

Westbrook buys BlackRock/Workspace portfolio for £118m

By James Buckley - Tuesday, June 14, 2016 7:59

Westbrook Partners has bought the majority of The London Collection portfolio from the BlackRock Workspace Property Trust (BWPT) joint venture between Workspace Group and the BlackRock UK Property Fund for £118m.

The seven properties sold were Baden Place in London Bridge, Burford Road Business Centre in Stratford, City Road near Old Street, Europa Studios in Acton, Little London in Bermondsey, 6 Lloyds Avenue near Aldgate and Union Court in Clapham.

The portfolio was sold for a net initial yield of 4.7%.

Together with the previous sale of Chandelier Building, Old Oak Common, for £13m, this completes the sale of all eight properties held by BWPT at 31 March 2016. The properties were sold for a total of £131m, in line with the valuation at 31 March 2016.

Following completion of these disposals, a performance fee will be payable by BWPT to Workspace based on the returns achieved over the five years of the joint venture. This fee is estimated to be £24m, in line with the amount recognised by Workspace in the accounts for the year ended 31 March 2016.

Jamie Hopkins, Chief Executive of Workspace, said: "These disposals mark the conclusion of our hugely successful joint venture with BlackRock. We look forward to redeploying the capital we will receive as a result into our programme of refurbishments and acquisitions."

Paul Tebbit, Managing Director at BlackRock, added: "We are very pleased to have achieved fantastic returns on this innovative investment strategy. Our relationship with Workspace throughout the last 5 years has been excellent. We have for some time been focusing efforts on the industrial sector and may also consider new sectors for future investment with the proceeds of the disposal."

Ten days ago the BlackRock Workspace Property Trust (BWPT) formally brought back to market the portfolio after exclusive talks with Westbrook Partners had been terminated. However, it is understood that Westbrook returned to the table to finalise the deal last week.

BWPT advised by Allsop has been in exclusive negotiations to sell the portfolio dubbed, The London Collection, to Westbrook ahead of the joint venture fund's maturity later this year.

BWPT had initially been seeking offers in excess of £120m for the entire portfolio, reflecting a net initial yield of 4.77%, based on a total portfolio passing rent of £6.1m pa. The vacancy rate is 3.94%.

The London Collection portfolio – which had also been available for sale individually – spans 285,130 sq ft.

The properties are held in a JPUT which is available for purchase.

Last April, BWPT sold a portfolio of four light industrial properties to Westbrook Partners for £32.1m, reflecting a 3.8% premium to their March 2015 valuation and a capital value of £176 per sq ft.

Cortex Partners advised Westbrook.

jbuckley@costar.co.uk

