

South African lands £100m NAMA scheme in Lewes

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Investor that bought Edinburgh's Caltongate backs Santon in second UK investment

A South African investor has made a second foray into the UK regions, striking a deal with NAMA (Ireland's National Asset Management Agency) that will revive a stalled development with a potential value of £100m.

MAS, which is funded by private equity firm Merteck Group, has backed Bim Sandhu's Santon Group to buy a 14.5 acre site on the banks of the River Ouse in Lewes, East Sussex, on which its former owner envisaged a mixed-use scheme of up to 750 homes.

The Phoenix Quarter was bought from administrators at Grant Thornton, which were appointed in 2009 to Terracotta Properties and three associated companies, Angel Property (Lewes), Terracotta Properties (Riverside) and Terracotta Properties (Malling Brooks).

The debt on the scheme totalled £15.5m, £13.4m of which was owed to a division of Anglo Irish Bank (now Irish Bank Resolution Corporation), and then sold to NAMA.

Santon paid "substantially less" than the debt and a statement filed at Companies House in March last year shows the directors expected the site to fetch £6.75m.

Six hundred homes are proposed at the site within the area's local plan, although Santon is likely to scale this down further and include around 65,000 sq ft of retail and leisure and 20,000 sq ft of offices.

An application for a scheme with an estimated value of £100m is expected in next year, and work is scheduled to start in early 2014.

The land is within a flood plain and the new owners will have to make protection provisions for the scheme.

The site is occupied by the 160,000 sq ft Phoenix Industrial Estate, which will be transferred to a nearby site that was bought as part of the deal.

Santon will act as development manager, as well as investing equity of its own. Chief executive and owner Sandhu co-founded Raven Mount with Anton Bilton.

In December, MAS made its UK debut by investing in the mixed-use Caltongate scheme in Edinburgh. Artisan Real Estate Investors, an Isle of Man-based company that manages funds for MAS, bought the 8.5 acre city centre site that will house a £160m scheme from the administrators of Mountgrange Capital (Caltongate).

Clive Winning, property director at Santon said: "This is the first of a number of similar deals we expect to do with MAS and we are talking to the banks and NAMA."