

RATHBONE SQUARE, W1

Creating special spaces

Our purchase of Rathbone Square, W1 in late summer 2011 started a process to regenerate an underutilised industrial site in the heart of the West End into a unique, mixed-use scheme around a new garden square. This culminated with the sale of the commercial element of the scheme in early 2017 for £435.0 million, with the profit of £110.0 million returned to shareholders by a special dividend in May.

Rathbone Square, W1 is a large mixed-use development situated at the eastern end of Oxford Street comprising 242,800 sq ft of offices, 151,700 sq ft of apartments and 25,200 sq ft of retail space. Having obtained an attractive planning permission and commenced construction in early 2014, we pre-sold the vast majority of the residential units in summer 2014 and today only two of the 142 apartments remain available. A year later, we secured one of the largest ever lettings in the West End with the pre-let of the entirety of the offices to Facebook on a 15 year term (without break) at an annual rent of £17.8 million.

With 91% of the scheme pre-let or pre-sold generating significant value, we crystallised the surplus through a sale of the freehold to Deka, in February 2017, for a headline price of £435.0 million, representing a 4.25% net initial yield.

The sale reduced the Group's financial leverage to a level where, when applying our usual financial discipline, we considered that we had surplus equity capital. As a result, in April 2017 we declared a special dividend of £110 million, representing approximately the whole life profit we had made from the scheme.

Looking ahead, having now handed over the offices to Facebook, our focus is on completing the retail units around the garden square and delivering the apartments to the off-plan purchasers.



Before the development of the site, Rathbone Square was a postal sorting office on an underutilised site in the heart of the West End. Our activities have transformed the site, breathing new life into the local area.



What they say...

"Rathbone Square is an outstanding mixed-use development and the quality of the real estate is testament to GPE's ability to develop a best in class scheme, the successful disposal of which was a result of a long standing association with Deka."

Deka Immobilien

What we say...

"The successful sale of our largest ever development at Rathbone Square crystallised approximately £110 million of profit which is being returned to our shareholders by a special dividend."

Martin Leighton, Head of Corporate Finance