

AEW Europe Buys Four Prime London Logistics Properties From Brixton

AEW Europe has purchased four prime logistics assets in west London/Heathrow from UK property company Brixton for £70.25 million, reflecting a portfolio net initial yield of 8.05%. The properties, purchased by AEW Europe's European Property Investors Special Opportunities (EPISO) Fund, are four of Brixton's largest single-let assets and include Greenford Park let to Kuehne & Negal, Heathrow Gateway Industrial Park let to the Royal Mail and CEVA Logistics and the nearby Polar Park let to the Metropolitan Police.

The four assets produce a total gross rent of £5.82m per annum which equates to £10.63 psf and provide an average income weighted term certain of 15½ years. The purchase fits with the most recent EPISO strategy of acquiring prime logistics assets let on long-term leases to sustainable covenants e.g. The Bridge in Dartford and the Pearson HQ unit in Rugby.

Ric Lewis, AEW Europe's Chief Investment Officer said: "This deal reflects exactly the type of opportunity we expected to emerge due to the dislocation in real estate markets caused by the credit crisis and was the rationale behind the launch of the EPISO Fund. We hope to be able to work with other partners in the market such as Brixton, where there are difficulties managing debt, or other structural portfolio problems that need to be solved in extremely challenging economic times."

The properties were purchased at an average 19% reduction on the valuation of the portfolio at the end of December 2008. AEW Europe decided not to proceed with the purchase of one asset in the portfolio leased to Noon Products in Great Western Industrial Park.

Rob Reiskin, AEW Europe's Head of Investments said "These are assets of outstanding quality that rarely come onto the market and we believe this is an opportune time in the cycle for EPISO to be investing in the UK logistics sector, as there are now signs that the downturn in the British economy is stabilising. As the recovery gathers pace this should quickly feed through into increased activity and higher values for distribution centres like these, which are in the prime west London catchment area with easy access to Heathrow Airport and Central London. "

The value-added/opportunistic EPISO Fund raised €788 million in equity from European institutional investors in 2008 and has so far invested €170 million in 6 transactions, including the Brixton portfolio.

AEW Europe is one of the pre-eminent European real estate investment managers with over 250 professionals operating from 11 offices in Barcelona, Bucharest, Budapest, Düsseldorf, London, Luxembourg, Milan, Paris, Prague, Stockholm, and Warsaw.

AEW Europe together with its U.S. and Singapore affiliates have approximately €30 billion in gross assets under management, are a subsidiary of Natixis Global Asset Management and constitute a broad, well-established network of relationships with property investors, owners, developers and lenders across the globe.

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