

Carlyle sells largest White Tower asset

The Carlyle Group has sold a large office in London to JP Morgan, just months after acquiring it as part of a wider portfolio for £671m. It was the latest in a busy month of acquisitions for the Wall Street Bank.

Posted - 20 Dec 2010 10:59 GMT CET

updated - 20 Dec 2010 11:02 GMT CET

Washington DC-based Carlyle Group has sold the largest asset of a six-strong London office portfolio less than six months after acquiring the assets.

The firm has sold a 420,000 square foot office at 60 Victoria Embankment to JP Morgan for an undisclosed sum. The asset was held by Carlyle's third global real estate opportunity fund, Carlyle European Real Estate Partners III, which closed on €2.2 billion of equity in June 2008.

The asset, let to the banks' treasury and securities business, was the largest property of the embattled White Tower Portfolio, a group of London assets originally acquired by entrepreneur Simon Halabi and refinanced via a CMBS structured by Societe Generale. When Halabi ran into financial difficulties and the after value of the assets fell below the debt used to acquire them, they were placed into the hands of special servicers and their disposal ensued, leading to the deal with Carlyle in July. The firm paid £671 million (€793 million; \$1.04 billion) for six of the portfolio's assets, including 60 Victoria Embankment.

At the time, Robert Hodges, Carlyle's managing director of European real estate, described the investment as a 'long-term play' with 'considerable longer term opportunities' for 'active asset management and redevelopment'. However commenting on the quick disposal today, he said: "Although we originally envisaged a hold and redevelop strategy for 60 Victoria Embankment, we have agreed to sell it to JP Morgan. This is an opportunistic reaction to changing and improving market conditions which also allows us to facilitate JP Morgan's long term real estate strategy, whose commitment is positive for London and reflects our own views on the City."

"We will progress our plans for the remaining assets in the portfolio and look forward to implementing these in the future."

The asset is let to JP Morgan Chase until 2016 at a rent of approximately £18 million a year, according to UK commercial property magazine, *Property Week*.

For JP Morgan, the deal marks the latest outlay in a busy buying period for the bank. Today, it also announced it had purchased 25 Bank Street in Canary Wharf, the former European headquarters of Lehman Brothers. JP Morgan intends to locate the European headquarters of its investment bank at the offices in 2012. The asset was purchased for £495 million.

Earlier this month, the bank's asset management division headed by Pete Reilly, also purchased Bishops Square, another large office in London's City area for £557 million from a joint venture between Oman Investment Fund and UK REIT Hammerson.

© PEI Media Ltd. All rights reserved. Content on this site may not be reproduced, distributed, transmitted, displayed, published or broadcast without the prior written permission of PEI Media or in the case of third party content, the owner of that content. You may not alter or remove any trademark, copyright or other notice from copies of the content. You may download material from this site (one machine readable copy and one print copy per page) for your personal, non-commercial use only.