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Index No. 452564/2022 (AFE)

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JAN 26, 2017

Sale of Iconic Manhattan High-Rise Exceeds \$1B

by Gail Kalinoksi

GIC, Singapore's sovereign wealth fund, has acquired a majority stake in the 60 Wall St. office tower, which serves as the North American headquarters of Deutsche Bank.

New York City—GIC, Singapore's sovereign wealth fund, is the new majority owner of 60 Wall St., the 47-story building in Manhattan's Financial District that is Deutsche Bank North American headquarters. The global investment firm paid a little over \$1 billion for the 95 percent stake in the 1.6 million-square-foot office tower in a deal with Paramount Group and Morgan Stanley that values the Class A tower at \$1.1 billion, or \$640 per square foot.

That's down from the \$730 per square foot the tower traded at in June 2007 when Paramount and Morgan Stanley acquired the building from Deutsche Asset & Wealth Management in a sale-leaseback deal, according to Yardi Matrix data. At that time, the two firms paid \$1.2 billion for the building with Paramount owning 62.3 percent and Morgan Stanley taking a 37.7 percent share. The announcement this week noted that Paramount most recently "managed and owned approximately 5 percent of the property through its ownership in certain private equity funds."

Prior to the June 2007 transaction, 60 Wall St. was sold in November 2001 for \$609 million to Deutsche Asset & Management by JP Morgan Asset Management.

Under the new joint venture with GIC, Paramount will maintain a 5 percent stake and continue to serve as the property's manager.

"We believe GIC's commitment to 60 Wall Street is reflective of its confidence in Paramount's management team and the strength of the New York City real estate market," Albert Behler, chairman, CEO & president of Paramount, said in a prepared statement.

In connection with the acquisition, the joint venture completed a \$575 million financing of the trophy tower. The LEED Silver certified building was constructed between 1987 and 1989 and was renovated in 2012. Renovations included the installation of solar panels (<https://www.cpexecutive.com/post/deutsche-banks-nyc-hq-gets-record-setting-solar-array/>) on the roof. The 122.4 kW solar photovoltaic array was the largest in Manhattan at that time.

While Deutsche Bank is the sole office tenant, the property also comprises 10,000 square feet of ground-floor retail.

"This investment reflects our long-term confidence in Downtown Manhattan, which is benefitting from over \$30 billion of recent public and private investments in infrastructure and new construction," Adam Gallistel, regional head of Americas, GIC, said in prepared remarks. "We believe 60 Wall Street is one of the top buildings in downtown and is poised to benefit from the ongoing downtown renaissance. We are also very happy to expand our partnership with Paramount, which is among the leading owners, operators and managers of Class A office properties in the U.S."

Established in 1981, GIC has more than \$100 billion under management. The fund manages Singapore's foreign reserves and has investments in a wide range of asset classes, including real estate, private equity, equities and fixed income in more than 40 countries.

The firm has been active in recent years in the United States, making one of the largest industrial property transactions in December 2014, when it bought IndCor Properties (<https://www.cpexecutive.com/post/blackstone-sells-indcor-properties-to-gic-for-8b/>) from Blackstone for \$8.1 billion. Soon after, it sold a 55 percent stake in IndCor to GLP, a Singapore-based provider of logistics facilities for an undisclosed amount. Also in 2014, GIC partnered with a group of investors to acquire the 1.1 million square feet of office space at Manhattan's Time Warner Center for \$1.3 billion. That same year, GIC joined with PSP Investments and the



60 Wall St. in NYC

THE REAL DEAL

NEW YORK CITY REAL ESTATE NEWS

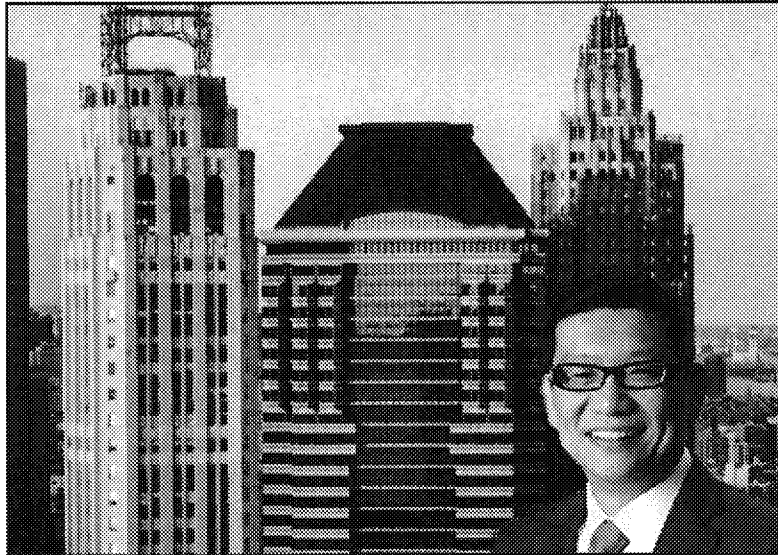
GIC closes on 95% stake in 60 Wall in \$1.1B deal

Singaporean fund scored \$575M loan to buy majority of Deutsche's HQ

January 24, 2017 03:50PM

By Mark Maurer and Gabrielle Paluch

« PREVIOUS NEXT »



60 Wall Street and GIC's Lim Chow Kiat (Credit: Paramount Group)

UPDATED, 10:14 a.m., Jan. 25: Singaporean sovereign wealth fund GIC closed Tuesday on the purchase of a 95 percent stake in the 50-story office tower at 60 Wall Street from Paramount Group and Morgan Stanley, sources told *The Real Deal*.

The deal, which values the Deutsche Bank headquarters at \$1.1 billion, marks 2017's first sale involving a billion-dollar trophy office tower in the city.

The price of the majority stake was \$1.04 billion. As a result of the deal, Paramount will retain a 5 percent stake and Morgan Stanley was bought out, Paramount confirmed.

Aareal Capital provided a \$575 million acquisition loan, Commercial Mortgage Alert reported. The previous loan on the property was a \$925 million mortgage that Deutsche Bank provided for Paramount and Morgan Stanley in 2007, property records show.

GIC, which owns a piece of the Time Warner Center, entered contract in November.

HFF's Andrew Scandalios, who brokered the deal, declined to comment. Representatives for Morgan Stanley and GIC did not immediately respond to requests for comment.

Deutsche Bank leases the 1.6 million-square-foot property as part of a 2007 sale-leaseback deal with Paramount and Morgan Stanley. There are about six years remaining on the bank's lease. The 50-story tower was built in 1988 for JPMorgan and sold in 2001 for \$610 million as part of the bank's merger with Chase Manhattan.

There are several trophy buildings on the market at the moment – either a partial or full stake. Those include One Worldwide Plaza, 245 Park Avenue and a stake in Brookfield Place.

Tags: 60 wall street, Morgan Stanley, paramount group

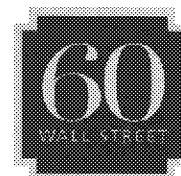
60 Wall Street, New York



Originally designed in 1989 by Kevin Roche John Dinkeloo & Associates, 60 Wall Street is one of the Financial District's finest Class-A office towers. This 1.6 million square foot, 47-story office building is located just steps from the New York Stock Exchange. It offers entrances to its impressive, two-story pedestrian retail arcade on both Wall and Pine Streets. The tower has excellent light and offers spectacular panoramic views from its upper floors.

FEATURES

- Floor sizes range from 31,000 to 61,000 square feet
- 24-hour, seven day access/security
- 26 state-of-the-art passenger elevators and three freight elevators; 14 escalators
- State-of-the-art building systems
- Eight corner offices per floor
- Executive dining rooms, meeting rooms and kitchens
- Ground-level retail shops



CONTACT INFORMATION

For leasing information, please contact:

Peter Brindley

Ted Koltis



NEWS



NYC's 60 Wall Sells for \$1.2B in Sale-Leaseback

Paramount Group Buys 47-Story Tower from Deutsche Bank

By Jillian Ambroz
May 9, 2007



Another corporate seller is taking advantage of the white-hot investment market. Deutsche Bank (NYSE: DB) has agreed to sell and lease back its North American headquarters tower at 60 Wall St. in Lower Manhattan for nearly double what it acquired the property for six years ago. Paramount Group Inc. will pay nearly \$1.2 billion for the 47-story Class A building.

As part of the deal, Deutsche Bank signed a 15-year lease for the entire 1.6 million-square-foot office building. The bank does not plan to adjust the number of employees at the site, it said in a statement.

Deutsche Bank's Commercial Real Estate Group has agreed to provide financing to Paramount for the deal. Details could not be learned.

The tower was developed in 1988. Deutsche Bank paid \$610 million or \$372.90 per square foot to acquire the property from JPMorgan Chase & Co. in 2001.

The property includes 20,000 square feet of retail space and a private underground parking garage.

The building is known in the area for its four-story atrium on Wall Street, an enclosed half-acre park complete with waterfalls, seating areas and lush plantings.

Deutsche Bank Securities Inc. served as advisor to the bank and CB Richard Ellis served as its real estate consultant.

For more information, please refer to CoStar Comp #1298751.



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Trophy sale at 60 Wall St.



A majority, but passive, investment stake in the trophy office building at 60 Wall St. is up for grabs. Yet despite longer renewal options, its tenant, Deutsche Bank, is only on the hook for six more years.

Deutsche leases the building under a 2007 sale-leaseback deal with Paramount Group and a Morgan Stanley fund for \$1.2 billion at the top of the market. But the 1.6-million-square-foot tower may only be worth that same figure now due to the deal structure, market competition and the future of the bank's occupancy. The pricing would equate to \$750 per square foot — still a hefty figure but half of what newer buildings have been garnering in Midtown.

HFF investment guru **Andrew Scandalios** has been hired to sell the stakes.

According to Real Estate Alert, Paramount owns 62.3 percent and would sell a portion of its stake but remain as general partner — putting the kibosh on a deal with competi-

tive owners and repositioning specialists.

On the other hand, the Morgan Stanley Real Estate Special Situations Fund III would sell its entire 37.7 percent minority stake, making it attractive to other passive funds.

REA says net operating income will be \$66 million this year, or just over \$41 per square foot. Despite an assessment cut of \$16 million in 2015 and solar credits, because of the city's quirky transitional assessments, the owners will still pay \$1 million more in property taxes in 2016-2017, with a total of about \$20.5 million, or \$12 a square foot.

Deutsche leased it back until June 5, 2022, as its North American Headquarters, and a lease memo revealed it also has five 5-year renewal options. Deutsche may also have an option to give up some of its floors next year.

The lease also contains the "right of first offer" to purchase the building. It is unclear whether the struggling Deutsche would pay a premium to regain control (which is unlikely) — or buy to flip to another operator.

Meanwhile, Deutsche has

its own internal issues, including a \$55 billion fine for overvaluing derivatives and a newly revealed \$10 billion Russian trading desk issue.

Developed in 1988 for JP-Morgan, the 50-story tower bounded by Wall, Pine, Pearl and William streets was sold right after 9/11 for just \$610 million as part of its merger with Chase Manhattan.

The parties either declined comment or could not be reached. Stay tuned.

End note: Walk through the lower level of the Westfield World Trade shopping area inside the Calatrava-designed Oculus, find a certain spot to the southeast and then gaze up and west. Here the top of One

World Trade appears within in the Wedge of Light window.

Was that planned?

"No. Serendipitous," said **Christopher Ward**, former executive director

of the Port Authority

and now with AECOM, at

Westfield's Eatery bash. Later,

after sunset, walk outside

along the newly opened plazas

and marvel at the huge curved

symphony-hall-like windows

below the soaring points. The

Calatravasaurus has earned its

\$4 billion wings.

Lois@BetweenTheBricks.com

More Between
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Spark off to Bryant Park

Spark Labs is moving — and quadrupling in size — from Union Square to Bryant Park.

Founded by **Christophe Garnier**, a Frenchman with 17 years of startup and tech experience both abroad and in San Francisco, the member workspace focuses on mostly non-US tech firms that want collaborative support within a more familiar culture.

The new 20,000-square-foot space that will open later this fall comprises the entire 14th floor of Thor Equities' 25 W. 39 St. **Dan Harroch** of Thor Retail Advisors represented Spark Labs in the 15-year deal with an asking

rent of \$67 per square foot

ing White Star Capital, Rubicon Venture Capital and FirstMark Capital.

These are not just startups, says Garnier about his members, explaining that typically, the companies are already successful in their home countries and cities. Along with Los Angeles and San Francisco, "They are coming from Europe, they are coming from Asia and they are coming from Israel," Garnier said.

While space runs from \$550 per month for two desks to \$15,000 for a more private spot for 22 employees, Spark Labs' partnerships with IBM, Amazon Web Services and Salesforce for Startups are also providing tech

Square Feet Tenant	Lease Terms
TOTAL OCCUPIED OFFICE SPACE SQ.FT.:	1,083,111
TOTAL VACANT OFFICE SQ.FT.:	34,624
TOTAL OFFICE SQ.FT.:	<u>1,117,735</u>

40 Wall

OFFICE SF 0.00 *
 RETAIL 1,117,735.00 *
 46,551.00 *
 1,164,286.00 *

1,164,286.00 x
 #) SF 750. =
 873,214,500.00 *

↳ VALUE

RETAIL SPACE

Unit No	Floor No	Square Feet
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RETAIL SQ. FOOTAGE

Occupied Sq. Ft.:	43,850.00
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Vacant Sq. Ft.:	2,691.00
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Total Sq. Ft.:	<u>46,541.00</u>
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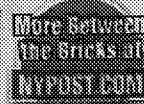
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→ VACANT

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