pay for additional infrastructure demands that the development will create
Tree Preservation Order	An order imposed by a council at the request of residents to protect a tree, governed by statute