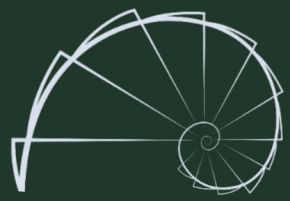


AETREUM

INNOVATIVE

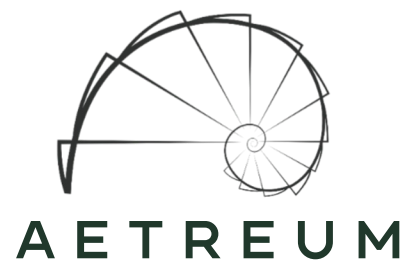
EFFECTIVE

TRUSTED



AETREUM

BREATHING NEW LIFE INTO UK PROPERTY
ASSETS & PORTFOLIOS THROUGH
PERSONALISED GUIDANCE AND A
COMMITMENT TO SUPERIOR OUTCOMES
WITHIN A DEFINED TIMEFRAME



WHAT WE DO

Aetreum Advisory offers specialized strategic guidance to institutional, fiduciary, and intermediary clients regarding distressed, underperforming, illiquid or undermanaged UK property assets and portfolios.

Our pragmatic approach aims to align with clients' objectives and resources, providing viable options that account for immediate constraints and long-term plans while avoiding formal enforcement actions or distressed sales.

Our engagement is always bespoke, confidential, and can be white-labelled or sub-contracted.

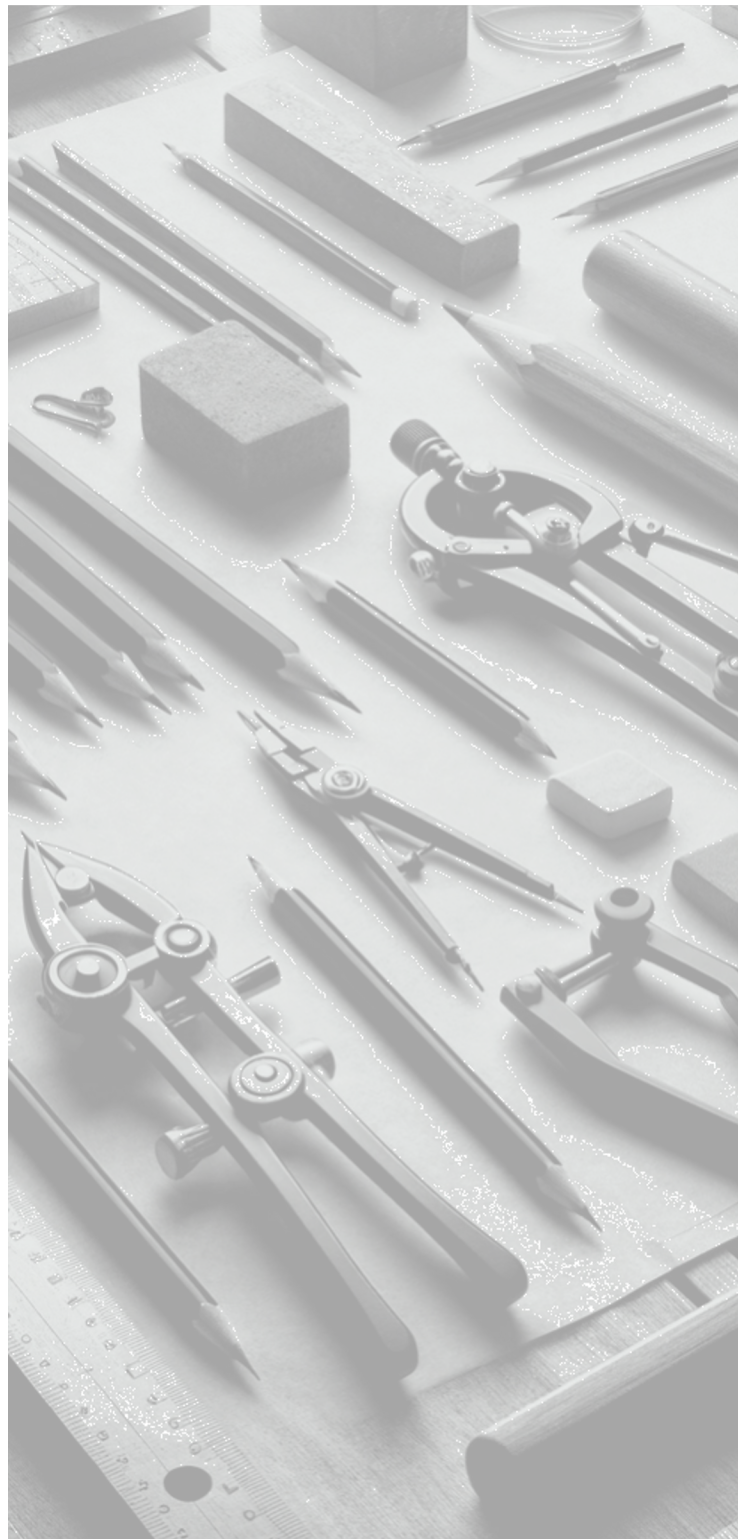
Our ethos is also defined by what we are not: we are not agents seeking swift transactions for commissions; brokers for opportunistic lenders or funds; nor a large-scale consultancy firm whose every report recommends further advice.

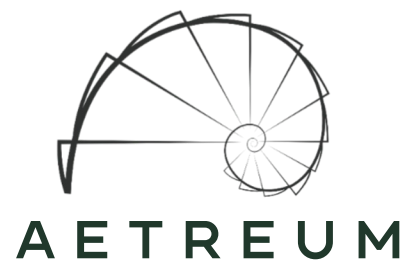
We focus on referral-based engagements to maintain client privacy and avoid signaling distress to the market.

Our goal is to deliver superior outcomes within a definite period, typically six to twelve months, based on a hands-on assessment of assets, circumstances and objectives.

Our service terms are tailored but will always include an element of deferred remuneration tied to mutually agreed outcomes, ensuring an alignment of incentives between us.

With a small team of experienced professionals, we offer real-world insights and personalized service, limiting our engagements at any one time to ensure focus, responsiveness and effectiveness.





CORE SERVICES

TURNAROUND

The real estate industry's susceptibility to economic fluctuations necessitates frequent strategic reassessment. Recent macroeconomic developments highlight the urgency for intervention and strategic reviews in 2024.

In this sector, reactions to distress can be exaggerated, affecting both perception and reality. At Aetreum, we understand this dynamic. Our discreet approach to managing distress yields superior outcomes compared to formal, overt routes and preserves asset value and reputation, avoiding unnecessary upheaval.

With expertise in collaborating with various institutions such as lenders, fund managers, investors, and offshore administrators, our team excels in evaluating and refining business strategies for projects, portfolios, and assets facing challenges.

Our engagements can extend from standalone strategic and commercial appraisals of existing assets and plans; to the full development, implementation and delivery of an agreed strategy & outcome.

We prioritize confidentiality and offer white-label agreements as needed, adopting a bespoke, cooperative approach to achieve optimal outcomes within predefined timelines.

TAIL END

We closely collaborate with a specialized network of professional fiduciaries, administrators, and General Partners to manage the concluding stages of UK Real Estate portfolios.

Our focus lies on portfolios reaching the end of their planned lifecycle or facing sell-down, litigation or liquidation, and when continuing with the original asset manager becomes impractical or unviable.

Our role involves providing short to medium-term, intensive, and cost-effective interim management to improve liquidity, optimize structure, and expedite the agreed exit strategy for remaining assets.

In addition to implementing asset management plans, we offer comprehensive in-house accounting services, including management and statutory accounting and tax filing at asset and fund levels.

Leveraging our established investment platform in Jersey, we can offer regulated offshore administrative services and banking solutions if required, integrating or side-pocketing existing structures while ensuring clients retain control and discretion over corporate entities, bank accounts, and expenditures via regulated, independent management.

APPROACH

ADAPTABLE, THOROUGH, AND EFFICIENT

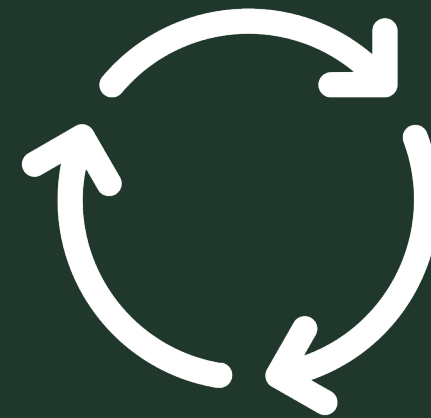
Every engagement begins with an initial meeting, site inspection(s), and the delivery of a draft business plan with measurable objectives/KPIs before any client commitment. Our approach prioritizes customized engagement terms to meet specific client needs, ensuring alignment of incentives

COMPREHENSION OF CLIENTS AND MARKET

Delivering strategic advice necessitates a deep understanding of the client's concerns and issues. The Aetreum team boasts decades of firsthand experience across institutional, financial, development, and investment sectors.

CONTINUOUS DIALOGUE

Our methodology revolves around fostering an open and continuous dialogue with clients, ensuring regular feedback and idea exchange. We believe consistent collaboration and re-evaluation are pivotal to our approach



SINGLE POINT OF CONTACT; UNIFIED TEAM

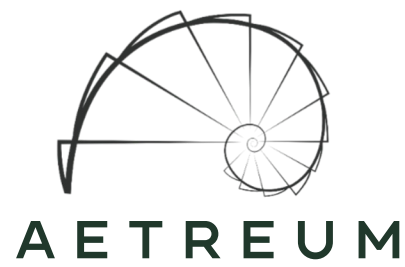
Our boutique approach is deliberate and involves working with a select number of institutional clients to ensure focus, responsiveness, and effectiveness. Operating as a unified team without ego, we aim to be trusted partners, seamlessly extending our clients' business

MATRIX PERSPECTIVE

We utilize a matrix approach in our appraisal and planning to consider both systemic and specific, internal and external factors affecting asset performance and value. This enables us to offer innovative advice to enhance both client and asset circumstances

EXPERIENCE AND NETWORK

Aetreum's strategic consulting expertise stems from the team's extensive real-world experience across various property sectors and development phases. We leverage established relationships with expert partners to enhance our capabilities further



TOOLKIT

At Aetreum, we recognize the uniqueness of each client's circumstances and objectives.

Our engagements are tailored accordingly, offering a suite of services aligned with their individual needs, resources, and goals. While our offerings are bespoke, here is a sample of the range of support and services we can provide to our clients.

I. APPRAISE

Identify root causes: Temporary or long-term? Systemic or specific? Assess market versus internal factors.

Re-evaluate property's transactable market value, rental income potential, and expenses. Analyze macro and asset-specific drivers, considering potential changes.

Assess current position realistically: Where do we stand? What's going to change? What can we change?

II. STABILISE

Stop the bleeding. Identify key issues and prioritize swift, decisive actions to stem losses, preserve property value, and create space for broader strategic implementation.

III. NEGOTIATE

Resolve disputes through mediation or arbitration to avoid prolonged legal battles and excessive legal fees. Negotiate with creditors to explore favorable settlement options, especially in turbulent markets where institutional creditors may prioritize deals differently. Focus on rebuilding trust and preserving beneficial relationships and exiting non-productive ones..

IV. ENHANCE

Boost rental income by updating units, adding amenities, and refining rental strategies. Explore alternative property uses and consider planning and change-of-use options for added value.

Lots of small adjustments can lead to large improvements.

V. STREAMLINE

Review property management expenses and negotiate fees for potential savings. Explore all available options for rate and tax reductions. Seek cost-effective solutions for maintenance, repairs, or stalled development projects, as direct quotes to institutional clients may not always reflect the best price.

VI. REFORM

Despite market challenges, structured options exist for efficiencies through consolidation or restructuring. Emerging mezzanine and preferred equity options offer alternatives to forced sales at lower yields whilst retaining stable senior finance.

We can also source investors to inject capital, stabilizing assets and avoiding total loss. Equity investment signals support for the business plan and can be preferable in the longer term to leverage with predatory lenders.

VII. REVIEW

"Plans are nothing, planning is everything." As circumstances evolve, it's crucial to adapt strategy and planning accordingly. Failure often stems from an inability to recognize when the original plan is no longer viable. That's why we limit our client base and maintain continuous dialogue to ensure strategies remain appropriate and viable.

VIII. EXIT

Agree on best to redline outcomes and timelines. Focus on deliverable, not theoretical, outcomes and value. Evaluate sale versus stabilization options for both individual assets and portfolios as needed.

What do you want, what do you need, how long have we got?



STRATEGY

STABILIZATION AND APPRAISAL

Identify root causes of impairment: temporary or long-term? Market-wide or asset-specific? Once identified, determine mitigation measures to address urgent concerns and prioritize issues needing immediate attention. These measures aim to halt performance decline and protect property value.

Re-evaluate property's current transactable versus theoretical market value, rental income potential, and expenses. Analyze drivers behind these metrics, both macro and asset-specific, and assess potential changes during the engagement period. Conduct evaluations based on on-site assessment rather than desk-based analysis.

STRATEGIC REVIEW

Guide clients in developing and implementing effective, property-specific strategies to boost value, liquidity, and performance within set timelines and constraints. Strategies may include repositioning, changing usage, managing leases and tenants, and improving capital and liquidity.

OPTIMIZATION

Our consultancy specializes in analyzing property asset operations to identify inefficiencies. By implementing cutting-edge industry best practices and innovative techniques, we aim to reduce costs, enhance service quality, and maximize income potential, ultimately boosting overall property performance.

PLANNING & DEVELOPMENT

Our team excels in overseeing all aspects of development and construction lifecycles, particularly in cases where projects have stalled. From conception to completion, we ensure alignment with client goals, budget constraints, and timelines. Additionally, we have a 100% success rate in planning and change-of-use applications. If needed, we have established partnerships with reliable planning, project management, and construction firms to expedite processes and ensure success.

LEGAL & ACCOUNTANCY

Uniquely, we integrate thorough knowledge of both onshore and offshore legal, regulatory, and financial frameworks into our advisory services. This encompasses ensuring compliance with all mandates, offering comprehensive accountancy and tax filing services for financial accuracy and integrity. We can also recommend tax and rates optimization strategies and leverage our offshore platform with regulated administrators for corporate restructuring when necessary or beneficial.

RESTRUCTURING

Our team has the expertise to conduct in-depth analyses of financial commitments and develop restructuring strategies. This includes access to reliable, cost-effective, sources of both debt and equity to secure better terms, negotiating workout agreements for immediate relief, and reorganizing the capital stack to enhance liquidity and strengthen financial foundations.

TENANT & LEASE MANAGEMENT

We conduct thorough analyses of leasing trends and tenant preferences to craft mutually beneficial and competitive leases. Our proactive approach to renewals includes creatively structured agreements with flexible terms, tailored incentives, and performance-based escalations. These strategies align with both property owner objectives and tenant operational success.

ESG

Sustainability and ESG ratings are becoming pivotal for marketability among institutional counterparts. We offer guidance on cost-effective methods to enhance ESG ratings and environmental efficiency in property assets, ultimately increasing asset value, liquidity, and attractiveness to institutional investors.

OUR TEAM



DIRECTOR AND CHAIRMAN PETER BECKWITH

Governance, strategic guidance and network

Chairman of PMB Holdings, operating company for entrepreneurial and investment interests

Co-founded LET in 1972, floated on the LSE in 1983. Sold In 1990 for £510 million.

Co-founder of The Ambassador Theatre Group, Founder Donor of the Royal Opera House Trust

Honorary Fellow of Emmanuel College and Honorary Doctor of Law, Cambridge University.

Awarded OBE in 2007 for services to Education and Charity



FOUNDER & MANAGING DIRECTOR WILLIAM HARFORD

Client engagement, day-to-day management structuring and legal planning and liaising with financing partners

25 years of Capital, Private Equity & Real Estate Markets experience, Desk Head for Middle East at Barclays Private Bank and CIO of a \$2bn single-family office managing a portfolio of equities, real estate and direct investments. Originated >£750m of UK and European Real Estate finance.

BSc from the University of Edinburgh, and a Fellow of the Institute of Chartered Accountants of England and Wales



FOUNDER & FINANCE DIRECTOR ADAM SAUL

Day-to-day financial management and reporting, tax reporting and compliance, investment appraisal, management and forensic accounting; over 15 years' experience in the property sector

Worked for St Martins Property Corporation (£5bn+ AUM) and Commercial Estates Group (CEG) (£800m+ AUM)

Graduated from Lancaster University with a BSc in Accounting, Finance and Computer Science

Fellow of the Chartered Institute of Management Accountants (FCMA) and an Associate of Taxation Technicians (ATT)



PARTNER & STRATEGIC DIRECTOR SIMON PADGETT

Developing and implementing asset management, repositioning, turnaround and exit strategies and liaising with operational partners.

30 years' experience in UK Real Estate, directly advising UK-listed financial institutions and family offices on the repositioning and exit of distressed or underperforming property assets

While at Aetrium, Simon has overseen the successful design, submission and consent on planning applications covering over 500 acres of land, 2m sq.ft of commercial space and c.330 residential units.



PARTNER & STRATEGIC DIRECTOR JOHNNY BRAY

Developing and implementing asset management, repositioning, turnaround and exit strategies and sourcing exit and investment funding.

18 years' experience in the UK Commercial Real Estate market at Savills & DTRE, advising a range of clients including US & UK institutional, Propco's, Family Office and US & UK Government, on the positioning, marketing and disposal of assets.

Worked on a number of high-profile distressed transactions, including advising the US Government on 1MDB-related UK assets.

BSc from the University of Reading and Member of the Royal Institution of Chartered Surveyors.



WHO WE ARE

Founded in 2017, Aetreum is a boutique UK-focused real estate manager and advisor, partner-owned and fully independent.

We provide specialized, cost-effective advice to a select portfolio of institutional clients, aiming to deliver credible, measurable, objective-driven business plans over specific timeframes.

In addition to our advisory business, we own and operate Aetreum Asset Management, an investment platform where we co-invest our own capital with a small group of long-standing partners in planning-led investments.

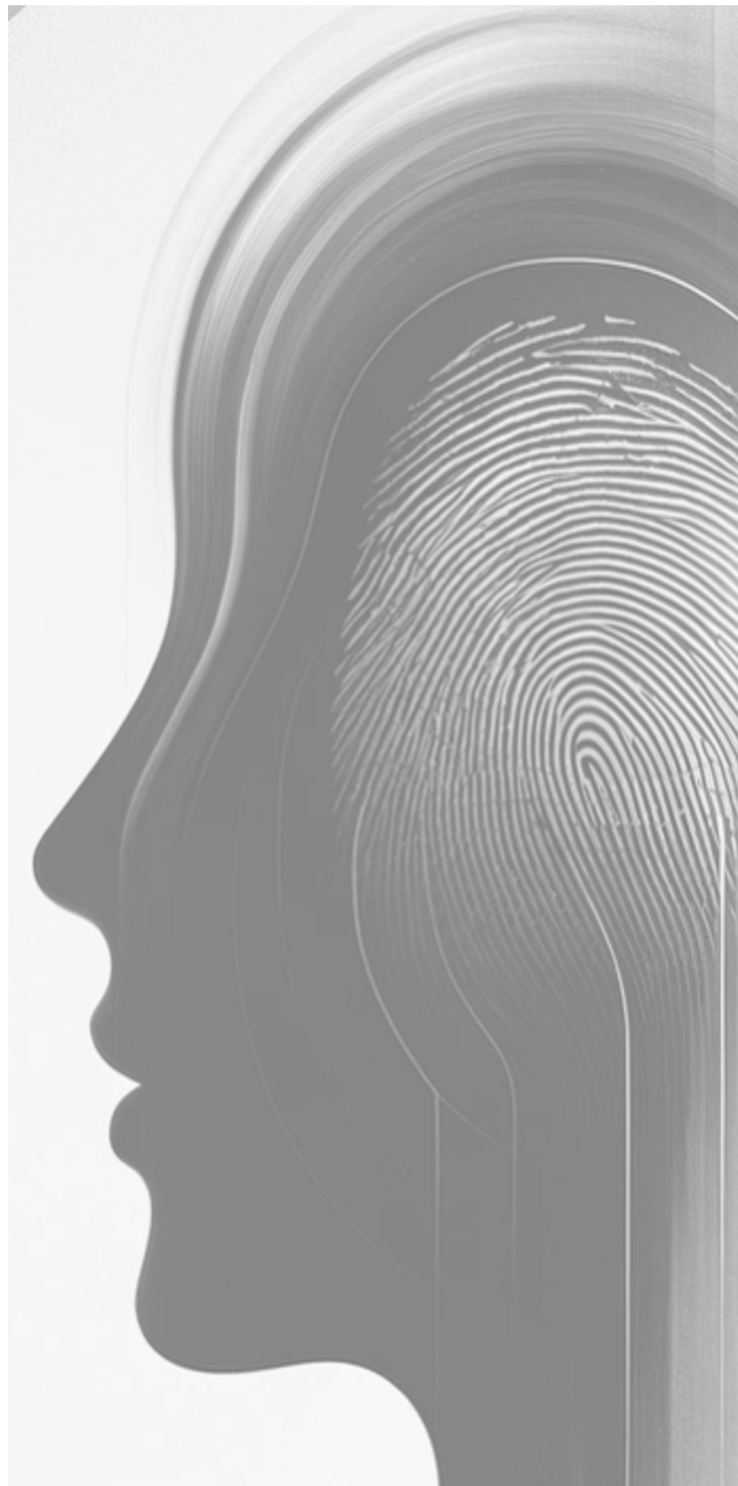
By intentionally working with a select group and managing a limited number of projects concurrently, we ensure focused attention and optimized outcomes.

Our experienced team brings decades of hands-on experience across all sectors of the UK Real Estate Market, distinguishing us from firms relying on theoretical models.

With backgrounds as investors, asset managers, finance managers, lenders, and borrowers, we have a practical understanding of our counterparties' objectives and requirements.

We maintain a wide partner network of specialist firms for additional support, prioritizing clients' unique needs and objectives with untainted guidance.

The majority of our introductions come from prior clients and respected intermediaries, reflecting the trust we've built in the industry.





CASE STUDIES

Aetreum Advisory specializes in tackling specific challenges that hinder our clients' objectives or business plans for assets and portfolios.

We excel in devising and implementing innovative solutions that effectively address these obstacles within the boundaries of our clients' financial and temporal constraints.

The following are some examples of projects where Aetreum has helped deliver specific, efficient and effective solutions for our clients.

CLIENT: OFFSHORE FIDUCIARY

BRIEF:

Grade A office refurbishment completed prior to the COVID-19 pandemic.

The property was part-let and facing long-term void periods and negative cash flow and required urgent remedial maintenance. The investor behind the project was unable to provide further financial support. Our primary challenge was to address these financial constraints while also preserving tenant relationships and protecting the asset.

TOOLKIT: STABILIZE; ENHANCE; REFORM; EXIT

Working with ratings advisors and charity partners we implemented a rates mitigation scheme and cost optimization strategy that reduced void costs by 50%, resulting in the property becoming cashflow positive.

With the surplus proceeds generated, we were able to implement a restorative maintenance plan, improve the property's BREEM rating and offer attractive letting incentives, which resulted in securing a new letting of c.30% of the remaining vacant space during lockdown.

This new lease allowed us to secure c.£1.5m of bridge finance against the property which provided urgent liquidity to the investor to stabilize and retain another asset within their portfolio.

Our engagement ended with the asset exchanged to an off-market buyer at a price c.£2m over the valuation at appointment.

CLIENT: PRIVATE HNW

BRIEF:

Development site with consented planning for 330-unit, 30-storey residential scheme

The site was financed by a private credit facility with accruing interest that was in default and incurring holding costs of c.£40k pcm for scaffolding and security.

The site was under offer to an institutional buyer at an acceptable price to all parties. However, the planning consent pre-dated the Grenfell fire, and did not include a second staircase for evacuation. Whilst it was agreed this was not formally required due to the date of consent, the day before exchange, the buyer indicated that they would not be able to proceed as they had been advised that forward funding would be impossible to obtain without this safety measure, and therefore intended to abort the purchase.

TOOLKIT: ENHANCE; EXIT

We worked with the client's existing architects to adapt the floorplans to include a second staircase with no loss of NIA and within existing planning constraints.

In collaboration with our planning partners, we negotiated to have the revised plans approved as a Non-Material Amendment under delegated powers by the council within 2 weeks of our engagement.

The sale then exchanged with the original buyer at the agreed price



CASE STUDIES

CLIENT: LENDER

BRIEF:

Loan was secured against a large multi-tenant leisure asset in NE UK that had become almost entirely vacant during COVID.

The borrower had breached multiple loan facility covenants and gave notice they were unable to repay or pay down debt upon the facility's expiry. The lender hesitated to enforce due to concerns about the asset's viability within its sector, location, and timing.

Our task was to manage the asset effectively, ensuring its value was maximized for a potential sale while navigating the complexities of the situation and avoiding formal action if possible.

TOOLKIT: STABILIZE; NEGOTIATE; STREAMLINE; EXIT

We assumed responsibility for day-to-day asset management, collaborating closely with the facility manager to oversee existing leases, assess letting prospects, and explore options for unit reconfigurations or alternative uses.

Leveraging our extensive local and regional networks, we successfully attracted previously untapped letting interest, working in tandem with agents to reposition and market the scheme effectively.

Subsequently, we negotiated an off-market sale of the property to the local council as part of a wider regeneration scheme, and managed the sales process, coordinating with legal teams, and addressing inquiries to ensure a smooth and successful transaction.

Due to the nature of the purchaser, we achieved an above valuation sale, which in addition to repaying the lender in full, attained a surplus for the borrower

CLIENT: OFFSHORE GENERAL PARTNER

BRIEF:

Tail-end portfolio with investors looking to realize/exit investments as fund was past term and finance facilities were nearing expiry.

A number of assets were held in a JV structure with another fund; one of the LPs in this fund was facing potential litigation, which had been reported in the press, which included the name of the partner fund.

Despite the regulated administrators & lawyers confirming there were no legal or regulatory impediments to a transaction, the reputational issues had led to a previous sale being aborted by an institutional buyer.

Our client was concerned that future sales or refinance could be impaired by these negative press reports and asked us to propose potential solutions to provide transactional liquidity.

TOOLKIT: NEGOTIATE; REFORM

We liaised with the administrators and lawyers of both partner funds to create a side-pocket fund for assets held in the JV structure. The shares in the side-pocket fund were acquired in a structured transaction by Aetreum's regulated offshore platform in Jersey, administered by VG (Jersey).

This transferred legal ownership of the assets to the Aetreum fund, while the outgoing GPs retained full economic rights to the proceeds of any sale. All parties to the transaction were JFSC regulated entities.

Under this structure, the assets were successfully sold without further impediment from negative press during the DD phase, and the proceeds distributed back to the GP/LPs.



CASE STUDIES

CLIENT: INSTITUTIONAL

BRIEF:

We were engaged by an institutional investor with respect to a regional office.

The property faced persistent vacancy issues stemming from its out-of-town location and the heightened parking requirements of tenants.

Unfortunately, alternative parking solutions on-site and nearby were not viable due to competition from other sites and existing building obligations. The owner was seeking to sell the property, but buyers were consistently including exaggerated deductions from gross sale price with respect to their appraisal for new parking provision.

TOOLKIT: ENHANCE; STREAMLINE

We began by assessing the current parking provision in comparison to rival buildings and scrutinizing the local planning landscape and recent applications with the help of planning consultants.

Following this, we conducted a feasibility study and collaborated with architects to craft a comprehensive design and access statement. The outcome was successful planning approval for a decked car park at the property, enhancing the parking ratio. We then obtained a formal quote from a Tier 1 contractor for the project, to quantify exactly the cost of providing the car park.

The planning consent resolved the potential parking constraints for expansion future tenant requirements. The consent and costed works prevented purchasers from including exaggerated theoretical costs to resolve the issue in their appraisals.

The asset subsequently completed a new letting and transacted at a price acceptable to the client.

CLIENT: FIDUCIARY TRUST

BRIEF:

We were engaged by an offshore Fiduciary Trust to provide strategic guidance on the confidential divestment of three properties situated in Mayfair.

This included overseeing the ongoing management and stabilization of the assets throughout the disposal process, which was part of a settlement agreement with the US Department of Justice.

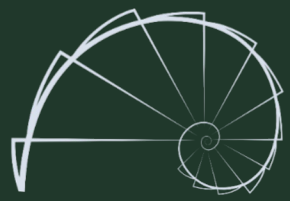
Our responsibilities encompassed liaising with utility providers to address outstanding bills and resolve ongoing metering & rates issues, thus mitigating the risk of enforcement actions. Additionally, we coordinated security measures to safeguard the properties against deterioration and potential occupation by squatters

TOOLKIT: STABILISE; NEGOTIATE; REFORM; EXIT

During our engagement, a pivotal development arose when the Trust decided to surrender the assets to the US Department of Justice (DoJ). At this juncture, our role expanded to include regular reporting to multiple stakeholders, including the US DoJ, the US Marshalls Service, and their appointed real estate administrators, in addition to maintaining transparent communication with the Trust.

This unfolded against the backdrop of the Covid-19 pandemic and associated lockdown measures. With the disposal strategy agreed and unanimously endorsed by all parties involved, we stabilized the assets and executed a discreet sales process that included a media strategy.

Despite the challenging circumstances, our efforts culminated in the successful sale of all three assets, with the proceeds remitted to the US DoJ as per the agreed terms.



AETREUM

SPECIALIZED STRATEGIC ADVICE

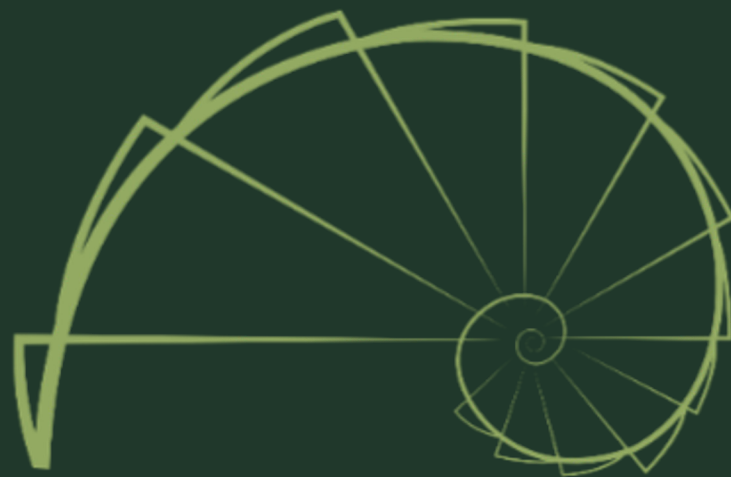
DISCREET ENGAGEMENT

CLIENT-ALIGNED, OUTCOME-FOCUSED

EXPERIENCED TEAM, PERSONALIZED SERVICE

COMPREHENSIVE APPROACH

EXTENSIVE NETWORK



INNOVATIVE

EFFECTIVE

TRUSTED