

## DRC in UK deal double

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*Real estate debt fund DRC Capital has financed a West London property and former-IBRC portfolio purchase from its European Real Estate Debt Fund II.*

DRC Capital has completed two deals in the UK, for Draco Property and for a joint venture between Oaktree Capital Management and Patrizia Immobilien, *PDI* sister title, *Real Estate Capital* reported.

The real estate debt fund manager, run by managing partner Dale Lattanzio and partners Rob Clayton and Cyrus Korat, is deploying capital from its high-yielding £487 million (\$736 million; €651 million) European Real Estate Debt Fund II which reached a final close in May last year and issues whole and mezzanine loans.

It has underwritten a £65 million whole loan for Draco to refinance Brettenham House, a 114,000 sq ft office on the north side of Waterloo Bridge in London's West End. The building is more than 90 percent let to 17 tenants.

It is thought that DRC issued a loan with a five-year term and the fund does deals at up to loan-to-values of 80 percent. DRC placed the senior portion of the debt with Standard Life. DRC tends to retain mezzanine or junior tranches from 50 percent loan-to-value upwards.

James Brooke-Webb, director at Draco said: "It was good to work on our first deal with DRC and I have been impressed by the competitive debt package offered and their straightforward approach to the whole refinancing process".

Standard Life launched a £250 million senior debt fund in December last year seeded with £100 million from the group's pension fund scheme. The real estate debt team, led by Neil Odom-Haslett, has been investing a £250 million senior debt mandate for Standard Life Assurance.

CBRE advised the borrower on the financing.

Meanwhile, DRC has also provided a £24 million mezzanine debt facility to Oaktree and Patrizia for its purchase of the Citrus portfolio, which it bought for around £127 million from Carisbrooke and Revcap. Barclays provided a senior facility of around £70 million, with an LTV close to 55 percent. DRC's mezzanine loan is a circa 55 percent to 75 percent tranche.

The 1.9m sq ft portfolio has an annual rent roll of £12.6 million and comprises 24 assets – 10 offices, nine industrial buildings and three London leisure assets. Carisbrooke bought the assets in February 2013 with backing from Irish Bank Resolution Corporation. Carisbrooke previously owned the properties with Anglo Irish Bank, which took control of the assets prior to the bank becoming part of IBRC in 2011.

Kitty Patmore, principal at DRC said: "We continue to see interesting opportunities arise across the UK and continental Europe and look forward to another busy year."

Tom Stenhouse, head of finance at Patrizia, added "DRC's professional and flexible approach made them a straightforward financing partner that delivered for us."

DRC and Barclays have done business before. In November 2013 DRC and Cheyne sold a £130 million senior tranche of a £170 million whole loan to Barclays which they had jointly issued to Queensgate Investments for its purchase of Executive Offices Group.

Barclays is also close with Oaktree and Patrizia. The bank provided a £344 million whole loan to the pair to buy three regional UK business parks from MEPC in August last year and a year prior it funded the purchase of the IQ Winnersh business park near Reading with £175 million of finance.