

Buying significantly below replacement cost with opportunities to enhance returns

We said

“We acquired this first class property, let off low rents, at a price significantly below replacement cost providing numerous opportunities for us to drive returns. In the medium-term this sub-market is set to improve through major transport infrastructure investment such as Crossrail.”

Ben Chambers Investment Director



In October 2011, together with our joint venture partner BP Pension Fund, we purchased 200 & 214 Gray's Inn Road, a Grade A office building for £133 million in a strongly improving Midtown location.

Next steps

Through targeted capital expenditure we will be upgrading the reception area and common parts to enhance tenant appeal. In addition, with 20,000 sq ft of space on the first floor due to be vacated later this year, as anticipated in our purchase business plan, we are well positioned to re-let this space and demonstrate the rental upside in this property.

Our partner said

“We are delighted to be expanding our Great Ropemaker Partnership with GPE, who identified this purchase, negotiated an attractive entry price and expeditiously secured debt funding to enhance our investment returns, all in very challenging market conditions.”

Tim Hayne, Head of Property, BP Pension Fund



A compelling investment on the outside...



Well designed building

- Norman Foster designed
- Built in 1991 and in excellent condition

Attractive entry price

- £455 per sq ft, significantly below estimated replacement cost of approximately £700 per sq ft
- Net initial yield of 6.4%

Exploited market conditions

- Moved quickly to capitalise on challenging market conditions
- Purchase initially all equity funded by the partnership

Strong and improving location

- Supply constrained Midtown location
- Transport improvements with Crossrail and Thameslink upgrade

...and equally attractive on the inside



Superb specification

- Excellent 28,000 sq ft floor plates
- High floor to ceilings and large galleried atrium
- High power supply supports media tenants

Asset management angles

- Lease expiry profile provides opportunities to enhance the already strong tenant mix and crystallise reversionary potential

Risk sharing

- Concentration risk shared with an existing joint venture partner
- GPE equity commitment of £33 million

Return enhancement

- £73 million of new seven year debt funding secured at all-in rate of 4.5%
- Cash on cash yield on our equity investment of 8.4%