Confidential

CASE STUDY

Hayfin: Interest Rate Hedge

Central London Real Estate Asset

VALIDUS

THE CHALLENGE

Hayfin and Capreon forged a joint venture to acquire a central London real estate asset, securing a floating rate facility from two leading European banks to support the acquisition. The significant exposure to interest rate volatility required a sophisticated hedging solution within a tight post-close timeline.

THE PROCESS

Hayfin approached Validus to identify an optimal hedging solution, and to execute the chosen strategy. The analysis took into account pricing, timing and hedge constraints. Validus worked with the banks on standardizing quotes and ensuring a consistent and fair methodology was used for calculating the costs of the hedges as well as periodically benchmarking pricing against the market.

THE VALIDUS SOLUTION

After evaluating swaps, caps, and collars, Validus recommended deferred premium caps be executed with the facility providers. The structured and teamwork-based approach Validus adhered to was especially important in this case, as the facility agreements required hedges to be put in place within a short period of closing.

IMPACT

16%

Trading Fee Reduction Negotiated with Lender

1.5%

Funding Spread Secured On Deferred Premium

~£20K

Exposure Per 1bp Rate Movement



SERVICES UTILIZED

Interest Rate Risk Management

Hedge Advisory • Execution Support

Results & Value Delivered

- **Risk Quantification**
  Identified £20K annual exposure per basis point increase without hedges in place
- **Competitive Tension**
  Leveraged panel competition to achieve better pricing terms
- **Price Transparency**
  Standardized methodology and benchmarked all quotes against market
- **Smooth Execution**
  Proactive issue identification ensured timely post-close implementation
- **Strategic Guidance**
  Evaluated swaps, caps, and collars to recommend optimal structure

> *We had a tight post-close window. Validus moved quickly, benchmarked the market properly, and secured fees our internal teams may not have achieved alone.*

James Mason
Principal, HAYFIN

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