



## Unlocking potential by crystallising development profits

**The sale pre-completion of our prime office scheme at 12/14 New Fetter Lane, EC4 crystallised the significant value created through our development and leasing activities.**

In May 2013, we committed to build our 142,500 sq ft development in the heart of Midtown having secured an attractive planning permission, re-gearred the headlease with the City Corporation and significantly de-risked the development through pre-letting the entire scheme to law firm Bird & Bird for 20 years at an annual rent of £8.3 million.

With the construction works progressing on time and on budget under a fixed price contract, we sold our 151 year leasehold interest to TIAA-CREF in December 2014, taking advantage of strong investment market conditions. The purchaser acquired the site from GPE for £96.3 million and is now funding all development costs up to maximum of £165.8 million, reflecting a yield of 4.5%. We also expect to receive a final payment of around £5.0 million on practical completion in late 2015.

The sale crystallised a return on capital since committing to the development of 82.7% and an unlevered IRR of 55.1%.

### Profitable development

Although we sold a partly constructed building, we will deliver a prime, 100% let office scheme to the purchaser later this year having already crystallised material surpluses for our shareholders.



“This sale continues our strategy of recycling capital out of assets where we have created significant value and back into our exciting development programme.”

**Ben Chambers**, Investment Director, GPE

“On behalf of TIAA-CREF, we are extremely pleased to enter this partnership with one of the UK's best developers.”

**Geoff Harris**, Head of Development, TH Real Estate