

# Lenders show faith in London offices with £235m loan

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Facility secured against 280 Bishopsgate is one of largest single-asset office deals this year



- **What** LBBW and Delancey have provided about £235m in debt secured against 280 Bishopsgate
- **Why** Lenders are willing to back high-quality offices that remain in demand from occupiers
- **What next** The deal will provide comfort to other office owners hunting for financing

LBBW and Delancey have provided about £235m in debt to refinance CBRE Investment Management, Arax Properties and King Street Real Estate's 280 Bishopsgate, *React News* can reveal.

The new financing package is split between a £200m senior loan provided by LBBW and a £35m mezzanine loan provided by Delancey.

The asset was [bought](#) by CBRE Investment Management, Arax Properties and King Street with vacant possession for more than £180m in 2019. It was redeveloped in 2022, achieving a [BREEAM Outstanding](#) rating and is now fully let. The largest occupier of the 275,000 sq ft building is [Baker McKenzie](#), which signed a 15-year prelet for 134,000 sq ft in 2020. Abrdn and Cognizant are also occupiers.

The office was put on the market for [£400m back in 2022](#), reflecting a sub-4% yield, but no deal was concluded.

The successful refinancing will be good news for London office owners facing their own refinancing deadlines this year.

Christina Forrest, EMEA head of value-add funds at CBRE IM, said: “Refinancing risk continues to be significant in the current market. We are therefore delighted that, with our partners King Street Real Estate and Arax Properties, we have been able to secure this refinancing on competitive terms. We received an exceptionally high number of offers for the refinancing from a variety of leading banks and debt funds, which is testament to 280 Bishopsgate’s quality and strong covenants.”

As the world adjusts to changing working patterns, top-quality offices have pulled away from the rest of the pack and are proving easier to refinance.

LBBW also provided a £123m loan to refinance the debt secured against Mirae Asset Global Investments’ [20 Old Bailey](#) earlier this year. Meanwhile, Oxford Properties and Temasek secured £280m for the [Blue Fin](#) building on London’s Bankside.

However, some other assets in the London office market have struggled. For example, Macquarie recently appointed receivers over [Herbal House](#) in Clerkenwell, while Helaba called in receivers at the [Relay Building](#) near Aldgate East.

Martin Farinola, head of real estate debt strategies at Delancey, said the market had created opportunities for lenders who are willing to finance offices.

He said: “An uncertain lending environment has created an opportunity for property-focused investment managers like us to access high-quality real estate at a different point in the capital stack. We see there being continued demand

for grade A+ offices in super-prime locations, such as 280 Bishopsgate, as blue-chip occupiers require best-in-class space that reflects their corporate values and appeals to top-tier talent.”

CBRE Debt & Structured Finance arranged the finance facilities.