

DELANCEY CLOSES 105 JERMYN STREET TRANSACTION FOR £19.5M



10/01/24

10 January, 2024: Delancey Real Estate has closed a senior secured three-year, fixed rate £19.5million facility to assist Zero Carbon Space Ltd (ZCS) – a development platform from NorthStar Capital and LandCap seeking to deliver best in class sustainable office space – with the acquisition of 105 Jermyn Street.

The St James’ based property in London’s West End, is a prime, 16,000 sq ft mixed-use asset, and the acquisition financing offers a rare opportunity for exposure to a freehold asset in the area’s sub-market. ZCS intends to carry out a comprehensive refurbishment of the property once proposed planning has been achieved. The debt package represents a loan-to-value of c. 70% and the ability for ZCS to request capital for the refurbishment.

“We were extremely pleased to help ZCS Ltd with its acquisition of the building on Jermyn Street,” said **Martin Farinola**, Head of Debt Strategies at Delancey. “We look forward to seeing their exciting refurbishment plans come to fruition to make the building an attractive and sustainable landmark in a world-renowned location.”

Farid Alizadeh of ZCS said: “We are excited to be working with Delancey to deliver on our mission of enhancing the workplace by delivering best in class sustainable offices in central London. This is the first of a pipeline of projects. Delancey was professional, commercial, quick and honourable throughout the transaction. We look forward to working on future transactions with them.”

Philip Kay of Arc & Co, who advised the sponsor on the transaction, added: “We were delighted to be given the opportunity to work with two excellent counterparties. On the sponsor side, the ZCS investment thesis is very robust with investments targeted in strong London locations. In a difficult environment for 2023, we were also pleased to work with Delancey as a competitive and flexible capital provider with strong appetite for the asset class and business plan. We look forward to working together with both parties in the near future.”

Delancey believes 2024 will be an opportune time for its lending business, given the current retreat of traditional financing sources which is increasing the need for flexible alternative lenders.

For further information, please contact:

Nuala Gallagher / Sebastian Mantilla
The PR Office +44 (0) 7867 339875
Delancey@ThePROffice.com



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Martin Farinola
Head of Debt Strategies
Delancey

Commenting further on the market, **Martin Farinola** said: “Last year was a volatile time in the market. It was still extremely busy sourcing deals, however there was a certain fragility in closing loans due to lower valuations, sponsors deciding not to execute deals because they weren’t accretive to business plans, or other property-related reasons. The majority of deal flow over the course of the year was certainly refinancing deals rather than acquisitions.

“However, in the last few months of 2023 we saw an uptick in acquisitions and attractive deals, signifying a positive market trajectory. Sponsors, as always, are seeking clever and reliable solutions to their financing needs and Delancey’s lending platform has remaining capital to deploy and is looking to support quality borrowers and properties. December was an extremely busy time for us. We funded two loans and agreed terms on circa £75million of loans. Our pipeline going into 2024 also looks strong as besides new enquiries, there are a number of potential transactions that were put on hold at the end of last year expected to kick off again.”

Delancey has a 25-year track record in UK specialist real estate investment, development and advisory services, and via its lending platform it partners with high quality sponsors to provide flexible capital that enables borrowers to deliver their business plans. The established specialist debt team at Delancey can provide senior, mezzanine, whole loan and preferred equity capital across all property sectors and types in the UK, primarily with a range between £10million and £100million, a sweet spot loan size for alternative lenders and one that fills an important sponsor demand.



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