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## **Laxfield arranges German lender MünchenerHyp's Defoe Court financing**

German pfandbrief lender MünchenerHyp has financed Defoe Court in Featherstone Street, EC1, for French investment manager Amundi. The five-year, £10m facility was arranged and will be managed by Laxfield Capital.

Amundi acquired the fully-let 43,000 sq ft core office building located on London's 'Silicon Roundabout' near Old Street through Knight Frank Investment Management back in December, its first wholly-owned London office purchase.

The new acquisition financing was priced competitively as MünchenerHyp is one of the highest-rated pfandbrief issuers in the market. It put out one of the first sterling-denominated (£300m) pfandbrief bonds in 2012, although its main source of funding is the international capital markets.

The conservative lender's sweet spot in the UK is loans of £10-£45m on well-secured assets in strong economic markets, such as London, Birmingham, Bristol and Manchester. It works with German clients of its open-ended funds – another part of the group structure – that are going into the UK. Typical loan duration is between five and seven years, stretching up to ten.

It has been working with Laxfield since 2008 to build up a UK loan book and has just renewed its contract for another year. Laxfield's role as the Munich-based lender's arranger and manager in the UK is to source, originate, help structure and execute loans, as well as loan management.

On average, MünchenerHyp has closed four or five deals each year totalling up to £150m (£100m in 2013). In the past 12-18 months it has completed four transactions: two syndicated positions secured against London assets underwritten by other German and UK banks, and two bilateral loans – including Defoe Court.

The bank has a €1.5bn total new lending target this year for its core markets: Germany, France and the UK. With four or five deals in the pipeline it hopes to close three in the next three or four months.

"Competition out there is fierce" says Jan Polland, MünchenerHyp's head of commercial real estate finance. "We are ready to go down with pricing a little bit rather than offering higher-leverage loans. We're not prepared to go too far away from triple-A locations - we look at location, location, location."

Lauren Parr, news editor