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Highbridge secures funds for data centres

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Highbridge Properties, the UK-based property developer, has secured £263m (\$434m) of funding to expand its Cobalt Data Centre Campus near Newcastle in a boost for enterprise zones ahead of government plans to extend their use.

The new plans for the north-east development area are also a rare sign that such areas are attracting investment from property developers. The regional property markets are being hard hit as developers stop work on fears that there will be fewer corporate occupiers in the next few years. They are also struggling to fund plans as banks remain nervous of committing new debt finance to such areas.

Highbridge has secured financing to build two new modern data centre facilities of 62,000 sq ft on the park, having completed the first in August. The funds have been raised by Taurus Asset Finance and Harcourt Capital through two Limited Liability

Partnerships set up to invest into enterprise zones, operated and promoted by Oxygen Ventures. The financing is secured and fully subscribed. There is also debt backing from a major European bank.

Guy Marsden, director of Highbridge Properties, said the funding was a sign that investment finance was available for the right projects in the regional property markets. Data centres are seen as safer investments given the strong demand among tenants for their use. Large companies increasingly need to maintain vast amounts of data in secure locations off the site of their main offices.

He said: "The news that we have successfully sought and secured funding to develop two further speculative data centres at Cobalt shows the faith investors have in the business model.

"We look forward to delivering two facilities as part of our long-term strategy to develop high quality and competitive data centre solutions at Cobalt Park."

Meadow Partners, the private equity group, has taken control of a retail and office block at 125 Kensington High Street in London following a £100m consensual restructuring of the debt with the lenders and former owner of the property.

The deal is the latest sign of opportunistic investors securing prime property in London by offering solutions to the banks that originally backed the investment, in this case by offering a recapitalisation of the debt structure that allows the original owner to exit and the banks to retain future interest.

Meadow Partners, headed by Jeffrey Kaplan, former managing principal of Westbrook Partners, has acquired the property for its Meadow Real Estate Fund 1, and intends on driving value of the property through improving the retail offering in the block.