

CHENAVARI ASSET MANAGEMENT COMPLETES THE FIRST CLOSING OF ITS REAL ESTATE DEBT STRATEGY, FINANCING DECARBONISATION

Chenavari Asset Management, the French subsidiary of the Chenavari Group, a specialist in alternative Fixed Income in Europe, has completed the first closing of its Real Estate Debt Decarbonisation Strategy. With this launch an initial investment has been made, which finances the conversion of an old and unoccupied office building into a brand-new student residence with services and co-living spaces.

The Strategy invests in senior mortgage debt and focuses on value-add real estate transactions, i.e. restructuring, renovation or repositioning of existing assets and new constructions. The emphasis is placed on projects that promote environmental features and contribute to reducing greenhouse gas emissions within the building sector.

The objective is to build a well-diversified portfolio of 12 to 15 financings¹. The majority of financed assets will be located in France, particularly within the Île-de-France region. The financed projects will encompass a spectrum of commercial real estate assets including offices, hotels, retail spaces, and student accommodation.

Designed by experienced real estate market portfolio managers, Gilles Castiel and Alix Baret, with 28 and 18 years of experience respectively, the strategy is tailored to address the pressing need for decarbonising the European real estate sector. Going beyond conventional environmental certifications, the investment team has developed an innovative proprietary ESG approach, grounded in meticulous pre- and post-work energy and environmental trajectory analyses. The first product is classified Article 8 under the SFDR regulations.²

"The financing needs to support decarbonisation are considerable. With the decline of bank lenders subject to penalising capital rules in this segment of value-add financing, institutional investors have a key role to play. With evident improvements in margins, reduced leverage, and diminished risk per square metre, the current landscape presents a conducive environment for engagement." highlights **Gilles Castiel, Head of Real Estate at Chenavari AM.**

The first investment finances the conversion of a disused tertiary site into a brand-new student residence under the ECLA trademark on behalf of the UXCO Group. This initiative will see the creation of turnkey fully equipped accommodation for nearly 800 students or young professionals in the Auvergne Rhône-Alpes region, strategically located near numerous universities, all achieved without soil artificialisation. The financing is being undertaken alongside Société Générale. The rehabilitation is intended to be environmentally meritorious and will significantly improve the energy performance of the building and consequently its carbon footprint.

¹ For illustrative purposes only. There is no guarantee that the Fund will achieve this objective.

² The Sustainable Finance Disclosure Regulation (SFDR) is a European regulation requiring asset management companies to classify their funds among those known as "Article 8" which promote environmental and social characteristics, "Article 9" which have a sustainable and measurable investment objective, or "Article 6" which do not promote environmental and social characteristics and do not have a sustainable objective.

“Our primary focus lies in pinpointing projects that generate both financial and green value. Our selection process is underpinned by three key pillars: asset quality, sustainability, and financing structuring. Our approach is comprehensive, encompassing both financial and real estate perspectives. We carefully assess the economic viability of the project, scrutinising both the collateral and asset suitability for its intended purpose.” states **Alix Baret, Senior Manager of Real Estate Debt Funds.**

This is the first vintage of the Chenavari Paris-based Real Estate Debt Platform. BNP Paribas’ Securities Services business has been mandated to provide a comprehensive range of Private Capital services, acting as depositary, registrar, and fund administrator.

Loïc Fery, CEO and Co-Chief Investment Officer of Chenavari, says: *“As the real estate sector strives for carbon neutrality, a substantial portion of existing real estate stock requires restructuring. Formulating strategies to finance the environmental transition of the economy lies at the core of our development agenda. The CRED strategy marks the inception of our Decarbonisation suite, with plans for further expansion in 2024.”*

- End -

For more information, please contact press@chenavari.com

About Chenavari

Founded in 2008, Chenavari is an investment management group specialising in alternative fixed income in Europe. The experience, network and knowledge of the team encompasses the entire liquidity spectrum of both public and private credit markets. The product offering is organised around three investment platforms: Tradable Credit, Private Debt and Leveraged Loans & CLOs.

The group, headquartered in London, also has offices in Luxembourg and Paris. At the end of November 2023, the group has 78 employees and manages around 4.1 billion of euros (including advisory assets and undrawn commitments) on behalf of institutional investors worldwide.

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