

KGAL sells office building in London to Obayashi

Grünwald, 14.03.2023 – KGAL Investment Management has sold the office building “60 Gracechurch Street”, with a total lettable space of 11,825 square metres, from one of its closed-end funds. The buyer is Obayashi Properties UK, a wholly owned subsidiary of Obayashi Corporation, one of Japan’s largest construction companies. KGAL’s fund investors were more than satisfied, approving the sale with a 98.5 percent majority.

The office block “60 Gracechurch Street” was built in 1997 on a prominent site within the financial district of the City of London. The building was extensively modernised in 2010 before KGAL acquired it for one of its closed-end real estate funds. With the regular fund term ending in 2025, KGAL began to explore the sale of the fully let property last year. The forward-looking work of KGAL’s asset management team included the creation of an initial feasibility study for a new high rise development of more than 30 storeys, which was prepared by renowned architects, PLP. This study helped show buyers the potential for the redevelopment of the site which sits adjacent to the ‘Tower Cluster’ in the City of London, and the prospect to create substantially more floor area than the existing asset provides.

“With a targeted approach, our transaction management team found the right buyer in Obayashi Properties UK, who recognised the potential of ‘60 Gracechurch Street’,” explains André Zucker, Managing Director of KGAL Investment Management. “With this transaction, we once again prove how important in-house expertise and active asset management are in the real estate business”.

“Obayashi is delighted to have been able to work with KGAL to have successfully completed this transaction. For us it presents the opportunity in the City we have been seeking to fulfil our strategic business plan,” said Obayashi Properties UK Director Yoshifumi Yamamoto.

KGAL were advised by Cushman & Wakefield and BCLP, Obayashi were supported by CBRE, Linklaters and Ernst & Young.

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About KGAL

KGAL is a leading independent investment and asset manager with a managed investment volume of more than 16 billion euros. The focus of its investments is on long-term real capital investments for institutional and private investors in Real Estate, Sustainable Infrastructure and Aviation. The pan-European group was founded 55 years ago and is headquartered in Grünwald near Munich. 353 employees contribute to achieving sustainably stable earnings, taking into account return and risk aspects (as of 31 December 2022).

About Obayashi Corporation

Obayashi Properties UK Ltd activity is property investment. It is a wholly owned subsidiary of Obayashi Corporation, a publicly listed Japan based international contractor with a combined revenue of circa USD17bn and a property portfolio of circa USD4bn. Operating from sixteen countries Obayashi's strategic goals are construction, real estate investment and renewable energy.

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