

Listed propcos face takeover bids on back of Brexit slump

30 June 2016 | By [Richard Williams](#)

Cash-rich overseas investors are preparing hostile takeover bids of listed UK property companies after share prices slumped following the Brexit vote.



Source: [Shutterstock/Andrew Linscott](#)

Property Week has been informed of at least one Middle Eastern consortium looking to take advantage of a drop-off in the value of listed property company shares and the fall in the pound.

The Middle Eastern consortium is being fronted by 3 Associates Capital and is on behalf of four parties.

The pooled fund is said to be mobilising capital and in discussions with financial advisers about preparing a formal bid.

It has a hit list of second-tier listed property companies.

“Why buy a portfolio when you can buy a company?”

“This is a big opportunity to buy companies, not just shares in companies,” said a source familiar with the plans.

“Why spend hundreds of millions of pounds building up a portfolio in London when you can buy a company for the same price? That’s the smart play right now.”

Other parties, including US and Canadian pension funds, are also thought to be lining up bids for property companies.

The share prices of companies with significant exposure to the London market have been hit the hardest since the referendum.



Source: [Shutterstock/Hxdbzxy](#)

Last Friday, Derwent London was the worst-hit real estate investment trust (REIT), closing down 24%, but others were not too far behind. Great Portland Estates dropped 22%, while British Land, Helical Bar and St Modwen all fell by 19%.

The rout continued on Monday as companies including British Land, Derwent, Great Portland and Workspace suffered further double-digit declines before recovering some of the lost ground on Tuesday and Wednesday.

The upshot is that much of the listed sector is now trading at significant double-digit discounts to gross asset value, giving investors a potential opportunity to gain exposure to UK property at a large discount to the most recent valuations in the direct property market.

Foreign investors are also able to take advantage of the weakness of the pound, which hit a 31-year low against the dollar on Monday.

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