

LondonMetric sells City office block for £112.5m

29 July 2013 | By [Kat Spybey](#)

LondonMetric has sold its 1 Fleet Place office block in the City of London for £112.5m to an undisclosed far eastern multinational corporation.

The deal to buy the 162,925 sq ft office building reflects a net initial yield of 5.1%, and a premium over March 2013 book value of 3.2%. The disposal is conditional on freeholder consent and is expected to complete on 5 September 2013.

The majority of the building is let to the solicitors Dentons, with bars and retail space on the piazza on the ground floor.

The property brings in a rent of £6.07m a year and is held on a 999 year lease from December 1990 from Network Rail. The leases have 12 years unexpired and are at passing rents of around £37/sq ft. They will be subject to a rent review in September.

Following the sale, LondonMetric will repay the debt facility on both 1 Fleet Place and 1 Carter Lane, London, totalling £96m. After accounting for associated costs the net proceeds amount to around £12.4m with a loss of net income of £1.3m a year. 1 Carter Lane will then be mortgage-free.

Patrick Vaughan, chairman of LondonMetric, said: "The timely sale of Fleet Place conforms to our opportunistic strategy for the City. We bought this well positioned building in 2009, in turbulent markets, but with an outstanding tenant and a long lease, generating a yield of nearly 8%. This was well above the City's long term average yield range and today's disposal yield is close to the best of that range, which we consider an appropriate moment to sell.

"Our interest in the City remains very strong and is exemplified by our on-going development in Carter Lane."

James Andrew International is advising the far eastern investor, 1 Fleet Place Realty. Jones Lang LaSalle advised LondonMetric.

Last month LondonMetric sold a £247.56m portfolio of 11 distribution assets to a joint venture between Prologis Europe and Norges Bank Investment Management.

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