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Old Street roundabout to turn into 'Olympic gateway'

■ Offshore investment vehicle to develop 700,000 sq ft mixed-use scheme on £64m City fringe site

BY DANIEL THOMAS

A MIXED-USE MASTERPLAN IS BEING drawn up for the area around London's Old Street roundabout in an attempt to form a gateway to the city's 2012 Olympic Games.

Fusion Gold, an offshore vehicle for a group of London-based investors, has bought a 2.8 acre (1.1 ha) site at 183-213 Old Street for around £64m from Frogmore Property with plans to develop a residential and commercial scheme of more than 700,000 sq ft (65,031 sq m).

The site is home to two blocks that

total 268,000 sq ft (24,897 sq m) of offices and shops. The 214,000 sq ft (19,881 sq m) of offices in the two buildings is let to BT on leases that expire in 2008 and 2009, although it is mostly sublet to other occupiers.

Frogmore bought the site in March 2004 for £45m from Nick Leslau's Prestbury at a yield of 5%.

Fusion Gold will take forward the existing plans on the building. Architect Hamiltons has drawn up a scheme that is centred on two tower blocks that will include offices, retail, residential and a hotel.

The site will be available for development in two phases. The

office blocks can be redeveloped first, while the 58,000 sq ft (5,388 sq m) of retail – let to Somerfield, Superdrug, Peacocks – is on longer leases and would provide income while the first phase was developed.

The scheme is part of a wider redevelopment of the area. Islington Council is understood to want several tall buildings around the roundabout, which it sees as a gateway to the Olympics site further east from the City and West End.

As part of the plans, Old Street Tube station could be refurbished and the roundabout could be removed altogether for the

creation of a different road layout.

Eric Roseman, director at Frogmore, said the plans had been received positively by the planners although an application had not been submitted.

He said: 'It is a nodal gateway. There is the desire to see something of substance on the site to link with the wider possible reworking of the roundabout. It is a great site but the sale has been prompted by the disposal of our assets to concentrate on our fund business.'

Michael Elliott and Savills advised Fusion Gold; CBGA and Colliers CRE advised Frogmore.