



Real Estate stakeholder options

Delivering options for real estate corporates, lenders and their stakeholders in uncertain situations



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1. Introduction

In a situation where a real estate business faces uncertainty both the corporate and its stakeholders need options.

KPMG's Real Estate Stakeholder Options' process is designed to identify the key issues and practical solutions thereby preserving goodwill, supporting discussions with stakeholders and paving a pathway to preserve income and value.

The difficulty for many stakeholders is identifying and quantifying the potential options. Issues faced may include:

- Can the business and assets be refinanced?
- What are the assets worth in today's market?
- What are the sale options?
- Can existing loan facilities be renegotiated or extended?
- What specialist equity or debt solutions are available at short notice?
- Are there any other funding solutions?
- What are the short term cash flow requirements?

Using our network of investors, buyers, developers, asset managers, lenders and special situations funds we can work with management teams and secured creditors to explore and deliver the preferred options to the point of execution.

Should you have any situations which you feel KPMG may be able to assist you and your business with, please do not hesitate to call one of the team.

The options and solutions available are wide ranging and require a diverse range of skills and expertise

We work in partnership with property advisors and asset managers to ensure all practical and financial options are thoroughly assessed



2. Real estate options' appraisal process

For directors, shareholders, lenders and stakeholders in a stressed business, the Options' Appraisal Process can help to identify solutions even if only a short amount of time is available.

Stakeholder management

Bringing together shareholders, lenders, management and other key stakeholders to help maximise the number of options and deliver optimal solutions



Options appraisal



Investors & buyers



Presentations



**Implementation
and Delivery**

Cash management

Support the board in managing cash to ensure there is sufficient time available to deliver the preferred options

Fluctuating and uncertain rental and service charge income will place significant pressure on companies to meet their ongoing financial liabilities.

Further, the additional operational costs associated with COVID-19

protection measures will likely be a further drain on available cash.

A granular analysis of cash flow under varying scenarios will assist management identify areas of focus where savings are needed and which critical payments need to be prioritised.



Options' appraisal

We work with specialist asset managers and property advisors to assess the options

A longer term hold to stabilise and implement operational changes or alternative uses may be advantageous



Options' appraisal



Investors & Buyers

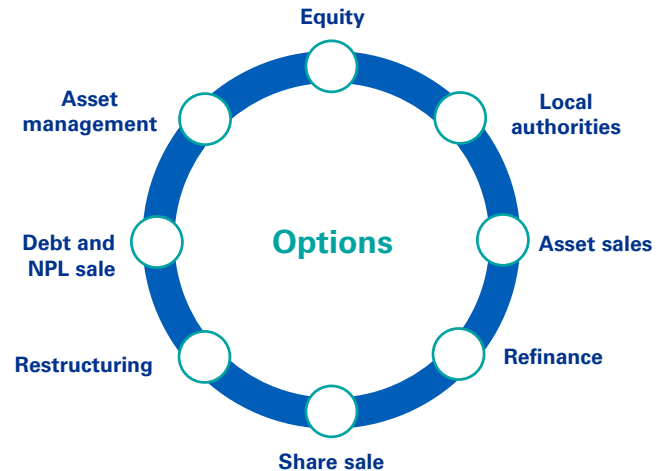


Presentations



Implementation and delivery

- **Appreciate the issues** in play and explore the potential solutions.
- **Appraise all options** at the outset and their likely impact on all key stakeholders. Potential to look at **short, medium and longer term** solutions.
- Build a team with **relevant specialisms including Restructuring, Debt Advisory, M&A, Tax and Transaction Services**. External sector specialists including asset and development managers can also be brought into the process as necessary.
- Work closely with **specialist asset managers and property advisors**.
- **Bring all key stakeholders into the process** (at the appropriate time) to facilitate additional creative options.
- **Assess which options** are most likely to **result in the best outcome** and enhanced focus given to these options.
- Consider whether a 'stepped' process is workable/beneficial (i.e. timescale permitting, pursue options in priority of desirability) or **conduct multiple processes concurrently**.
- **Agree with key stakeholders which options to pursue** and set out and agree timescales for each step of the process.





By adopting a collegiate and collaborative approach with key stakeholders, creative and innovative solutions can be identified





Investors



We can utilise our relationship with our M&A colleagues and internal network of real estate specialists to identify potential buyers and investors



Options appraisal



Investors & buyers



Presentations



Delivery and implementation

If the initial options' appraisal identifies a requirement for asset sales and/or an equity and debt raise we can use our extensive investor network to identify solutions.

Type

Specialist investors

We have access to a wide network of specialist investors and can typically make contact with all key players within 24 hours.

Special situations' funds

We can utilise our relationship with our M&A colleagues and internal network of real estate specialists to identify potential buyers and investors.

Other buyers

Relevant private equity, acquisitive corporates and high net worth individuals identified using centrally maintained database. We will also consider and contact parties identified by management and other key stakeholders.

Local authorities

Local authorities are often the key to unlocking the redevelopment and repurposing of obsolete assets. Out public sector teams across the UK have access to senior personnel in the authorities.

Lenders

We have good relationships with all major banks and debt funds and we can identify relevant targets as well as providing market insight against any offers ultimately received.



Presentations

In order to secure the best terms, whether asset sales, equity raise or refinancing existing debt the opportunity needs to be comprehensively presented and supported with an accurate suite of financial and technical data. This may also need to include robust appraisals supporting alternative value add opportunities.



Options appraisal

1

Teaser

Targeted 'teaser' document prepared and issued as initial introduction to selected investors, developers, debt and equity providers to establish interest levels.



Investors & buyers

2

Information memorandum (IM)

If appropriate prepare an IM outlining the financial position and technical details of the assets and investment opportunities. KPMG will assist in preparing the document which should highlight value and income add opportunities.



Presentations

3

Meetings

KPMG will facilitate meetings between management, key stakeholders and interested parties at the earliest opportunity. KPMG will assist management in preparing for presentations to interested parties.



Implementation and delivery

4

Data room

All relevant information will be made available to interested parties. Access and activity monitored by KPMG, with user approval by client.



Implementation and delivery

KPMG can use its well established negotiation skills to maintain competitive tension to deliver the preferred solution within the optimal timeframe.



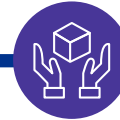
Options appraisal



Investors & buyers



Presentations



Implementation and delivery



Appraisal of offers

Merits, outcome and conditions of all offers considered in conjunction with key stakeholders



Preferred option(s)

Key stakeholders determine which option(s) to proceed with



Completion

KPMG oversee process to conclusion including contract agreement



Cash management and value preservation

● Review short term cash flow to understand any cash deadlines that will drive timescales for options process.

● Agree timescales with key stakeholders.

● Cash controls implemented and consideration given to stakeholder discussions that could release additional cash.

● Set up processes for ongoing cash management/monitoring.

● Identify potential cash saving opportunities to maximise the net operating income at asset level.

● Cash position monitored against forecast on an agreed frequency to identify potential issues at the earliest opportunity.



Stakeholder management



Management of all stakeholders is essential throughout the process to engender a collegiate approach and facilitate innovative solutions.



KPMG has strong relationships with key decision makers at UK clearing banks, alternative lenders and investors, asset based lenders, debt funds, special situation funds and HMRC.



We can facilitate and host regular stakeholder meetings/conference calls to ensure all key parties are brought into the process to enable creative options to be considered quickly.



4. Why KPMG?

What makes us different?



Multi-disciplinary

We have a tested track record of delivering solutions in complex situations.

We design bespoke, competitive processes to ensure we can deliver in accordance with the required timeframe.

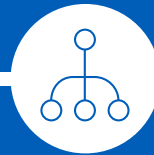
We utilise in-house expertise from our corporate finance, debt advisory, tax and real estate advisory teams.



A track record of successful outcomes

We have an enviable track record of getting deals done in complex stakeholder situations, including a number of highly challenging multi-jurisdictional transactions – our credentials demonstrate this.

We focus on providing practical advice and hands on support to ensure innovative solutions are coupled with robust execution.



Always senior led

We understand that stressed situations need senior input to navigate through uncertain times.



The right expertise at the right time

We provide access to other KPMG resources such as M&A, Debt Advisory, Real Estate, Transaction Services and Tax.



Market-leading

We are recognised by our clients and investor contacts as one of the leading advisors in the UK market.



Independent, insightful and objective

In challenging circumstances, working with an advisor you can trust is key to delivering the optimal solution.



Up to speed and ready to go

We have the resource, flexibility and knowledge to mobilise quickly and hit the ground running with an experienced and highly qualified senior team which is available and enthusiastic to start work as soon as required.



Our locations





5. Meet the team

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