

Press Release



23 May 2024

GPE acquires West End Flex conversion opportunity at The Courtyard, WC1

Great Portland Estates plc (GPE) is delighted to announce a property swap with the City of London Corporation (CLC). GPE has exchanged contracts to acquire the long leasehold interest at The Courtyard, 1/3 Alfred Place, WC1 for £28.6 million, or £462 per sq ft and the simultaneous sale of its short leasehold interest in 95/96 New Bond Street, W1 to CLC for £18.23 million, or £2,039 per sq ft and in-line with the March '24 valuation. GPE will make a net cash payment to CLC of £10.4 million on completion in January 2025.

The Courtyard comprises 62,000 sq ft of vacant office and partially let retail space, which GPE will substantially refurbish to deliver its Fully Managed offer, providing best-in-class workspaces with high quality customer amenities, a large roof terrace and re-configured modern retail space. GPE's refurbishment of The Courtyard is planned to start in Q4 2025 with c.£62 million of investment. The building is expected to deliver £8.0 million of Fully Managed rent roll annually (and £4.9 million NOI, after opex) with a further £1.0 million from the retail space, generating a running yield in excess of 6% and an ungeared IRR of 11%+.

The Courtyard is in a prime West End location, within walking distance of the Elizabeth line station at Tottenham Court Road and is opposite to GPE's 31/34 Alfred Place, which is currently under refurbishment to create 41,700 sq ft of Grade A Fully Managed space for delivery in Q4 2024. Together they will form a cluster of Fully Managed buildings (totalling 103,700 sq ft) in this vibrant location, providing greater choice for customers and operational efficiencies for GPE.

James Harrop-Griffiths, Investment Manager, commented: "This transaction represents a unique opportunity to recycle capital from a low-yielding retail asset into a fantastic office development opportunity for our Fully Managed business plan. The Courtyard is a well-located building, that's full of character, and is perfectly suited to our Fully Managed offer. We are creating a 'Flex cluster' within an already popular area of the West End as we advance towards our ambition to grow our Flex portfolio to more than 1 million sq ft."

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