

# Purchase of controlling equity position and subsequent asset management of propco owning two freehold older generation industrial and office properties



## Overview

The investment comprised the indirect acquisition of two remaining sites from a larger legacy real estate portfolio. The properties were older generation albeit well-located, with short term leases and some vacancy. There was short duration debt secured against the properties from a lender known well to us. Copley Point, along with a material co-investor, acquired a controlling position in the property company in order to pursue a program of asset management initiatives.

## Transaction Motivation

The cornerstone tenant in the larger of the two assets undertook a regulated activity from its property. This increased the probability of lease

renewal, and the potential for a value uplift and larger audience on disposal. There appeared to be good prospects for extending the term of the senior debt finance, affording time to carry out a comprehensive marketing process on property disposals.

## Business Plan

The company was refinanced with the incumbent lender pushing out the loan maturity. Various new leases and lease extensions were negotiated over an 18-month period, increasing overall term, albeit not growing rents. Some land, capturing part of the vacancy, was parceled off and disposed of to a local operator. Various planning related matters and environmental issues were resolved or mitigated, preparing the largest of the two assets for sale. Best-in-class third party agents were engaged to lead disposal processes. Individual sales of the properties were ultimately concluded, leading to a compelling equity multiple over a holding period of approximately two years.

