

## PBB finances Harbert's Diamond retail portfolio win

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Deutsche Pfandbriefbank (PBB) has provided a £48m five-year loan for Harbert Management Corporation to finance its acquisition of six of the seven-strong UK retail warehouses Diamond portfolio it bought from Aviva Investors.

The 488,000 sq ft Diamond portfolio comprises five multi-let retail warehouses, a Sainsbury's supermarket and a Homebase unit in Basildon, Blythe, Dover, Dumfries, Hanley, Northampton and Skegness let to a range of national retailers, with a weighted unexpired lease term of approximately 10.2 years.

PBB's five-year £48m senior loan – secured by the six retail warehouses only – is priced around 250 basis points, *CoStar News* understands.

PBB's loan reflects a circa 65% LTV, implying the ring-fenced six assets from the Diamond portfolio are valued at around £74m.

The loan, which closed in mid-December, is extended to a subsidiary of Harbert European Real Estate Fund III, which is advised by Harbert European Fund Advisors Limited. At funding, the portfolio had an occupancy rate of 98%.

Aviva received formal offers from 11 institutional investors and private equity funds last October – including from KKR, Orion Capital Managers, F&C REIT, Henley Investments, Pradera, Legal & General and VALAD – before HMC eventually won the Diamond portfolio for £92.05m, reflecting a net initial yield of 7.2%.

Savills advised Aviva Investors, while Deloitte's Real Estate National Investment team advised HMC.

The Diamond portfolio has a total income of £6.9m pa generated from 34 tenancies, the majority of which were rated 5A1 by D&B. In addition to the existing leases there were a number of development and asset management opportunities for increasing rental income and value.

Charles Balch, head of real estate finance international, UK & CEE at PBB, said: "This transaction is our first deal together [with Harbert ] and shows the bank's commitment to broaden its client base. Equally, the subject transaction represents further expansion of the Bank's portfolio secured on regional assets and evidences PBB's appetite to provide financing for assets outside London."

Scott O'Donnell, senior managing director of Harbert Management Corporation (Europe) LLC, said: "It is always a pleasure to work with professionals who are both strong in their area of expertise but who also understand real estate and our strategy for driving value. PBB has such a team, and as a result we were able to put a financing structure in place that allows us to act in a manner of long-term value creation."

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