

Crystallising profits

Investment Management

Building case study:
208/222 Regent Street, W1

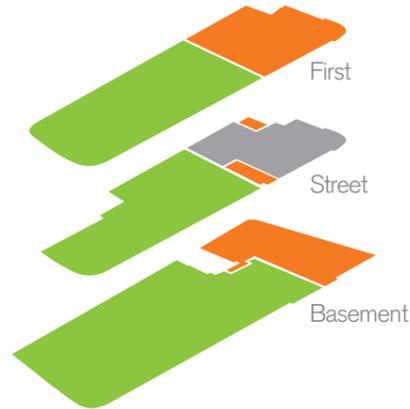
Recycling capital following a well timed purchase, restructuring of the ownership, repositioning and letting of the space.

Held in joint venture with Liverpool Victoria Friendly Society, 208/222 Regent Street, W1 is an excellent example of the crystallisation of profits from investment and asset management. After purchase we worked with the freeholder, The Crown Estate, to restructure our headlease. This then enabled us to reconfigure the building to suit retailer demand in this improving street and create an institutional grade asset. The three new flagship stores were let during the construction period and we concluded the sale of this iconic building during the financial year for £96.6 million giving a post tax return of 46%.

Retail areas
vacated and three
new shops created
Cost £6.6 million
2006–2007

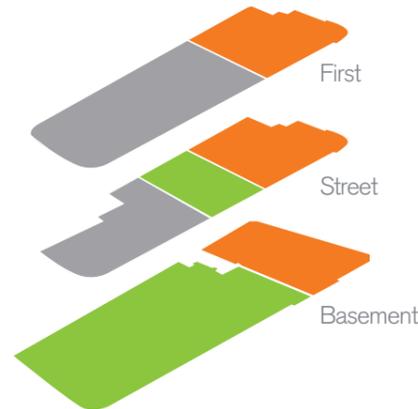
Before

Three awkward spaces unsuitable for today's retailers.



After

Spaces repositioned into three coherent, balanced retail stores to suit demand.



Premium paid
Cost £6.0 million
April 2005

Before

- 46 year headlease
- Ground rent of 17% of all rents
- No structural alterations

After

- 125 year headlease
- Ground rent of 15% of retail rents only
- Reconfiguration allowed



1 Bought
£53.7m

April 2005

208/222 Regent Street, W1

5 Sold
£96.6m

June 2008

Fully let
June 2007

New tenants

COS

Dezigual®



“This was one of the few buildings we purchased in open competition, seeing inherent value in the pitch and an opportunity to significantly improve the asset. The finished product was sold at a premium yield of 4.3%.”

Ben Chambers Investment Manager