

Duet and partner Forum seeded fund but institutions also contributed

Duet gathers €100m for first closing of Euro debt vehicle

Duet Group has raised the first €100m for a European debt fund that it hopes to expand to €400m-€500m.

Duet will seed the fund itself at its first closing with strategic partner Forum European Realty Income III, but said a handful of UK and European institutions have also committed capital.

Hedge fund Duet made three appointments to develop its debt business via its Duet Private Equity subsidiary.

The team is led by Dale Lattanzio and includes Cyrus Korat; both joined in September 2008 from Merrill Lynch, where Korat was a bond trader.

Rob Clayton, who was Topland's chief financial officer before joining Duet earlier this year, is the third team member.

They have been talking to investors for a year, but the closing now could be a sign that investors are starting to warm to the idea of debt investment.

Palatium Investment Management, the debt advisory business run by Paul Rivlin and Neil Lawson-May, has also raised £100m in the past month. "We have a segregated account with a family office and are in the market for appropriately-priced mezzanine," Rivlin said.

Lattanzio said Duet would

look at existing debt, including CMBS and non-performing loans, and make new loans, particularly mezzanine or top-up financing in restructuring deals with possible 15%-20% returns.

"Debt investment strategies have proved profitable in previous cycles and there aren't many teams or much capital to fill the void," he said.

The team will focus on the UK and Germany. "The market has been dominated by overseas and other buyers who haven't required a lot of debt," said Lattanzio. "But anybody seeking an opportunistic return will find it hard to put in 40% equity."

In brief

Recovery starts with £200m

Aviva Investors raised £200m in a first closing on 27 November for the Aviva UK Recovery Fund, a diversified, ungeared, five-year vehicle. Contributions to the fund included £65m from Aviva multi-manager clients, as well as UK pension funds. Aviva said it was considering a second closing with existing interest.

Eurohypo gives Opera new act

The loan on the €710m Opera Germany 2 securitisation, which is secured on four large shopping centres, is to be restructured and extended by two years under a plan worked out by loan servicer Eurohypo. The loan went into breach of its loan-to-value covenant on 9 December, following a valuation on 26 November. The restructuring involves a cut in the debt of €82m, partly facilitated by converting junior debt into equity, and an injection of more funds for capital expenditure intended to recover value.

Stanford scraps \$1bn asset sale

US university Stanford has pulled an attempt to sell a \$1bn portfolio of private equity and real estate secondary units in funds held by its endowment fund. The assets put up for sale by the university included funded and unfunded interests, but Stanford said that none of the bids it had received were high enough.

Langham Hall to act for Aegon

Langham Hall has been appointed onshore administrator to Aegon Asset Management's new healthcare fund, which launched last month with £30m of initial equity (see November issue, p9-12). Langham provides accounting, administration and consultancy services, specialising in property and private equity.

Liberty's Lakeside poised for bank club refinancing

Liberty International is expected to complete its refinancing of Lakeside shopping centre as early as January.

The regional shopping centre specialist said last month that it was "engaged in positive discussions with a number of lenders" about refinancing the Opera Lakeside CMBS deal.

Sources believe the company has agreed seven-year bank financing rather than a capital markets transaction.

The terms being finalised are said to include a club of banks, lead by joint arrangers Eurohypo and WestImmo, providing up to £500m of part floating-rate, part hedged debt, at an overall margin equivalent to 220 basis points.

Liberty has used some of the cash it raised this year to repay the class B and class C notes in the Opera Lakeside deal.

Bidders approach servicer with bids for White Tower

Several investors and banks are trying to buy the entire White Tower London office portfolio from its special servicer, CB Richard Ellis Loan Servicing.

CBRELS said last month in a note to investors in the £1.15bn securitisation secured on the properties, that it expected to sell the nine assets 'piecemeal' between now and the end of 2011, when the bonds are due to be repaid, in order to obtain maximum value.

But sources said there have been three proposals from banks and investors interested in buying all the properties, last valued in June at £929m, who hope to convince the special servicer to sell.

Helical Bar is said to be one of the property companies that has made a proposal. One banker said they had been approached

to join three lending syndicates.

However, the offers are not thought to be above £900m, a level that would wipe out the class Es, Ds and most of the Cs in the A note.

The quantum of debt being discussed – £500m – is larger than any refinancing attempted since the credit crunch, apart from that of Lakeside (see left).

Another banker said: "They are trying to solve the unsolvable. The value of most of the assets will fall because they need substantial amounts of work and have leases that end in the next few years. I've seen at least one proposal that looks like a 2007 deal."

• White Tower class A bondholders will meet on 6 January to vote on whether to amend the documentation to prevent an event of default.