

## **What's the value of your investment portfolio?**

Portfolio Valuation Services

June 2019

# Contents

## Portfolio Valuation Services

- Our global footprint
- Addressing your needs
- Robust, transparent and replicable valuations
- Valuation challenges
- Asset coverage
- Collaboration and teaming

## Appendices

# Our global footprint

We are supported by, and can leverage the market experience of, 250,000 professionals across 100+ countries and 675 offices

## Valuation and Modelling Services

- **120 countries**

- **c200 Partners**
- **c1,500 practitioners**

>60 Partners  
>300 practitioners  
**EMEA**  
69 countries

>100 Partners  
>900 practitioners  
**Americas**  
28 countries

>30 Partners  
>200 practitioners  
**Asia Pacific**  
23 countries

# Addressing your needs

Valuations are often related to regulatory rules and audit demands, as well as investor pressure for improved reporting and more effective risk management

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## Typical valuation requests that we respond to include:

- 1 Supporting investor disclosures (AIFMD, IPEV)
- 2 Valuing illiquid assets (debt products, private equity, infrastructure)
- 3 Supporting investment decisions (NPL's, REO's, mortgages, equity positions)
- 4 Providing detailed credit / portfolio analyses
- 5 Validating client processes and methodologies
- 6 Validating accuracy of third party valuation reports
- 7 Providing potential valuation methodology options
- 8 Risk retention calculations for the securitization market
- 9 Valuing assets that are subject to a PE Fund's cross-trade
- 10 Valuing businesses for the purposes of pre-pack insolvencies

# Robust, transparent and replicable valuations

We provide a range of services including independent analyses and reviewing internal valuations to assess marks and methodology. Our process is analytical, quantitative and transparent

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**Our deliverables are designed to meet financial reporting, regulatory, and risk management needs. Our work includes:**

- 1 Valuations and strategic analysis to inform management planning and portfolio transactions
- 2 Marks are trade-based or derived through market standard comparable analysis
- 3 Allocation of equity across complex capital structures, including various classes of equity using forward looking valuation approaches
- 4 Impairment determinations are sensitivity based reflecting various macro economic scenarios at the national and local level
- 5 Detailed credit analytics, ranging from tear sheets to in-depth analyses and valuation studies, cover the spectrum of sectors and financial instruments

# Valuation challenges

Our experiences allow us to anticipate or mitigate some of the many challenges that arise when valuing debt and equity

## Data Availability

- Breadth of data points
- Depth (length / history) of data available
- Accuracy and consistency of data

## Comparable Metrics

- The right comparable(s) to derive valuation
- Statistical relevance and robustness of the comp data set
- Data selection consistent with market practices and academic theory

## Structural Complexity

- Esoteric and opaque structures
- Applicable legal, tax, and regulatory regimes
- Quantifying counterparty risk exposure

## Legal, Regulatory & Accounting

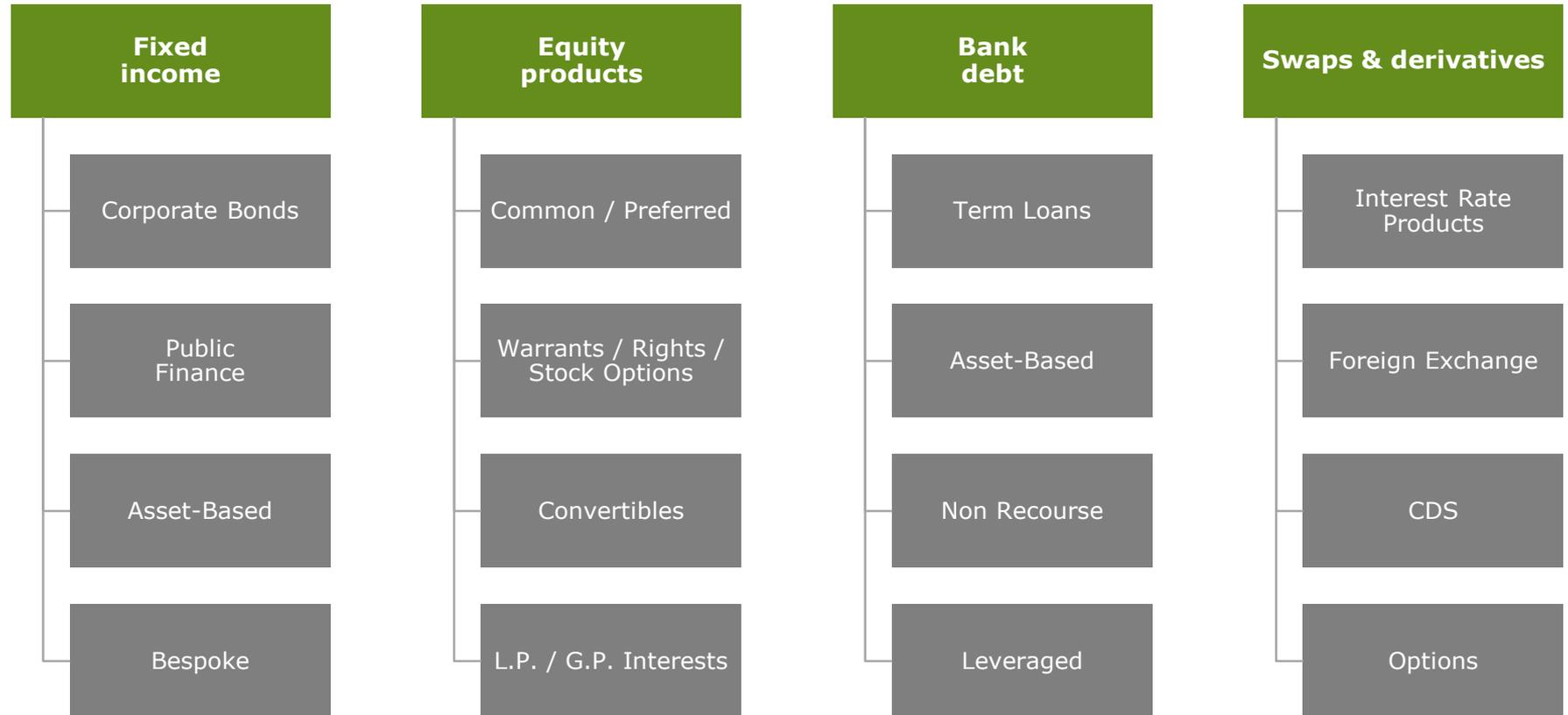
- Foreign and domestic legal rights
- Global regulatory regimes
- Domestic and international accounting statutes

## Portfolio Benchmarks

- Index and fund selection for portfolio assessments
- Availability (i.e. fixed income vs. equities)
- Statistical relevance

# Asset coverage

We span the entire spectrum of financial products and sectors, leveraging our market experience to address the valuation of any asset



# Collaboration and teaming



## Performing and Non-performing Loans

- The Portfolio Valuations Services ('PVS') group works closely with Portfolio Lead Advisory Services ('PLAS').
- PLAS has advised on loan portfolio transactions and completed deleveraging projects covering over \$500bn of assets (performing and non performing) across all major European countries and all major asset types.
- PVS value and advise on all asset types, including single name special situation cases, granular loan portfolios and equity stakes. We have worked on valuation and asset recovery projects across EMEA.
- Clients include: Distressed and opportunistic funds.



## Private equity and Infrastructure

- We have valued many of the UK's airports, train leasing companies, ports, toll roads renewable energy companies and power companies reporting to infrastructure funds, PE funds and banks amongst others.
- We can value the underlying asset, debt or equity stakes across EMEA.
- Clients include; Blackrock, Blackstone, BNY Mellon, CVC, KKR, Lazard, HG Capital, JP Morgan, UBS amongst others.



## Real Estate

- PVS can value real estate backed loans and securities with our Deloitte Real Estate ('DRE') team. DRE has 300 plus real estate professionals across the UK. The team provides valuation advice, opinions, assurance and advocacy/ negotiation services across the full spectrum of property types and geographies. It is a differentiated service offering to 'traditional' valuation houses and unique amongst the 'Big Four'.
- In 2019, DRE supported a Fund on the proposed cross-trade of a portfolio consisting of more than 60,000 properties.
- In 2018, DRE provided real estate valuation support to a Fund relating to a 7,000 REO property portfolio.



## Securitization and Asset Backed Securities

- We use our structured finance and whole loan experience to offer independent analysis and valuation of securitisations (private or public). We have benefitted from a unique insight on market best practice and can utilise that for determining informed valuations on ABS and loan portfolios.
- Our Pricing Centre, a team of specialists focused on valuing a wide range of financial assets, have the tools and expertise to tackle large scale, data heavy valuation projects across all asset classes.
- Previous projects have included the valuation, review and surveillance of a wide range of portfolios across various asset classes and geographies and for various clients (e.g. bank treasuries, i-banks, pension funds, private equity).

# Team and relevant subject matters experts



**ANDREW ROBINSON**  
**Head of Valuations, EMEA**

Mobile: +44 20 7007 2769  
Email: anrobinson@deloitte.co.uk

- Lead valuation partner for numerous alternative asset managers covering private equity and infrastructure
- Led the valuation of performing and non-performing loan portfolios
- Advisor to a large sovereign wealth fund on policies of and procedures for extensive range of asset classes



**JONATHAN DANIEL**  
**Portfolio Valuation Services, UK**

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- Advised on loan portfolio valuations covering banks in Iceland, Nigeria, Slovenia, Ukraine and Zambia reporting to central banks and/or Ministry of Finance
- Fair value analysis on debt and equity used to fund Irish NPL portfolios
- Fair value analysis on a target's £5bn residential mortgage portfolio



**STEVE XING**  
**FS Modelling & Analytics**

Mobile: +44 7990 802 882  
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- Lead FS modelling & analytics partner advising clients in the design, development, testing and implementation of bespoke solutions as part of investment appraisals and transaction support
- Led portfolio analytics and valuation model build on 40+ transactions covering all asset classes both performing and non-performing



**DAVID EDMONDS**  
**Global Head, Portfolio Lead Advisory Services**

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- Lead advisor in the sale and acquisition of debt portfolios in virtually all regions of the world
- Participated in hundreds of portfolio transactions across the full range of debt classes, from corporate/commercial loans to consumer secured and unsecured debt



**JAMES BRIGHTON**  
**Banking & Capital Markets, UK**

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- In charge of a team that provides structure advice and model services to over 70% of the Public Securitizations in the last 24 months
- Led numerous assignments regarding loan portfolio management, analytics and indicative pricing for UK and European FI's, to support decisions around sales and funding strategy



**PHILIP PARNELL**  
**Head of Deloitte UK Real Estate Valuations**

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- Valuation support of underlying real estate collateral within loan portfolio valuations and transactions in the UK and across Europe
- Recurring valuation advice to, eg. Bank of England, Tate and Gatwick Airport
- Buy-side valuation due diligence on behalf of Family Office investors into Central London and certain distressed funds

# Appendices

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# Case study: Periodic valuations

## 1. UK Private Equity Fund – Periodic Equity Portfolio Review

### Client Issue

The client is one of the largest UK Private Equity funds and has a long track record of raising finance to invest in buy-out transactions globally. The client has raised a new fund, with investments across sectors, including: Professional services, Healthcare, Internet Services and Industrials. The client required an independent valuation firm to undertake reviews of the valuation of their investment portfolio for the purposes of financial and investor reporting.

### Scope of Engagement and Approach

Deloitte was mandated to provide semi annual reviews of the quarterly valuations undertaken by the client. The reviews and conclusions are considered by the client's investment committee when estimating the fair value of portfolio investments in addition to being used to support fair values in the firms financial statements during its audit. The client considers a multiples based approach to be a suitable method for valuing equity investments and required us to review the assumptions and overall conclusions from this valuation approach as well as the conformity of these with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV").

### Specific Action Steps

- Establish a process for reviewing a large number of positions in a short period of time following quarter end.
- Provide the client's investment committee with a review document that considers:
  - The selection of comparable companies;
  - The multiple applied in the valuation;
  - The earnings figures used;
  - Any discounts / premiums applied in the valuation;
  - The consistency of the valuation approach on prior periods, and
  - Any other issues we have identified with the valuations undertaken.
- Our deliverable provides our opinion on each key assumption used in the valuation and provides, where appropriate, suggestions for improving the valuation approach.
- We also highlight any key risks to the valuation or consistency of the valuation methodology in future periods.

# Case study: Periodic valuations

## 2. Alternative Investment Manager – Periodic Loan Portfolio Valuations

### Client Issue

The client launched a participating real estate mortgage fund during 2013. As part of the fund's governance structure, the investors asked for an external party to be appointed to undertake valuations of the positions in the portfolio on an ongoing periodic basis.

### Scope of Engagement and Approach

We perform quarterly valuation services for the client's portfolio of private equity and commercial real estate investments. Our analyses are performed for various debt and equity instruments, and the real estate valuations are performed for property types (i.e. office, retail, multi-family, hotels, land, condominiums, development assets, etc.).

### Specific Action Steps

- We forecast the cash receipts expected on the investments.
- We analyse each of the investments to assess the riskiness of the underlying real estate investments as well as estimating the loan-to-value or loan-to-cost of the mortgage.
- We developed a framework for estimating a suitable discount rate for each of the investments. This framework considers the leverage and yields on comparable CMBS securitisations and adjusts these for the implied leverage of the underlying real estate assets.
- For equity participation rights, we value this element separately based on a suitable cost of equity.
- Our deliverable is in the form of a report, that is made available to the client's investors and that lays out:
  - Our valuation methodology
  - A summary of each of the investments
  - Our calculations and conclusions regarding the value of each of the investments
- In addition, the valuations are used by the client for financial reporting purposes. We also support the client throughout its annual audit process, interacting with the external auditors as required.

# Case study: Equity valuation for investor purposes

## 3. Benelux High Growth BTL Lender – Business Valuation

### Client Issue

The client, an alternative investment manager, had recently purchased the BTL lender from a large Benelux bank. As part of the Benelux bank, this BTL lender had been closed to new business for several years. However, the client planned, and had started, to lend to new customers, augmenting organic growth with further portfolio acquisitions. To demonstrate the feasibility of such a strategy, and therefore to obtain the additional funding required for such portfolio acquisitions from both current and potential investors, the client required an independent valuation of the current business.

### Scope of Engagement and Approach

Deloitte was engaged to provide a range of market values of the BTL lender. We approached this valuation using a range of methodologies appropriate to providers of retail credit, including Price to Book Value regressions, Warranted Equity calculations and Gordon Growth analysis.

### Specific Action Steps and Objectives Achieved

- We performed analysis on the client's current portfolios as at the date of valuation to assess the make-up and quality of its current book.
- Performed research into the domestic property and BTL markets to gain an understanding of the environment in which the client operates.
- Held a face-to-face workshop with the client to discuss the background of their business, as well as their operations, strategy and financial model.
- Performed sensitivity analysis on the financial model to assess the impact of a number of possible scenarios, identified by ourselves based on our understanding of the market and strategies of the client and the economic environment in which it operates, on forecast book size, profitability and cash flow.
- Sensitivities considered included, but was not limited to, changes to EURIBOR rates, the securitisation market (the client funds its portfolios in the securitisation markets), customer originations and default levels.
- Performed a variety of valuation methodologies, including Price to Book Value regressions, Warranted Equity calculations and Gordon Growth models, on both the "base case" financial model, and our range of sensitivities, to develop our opinion on the market valuation range of the client.
- To help develop views on reasonable discount rates and economic spread regressions, we performed research into guideline public companies within the European retail lending market, with specific focus on high-growth businesses.
- Presented our conclusions and methodology in a long-form report format, which was presented to both the board and the client's major co-investor.

# Case study: Equity valuation for a cross trade

## 4. Global Private Capital Fund – Valuation of equity interests in a leveraged real estate holding company

### Client Issue

The client is one of the largest private capital funds in the world, with investment across asset classes and geographies. The client has a large exposure to European Real Estate. The client asked for valuation advice relating to the value of one of its property holding company investments with a wind-down strategy and a property development business. The client was effecting a merger between the two businesses. The funds invested in these businesses had different investor basis. Accordingly, the client needed to ensure that the exchange ratio for the consolidated group would be fair to investors on both sides of the transaction.

### Scope of Engagement and Approach

Deloitte was engaged to provide a valuation opinion regarding the fair value of the investments involved in the merger with the valuation date shortly before the closing date of the transaction.

### Specific Action Steps

- Collated valuations of the underlying real estate portfolio from property brokers and assessed these for reasonableness.
- Prepared a forecast of cash receipts from property sales based on liquidity ratings provided by the property brokers.
- Worked with the client to develop forecasts for rental income, holding costs and sales expenses for the property company during the wind-down period.
- Calculated a weighted average cost of capital for the forecast cash flows to estimate the Enterprise Value of the property holding company.
- Deducted group borrowing and other liabilities from the Enterprise Value, as well as removing a minority stake in the real estate portfolio to estimate Equity Value.
- To cross check our valuation results, we estimated free cash flows at the property holding company level by flowing distributable earnings up through the group structure and applied a cost of equity to estimate Equity Value directly.
- For the property development business, we utilised discounted cash flow to equity and market multiples methodologies to estimate the fair value of this investment.
- Our approaches and valuations were presented to investors in the funds when approving the transaction.

# Case study: IFRS Conversion valuations

## 5. US Private Equity Fund – SPV Liabilities Valuation

### Client Issue

The client is one of the most experienced distressed debt investors globally in terms of investments made since the start of the global financial crisis. The client has made significant investments in Ireland and Europe in general. The client asked for valuation advice regarding three SPV's, each incorporated to invest c€2.3bn into non-performing real estate loans (in aggregate) secured on property in Ireland. The funding to purchase these loans was obtained from third party debt and equity funding. As part of their conversion to IFRS, the client was required to fair value these liabilities.

### Scope of Engagement and Approach

Deloitte was mandated to provide accounting, tax and valuation advice. From an IFRS transition advice perspective, we prepared template IFRS financial statements for the period ended 31 December 2015 and 2016 and we provided a valuation of the SPV Liabilities for financial reporting purposes at three valuation dates.

### Specific Action Steps

- Prepared a waterfall model for allocating the realized cash flow (from the acquired real estate loans) to each debt tranche and equity structure taking account of the contractual repayment terms in the credit agreements.
- Using the client's cash flows, we calculated the total amount of cash to be allocated to each of the notes; senior loan, subordinated debt and the equity tranche.
- Based on our industry knowledge of the Irish NPL market we identified the unlevered and levered returns on a typical portfolio, based on recent trade activity and discussions with clients in the industry.
- To help develop a reasonable discount rate, we analysed recent Irish NPL deals that have been securitised and that were considered comparable.
- The securitisation deals were originated towards the end of 2016 and 2017 and we analysed spread movements between the origination date and the valuation date. We considered the need to make an adjustment for Euribor but given the negative rates and the zero capping in the loan agreement, no adjustment was made.
- As a result of our knowledge of other transactions in the Irish NPL market, the comparable Irish NPL securitisation structures and client market data we were able to identify a weighted average discount rate for each tranche and undertook a fair valuation of each financial liability at each of the valuation dates.
- In order to corroborate our fair value calculations, we aggregated the fair value of the liabilities and the fair value of the assets and identified a variance, which we considered to be acceptable.
- Our approach and valuations were presented to the client and its auditors.

# Case study: Subordinated debt valuations

## 6. Middle Eastern Private Equity Fund – Valuation of Distressed Debt

### Client Issue

The client is a large private equity fund in the Middle East. The funds they manage invest throughout the EMEA region into a variety of sectors. One of their most significant investments (a mezzanine loan into a power asset) showed some signs of distress due to a decline in the power market in the geographical region. The client required an independent valuation firm to undertake a valuation of the position for the purposes of financial and investor reporting.

### Scope of Engagement and Approach

Deloitte was mandated to provide an assessment of the fair value of the loan for the client.

### Specific Action Steps

- Develop a methodology to value the loan based on information provided to us by the client and other advisors retained by the client.
- We analysed forecasts provided to us by the client and formed a number of scenarios for the asset based on these forecasts.
- We benchmarked appropriate discount rates for the asset using a number of approaches. Given that the asset was distressed traditional approaches to establishing a suitable discount rate needed to be supplemented with using a number of alternative approaches, including consideration of default probability implied by a structural credit risk model and a discount rate build up approach.
- In addition, we analysed the market to find relevant transactions for power plants and considered a liquidation / asset recovery approach.
- Our approach and valuations were presented to the client in a report detailing our assumptions and methodology.

# Case study: Valuation methodology review

## 7. Large UK Legacy Mortgage Book Owner – Valuation Methods, Policies, and Procedures

### Client Issue

The client was the owner of large legacy mortgage books. Since the financial crisis the client has been systematically selling down its assets and was in the process of marketing and selling a large tranche of residential, BTL and commercial mortgages. The client had engaged a third party to perform valuations of a range of transaction scenarios. As part of the client's governance procedures, they required an internal audit to be performed on these valuations.

### Scope of Engagement and Approach

Deloitte was engaged as internal auditor to review and challenge the financial model supporting the sale, including the valuation assumptions and methodologies applied to the cash flow forecasts.

### Specific Action Steps and Objectives Achieved

- We held face-to-face meetings with both the third party valuers and the client to challenge the valuation assumptions and methodologies across a range of areas, including:
  - The impact of macro-economic factors on the financial assets being sold, in terms of prepayments, arrears, defaults, foreclosures and recoveries.
  - The value of support staff, equipment and systems which were considered for inclusion in the sale.
  - How wind-down costs of residual issues and operations had been assessed.
  - The macro-economic analysis (including but not limited to forecast inflation, interest rates and house prices) used in identifying the various economic scenarios used by the third party valuers.
  - The steps taken to identify residual balance sheet items, including current and contingent liabilities.
  - The assumptions and impacts of the phasing of "sequential sale" strategies.
  - Assumptions used in the transaction cost analysis.
- Our internal audit report was provided to the Steering Committee and Board.

# Credentials

## Advisory

### Confidential

Global Private Equity Fund  
Valuation Advisory

#### Credential:

- Valuation advice in relation to a property management business and its property portfolio being transferred between funds.

Date: 2019

## Advisory

### Confidential

Global Investment  
Management Fund  
Valuation Advisory

#### Credential:

- Valuation advice in relation to the acquisition of a portfolio of properties based in Portugal in relation to an acquisition.

Date: 2018

## Advisory

### Confidential

Global Private Equity Fund  
Financial Reporting

#### Credential:

- Independent reviews of investment valuations undertaken by the Fund for financial and investors reporting purposes.

Date: 2018

## Advisory

### Confidential

Global Investment  
Management Fund  
Valuation Advisory

#### Credential:

- Valuation advice to assist the client structure a management incentive plan based on the future sale price of an investment in a Fintech short term lender based in the UK.

Date: 2019

## Advisory

### Confidential

Middle Eastern  
Private Equity Fund  
Financial Reporting

#### Credential:

- Valuation of a non-performing mezzanine loan issued by a Turkish power generation business for financial reporting purposes.

Date: 2018

## Advisory

### Confidential

European  
Investment Bank

#### Credential:

- Valuation of a portfolio of non-performing residential mortgages based in France in relation to an acquisition.

Date: 2018

## Advisory

### Confidential

European Regulatory Body

#### Credential:

- Provided training regarding the valuation of businesses and valuation of non-performing loan positions.

Date: 2018

## Advisory

### Confidential

European Alternative  
Investment Manager

#### Credential:

- Valuation of a buy to let lender as part of an acquisition of the business.

Date: 2018

# Credentials

## Advisory

### Confidential

European Private Bank  
Valuation Advisory

#### Credential:

- Valuation advice to assist the client in assessing the strategic options in relation to a European Private Bank

Date: 2017

## Advisory

### Confidential

UK Commercial Bank  
Valuation Advisory

#### Credential:

- Valuation advice in relation to the market value of investments held by a UK bank and its property management companies in the context of a potential disposal

Date: 2017

## Advisory

### Confidential

Scandinavian bank  
Financial Reporting/Tax

#### Credential:

- Valuation advice in respect of tax, financial reporting and valuations in relation to the value of target companies share in a new bank

Date: 2017

## Advisory

### Confidential

UK Commercial Bank  
Valuation Advisory

#### Credential:

- Valuation advice to a UK bank in its potential acquisition of a mortgage company with specific regard to the fair value of the assets and liabilities (securitisations)

Date: 2017

## Advisory

### Confidential

European Private Bank  
Valuation Advisory

#### Credential:

- Valuation advice to assist the client in assessing the strategic options in relation to a European Private Bank

Date: 2017

## Advisory

### Confidential

UK Commercial Bank  
Valuation Advisory

#### Credential:

- Valuation advice in relation to the market value of investments held by a UK bank and its property management companies in the context of a potential disposal

Date: 2017

## Advisory

### Confidential

Scandinavian bank  
Financial Reporting/Tax

#### Credential:

- Valuation advice in respect of tax, financial reporting and valuations in relation to the value of target companies share in a new bank

Date: 2017

## Advisory

### Confidential

UK Commercial Bank  
Valuation Advisory

#### Credential:

- Valuation advice to a UK bank in its potential acquisition of a mortgage company with specific regard to the fair value of the assets and liabilities (securitisations)

Date: 2017

# Credentials

## Advisory

### Confidential

European Banking Regulator  
Valuation Advisory

#### Credential:

- Economic valuation of a stressed European bank on behalf of the European regulator

Date: 2017

## Advisory

### Confidential

European Commercial Bank  
Valuation Advisory

#### Credential:

- Allocation of the sale price to legal entities being sold for the purpose of the sale and purchase agreement and tax returns

Date: 2017

## Advisory

### Confidential

UK Financial Institution  
Valuation Advisory

#### Credential:

- Review of a financial institution's valuation methodology which is being used to determine a £12.0bn loan portfolio wind down strategy

Date: 2017

## Advisory

### Confidential

US Distressed Fund  
Valuation Advisory

#### Credential:

- Fair value assessment of the financial liabilities of a US Distressed Fund drawn down to fund the acquisition of three Irish NPL portfolios

Date: 2017

## Advisory

### Confidential

UK Commercial Bank  
Valuations Fairness Opinion

#### Credential:

- Public opinion of value under s.593 of the Company's Act with respect to a bank that went public following separation from its parent company

Date: 2016

## Advisory

### Confidential

UK Distressed Fund  
Valuation Advisory

#### Credential:

- Valuation of a UK retail bank for the purposes of a capital injection

Date: 2016

## Advisory

### Confidential

UK Alternative Investment  
Management  
Audit Review

#### Credential:

- Review of the impairment and valuation model for an alternative investment management business

Date: 2016

## Advisory

### Confidential

UK Commercial Bank  
Audit Review

#### Credential:

- Review of the discount rates used to assess positions in a UK commercial bank

Date: 2016

# Contacts

## Andrew Robinson



**Head of Valuations Group, Corporate Finance Partner, Economics, Valuation and Modelling**

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### Background

Andrew is a commercial valuer and expert witness for disputes involving valuation matters. He leads Deloitte's Valuation Group in the UK and EMEA and is a member of Deloitte's global management executive team for valuation. Andrew also leads our Economics, Valuation and Modelling groups' Financial Services Industry team. His work covers banking and capital market and asset manager clients.

Andrew has 25 years of valuation experience and has been the named expert in over 30 matters, including Investor-State and commercial arbitrations. He has appeared in court or hearings in London, New York, Paris and Hong Kong under High Court, ICC, LCIA and UNCITRAL rules. He has given oral evidence on numerous significant cases most of these were matters where the valuation in dispute ran to billions of GBP. He has also acted as the expert valuation advisor on a number of high profile cases including as a tribunal appointed expert on a high profile banking and finance case and a major oil and gas industry dispute between Russian oligarchs. Andrew has also given expert determinations of value on over 100 occasions.

Approximately two thirds of Andrew's work is in a commercial context and includes public independent valuations for regulatory purposes including requirements under The City Code on Takeovers and Mergers, the Companies Act and the EU Cross-Border Mergers Directive. This commercial experience allows Andrew to bring "real world" valuation experience and expertise to his appointments.

Andrew is a Fellow Member and Councillor (the ultimate governing body) of Chartered Accountants of Australia and New Zealand, an Associate and Corporate Finance Faculty Member of the Institute of Chartered Accountants of England and Wales, Member of the Securities Institute and an Approved Person by the Financial Conduct Authority. Andrew is also a member (with a focussing on intangible asset financial reporting) of the Financial Reporting Review Panel as established by the Financial Reporting Council in the UK.

## Jonathan Daniel



**Head of Portfolio Valuation Services, Corporate Finance Managing Director, Economics, Valuation and Modelling**

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### Background

Jonathan has over 30 years of banking, restructuring and advisory experience gained at a global bank and at Deloitte.

Prior to Deloitte, Jonathan enjoyed a long and successful career in banking, initially in Credit, Strategy & Policy and thereafter Restructuring. Immediately prior to joining Deloitte, Jonathan traded leveraged and distressed debt on the European secondary loan market. He has undertaken restructurings and distressed M&A assignments in Europe, Asia and the US.

Jonathan has advised banking, private equity and government clients for Deloitte across all of Europe, CIS, Asia and Africa. He recently established a Deloitte Portfolio Lead Advisory Services team in Japan and prior to that in Central and Eastern Europe. He has spoken at conferences in Bangkok, Bucharest, Madrid, Manila, Milan, Prague, Singapore, Vienna, Venice as well as London, regarding loan portfolios and the market. He has written numerous thought leadership papers some of which have featured in Wall Street Journal, New York Times, Nikkei, FT and various Chinese publications.

He now leads Deloitte's Portfolio Valuation Services team responsible for advising banks, private equity and fund managers.

Jonathan is a Fellow of the Institute of Chartered Accountants for England and Wales, a Chartered Banker, member of the Securities & Investment Institute and has a BA (Hons) 2.1 in Financial Services.

### Specific relevant experience includes (see all case studies, plus):

- Valued Kaupthing, Glitnir and Landsbanki in 2009 on behalf of the Ministry of Finance.
- Fair value analysis on several debt and equity facilities originated by a client to fund their Irish NPL acquisitions.
- Advised a UK FI on certain valuation methodology assumptions relating to a £11bn loan portfolio.
- Fair value analysis on £5bn of loan assets and securitisation liabilities of a target mortgage company for the potential acquirer.

# Contacts

## Charles McMullan



### **Portfolio Valuation Services Assistant Director**

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#### **Background**

Charles is an Assistant Director in the Portfolio Valuation Services at Deloitte where he specialises in the valuation of debt securities and financial services businesses and Private Equity Investments.

Charles has experience valuing a range of asset classes, including: businesses, equity investments, intangible assets, debt portfolios and derivative securities. In addition, he has experience undertaking complex valuations involving stochastic mathematical models, such as Monte Carlo Simulations or structural credit risk models.

Charles previously worked in the Valuations practices of Alvarez & Marsal and PricewaterhouseCoopers, where he qualified as a Chartered Accountant (ACA). Charles also holds the Chartered Financial Analyst (CFA) designation and the FAST modelling certification.

#### **Specific relevant experience:**

- Buy-side portfolio analytics and credit due diligence on a near-prime credit card receivables book as part of an acquisition of the issuer;
- Valuation of a distressed loan into a hard-coking coal mine;
- Restructuring of a UK-based car finance lender;
- Balance sheet assessment for an Austrian bank going through a resolution process, including designing and building an excel based loan valuation tool;
- Numerous valuation reviews of corporate and real estate loans supporting audit teams as an internal expert;
- Valuation of the loan books of a large Austrian bank, including their book of illiquid and unlisted corporate bonds, as part of an acquisition of the bank;
- Valuation of a distressed mezzanine debt position in a Turkish power generation business;
- Valuation of a performing loan position in a Turkish power generation business; and
- Valuation of a the equity interest in a property company winding down its real estate investment portfolio.

## John Niland



### **Banking & Capital Markets Director**

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Email: jniland@deloitte.co.uk

#### **Background**

John is a Director working within the London Banking & Capital Markets group. John leads the UK Pricing Centre, which provides valuation services across UK and EMEA audit and advisory engagements.

He has 12 years experience with the valuation of, and accounting for, securities and derivative instruments. He has worked on the valuation of instruments in a number of different asset classes: equities, interest and FX rates and structured credit products, as well as assessing control environments around financial instruments.

#### **Specific relevant experience;**

- Led the Level 3 valuation work on a number of AQR engagements
- Provides financial instruments specialist support to the external audit teams of a number of key banking clients, which include the Morgan Stanley, Royal Bank of Scotland, EBRD, BNP Paribas and Santander; his role include performing independent valuations of complex derivative instruments and structured notes and providing technical accounting support.
- Led the Level 3 and XVA valuation work on a number of AQR engagements
- Headed the valuation stream on a structured note remediation project for a large global investment bank.
- Assessment of independent price verification controls in major dealing banks
- Review of valuation and impairment methodologies for non-performing commercial loans
- Lead the redress calculation team on a mis-selling project with a large UK bank. Developed the methodology for computing redress, including establishing tools and methods to value highly illiquid instruments.

# Contacts

## Philip Parnell



### Valuation Assurance and Professional Advisory Partner

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#### Background

Philip leads Deloitte UK's real estate valuation business UK and is a member of Deloitte's cross-border EMEA Valuation team. He engages across a broad spectrum of valuation projects, advising clients on both traditional valuation and appraisal situations including accounts, loan advisory and transaction DD. He has built a strong track record in providing valuation insight on a range of wider multi-disciplinary advisory propositions including pan-EMEA Purchase Price Allocations, M&A buy / sell-side projects, assurance and audit support projects.

Philip is a regular contributor to valuation profession debates. He has also played a significant role in raising awareness of the impact of Sustainability issues on the Valuation profession and values being reported, chairing and participating in working groups for the RICS, Investment Property Forum and the UK Government.

#### Specific relevant experience:

- Portfolio Valuations - Responsible for many of the Firm's past and current key engagements, including The Goldsmith's Company, Bank of England, Gatwick Airport, Manchester Airport Group, Gatehouse Bank, BMO Asset Management.
- Audit Support – Subject Matter Expertise input to a wide variety of major audit engagements across the FS, RE and Corporate sectors.
- Major UK High Street Bank – Provided valuation of underlying real estate interest in connection with an Independent Business Review of a specialist healthcare real estate company.
- LLDC – Regulatory approval reports in respect of the value of the leases to be granted as part of the creation of the Culture and Education Quarter within the Olympic Park.
- Project Hermes – M&A bid support involving a substantial mixed use 'distressed' portfolio of assets located throughout Portugal.
- Confidential Major Investment House– Partner responsible for the real estate valuation insight provided throughout the UK and Western Europe as part of a Deloitte assurance role.

## David Edmonds



### Global Head of Portfolio Lead Advisory Services Partner

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#### Background

David heads Deloitte's global Portfolio Lead Advisory Services practice, focused on financial institution balance sheet deleveraging strategy and execution, through portfolio sales and management.

David has over 29 years financial services experience, with the majority specialising in the acquisition, sale and management of debt portfolios. Before joining Deloitte, he headed the European principal debt investment group of a private equity owned bank, acquiring and managing debt portfolios across the region.

Prior to his principal investment role he was the global leader of the distressed debt advisory business of another Big Four firm.

#### Specific relevant experience:

- He has acted as lead advisor to both domestic and multinational financial institutions in the sale and acquisition of debt portfolios in virtually all regions of the world and has participated in hundreds of portfolio transactions across the full range of debt classes, from corporate/commercial loans through to all forms of consumer secured and unsecured debt.
- More recently, David has assisted a number of European Banks in developing and executing deleveraging and asset wind down plans either as part of capital optimisation programmes or under EU/European Banking Authority commitments.
- As both an advisor and as a principal investor, David brings a unique perspective to loan portfolio sales and acquisitions.

# Contacts

## Steve Xing



### **FS Lead, Business Modelling & Analytics Partner**

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#### **Background**

Steve Xing is a partner in the Economics, Valuation and Modelling Group within Deloitte Financial Advisory. He is the Modelling & Analytics lead for Financial Services clients with 15 years of experience in providing modelling and data analytics services to banking, non-life insurance, insurance brokerage and private equity clients.

Steve focuses on advising clients in the design, development, testing and implementation of bespoke decision support solutions leveraging a wide range of analytics platforms and modelling toolkits to enhance business critical decisions – typically as part of investment appraisals, business planning exercises, transaction support or strategic transformations.

#### **Specific relevant experience:**

- Chartered Accountant (FCA) and Chartered Financial Analyst (CFA)
- Led buy-side portfolio analytics for the €4bn sale of BBVA's real estate portfolio to Cerberus
- Led the delivery of an end-to-end ICAAP stress testing as well as assessing the entire suite of Finance, Risk and Treasury stress testing models for Williams & Glyn
- Led the build of financial models to project impairment of credit cards and loans in order to illustrate the methodology difference under IFRS 9 for senior stakeholders which included modelling probability of default using both multivariate linear regression of exogenous factors and Markov chain
- Led the credit card portfolio valuation model design and development of CYBG's acquisition of Virgin Money
- Led the build of loan book run-off cash flow models for performing and non-performing portfolios for major banks
- Led the review of valuation model suite for UKAR on multiple major loan book sales
- Led buy-side modelling assistance for a major investment firm to evaluate the acquisition of a retail bank and a separate portfolio of retail banking assets
- Led the build of integrated financial statement projection models for a major private equity firm to evaluate the acquisition of a second-charge mortgage lender

## James Brighton



### **Head of Analytics and Modelling, Banking & Capital Markets Partner**

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#### **Background**

James is a Partner in the UK Financial Services practice. He has over 12 years' experience in the field of Structured Finance and Loan Analysis and he currently leads the Analytics and Modelling practise within Banking and Capital Markets.

His experience includes detailed modelling and stratification on ABS structure origination; model review / validation work with tier 1 and 2 banks, unwinding of structured products, asset management under receivership, cash flow simulations and scenario analysis on a range of asset types.

He has acted as the Lead Advisor for Loan Portfolio management, analytics and indicative pricing in Deloitte's work for UK and European financial institutions, to support decisions around sales and funding strategy.

#### **Specific relevant experience:**

- UK Securitisation Transactions – James is in charge of the modelling team that provide structure advise and model services to over 70% of the Public Securitisations in the last 24 months.
- UK Bank – Lead a significant re-dress piece on a securitisation, where incorrect payments had been distributed to noteholders. This work includes reviewing all deal documentation, building a model, and calculation the correct amounts to be distributed.
- Irish Bank – Packaging and sale of sub-portfolios of loans from the broader pool of Irish Loans under review, including Commercial Real estate loan portfolio, Residential Mortgage loan portfolio and SME secured loan portfolio.
- UK Bank - Packaging and sale of sub-portfolios of loans from the broader pool of Loans under review, including Commercial Real estate loan portfolio and Asset Finance loan portfolio.

# Contacts

## Philip Rees



### Infrastructure Valuations, Partner

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### Background

Phil Rees is a partner in the Valuation Group of Deloitte's UK Corporate Finance practice and has over 15 years of direct valuation experience. He, and the Deloitte valuation group, advises on all aspects of valuing businesses, income generating assets, listed and unlisted securities, intellectual property and intangible assets, globally. Phil has provided valuation advice and opinions in a variety of contexts including mergers and acquisitions, corporate restructuring, regulatory compliance, financial reporting, tax, expert determination and dispute resolution.

Phil has focused his time on the infrastructure sector covering a range of different assets, advising a number of infrastructure funds and businesses. Phil is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW") and a physics graduate from the University of Oxford. Prior to working for Deloitte he was a Management Consultant at Andersen.

### Specific relevant experience:

- Phil leads our UK infrastructure valuation team, he has undertaken over 150 infrastructure valuations.
- Values regulated and unregulated utilities in the UK and abroad;
- Values numerous renewable energy portfolios across Europe for privately held companies and listed;
- Values well known airports, ports and rolling stock particularly in the UK;
- Values numerous energy projects across Europe lately including numerous districting heating assets; and
- Values numerous other infrastructure assets like chemical storage facilities in Europe, airport leasing material, maritime services, etc.

## Alexandre Tresgallo Pardo



### Infrastructure Valuations, Director

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### Background

Alexandre is a Director in Deloitte's London Corporate Finance practice and is a member of the specialist Valuation team which advises on all aspects of valuing businesses, companies, listed and unlisted securities, intellectual property and intangible assets both in the UK and abroad in a variety of contexts including reorganisation, mergers and acquisitions, regulatory compliance, financial reporting, expert determination and dispute resolution.

Alexandre has over 13 years' of professional valuation experience and has covered the whole spectrum of the infrastructure sector including power, utilities, transport, renewables, telecommunications and PPP assets such as hospitals, schools and roads.

Alexandre joined the London Valuation team from Deloitte's Italy valuation team in Rome and has matured international experiences also in Spain and The Netherlands.

### Specific relevant experience:

- Alex is dedicated to the infrastructure valuation team, he has undertaken over 120 infrastructure valuations.
- Valuation of oil storage businesses in the UK and Europe;
- Valuation of power and utilities assets including terminals, storage facilities, gas and electricity distributions;
- Valuation of major gas and electricity distribution companies in the UK;
- Valuation of a power network operator for organizational restructuring purposes;
- Audit valuation support relating to infrastructure assets in the UK and Europe;
- Valuation and advisory work of renewable energy operators in the UK and Europe; and
- Audit valuation support relating to infrastructure assets in the UK and Europe.



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