



Report: Blackstone and MGPA mull over bids for Brixton

The Blackstone Group and MGPA have reportedly approached London-based industrial REIT Brixton over a possible bid for the company. Brixton is in need of a cash injection as it comes close to breaching its banking covenants.

posted - 26 May 2009 14:29 GMT
updated - 26 May 2009 14:31 GMT
Jonathan Brasse

Two private equity real estate firms are said to be eying troubled UK industrial real estate investment trust Brixton, according to reports.

The Blackstone Group has made contact with Brixton according to the Sunday Telegraph, while European and Asia firm, MGPA is also said to be interested according to the Independent on Sunday.

Hopes of a bidding war sent Brixton's shares up 11 percent to 68.5 pence a share by lunchtime today, giving the company a market capitalization of £185 million (\$293.5 million; €211 million).

Brixton, which parted with its chief executive officer Tim Wheeler earlier this year, reported a loss of £768.8 million for 2008 compared with profits of £58.2 million in 2007.

The company has suffered from increasing vacancies across its portfolio, which is centred mainly around London and the south east of England. As a consequence its banking covenants have come under pressure and are expected to breach by the time it releases its half year results, according to analysts at JP Morgan. This has led to Wheeler's successor, Peter Dawson, spearheading a sales programme aimed at raising capital.

Earlier this month, Brixton sold four warehouses to another private equity real estate firm, AEW Europe, for \$106 million.

The revelations about potential bidders came after Brixton announced on Friday that it had entered into discussions with a small number of parties in relation to a preliminary bid approach. Brixton's long-time industrial rival Segro has also announced it has made an approach.

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