Savills Debt Advisory

About Savills Debt Advisory

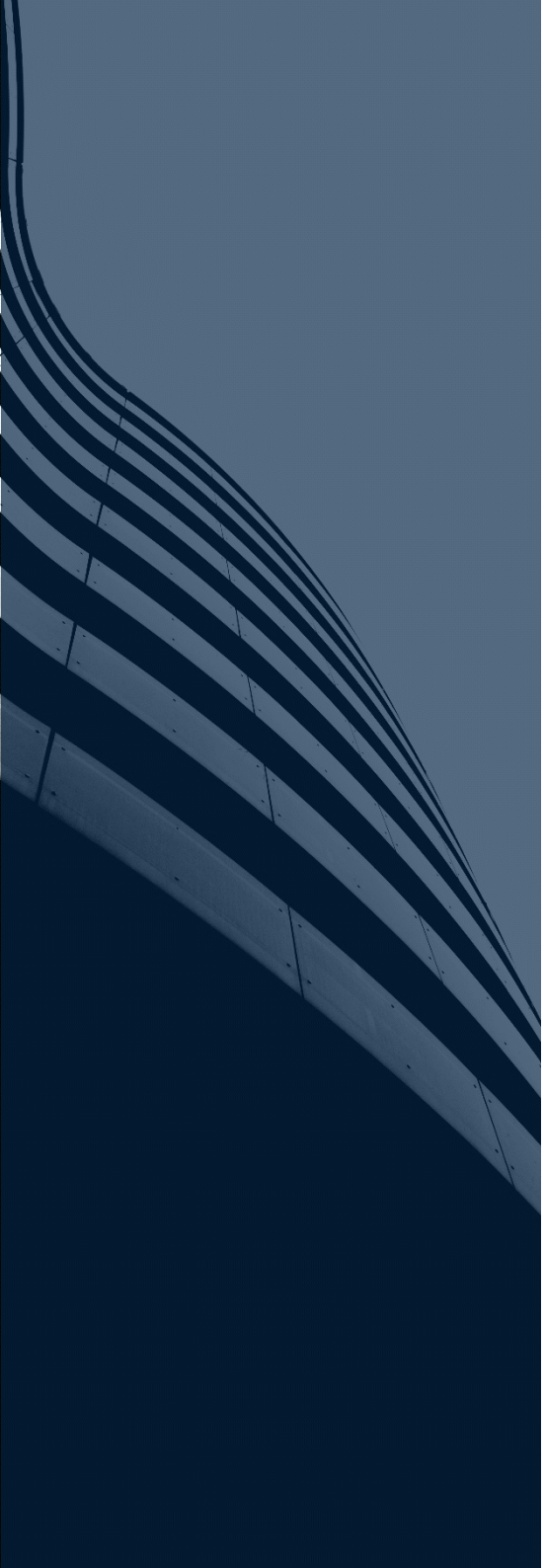
Regulated by the Financial Conduct Authority (FCA), we work across all major real estate sectors to deliver financing solutions that match the strategic needs of our clients in the UK and Europe.

Our team is integrated into the wider Savills Capital Markets business combining our financing expertise and distribution network with a deep understanding of local real estate markets – this is what sets us apart from our competitors.

With extensive experience across geographies, industries and credit profiles, we offer focused advisory services across the capital structure.

Introduction

- Since the turn of the year inflationary pressures have resulted in increasing interest rates and therefore an increase in the overall cost of debt for borrowers
- The rising cost of debt also provides a challenge to investors to achieve their desired cash on cash returns
- Despite the challenging interest rate environment, there remains a strong level of liquidity in the debt market across all leverage points for all asset classes
- The evolving lender landscape and expansion of the non-bank lending market has meant we have seen an increasing number of sponsors utilising our services to ensure they secure best available debt terms to maximise returns and provide the flexibility to execute business plans
- Over the last 12 months we have worked on a broad range of mandates across the capital stack in various asset classes. We have been active in both investment and development transactions and have placed debt with a variety of banks, insurance companies and debt funds
- At any one time we are in the market with several transactions allowing our clients to benefit from real time market colour to ensure they are getting best execution



Where can we help?

Our Debt Advisory services add value for our clients in a number of situations, not necessarily linked to the purchase of a new asset.

Acquisition financing

Facilitating successful buy-side transactions

Development financing

Project-specific financing, tailored to suit the specifics of the deal

Refinancing

Maturing / off market debt facilities that would benefit from refinancing

Repositioning

Changes in market conditions or business circumstances creating a requirement for temporary/ bridge/ working capital

Recapitalisation

Strategic freeing up of capital to meet business needs and fund future opportunities

Sell-side process

Embedded debt advisory services helping to facilitate a successful sales process

Our Offering

We help our clients to achieve:

- A flexible covenant package
- Appropriate leverage
- Appropriate tenor
- Best pricing

We take the time to understand the fine details of the instruction, your business drivers and your risk appetite. We don't just deliver debt, we provide you with a bespoke solution that is best suited to your particular needs and which will deliver for your business.

Our carefully structured debt process and timelines will lower the risk of delays in securing financing. The team will carefully manage lenders through their credit approvals, due diligence and documentation, to optimise as far as possible the certainty of the process.



Our debt advisory service is embedded across our capital markets business, meaning the work the debt advisor must do in assessing your asset(s) doesn't need to be duplicated. This also means our debt advisory expertise will be underpinned and enhanced by our real estate expertise and transactional advice.

Staying on top of the evolving state of the credit markets allows our clients to tap the market opportunistically for refinancings or recapitalisations.

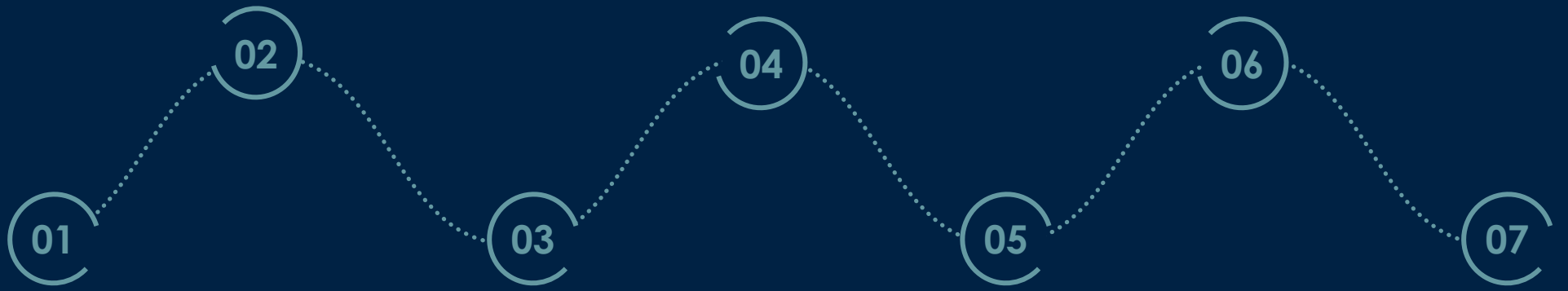
We can work with you to secure optimal acquisition finance, helping you position yourself to win buy side processes.

The extensive experience of our Debt Advisory team has given us unparalleled relationships with lenders across the UK and Europe.

Our Process

Savills Debt Advisory team works alongside capital markets colleagues to provide a comprehensive advisory service to clients looking to acquire assets.

We design and run a process which is focused on achieving best terms whilst managing execution risk.



01 Debt capacity

Initial debt viability scope to assess likely debt structure and indicative terms for early stage bidding

02 Competitive tender process

Run a competitive debt tender process to select the most competitive providers, considering quantum, structure, price and risk profile. We approach this in a targeted manner, only approaching lenders we know to be interested - ensuring early engagement

03 Evaluate lender proposals

Assess financing offers with our client and advise on selection, considering not just best terms but also execution certainty

04 Advise on documentation

Structure lenders credit process to be in alignment with the overall bid timetable (Q&A etc.)

05 Support lender credit process

Ensure detailed term sheet agreed early, prior to full documentation

06 Ensure senior level engagement

Ensure early engagement at a senior level to avoid surprises

07 Drive process to financial close

Help drive closing process and lawyers to reach successful financial close

The Lenders

The UK & European financing market is continuing to diversify, with funds increasing their allocations to CRE debt.

In today's market there is a large and diverse group of lenders:

01

Traditional clearing/domestic banks

- Lower risk appetite
- Very client driven
- Inflexible covenant package
- Very limited appetite for full spec development risk
- Some underwriting

02

Challenger banks

- Medium risk appetite
- Typically smaller ticket size
- Reliance on guarantees
- Higher return/price criteria

03

International banks

- Medium risk appetite
- Will do development
- Sponsor is key to engagement
- Large tickets
- Underwriting prevalent

04

Insurance companies

- Medium risk appetite
- Looking for long dated ideally fixed rate opportunities
- Large tickets

05

Debt funds

- High risk appetite
- Innovative structuring ability to finance fully spec in certain circumstances
- Whole loans
- Mezz
- Pref Equity

The lending landscape is constantly evolving and it is critical that the project team are kept up to speed on the changing debt markets.

The work of our Debt Advisory team will ensure that the deal terms and structure develop in line with the risk appetite of the lenders, on an ongoing basis and as market conditions change.

Team Overview

The team has over 80 years experience raising debt capital in complex financing situations and has a comprehensive contact base across the bank, debt fund and wider capital markets throughout Europe.

The team has a comprehensive contact base across the bank, debt fund and wider capital markets. We have a very strong track record across a broad range of landmark transactions

Team – Debt Advisory



Andrew McMurdo
Co-Head
Savills Capital Advisors

Andrew McMurdo

Background:
- *Formerly Global Head of Leveraged and Acquisition Finance Syndicate at HSBC, Andrew has over 25 years of banking experience as well as running his own successful independent advisory business*

Years Experience (at Savills):
- *32 (4)*

Previous Work Experience:
- *HSBC, Deutsche Bank, Morgan Stanley*

Recent Professional Credentials:
- *Advisor to AIMCo to secure £190m of debt to support their UK portfolio acquisition of light industrial assets*
- *Advisor to Lincoln MGT on a £140m senior and mezzanine development finance facility supporting the construction of a large build to rent scheme in the south-east of England*



Charlie Bottomley
Director
Savills Capital Advisors

Charlie Bottomley

Background:
- *Formerly a Director in the HSBC Loan Syndicate team, Charlie was responsible for underwriting and distributing debt across multiple sectors and geographies*

Years Experience (at Savills):
- *14 (3.5)*

Previous Work Experience:
- *HSBC*

Recent Professional Credentials:
- *Advisor to a private client to secure £227m development facility to support the construction of a co-living scheme*
- *Advisor to European based REIT to secure mezzanine finance to support their Western European expansion*
- *Advised Warehouse REIT on a new £200m syndicated club facility to refinance existing debt and support future growth*



Martin Crocker
Director
Savills Capital Advisors

Martin Crocker

Background:
Formerly Head of European Structured Finance at Qatar National Bank in London. Before this he was a Director at HSBC, responsible for underwriting and distributing debt, with a particular focus on real estate syndication

Years Experience (at Savills):
- *27 (3.5)*

Previous Work Experience:
- *QNB, HSBC, Bank of America Merrill Lynch*

Recent Professional Credentials:
- *Advisor to Korean and Middle Eastern sponsors on their respective Prime City of London Office acquisitions, securing £120m of investment finance*
- *Advisor to Canary Wharf Group to refinance existing debt of a newly developed BTR asset with a new £300m investment facility*
- *Debt advisor on numerous UK retail warehouse acquisitions.*



Morgan Scale
Associate Director
Savills Capital Advisors

Morgan Scale

Background:
- *A qualified accountant through the PwC Real Estate and Construction team, Morgan has extensive experience securing debt in-house as well as in an advisory capacity across all UK real estate sectors*

Years Experience (at Savills):
- *11 (2)*

Previous Work Experience:
- *Kier Property Developments, Frogmore, PwC*

Recent Professional Credentials :
- *Advisor to Moorfield Group on their first debt raise for new JV investing in the UK PBSA and co-living sector*
- *Advisor to an investment manager to support their first acquisition in Portugal with a €53m investment and capex facility*



Mike Russell
Associate Director
Savills Capital Advisors

Mike Russell

Background:
Mike has more than 10 years of experience in the banking industry, specialising in Real Estate Finance, and has successfully funded the acquisition and development of commercial real estate in the UK and Southern Africa.

Years Experience (at Savills)
- *11 (2)*

Previous Work Experience:
- *Chrysalis Capital, Nedbank*

Recent Professional Credentials:
- *Advising Pebbleford Ltd on a £25m development facility to part-fund the development of a branded hotel in London, UK.*
- *R500mil building loan towards a 505-room hotel development in the Cape Town CBD, South Africa.*

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Selected Transactions



Date: Ongoing

Location(s): Undisclosed, UK

Client: DWS

Sector: BTR

Loan type: Development

Debt Quantum: ~ £70m

Transaction: Development facility to support the construction of a joint 316 bed BTR scheme in the UK



Date: Ongoing

Location(s): London, UK

Client: Canary Wharf Group

Sector: BTR

Loan type: Investment

Debt Quantum: ~£310m

Transaction: Investment facility to refinance the existing development debt on a recently developed 636 bed BTR tower, currently the largest in the UK



Date: Ongoing

Location: London, UK

Client: Criterion Capital

Sector: Mixed Use

Loan type: Investment

Debt Quantum: ~£150m

Transaction: Long-term tenure Investment facility to support a portfolio of mixed-use prime London properties



Date: Ongoing

Location: Antwerp, Belgium

Client: IRET Development

Sector: Hospitality

Loan type: Investment

Debt Quantum: ~€60m

Transaction: Long-term tenure Investment facility to support the stabilsiation of this new luxury hotel

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Selected Transactions



DOWNING

Date: Ongoing

Location(s): Manchester, UK

Client: Downing

Sector: Co-living

Loan type: Development

Debt Quantum: -£220m

Transaction: Development facility to support the construction of a joint 1,790 bed co-living and BTR scheme in the UK



GASCOYNE ESTATES

Date: Ongoing

Location: London, UK

Client: Gascoyne Estates

Sector: Residential

Loan type: Investment

Debt Quantum: ~£25m

Transaction: Long-term tenure Investment facility to support a portfolio of predominantly residential



GASCOYNE ESTATES

Date: Ongoing

Location(s): London UK

Client: Gascoyne Estates

Sector: Offices

Loan type: Investment

Debt Quantum: ~£15m

Transaction: Investment facility to support a newly refurbished office building in the West End, London



Sun Venture

Date: Ongoing

Location: London, UK

Client: Sun Venture

Sector: Office

Loan type: Investment

Debt Quantum: ~£80m

Transaction: Investment facility to support the acquisition of a Prime City of London office

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Selected Transactions



Family office

Date: Ongoing

Location(s): London, UK

Client: Undisclosed - Family office

Sector: Hotels

Loan type: Development

Debt Quantum: £22m

Transaction: Term loan to refinance existing debt and support significant capex of a 87 bed London hotel



Europa Capital

Date: Dec 2021

Location(s): UK portfolio

Client: Europa Capital

Sector: BTR

Loan type: Development

Debt Quantum: ~£250m

Transaction: Development facility to finance the development of a portfolio of BTR assets



Lincoln mgt
A Joint Venture in Millennial Cities

Date: Nov 2021

Location(s): Reading, UK

Client: Lincoln/MGT

Sector: BTR

Loan type: Development

Debt Quantum: ~£140m

Transaction: Development facility to support the construction of a 538 unit residential scheme in the UK



generation

CROSSTREE
REAL ESTATE PARTNERS

Date: Oct 2021

Location(s): London, UK

Client: Crosstree & Generation Estates

Sector: Co-Living

Loan type: Investment

Debt Quantum: £42m

Transaction: Loan and capex facility to support acquisition and conversion of a hotel to a 292 bed co-living scheme

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Selected Transactions



Date: Sep 2021

Location(s): Lisbon, Portugal

Client: Maya Capital

Sector: Residential

Loan type: Investment

Debt Quantum: €52m

Transaction: Term loan and capex facility to support the acquisition & development of a portfolio of residential assets in Lisbon



Date: Feb 2021

Location(s): UK portfolio

Client: iSec

Sector: Retail Park

Loan type: Investment

Debt Quantum: £45m

Transaction: Term loan facility to support the acquisition of a UK retail warehouse portfolio



Date: Jan 2021

Location(s): UK Portfolio

Client: AIMCo & Canmoor

Sector: Light industrial and logistics

Loan type: Investment

Debt Quantum: ~£190m

Transaction: Term Loan facility to support acquisition of a UK portfolio of logistics and light industrial assets



Date: Jan 2020

Location(s): UK portfolio

Client: Warehouse REIT

Sector: Light industrial and logistics

Loan type: Investment

Debt Quantum: ~£200m

Transaction: New syndicated club facility to refinance existing debt and support growth of its UK portfolio

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