



# EXPERTS IN VALUE RECOVERY

July 2021

## ABOUT GERALD EVE

Gerald Eve is a well established and highly respected professional property Consultancy. We operate a network of nine offices and an international alliance of independent real estate advisors covering Europe and major North American markets.

We provide lenders and investors with independent, intelligent and relevant advice based on our very substantial market experience. Our work is, in particular, informed by our very active Capital Markets team, who routinely advise on the sale and acquisition of property investments from all sectors and our award winning research team.

40%

of FTSE100 are clients



shortlisted for UK Advisor  
at the 2021 Estate Gazette  
Awards

90%

of our clients have been with  
us for five years or more

550+

people

£90m

of business rates savings for  
our leisure, hotels, education,  
healthcare and minerals clients

£17.5 billion

of assets valued annually

GLASGOW  
LEEDS  
MANCHESTER  
BIRMINGHAM  
MILTON KEYNES  
CARDIFF  
CITY OF LONDON  
LONDON, WEST END  
WEST MALLING



Our spread of regional offices  
enables us to maintain strong,  
well-resourced, teams in each  
office, whilst ensuring that we  
have local knowledge.

# INTRODUCTION

Whilst lenders have a duty to manage their capital prudently, we are also mindful that lenders wish to treat their customers fairly and this can be of particular relevance when decisions over enforcing on a loan are being taken. We aim to assist lenders in ensuring that such decisions can be shown to be justified and that the steps taken, if enforcement is required, are appropriate.

Our Value Recovery team is experienced in coordinating the wider services of the firm to bring together advice that is tailored to helping a lender decide how to proceed. Or, where enforcement is required, through the provision of fixed charge receivers.

We advise on all property types; commercial and residential.

In the summary pages that follow, the hyperlinks in the text will lead you to the appropriate pages on our website if you want to read more about the service being mentioned.

## The Value Recovery Team

[→ Read more](#)

## VALUE RECOVERY



Inevitably some loans don't perform, and lenders need to take action in respect of the real estate security they hold. Such action may be a consensual workout, may involve new equity or might involve enforcement, ultimately leading to a sale, prior to which asset management work may be needed. We understand that lenders look to work with people who, as well as being experienced in dealing with the type of property concerned, are familiar with dealing with problem loans.

Our Value Recovery team provides clients dealing with non-performing loans with a gateway to the real estate advice they need. Where such advice is needed, the team will indicate when expertise from outside that of the core Value Recovery team should be involved, and source the most appropriate advice whether that is from within Gerald Eve or external to the firm. We can then manage the provision of that advice so it reflects the circumstances of dealing with a non-performing loan.

One of the key advantages we offer lenders (or their appointees) is that the Value Recovery team sees itself as the custodian of the relationship with the lender and its focus on that long term relationship means we will advise bringing in external advice where appropriate. It is not our belief that all advice should automatically be provided from within Gerald Eve.

The team includes qualified Registered Property Receivers who take on appointments as fixed charge (LPA) receivers to recover loans. But our focus, as the team name suggests, is on helping lenders to recover the value in the asset so as to either allow the loan to continue, suitably protected by a stronger security, or to enable a sale, after enforcement, with the maximum possible recovery.

## WHY GERALD EVE?

Dealing with distressed assets will often involve a cross section of the teams within Gerald Eve. A client can either engage directly with them or the approach can be coordinated by our Value Recovery team who can also indicate whether the required advice is best provided in-house or through a mix of Gerald Eve and external experts. Where appropriate, this process can be managed by us being appointed as fixed charge (LPA) receivers; we have two partners who are qualified as registered property receivers.

### Our teams who are frequently involved in this work include:



#### Valuation

Our [valuation work](#) is informed by our knowledge of the market for property investments, and our [capital markets](#) business is actively involved in selling and acquiring property investments right across the UK. With this market exposure, our valuation business is well placed to advise its clients and last year advised on valuations in excess of £17bn involving assets ranging from landed estates through to hotels, healthcare and educational properties alongside the more typical office/industrial/retail properties.



#### Planning & development

The market for properties is changing as a result of the shift in retail to more on-line buying and the impact of the Pandemic. For some assets it will, if value is to be maximised, be necessary to demonstrate the potential of the property to be redeveloped.

Gerald Eve has a market leading [planning and development](#) business; over 100 professionals who are engaged in a wide range of schemes, not least in the current marketplace on “repurposing retail”.



#### Dealing with lease events

All too frequently, properties are distressed as they have been poorly managed. Lease events have not been progressed or lack a coherent strategy. We have one of the largest [lease consultancy](#) teams (rent reviews, lease renewals, lease restructures) in the UK, operating out of our national office network.

Where there are voids and new tenants need to be found, Gerald Eve has [agency](#) teams that cover most markets/geographies but in cases where we do not we are familiar with the firms who do have the appropriate local expertise and would recommend accordingly.



#### Property management

Where a property is to be sold, the price is likely to be maximised if full information is available and management issues have been resolved. We have a [property management team](#) experienced in dealing with distressed (as well as performing) assets. They currently have assets with a value of some £2.7bn under management. However subject to individual circumstances it may be appropriate to involve a local managing agent and we would advise accordingly.



#### Selling

Our market leading [capital markets](#) team sold or acquired over 50 commercial property investments last year. They have the contact base and marketing skills to reach the appropriate potential buyers for most assets and so create the demand that will help maximise the value.

# HOW WE MIGHT ASSIST A LENDER WITH A NON-PERFORMING LOAN

This chart details the typical process to support a lender with a non-performing loan. The process is managed by our Value Recovery team, with support from other departments as required.



<b>VALUE RECOVERY</b>	<p><b>DO WE HAVE A PROBLEM?</b></p> <hr/> <p>Gerald Eve's Valuation team can <b>review asset value, and provide appropriate advice</b>, including a formal "Red Book" valuation if required.</p>	<p><b>WHAT OPTIONS DO WE HAVE?</b></p> <hr/> <p>Gerald Eve's Value Recovery team can <b>assess options</b> available to the lender, bringing in and managing specialist advisers as necessary.</p> <p>For example, are there <b>cost savings</b> that the borrower could achieve, such as a reduction in business rates, so improving its ability to meet debt payments; or would the property be more valuable if changes were made, perhaps to its use?</p> <p>Or is the situation so challenging that <b>fixed-charge receivers or administrators</b> should be appointed, and if so which type of appointee would best assist the lender?</p>	<p><b>ARE THE BORROWER'S PLANS APPROPRIATE AND DELIVERABLE?</b></p> <hr/> <p>Gerald Eve's Value Recovery team to <b>assess the borrower's business plan and cash flow</b>. The goals of the lender and borrower can become misaligned, and the borrower's strategy may need to be adjusted to reflect the lender's priorities.</p> <p>We can provide realistic assessments for the lender as to what can be achieved and by when.</p>
	<b>OTHER SERVICES</b>	<p><b>SPECIALIST TEAMS WHO MIGHT SUPPORT THE VALUE RECOVERY TEAM</b></p> <ul style="list-style-type: none"> <li>Asset management</li> <li>Planning &amp; development</li> <li>Capital markets</li> </ul>	<p><b>SPECIALIST TEAMS WHO MIGHT SUPPORT THE VALUE RECOVERY TEAM</b></p> <ul style="list-style-type: none"> <li>Quantity surveying advice on costs (external to Gerald Eve)</li> <li><b>Valuation</b> team to assess the value that will be created by any proposed works or changes to the property</li> <li><b>Gerald Eve Corporate Finance</b> team to review any re-financing proposals</li> <li>Whether any proposed works are realistic may require our <b>planning</b> team to review the potential to secure planning or our <b>project management</b> team to advise on the practicality of delivering proposed works.</li> </ul>



## MONITORING BORROWER'S IMPLEMENTATION

The Gerald Eve Value Recovery team can oversee the **delivery of any consensual workout strategy**, perhaps monitoring any capital expenditure on improvements or a more focussed asset management strategy.

## ENFORCEMENT – APPOINT LPA RECEIVERS

If enforcement is needed, **fixed charge (LPA) receivers** from Gerald Eve's Value Recovery team can be appointed. In some cases it will be more appropriate to use Administrators and we will advise the lender accordingly.

The receivers take the appointments in a personal capacity and work in a transparent way with the lender to **ensure maximum value is returned** within an acceptable time-scale.

### SPECIALIST TEAMS WHO MIGHT SUPPORT THE VALUE RECOVERY TEAM

**Project management** (where physical works are involved)

**Planning** (where planning permission is to be obtained)

**Property management** (where rent or service charge collection is a concern)

### WORK MIGHT INVOLVE

**Lease consultancy** to action lease events

**Agency** – Let vacant space

Address **property management** issues.

Demonstrate redevelopment potential (**planning & development**)

**Sell** (Capital markets)



## CORPORATE FINANCE

Gerald Eve Corporate Finance is our in-house debt advisory team. It can bring valuable insights to any proposed transactions and helps ensure our Value Recovery team are mindful of how their proposals may impact on the future ability to raise debt against a property – potentially a critical factor when trying to prepare a property for sale.

The Corporate Finance team covers the whole of the debt and equity markets and, where appropriate, can look at possible re-finance or re-structuring options against single assets or portfolios. This analysis may allow a lender the ability to review and reset covenants or look at alternative strategies to raise additional capital before the appointment of an LPA receiver.

Our Corporate Finance team includes career bankers, fund managers, private bankers and sector specialists adding a breadth of real estate experience to the Value Recovery service.

# YOUR TEAM

## VALUE RECOVERY



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Gerald Eve is a firm of international property consultants based in the UK. We operate a national network of nine offices and an international association covering 20 European countries and all major US markets.

Whether you are a property owner, investor, occupier or developer, Gerald Eve provides independent, intelligent and relevant advice based on detailed market knowledge and sector understanding.

Together we have the resource, experience and relationships to deliver the best property solutions for your business.

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