



leumi

Bank Leumi (UK) plc

Leumi Connect

Issue 3 | February 2018

A new era for Bank Leumi in the UK

| by Gil Karni, CEO, Bank Leumi (UK) plc



It seems that change has been a big feature of global politics and the financial markets in the past couple of years, with new leaders being elected and citizens around Europe voting for greater independence.

So too at Bank Leumi (UK), where I am delighted and honoured to have been appointed the Bank's new CEO. I'm honoured to be following in the footsteps of my predecessor, Eli Katzav, who has served Leumi Group with such professionalism and dedication for more than past 30 years.

The decisions taken as a result of last year's Strategic Review are now either in place or in the process of being implemented. Most notably, our newly-formed International Commercial & Hi-Tech Finance Desk – made up of the previous Commercial Finance

and Israel Related Finance Desks – enables us to place greater focus and emphasis on international trade finance, incorporating our hi-tech banking offering.

This is an area in which I have much experience and knowledge, having worked in a variety of international roles for Bank Leumi since joining the group in 1994. Before moving to the UK in January 2018, I spent nearly two years as CEO of Bank Leumi Romania, preceded by over four years as CEO of Bank Leumi Luxembourg. My career has also involved working in Bank Leumi Bulgaria, as well as 14 years in Bank Leumi Israel, where I held various management positions.

Through our agile and customer-led approach, our dedicated London-based team can help SMEs, UK PLCs and larger international

companies maximise new business opportunities, while minimising the risks of international trade. This is going to be absolutely crucial as the European and international markets continue to evolve and respond to the challenge of Brexit.

Amid all the change though, one thing we can guarantee, is that the whole Bank Leumi (UK) team is committed to providing every one of our clients with an exceptional level of specialist banking services. We look forward to working with you to make 2018 a successful year.

Expertise

Relationships

Solutions

Your Specialist Bank

www.bankleumi.co.uk

Case Study

Investing in the care and retirement living sectors

Property Finance Relationship Manager, Richard Martin, explains how the Bank's clients are benefiting from Leumi's in-depth understanding of the care and retirement living sectors.



With an ageing population resulting in greater demand for new care facilities, Bank Leumi is aware of the need to offer the crucial financing support to those providers that play a key role in meeting society's demographic challenges.

Since 2009, the Bank has funded more than 50 new-build care homes, which based on the average bed per care home translates into over 3,000 new bed spaces. Leumi's response to this growing demand has been to establish facility structures that give care home developers a clear commitment to increased funding as assets reach turnkey and mature status, enabling developers to convert initially speculative opportunities into sound investments. Our financing covers a range of construction and investment transactions to both greenfield and brownfield developments.

Not only is the over-65 population increasing, but it is also more mobile and active than in the past. Britain's over-65s possess more than £1 trillion of mortgage-free housing wealth, and more than half of them live in houses that are either too large or unsuitable for their lifestyle. Many would like to move but don't want to live in a care home or can't find suitable alternative accommodation. This is leading to a growing need for modern retirement living developments built around lifestyle-oriented "hubs", while care homes are increasingly designed to serve more acute care needs. The

Bank's financing structures are designed to account for these trends, accommodating both the construction and investment phases of projects.

The recent £125m loan facility jointly provided by Bank Leumi (UK) & HSBC to Audley Group – the UK's leading provider of luxury retirement villages – is the latest major finance that the Bank has provided to developers and operators in the care and retirement sectors, and will fund Audley's aggressive expansion plans across its luxury brand Audley Villages and new mid-market provider Mayfield Villages, as well as new locations, covering the cost of land acquisition and development.

Britain's over-65s possess more than £1 trillion of mortgage-free housing wealth, but more than half of them live in houses that are either too large or unsuitable for their lifestyle.

Our relationship with Audley dates back to 2011, during which time we've provided more than £50m of funding to support the group's developments at Chalfont Dene, which opened in 2015, and their 126-unit Redwood development near Bristol which opened in November 2017.

Another of our clients in this sector is real estate investment manager Frogmore, who are being supported by Leumi to fund the development of a new 86-unit retirement living site in Fareham, Hampshire. This is due to

be completed in autumn 2018 and will be operated by Oak Retirement.

Additionally, we provided funding to Cinnamon Care Capital for the acquisition of Burcot Grange – an existing 36-bed care home on an eight-acre site – and for the further development of a 54-bed care home on site supporting those living with dementia. The new project, The Lodge at Burcot, opened in November 2017.

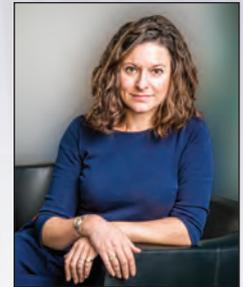
The Bank is providing Cinnamon with funding for new retirement living units on site – 42 independent living care units – with development scheduled to start this year. In addition to providing accommodation for residents in an area underserved by modern care facilities, the Burcot Grange development provides job opportunities for people in the wider area.

More broadly, our Property Finance team specialises in a diverse range of residential, mixed used and commercial properties in London and the South East and has a track record funding care homes, retirement villages and student accommodation throughout the UK.

Richard Martin

Property Finance
rmartin@bankleumi.co.uk
+44 (0)20 3772 1745

Volatile start to 2018 with equity markets breaking records



By Sarah Ryman, Chartered MCSI, Treasury and Global Markets

🌐 Whilst we enter the New Year with excitement, there is an underlying sense of trepidation with many unanswered questions to overcome as we move into 2018. A decade after the Global Financial Crisis sees markets facing some new challenges, including those surrounding Brexit, but also still dealing with the long-term legacy issues such as the residual effects of quantitative easing and ultra-low interest rates.

UK

Brexit talks are scheduled to enter a more meaningful (if complicated) phase and UK growth has been revised up.

Crunch talks continue between the UK and EU with a keen focus on whether the UK will be allowed to sign a new trade deal during the two-year transition to separation. First, the UK must agree a transition agreement, which both sides are aiming to complete by the end of March, whilst trade is likely to remain a bargaining chip for later in the year.

Brexit progress will remain a key influencer of Sterling over the coming year with positive negotiations and increased clarity likely to boost the currency.

EUROPE

Markets and politicians alike are interested to know how coalition talks

in Germany progress and the outcome of the Italian general election in March. Whilst in Germany the main parties do not have significantly differing views regarding Brexit, in Italy the Eurosceptic 5star movement is currently ahead in the polls, and should they gain a greater foothold, this could well be a pivotal moment for the EU.

US

Federal Reserve policymakers expect the Trump administration's tax reforms to boost spending for businesses and consumers, but doubt remains over the Fed's inflation target. Minutes from the December meeting of the Federal Open Market Committee (FOMC) showed that members raised their forecast for GDP growth from 2.1% to 2.5% for 2018 and voted to increase rates from 1.25% to 1.5%. This is the 5th rise in interest rates since the financial crisis, but policy makers are concerned that inflation may fail to reach the Fed's 2% target which could make further rate rises difficult.

EQUITIES

The S&P 500 breached the 2700 mark for the first time at the start of the year and had continued to climb, reaching a high of 2872 on 26 January. Meanwhile, both the Nasdaq Composite and Dow Jones Industrial Average also broke record highs as tech stocks climbed amid indications of strong economic growth in the US and abroad. Subsequently on 6 February we saw a significant market sell off after strong US jobs data supported the idea of inflation moving higher forcing the Federal Reserve to raise interest rates

faster than markets had priced in and therefore increasing borrowing costs for companies. Inflation will, no doubt, be watched closely given the residual impact of monetary stimulus and Donald Trump's tax cuts which are expected to be inflationary. Whether this is a shift to a bear market or a general correction remains to be seen as markets remain unsettled.

COMMODITIES

Oil has seen the strongest start to the year since 2014. Brent crude oil traded over \$71 a barrel as a result of production cuts led by the Organisation of the Petroleum Exporting Countries and Russia.

Meanwhile, gold has also started the New Year on a positive note, rising above the psychologically important \$1300 mark.

The most spectacular investment story of 2017 surrounded the famous bitcoin, the price of which rallied by over 1000%. Warnings of a bubble have spread throughout the financial world, whilst some analysts believe this was only the beginning. Having reached a high of \$19,511 on 18 December, as I write, the cryptocurrency is trading back around \$8,160.

Sarah Ryman

Treasury and Global Markets
treasury@bankleumi.co.uk
+44 (0)20 3772 1623/24



News Briefs

Bank Leumi (UK) finances Frutarom's acquisition of UK-based flavours company, Flavours & Essences (UK) Ltd

Bank Leumi (UK) closed a £14.75m loan to leading global flavours and natural fine ingredients company, Frutarom Industries Ltd. The deal finances the acquisition of UK-based flavours company, Flavours & Essences (UK) Ltd. Listed on

the London and Tel Aviv Stock Exchanges, Frutarom maintains significant production and development centres on all six continents and markets, selling over 70,000 products to more than 30,000 customers in over 150 countries. The company's products are intended mainly for the food and beverages, flavour and fragrance extracts, pharmaceutical, nutraceutical, health food, functional food, food additives, and cosmetics industries.

Bank Leumi supports Two Brothers' production of The Widow for Amazon/ITV

Bank Leumi's Media & Entertainment unit has provided production finance for The Widow, a new high-end drama from Two Brothers Pictures. The 8-part thriller is commissioned by Amazon and ITV and stars Kate Beckinsale.

It follows reclusive Georgia Wells (Beckinsale) as she investigates what happened to her late husband while he worked in the

Democratic Republic of Congo. The series is being shot in Wales, South Africa and the Netherlands, with production beginning immediately.

"Two Brothers is responsible for some of the most acclaimed high-end-drama of recent times, and we're delighted to welcome them as a customer via this exciting new production," says Bank Leumi (UK) Relationship Manager, Stuart Woodward.

Two Brothers is the production vehicle of screenwriting brothers Harry and Jack Williams, with credits including White Dragon (ITV), Fleabag (BBC), Relik (BBC) and Liar (ITV).

Bank Leumi (UK) signs €4 million facility for German mobile advertising technology company, Fyber

Bank Leumi (UK) has completed a €4 million financing deal for German advertising technology company, Fyber. The facility forms part of a group-level deal for the tech firm, as the Bank's Tel Aviv-based parent approved a US \$18 million credit line for Inneractive Ltd, one of Fyber's subsidiaries, in 2017.

With offices in Berlin, Tel Aviv, London, New York, San Francisco and Beijing, Fyber provides advanced technology platforms that allow mobile app developers to monetise their products, by

connecting them with advertisers through technology and optimisation. Fyber's expertise is in mobile video, and it reaches over one billion unique monthly users, around the globe.

Shalhevet Mandler, Head of Hi-Tech Finance at Bank Leumi (UK), commented: "We're very excited to be able to complete this deal with Fyber, which is at the cutting-edge of the thriving hi-tech sector – a key area of focus for Bank Leumi – and we are keen to be able to contribute to its innovation."

Ziv Elul, CEO at Fyber, said: "With this deal, Bank Leumi is recognising the increasing importance of the sector. Thanks to this credit line and their support, we are able to meet our working capital needs and continue our growth."

Expertise

Relationships

Solutions

Any statements, data, and information in the Market Commentary which appears to be factual in nature are based on sources, including published sources, which Bank Leumi UK believes to be reliable but has not independently verified. Bank Leumi (UK) plc does not make any guarantee, representation, or warranty as to the accuracy or completeness of such statements. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. Consequently Bank Leumi (UK) plc is not responsible for its contents nor any losses, expenditure or damages which may be incurred as a result of relying on such contents. We reiterate that no representation, warranty or undertaking, express or implied is given to the accuracy or completeness of the information contained in the Market Commentary, and Bank Leumi (UK) plc does not accept any liability for losses which might arise from any use of the information.

Bank Leumi (UK) plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.



Bank Leumi (UK) plc