

Aldgate secures rare £85m speculative loan for £200m City tower

By James Wallace Paul Norman - Monday, January 21, 2013

Aldgate Developments, a privately-controlled Irish developer and investor, has secured an £85.5m two-and-a-half-year development loan from Helios Capital and GWM Group for the speculative construction of Aldgate Tower in the City of London, CoStar News can reveal.

This is one of the first speculative developments loans since the global financial crisis for the planned 317,000 sq ft, 17-storey tower at 10 Whitechapel High Street with a projected end value of £200m.

Helios has arranged the loan and funded 50%, with the remaining provided funds advised by GWM Capital Advisors, a member of GMW Group. Helios and GWM are understood to have funded the first tranche – at around £10m each – last week, with the balance of the commitment to be drawn by Aldgate on a staggered basis over the construction period.



CoStar News understands that the margin of the development loan is akin to mezzanine pricing, in mid-teens.

GWM Capital Advisors is also understood to have provided around 10% of the equity for the almost £750m sale-and-leaseback of 12 Spire Healthcare hospitals, which was financed with a £400m Standard Chartered five-year senior loan.

With no pre-lets before the spades go into the ground later this month, this speculative construction loan is the first since Eurohypo's circa £80m loan to Argent for the King's Cross scheme, in what proved to be the German lender's last property loan.

Aldgate Developments has retained BNP Paribas Real Estate and Savills to market the scheme.



CoStar News revealed in November 2011 last year that Aldgate Developments had taken control of the Aldgate Tower scheme in the City fringes last year after buying out partner Stanhope's interest, with plans for a £200m, 17-storey Wilkinson Eyre Architects-designed scheme.

Aldgate and Stanhope bought the site from receiver BNP Paribas Real Estate for around £17m in January of 2011.

At the time that the partners placed the site under offer they had entered talks to prelet more than 100,000 sq ft at the 317,000 sq ft scheme to lawyer Trowers & Hamlin.

However, in April of that year, Trowers, advised by Knight Frank, pulled out of the move after deciding the

deadline for moving out of its current offices in 2012 was too tight in the economic climate.

The 317,000 sq ft tower will offer 20,000 sq ft floorplates and will be ready for occupation in mid-2014.

The scheme is the first phase of a wider regeneration of the Aldgate area proposed by Aldgate, which has consent to build a 250,000 sq ft office and retail scheme on the adjacent Beagle House on Braham Street.

That project is proposed as the next phase of development with Aldgate aiming to begin in 2013 with the site ready for occupation in 2015.

However, Stanhope has agreed to sell its stake in the scheme to Aldgate after deciding it did not want to press on with a speculative development.

Aldgate said it was building into a very tight pipeline in 2013 in a market that has very good underlying lease demand.

Lloyds Banking Group appointed BNP Paribas Real Estate as receiver on the former Morgan Stanley Real Estate-owned and Exemplar-managed site in 2010.