

AMR Corp. seeks to sell luxury London townhome

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American Airlines parent AMR Corp. will ask a bankruptcy judge on Wednesday for authority to sell for \$22.8 million a luxury London "townhome" that company employees said has been a symbol of executive privilege and excess for more than a decade, officials said.

American spokesmen said the six-bedroom, six-bathroom, 5,242-square-foot townhome in London's ritzy Kensington district has been owned by the company for nearly 20 years.

AMR has entered into a purchase agreement with CG Property Nominees Ltd. of London for the sale of the property at 16 Cottesmore Gardens, Kensington, London, court documents show.

If approved by U.S. Bankruptcy Judge Sean Lane, the sale's proceeds would benefit creditors of AMR's estate, officials said.

AMR hired the London realty firm of John D. Wood & Co. in July to market and solicit offers on the townhome, which drew interest from 37 prospective buyers and received offers from four, including CG Property, which offered an all-cash proposal, court documents say.

"It's a very popular area of Kensington, and it does demand the (sale price) level we value it at," said Guy Kelsey, a sales associate at John D. Wood & Co., in a telephone interview.

AMR spokesman Sean Collins said the company has owned the London property since the early-1990s.

"We are pleased with the proposed sale price of the London property, which is consistent with the appraised value of the property," Collins said. "The proposed cash sale will enable American to realize immediate funds that will increase the pool of assets available for our creditors."

Reaction among American's unions was swift.

James Little, president of the Transport Workers Union International, which represents about 5,000 workers at the company's Tulsa maintenance base, said it has been outrageous for American executives to be living in such a residence when American workers are being laid off and are losing their homes.

"American Airlines would have been Marie Antoinette's favorite airline," Little said. "The sale of this asset is a step in the right direction and long overdue. This should have happened before the company entered bankruptcy. Workers, investors and customers are tired of executives living high on the hog while everyone else sacrifices."

Michael Boyd, chairman of Boyd Group International, an airline analyst in Evergreen, Colo., questioned why American needed a townhome in London.

"A corporation has no business buying that kind of stuff - at the time they bought it, American wasn't even a player in London," Boyd said. "They had two flights a day in London. It's really a blot on their reputation."

Gregg Overman, spokesman for American's Allied Pilots Association, called the townhome "nice work if you can get it."

"It has the appearance of excess about it," Overman said.

Fred Russell, CEO of Fredric E. Russell Investment Management Co. in Tulsa, said a 5,242-square-foot townhome requires a sizable staff.

"You need a half a dozen people to maintain the place, a manager to oversee them, comprehensive insurance, continuous care to make sure the furnishings, painting, heating and air conditioning are in order," Russell said. "The house is considered a perk, but in corporate America this happens so often that it cannot be called a perk but something that's in the ordinary course of doing business."

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The townhome (left) in London's Kensington district has been owned by American Airlines for nearly 20 years. Courtesy