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REC Awards 2020: Deals that defied the slowdown

A student housing platform, a wood-based office campus and UK logistics were subject to award-winning 2020 financing deals.

By **Daniel Cunningham** - 1st March, 2021

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Trees company: Arboretum, a wood-based scheme in Paris, attracted €432m of development finance

According to data provider Real Capital Analytics, almost 30 percent of 2020's European real estate investment involved rented residential, including student housing.

A major contributor was US investor Blackstone's £4.7 billion (€5.3 billion) purchase of the UK's iQ Student Accommodation platform from Goldman Sachs and the Wellcome Trust in April. Blackstone's European real estate boss, James Seppala said the deal was "testament to our long-term belief in the UK", including the country's "globally renowned" higher education system.

Bank of America, Citi and Morgan Stanley clearly share Blackstone's faith in the UK's educational sector. The US banks provided a £2.6 billion loan to finance the acquisition, in one of the largest European property financing transactions of 2020, which was voted Senior Investment Financing Deal of the Year: Europe.

Blackstone, which remained an avid buyer in 2020, was voted Borrower Finance Team of the Year: Europe. It was also the sponsor in the Mezzanine/Whole Loan Investment Financing Deal of the Year: Europe, in another of 2020's in-demand sectors – logistics. US investor Apollo Global Management provided a £109 million mezzanine loan, secured by a portfolio of 270 multi-let industrial and logistics assets covering 16.2 million square feet across the UK. The loan was part of a wider £667.3 million financing, proving lenders remained keen on sheds.

Lenders also liked the right development deals, especially schemes with demonstrable green credentials. Development Financing Deal of the Year: Europe went to the parties behind the financing of a unique scheme: Europe's largest wood-based office campus, known as Arboretum, in Paris. German insurer Allianz Real Estate, French debt fund managers AEW, Ostrum Asset Management and BNP Paribas Asset Management provided the €432 million loan in June.

The scheme, by borrowers Icawood, Ivanhoé Cambridge and BNP Paribas Real Estate, will comprise seven buildings, five of which will be primarily developed from cross-laminated timber. Its backers have also committed to reusing as much material as possible from the demolition of the former industrial site on which the project is being built.

Off to beds

Debt providers clearly sought opportunities in those sectors deemed best-placed to survive and thrive through the crisis, namely beds and sheds. However, the transactions that won our country and region-specific awards demonstrated that the best assets in the less-favoured sectors also remained attractive to lenders.

In the UK, Allianz provided £400 million in September to property company Lazari Investments for 10 years against a 630,000-square-foot portfolio of prime offices in London. In southern Europe, Allianz also showed its faith in prime shopping centre retail, with its €180 million loan in February to ECE European Prime Shopping Centre Fund II for the acquisition of the intu Asturias mall in Ovideo, Spain.

In France, UK debt fund lender Cheyne Capital backed private investor Cain International's plan to bring a new lease of life to Paris office asset Colisee II. The €96 million November loan financed the acquisition, refurbishment and extension of the 123,000 square foot building. In Germany, Natixis Pfandbriefbank provided

UK-based manager Henderson Park with a €129.5 million loan, including capex, for part of Berlin's Schützenquartier office and retail complex – one of the most important post-reunification developments in the German capital.

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