

Real Estate Deal Digest

A summary of all JCRA advised Real Estate deals
January – March 2019

Real Estate | Private Equity | Social Housing | Project Finance & Infrastructure | Corporates

jcragroup.com

Deals we recently advised on:



£60m
REIT
Interest Rate Advisory



hibernia
— REIT —

€125m
REIT
Interest Rate Advisory



£415m
Hotels
Interest Rate Advisory



AshbyCapital

£92m
Office/Retail
Interest Rate Advisory



almacantar


£420m
Office
Interest Rate Advisory



€15m
Retail
Interest Rate Advisory



£100m
Residential
Interest Rate Advisory



£50m
Mixed portfolio
Interest Rate Advisory



An uptick in FX hedging, locking in low interest rates and good opportunities to refinance

FX

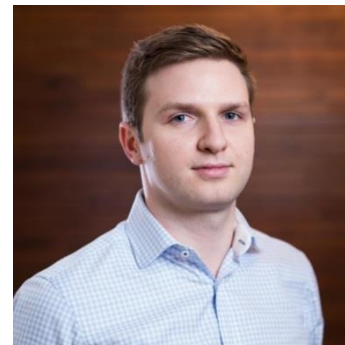
Foreign exchange risk remains high on the agenda of our real estate clients. This includes transaction and translation risk, which arise from currency shifts. Those with euro-denominated funds have to make particularly challenging FX hedging decisions for their GBP investments. The interest rate differential between the two currencies means that the cost of hedging becomes a more prominent factor when deciding on the optimal strategy. Credit availability and liquidity requirements are other important factors to consider.

IR

Interest rate hedging is typically transaction driven and across Europe we have seen lower activity as geopolitical risks and historically low yields seem deter investment. However, the recent reduction in interest rate expectations again, has provided an opportunity to lock-in these low interest rates levels. As a result we have seen a number of clients increasing their hedging proportions and, in some cases, replacing option based instruments, such as caps and/or swaptions, with more certain strategies like fixed rate swaps and fixed rate debt.

Debt Market

We saw a decrease in UK transaction activity for new lending over the past year, but there was an increase in lending to 'Operating Assets', reflecting the continued appetite for these alternative real estate assets. There have also been high levels of refinancing as our clients try to achieve certainty of debt funding on a five to seven year horizon and remove refinancing risk.



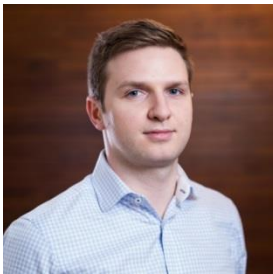
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About JCRA

JCRA is an independent financial risk advisor specialising in hedging and debt advice. With 30 years' experience in structuring and advocating for competitive pricing in derivative products, JCRA designs financial hedging solutions and provides debt advice globally to clients in real estate, project finance, infrastructure, private equity and social housing, as well as corporates.

JCRA has 15 dedicated debt advisory professionals with experience in capital markets, corporate finance, M&A, specialising in complex and structured transactions.

For more information, or to discuss this report, please contact Gregory Curtis at Gregory.Curtis@jcrauk.com or call us on +44 (0)207 493 3310.



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Gregory is an Associate Director in the Real Estate team, focusing on advising clients on their interest rate, inflation and foreign exchange risk through derivative structuring. Before joining JCRA, Gregory held six-month internships at Société Générale CIB and HSBC, working in foreign exchange and equity derivatives respectively. Gregory holds a Master's of Finance from IESEG School of Management in Paris.