

## **Case Study**

### **Strategic Real Estate Portfolio Repositioning and Refinancing for a Major Retailer**

#### **Introduction**

In the summer of 2022, our team, led by Kay, embarked on a strategic initiative to assist a major UK retailer in repositioning and disposing of a substantial commercial real estate portfolio. This portfolio, valued at several million pounds, required expert navigation to transition to alternative private investors. The retailer, facing a dynamic and challenging market environment, sought not only to streamline its property assets but also to enhance its financial flexibility. To achieve this, my business partner, Mike, a former Managing Director at Santander Corporate and Commercial Finance, played a crucial advisory role to the retailer's Group CEO and CFO.

#### **The Challenge**

The retailer's portfolio comprised numerous properties, including trading stores, many of which were underutilised and strategically misaligned with the company's long-term strategy. The challenge was twofold: first, to reposition and dispose of these properties to maximise value and attract private investors, and second, to refinance existing debt arrangements to ensure greater cash flow flexibility and improved debt servicing capabilities.

#### **Our Approach**

Mike and Kay led the project, having expertise in commercial real estate, financial restructuring, and strategic advisory. The process began with a comprehensive

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assessment of the retailer's real estate disposal portfolio. We evaluated each property's, potential for alternative use, and appeal to private investors. This analysis provided a clear roadmap for repositioning the assets.

Simultaneously, Mike engaged with the retailer's senior leadership to understand their financial constraints and strategic objectives. His extensive experience in corporate finance was instrumental in renegotiating £100million term with three major institutional lenders. These lenders had existing covenants that restricted the retailer's cash flow and flexibility. Mike's role involved facilitating discussions to adjust these covenants, ensuring the retailer could realign its financial commitments with operational needs.

## **Implementation**

### **Repositioning and Disposing Assets:**

- **Market Analysis:** Kay conducted a thorough market analysis to identify potential private investors for each property. We targeted investors interested in alternative uses such as redevelopment and mixed-use projects.
- **Strategic Marketing:** We crafted bespoke off market, marketing strategies for each asset, highlighting their unique value propositions. This involved leveraging our extensive network of private investors.
- **Negotiation and Sale:** Kay personally oversaw negotiations, ensuring that each transaction maximised value for the retailer. Her deep understanding of market dynamics and investor expectations was crucial in closing deals efficiently.

### **Refinancing Debt Covenants:**

- **Stakeholder Engagement:** Mike's involvement at the board level provided the necessary gravitas to engage effectively with institutional lenders. His

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strategic insights and negotiation skills were pivotal in reshaping the financial agreements.

- **Covenant Revisions:** The revised agreements provided the retailer with enhanced cash flow flexibility and reduced pressure on debt servicing. This was achieved by extending loan maturities, adjusting interest rates, and amending restrictive covenants.
- **Financial Stability:** The outcome was a more robust financial structure, enabling the retailer to focus on core business operations and growth initiatives without the overhang of rigid debt constraints.

## **Results and Value Delivered**

The project culminated in the successful repositioning and disposal of the retailer's multimillion-pound real estate portfolio. We secured favorable terms with private investors, which not only maximised sale proceeds but also facilitated the strategic realignment of the retailer's asset base. The financial restructuring, led by Mike, provided the retailer with much-needed liquidity and operational flexibility, positioning them for sustainable growth.

Our collaborative approach, combining Kay's diverse business and real estate expertise and Mike's financial acumen, delivered tangible value to the retailer. The successful execution of this project underscored our capability to handle complex, high-stakes initiatives, reinforcing our reputation as trusted advisors in commercial real estate and corporate finance.

## **Conclusion**

This case study exemplifies our commitment to delivering tailored solutions that address both operational and financial challenges. By leveraging our collective expertise, we enabled a major retailer to navigate a critical phase of its business transformation, ensuring long-term stability and success.

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