



FOR IMMEDIATE RELEASE

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Santon Highlands refinances Fort Augustus as Nessie scares away Anglo Irish

The Santon Group ('Santon') is pleased to announce that it has managed to refinance its loan on The Highland Club away from the troubled Irish lender, Anglo Irish Bank, and is therefore in a position to recommence developments works and to complete its painstaking restoration of the 200,000 sq ft Grade A listed site. Works came to halt on site in April when Anglo failed to allow Santon to continue funding the project on the same terms as the ones that had previously been agreed with them the prior year.

The project has been a labour of love, fraught with difficulties, for the Santon team.

In a bold move in 2003 Santon Highlands Limited (under its previous operating name, Raven Highlands Limited) purchased the St Benedict's Abbey which had had lain empty since the closure, a decade earlier, of the Fort Augustus Abbey Boy's School, a Catholic boarding school. Santon obtained planning permission in 2004 to convert the site into 100 plus residential units, a restaurant and leisure facilities and commenced development later in 2004. The development commenced in phases, funded by Anglo Irish Bank, but was hampered by the receivership of the main contractor, Orostream Ltd, in 2006. Market conditions at the time, with a booming Inverness being the fastest expanding town in the UK and the largest Hydro Project in Europe being undertaken on the other side of Loch Ness, dictated that few other contractors were willing to work on the site and Santon resorted to setting up its own contracting arm, Santon Contracting Ltd, to continue the development.

Further problems were created for the development following the financial crisis in 2008 following which many purchasers were unable to fulfill their contractual commitments to purchase completed units. The problem was exacerbated by a rapidly floundering Anglo Irish Bank which had chronic funding difficulties of its own. Work almost came to a halt in the summer of 2010 when Anglo refused to provide any further funding to the project, including amounts undrawn on the facility. Santon took a huge risk in continuing to finance the development from its own resources and without security as it renegotiated its funding arrangements with Anglo. Such was the commitment of the Santon team that they agreed to provide a further £3m of funding to the project, personally guaranteed by Santon's owner, to continue with the development rather than leaving it uncompleted. When this funding ran out in 2011 Anglo would not allow further funding on the same terms.

Humphrey Kelsey, who has been the Development Director on the project since it was purchased in 2003 commented: *'This refinancing of the project is fantastic news for all its stakeholders including the existing owners, contracted purchasers, the people of Fort Augustus and the Highland's community generally. After much uncertainty over the last couple of years, created in particular by the precarious nature of Anglo's finances, we now have the funding in place to ensure that the restoration of the listed buildings will be completed.'*

Bim Sandhu, Chief Executive of The Santon Group commented: *'I am very pleased that we have recommenced development works on site and as an apartment owner myself I am very much looking forward to ending my*

busman's holidays in the Highlands when the project is complete! It was extremely disappointing when we had to stop works on site particularly more so when, rather unusually we had agreed to provide all the new funding required for the project ourselves and that we had managed to find ways to continue building through the worst of the financial crisis as a number of our contractors and sub-contractors went bust. Whilst we have had a good relationship with Anglo in the early years and the bank individuals who have dealt directly with us have backed our vision for the project quite clearly things changed markedly when all decision making effectively moved to Dublin. Following the refinancing we can now entirely focus on trying to complete the development for the benefit of all concerned.'

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