



Financial News

Highcross to raise £1bn for second fund

Peter Gubb's company to focus on office and industrial markets

17.02.2006

By James Whitmore

Peter Gubb's **Highcross** is set to raise £1bn of fire power for its second UK property fund.

Highcross II, which will focus on the regional office and industrial markets, was launched in January and has raised £145m of equity at the first closing.

It will raise a further £105m at the second closing later this month and a final £75m equity tranche at the end of March. The £675m of debt finance is coming from the **Royal Bank of Scotland** and **HSBC**.

The equity at the first two closings has come from investors in the first fund, which was launched in 2003 with £500m to spend.

The fundraising for the two funds was carried out by Presidio Partners, a San Francisco-based real estate private equity firm that was formed by a team from Bank of America. Most of the investors in the two funds are American and are thought to include the Yale University Endowment and the John D Rockefeller Foundation.

Gubb said Highcross II would focus on the regional office and industrial markets, like the first fund. 'As a blind pool fund we will have the ability to act quickly in our core target sectors, and the increased size of the fund will enable larger transactions,' he said.

The first fund made its final acquisition in December, when it completed the £135m sale and leaseback of IBM's 1.7m sq ft (153,290 sq m) portfolio of three purpose-built business parks in Portsmouth, Warwick and Greenock and a two-storey data centre in Greenford. The purchase was to have included nine leasehold properties with liabilities of £35m, but these were taken out of the deal.

'We have proved our ability to perform on £100m-plus deals, and ideally we would like to see more of these in fund II,' said Gubb.

Highcross has already committed £40m of the second fund for purchases in Poole, Crewe, Runcorn and Cumbernauld.

Selective speculative development will be important to the second fund. 'Over the last few months fund I has acquired sites in Swindon, Kidderminster, Rugby and Crewe,' said development director Chris Mills. 'We are looking at further schemes throughout the country where we can develop either offices, industrial and warehouse units or mixed-use opportunities.'

