



CHILTERN RESEARCH · THE DEBT MONITOR · Q4 2026

The 2021 Vintage: Why the Next 18 Months Favour Prepared Borrowers

How the rate reset, selective lender appetite and Gulf ownership structures shape UK refinancing, and why preparation now widens the borrower's choice of lender.

KEY FIGURE

01

0.95x

Interest cover on an illustrative £25m 2021-vintage loan refinanced at today's rates, down from 2.1x at origination.

KEY FINDINGS

- 01** Five-year sterling swaps have moved from about 1% to around 4.75%. Margin compression of 30 bps cannot offset the reset.
- 02** Credit is available but selective: 72% of European lenders expect to lend more, yet the executable panel for any one asset is narrower.
- 03** 99% of surveyed Gulf investors plan further UK investment, but the bar has risen and 32% are delaying planned deals.

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The 2021 Vintage: Why the Next 18 Months Favour Prepared Borrowers

Facilities written in 2021 and 2022 were often hedged against five-year sterling swaps around 1%; equivalent five-year swaps were around 4.75% in mid-October 2026. For Gulf-based owners, debt remains available. The constraint is execution: a narrower panel must be comfortable with the asset, leverage, offshore ownership, KYC and, where relevant, a Sharia-compliant route.

The rate reset overwhelms the margin benefit

Facilities originated in 2021 and 2022 are reaching maturity in a market with two apparently conflicting features. Debt supply has improved, yet the all-in cost remains well above the level used in many original business plans. Bayes estimates that £33 billion of UK commercial real estate loans mature in 2026. Around 60% of lending in 2025 was refinancing, so the market is already working through this reset.

The reference rate explains most of the change. Five-year sterling swaps were around 1% for much of the 2021 vintage and were around 4.75% in mid-October 2026, after a sharp rise through the year. Lender margins have moved the other way. Bayes reported that British banks and debt funds cut prime office pricing by 45 and 30 basis points respectively during 2025, while DWS estimated that European prime senior margins had compressed by about 40 basis points from their 2024 peak. Competition helps, but it cannot offset a movement of almost 375 basis points in the underlying rate.

ILLUSTRATIVE ALL-IN COST FOR PRIME SENIOR DEBT

Period	Five-year swap	Indicative margin	All-in cost
2021-22 vintage	1.00%	1.85%	2.85%
Q4 2026 refinance	4.75%	1.55%	6.30%
Change	+375 bps	-30 bps	+345 bps

Illustrative only. The margin is not a quotation. Floating facilities reference SONIA directly; fixed or hedged debt is priced against the relevant swap curve. Actual terms depend on the asset, sponsor, leverage, structure and lender.

On a £25 million interest-only loan, the illustration increases annual cash interest from about £713,000 to £1.58 million. With £1.5 million of net income, interest cover falls from roughly 2.1 times to 0.95 times before amortisation, fees or capex: at the original loan amount, the asset no longer covers its interest. That is why a modest improvement in margin does not solve the refinancing question.

The pressure appears first in coverage and value

A facility that was comfortable below 3% can become constrained above 6% even if income has grown. Bayes found that 13% of tested loans had interest cover below 1.0 times, and only 37% were above 2.0 times. The borrower should re-underwrite the asset using the current rate curve, current net income and a realistic valuation before discussing pricing with lenders.

The result may point to a smaller loan, an equity contribution, a sale, an extension or a structure that creates time for the business plan. Those are ownership decisions. Waiting until the final months before maturity allows the timetable, rather than the economics, to make them.

Credit is available but execution is selective

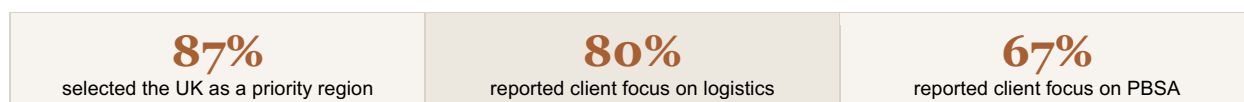
CBRE's 2026 European survey found that 72% of lenders expected to increase origination and 89% were willing to underwrite senior loans. Bayes also recorded £52.7 billion of UK new lending in 2025, up 29% year-on-year. The market does not have a simple shortage of credit.



Liquidity is nevertheless selective. DWS expects high-quality refinancings to remain orderly, while highly leveraged, capex-intensive and weaker assets face more scrutiny. CBRE found that two-thirds of lenders would not finance an asset that fails their sustainability criteria unless it has a credible improvement plan. Published appetite is only a starting point: the executable panel must accept the asset, borrower, leverage and timetable together.

The GCC to UK corridor remains active

BLME's Home and Away 2025 provides useful directional evidence. In its panel, the UK and GCC were joint top among priority regions; every respondent expected GCC investment in UK commercial real estate to hold or increase, and more than half expected an uplift. Sixty per cent linked that outlook to falling rates and a competitive banking market; the rate premise has since reversed, with sterling swaps rising sharply through 2026. The sector preferences also matter because lender and Sharia-compliance routes differ by asset class.

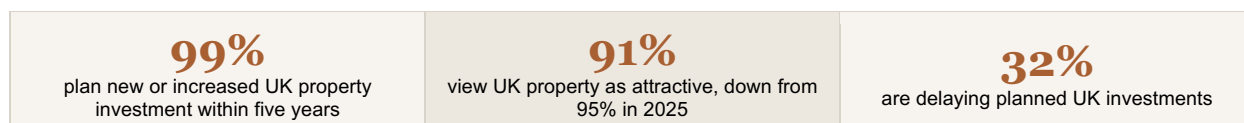


BLME Home and Away 2025. Respondents could select up to three regions. Sector figures report client focus. Directional survey of 15 GCC-market contacts, supplemented by nine interviews.

Gulf conviction holds, but the bar has risen

AlRayan Bank's GCC Investment Barometer 2026 adds a larger and more recent sample: 150 high net worth investors across Saudi Arabia, Qatar and the UAE, each with at least £10 million in wealth or assets, surveyed in June 2026. Ninety-nine per cent plan new or increased UK property investment over the next five years, a figure that has barely moved across four annual editions. The view of current conditions is cooler: 91% describe the UK market as attractive, down from 95% in 2025.

For financing, the gap between those two numbers matters more than either one. Commitment to the UK is stable, but each transaction is being tested harder. Some 27% of respondents are increasing due diligence, and around a quarter in each case are reducing deal size, moving toward lower-risk assets or prioritising liquidity. Regional instability is moving capital in both directions: 32% are delaying planned UK investments and 38% are diversifying into other markets, while 31% are increasing their UK allocation.



AlRayan Bank, GCC Investment Barometer 2026. Censuswide survey of 150 high net worth respondents, 50 each in Saudi Arabia, Qatar and the UAE; fieldwork 4 to 12 June 2026. Figures are stated intentions, not completed transactions, and the publisher is an active lender in the corridor.

A June 2026 Censuswide survey of 150 GCC investors, each with at least £10 million in wealth or assets, points the same way, with more nuance. Ninety-nine per cent plan new or increased UK property investment over the next five years. Regional instability, however, is moving capital in more than one direction at once: 51% say it makes them more likely to invest in UK property, while 38% say it is leading them to diversify into other markets and 32% are delaying planned UK investments. More than a quarter (27%) are increasing their due diligence.

Asked what would most improve their ability to invest in the UK, 36% chose clearer financing information for non-residents. For an owner reassessing whether to buy, refinance, hold or redeploy, the useful starting point is an independent view of what the debt market will support, before decisions are taken on the timetable.

The constraint is execution, not appetite

The Barometer's most useful finding for borrowers concerns process. Asked what would make UK investment easier, respondents placed three items level at the top, each at 36%: easier access to UK banking from their home country,



clearer non-resident financing information and better guidance on UK tax, legal and compliance requirements. None of these is a shortage of capital. Each becomes a source of delay once a transaction is running.

When choosing a financial partner, respondents ranked reputation and trustworthiness, and a presence in both their home market and the UK, jointly first at 35% each. Transparent fees and experience with international investors followed at 31% each. Sharia-compliant products mattered to 26%: important, but behind reputation, reach and transparency. Among Saudi respondents, 46% named high fees or hidden charges as their leading concern about financial services.

Scale and timing also diverge. The mean amount earmarked for UK property over five years is £78.3 million, rising to £98.5 million among Saudi respondents. Yet 59% of investors with £10 million to £49.9 million plan to invest within 12 months, against 39% of those with £500 million or more. Larger family capital tends to move through longer governance cycles, so a refinancing timetable should be built around the owner's internal approvals as well as the lender's credit process.

Sector appetite is broadening. Development leads planned priorities at 30%, but no sector exceeds that level and eight sit within seven percentage points of each other, from retail and hospitality to build-to-rent, student accommodation and logistics. Development and operational assets usually draw on narrower lender panels than stabilised investment property, and Sharia-compliant routes vary by asset class. A broader sector mix makes early panel testing more valuable, not less.

Why GCC ownership changes the process

A Gulf-based owner may hold UK property through a Gulf parent, a DIFC or free-zone entity, a Crown Dependency holding company and a UK property-owning vehicle. None makes the asset unfinanceable. They do affect how quickly a lender can complete credit, compliance and legal work, and some lenders have deeper cross-border capability than others.

- Map the complete ownership and control chain before approach, with current constitutional documents, authority evidence and decision-makers identified for every relevant entity.
- Make beneficial ownership, source of funds, source of wealth and sanctions information internally consistent. Treat Register of Overseas Entities status as an early diligence item, not closing administration.
- Decide early whether Sharia compliance is a requirement or a comparison route. BLME notes that logistics is generally straightforward for Islamic finance, whereas sectors such as hotels or retail can require more asset-level review.
- Confirm who can approve terms, provide guarantees, inject equity and sign. Delay inside the ownership structure can be more damaging than delay with the lender.
- Establish non-resident eligibility, documentation and home-country banking requirements before the timetable is fixed. AlRayan's respondents ranked these among the main practical obstacles to UK investment.

These are financing-process considerations, not legal, tax, sanctions or regulatory advice. Requirements vary by lender, jurisdiction and structure.

Preparation creates a wider choice

A long runway does not mean approaching dozens of lenders early. It means resolving the borrower's own decisions before a controlled market process begins. Complex portfolios and ownership structures may need longer than the guide below.

A PRACTICAL REFINANCING TIMETABLE

Before maturity	Borrower work	Decision created
12 to 18 months	Re-underwrite cash flow using the current rate curve. Test value, ICR, debt yield and covenant headroom. Decide whether the base case requires equity, a disposal or an extension.	A credible debt quantum and an agreed base case.
9 to 12 months	Complete the ownership and authority map. Assemble KYC, beneficial ownership, source of funds and Register of Overseas Entities information. Compare conventional and Sharia-compliant routes where relevant.	A lender panel able to underwrite the asset and borrower.
6 to 9 months	Prepare the credit case, valuation evidence, capex and sustainability plan. Test the incumbent against selected alternatives and agree the approach list.	Competitive terms while time still supports negotiation.
3 to 6 months	Run diligence, legal documentation, valuation, conditions precedent and hedging in parallel. Keep a contingency route live.	Execution resilience if one route slows or changes.



What prepared borrowers can negotiate

When the asset case, ownership information and debt quantum are clear, the borrower can compare more than headline margin. A cheaper loan may create less value if it carries a lower commitment, tighter covenants, heavier amortisation, an inflexible cash trap or conditions that the timetable cannot satisfy. A wider margin may be rational if it provides the quantum, flexibility or speed that protects the business plan.

The comparison should normally cover leverage and debt yield, ICR testing, amortisation, cash sweep and cash trap mechanics, permitted capex, valuation triggers, extension options, hedging, transfer rights, cure periods, information undertakings and conditions before drawdown. A board should see both the financing cost and the operational consequences of each option.

- Model the incumbent lender's extension or refinance proposal against credible alternatives rather than treating it as the default route.
- Keep valuation, capex and sustainability evidence consistent with the lender presentation. An improvement plan needs funding and a credible timetable.
- Stress the downside case before agreeing covenants. Headroom that exists only in the base case is not useful protection.
- Preserve a contingency route through diligence. A term sheet is not the same as an executable facility.

Why the next 18 months favour prepared borrowers

Lenders need to deploy capital, and refinancing remains their largest source of demand. That combination should keep good UK assets financeable. It does not guarantee that every borrower will receive the same leverage, pricing or timetable. Rates can move and selective underwriting can change an approval while a transaction is running.

Prepared borrowers can use lender competition to negotiate structure as well as price. They can also decide early whether the existing equity and asset plan support a refinance at today's cost. Borrowers that wait lose those advantages: the lender panel narrows, the incumbent gains leverage and equity becomes a deadline decision.

The Chiltern view

Chiltern provides independent UK real estate debt advice to international owners and acquirers, and to the investment and asset managers acting for them. Particular experience supporting Gulf-based owners helps us assess both the UK credit case and the ownership structure behind it. Simon Osborne leads every mandate personally, drawing on experience as a lender, Gulf-based principal and adviser.

An Initial Finance View starts with five facts: the asset, value, net income, debt requirement and timing. Within 48 hours, Chiltern provides a concise written view of likely lender appetite, indicative structure and the issues that could change the assessment. A Position Review or full Financing Execution can follow. Chiltern acts for the borrower, approaches no lender without written approval and agrees its fees in writing before any process begins.

NEXT STEP

Discuss a refinancing

Five facts. A written Initial Finance View within 48 hours. No fee, no obligation.

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DISCUSS FINANCING →

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Sources and basis

Bayes Business School, UK Commercial Real Estate Lending Report 2025 year-end release, 11 May 2026; CBRE, European Lender Intentions Survey 2026, 16 June 2026, 134 Europe-based respondents; DWS, Europe Real Estate Debt Strategic Outlook, May 2026; Bank of England, September 2026 Monetary Policy Summary and SONIA benchmark materials; BlueGamma, SONIA swap rates, 15 October 2026; AlRayan Bank, GCC Investment Barometer 2026 (Censuswide, 150 respondents, fieldwork 4 to 12 June 2026); BLME, Home and Away 2025; Opening the Door 2024; Strong Foundations 2024. BLME and AlRayan findings are survey evidence of stated sentiment and intentions; they are not used to quantify refinancing demand.

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