

Barclays services £130m Queensgate offices debt

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Barclays has taken on £130m of senior debt from DRC Capital and Cheyne Capital secured against Queensgate Investments' Executive Offices Group.

Queensgate Investments Fund I bought the serviced offices provider in September using a £170m loan from the pair.

The original lenders will now retain 50% each of the £40m of junior debt from the portfolio.

The total loan-to-value ratio across the portfolio of 28 central London assets is 65%. The business was bought from Morgan Stanley Real Estate Fund V and, as well as the 513,700 sq ft of property assets — among which are 53 Davies Street, 2 Eaton Gate, 78 Pall Mall, 33 St James's Square in the West End and 1 Cornhill in the City of London — the purchase also included the serviced offices operating business.

The Barclays deal was carried out by its specialist real estate debt finance team, which is lead by Jason Constable.

Joey Wong Thomas, Queensgate's director and general counsel, said: "We wanted to complete the transaction within a tight timeframe. With that in mind, we decided to work together with DRC and Cheyne to get another party in to take on the senior portion."

Rob Clayton, partner at DRC said: "It was clear that this was financeable in the senior market but not in the desired timeframe, so it was necessary to underwrite it first and then syndicate subsequently."

Ravi Stickney, partner at Cheyne Capital, added: "The opportunity to finance the project necessitated that we had to do the bigger deal up front. The attraction is we end up with the mezzanine piece that we're very happy with."