



14 August 2014 by Jonathan Minter

UK bank and asset finance provider Bank of London and the Middle East (BLME) has provided a £35m (€44.2m) funding line for new lender Renaissance Asset Finance to allow for growth.

Renaissance funds a variety of small-ticket assets, including commercial vehicles, coaches, high-value cars and plant machinery. The firm's corporate client base consists of around 80% broker-introduced and 20% direct corporate customers.

The direct corporate customers consist of legacy clients from Renaissance managing director Hugh Sigrist's previous company, Reliance Financial Contracts, which Sigrist founded as a brokerage in 1991, and which was bought out by Close Brothers in 2008. During Sigrist's tenure, Reliance evolved from a brokerage to a lender and, at the start of 2014, Sigrist told Leasing Life the company had a portfolio of £70m.

However he left the company when he felt he saw a gap in the market.

"I decided I wanted to find a new funding partner so I could start a new lending business, aimed at SMEs and aimed at a hands-on type business," said Sigrist.

Despite the number of new entrants coming into the market, Sigrist felt the majority followed a similar systems-based approach. Sigrist said: "If something was a straightforward transaction, all the lenders could do it. But the second something required hands-on involvement in the field, getting to know the customer, we thought there was a gap there."

The combination of a "hands-on" approach and small-ticket items in these fields tempted BLME, which has provided leasing since its inception since 2007.

BLME offer finance for middle-ticket assets between £2m and £25m, primarily in plant machinery and transportation. Frederick Yue, director and head of leasing at BLME, told Leasing Life the similar nature of the assets the two companies were involved with encouraged the bank to offer the funding.

According to Yue, the bank had been looking to widen its market coverage to include small-ticket for two years, and therefore he described the funding for Renaissance as a "key" part of the strategy.

He added there were a number of other reasons why Renaissance appealed, including the experience Sigrist already has in the market and that: "They also complement our middle-ticket. In terms of route to market and customer culture, they are very similar."

According to Sigrist, Renaissance has two key USPs - experience and its policy of meeting its customers.

In terms of experience, Sigrist said: "We're quite unusual in that we've already run a respected brokerage for 16 to 17 years and then gone on to develop a lending portfolio of £70m over the next six years. So we've

been a broker, we've been a lender, and now we're going to be a lender again, through the broker market."

Although Renaissance is currently recruiting, he added that six of the existing team came with him from Close Brothers, and that he had worked with two members of staff for over 20 years.

Additionally, Renaissance has a policy of meeting all its customers. According to Sigrist, this is a core value of the company, and one that will benefit it, the customer and the broker.

He said: "We might go there looking for a transaction of £100,000, and while we're there the client will naturally open up about what they've

got going on elsewhere in the business, so the automatic question that comes up is 'how are you going to fund that?' And so that deal may go up and up. That benefits the broker because the commission gets fed back through the broker."

As visiting every customer is labour intensive, Sigrist says he would rather work with fewer, higher-quality brokers, and a few customers the company knows really well.

Although the company is less than a month old, there are also plans for a possible northern office. The need for this is again partly down to the ambitious plan to meet customers. "We're based in Brentwood, Essex, but we cover the UK. In a few years' time we may also have a northern-based office, and we will have some home-based staff," said Sigrist. "As you might imagine, the manual process of going out to see people is quite time consuming, as we have to be across the country.

"It's quite labour intensive, so our field people do a lot of mileage, but it's worthwhile because the relationship with the customer is so much stronger and you get more business opportunities."

The company also has plans to open a side broker business. Sigrist explained: "The principle is to be a one-stop shop. So if a customer wants a product we don't offer, we can still sort them out." Other plans for the future include spreading into new segments, such as agricultural leasing, and to run a £100m portfolio within the next three to four years, which would be bigger than Reliance was when Sigrist left.

Summing up BLME's attitude to the future of Renaissance, Yue told Leasing Life: "It's a very exciting opportunity for Renaissance. There are a number of new entrants coming to the marketplace, but the marketplace needs the funding."

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