

Preliminary Results 2014

# Unlocking potential

GREAT  
PORTLAND  
ESTATES

**95 Wigmore Street**

- 7 Bridgepoint
- 6 Bridgepoint
- 5 Bridgepoint
- 4 12,890 sqft
- 3 Lane Clark & Peacock LLP
- 2 Lane Clark & Peacock LLP
- 1 Lane Clark & Peacock LLP

# Agenda



## Introduction

**Toby Courtauld, Chief Executive**

Financial Results

**Nick Sanderson, Finance Director**

Market  
Disposals & Acquisitions

**Toby Courtauld, Chief Executive**

Asset Management  
Development

**Neil Thompson, Portfolio Director**

Outlook

**Toby Courtauld, Chief Executive**

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# Strong Results



To March 2014	12 months	H1	H2
Property Valuation <sup>1</sup>	<b>+18.7%</b>	+6.7%	+11.1% Q4 +5.1%
<i>Developments<sup>1</sup></i>	<b>+31.4%</b>	+15.8%	+15.6% Q4 +7.5%
Portfolio ERV movement <sup>1</sup>	<b>+8.2%</b>	+3.6%	+4.1% Q4 +3.0%
Total Property Return	<b>+22.5%</b>	+8.3%	+13.2% Q4 +5.9%
NAV per share	<b>+27.6%</b>	+9.2%	+16.8% Q4 +8.0%

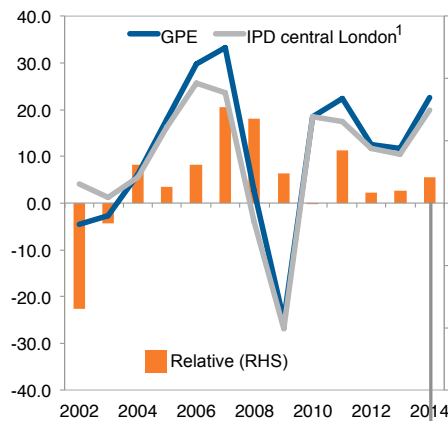
1. Like-for-like, including share of joint ventures

2

## Outperforming Relative returns vs IPD

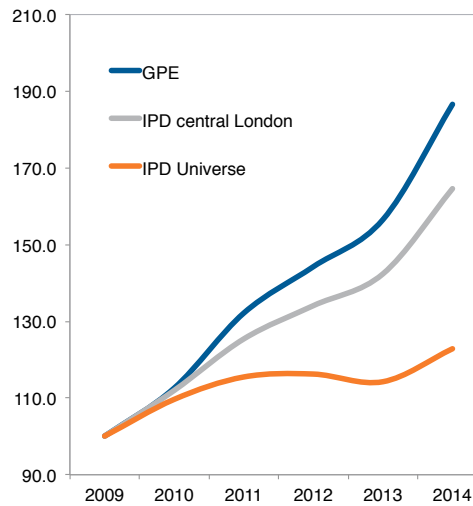


Total Property Return (% Years to March)



	GPE	IPD	Relative
Total return	22.5%	20.0%	+2.1%
Capital return	19.2%	15.6%	+3.1%

Capital Return Index



1. Central and Inner London Properties: 2002-2008 quarterly valued properties, 2009 to present all March Valued Properties

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## Successful Strategy is Delivering



### 1. Significant development profits

- Completed 3 schemes
  - 72% let
  - 53% profit on cost
- 760,000 sq ft of planning permissions
- 2 schemes on site
  - 69% pre-let
  - 41% profit on cost
- 7 near term projects
  - Inc. consented Rathbone Square, W1
  - 828,100 sq ft; 83% West End
- 13 schemes medium & longer term
- 22 scheme total programme
  - 2.2m sq ft; 77% West End
  - Platform into 2020s

### 3. Accretive recycling

- £269m<sup>4</sup> sold
  - 2.3% NIY
  - 9.5% > book value
- £90m acquired
  - Adding to east end Oxford St

### 2. Record leasing year

- £25.9m<sup>1</sup> pa rent in 84 lettings
  - 3.7%<sup>2</sup> > March 2013 ERV (4.2% ex pre-lets)
- Rental income ↑ 22%
- Rental values ↑ 8.2% vs market<sup>3</sup> @ 6.7%
- Portfolio reversion ↑ to 22.6% (March 2013: 12.3%)
- Since year end, £3.3m pa signed
  - Further £3.1m<sup>1</sup> pa under offer
  - 4.3% > March 14 ERV

### 4. Financial position as strong as ever

- Avg. interest rate ↓ to 3.5%
- 98% fixed or hedged
- LTV ↓ to 25.1%<sup>5</sup>
- Cash / facilities ↑ to £508m = capacity for expansion

**Strong performance: Great shape**

1 100% 2 Market lettings i.e. excluding short term lets ahead of development 3. IPD central & inner London 4. GPE share  
5. Pro forma for remaining deferred consideration due on sell down of 100 Bishopsgate, EC2

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## A significant opportunity



<b>Supportive market</b>	- Rents rising
<b>Well-timed developments</b>	- Material surpluses
<b>Investment portfolio potential</b>	- Primed for growth
<b>Disciplined recycling</b>	- Profits
<b>Financial strength</b>	- Exploit the opportunity

**Maximising organic growth: Investing in our portfolio**

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## Financial Highlights



Balance Sheet	March 14	March 13	Change
Portfolio value <sup>1</sup>	£2,678.1m	£2,328.7m	+18.7% <sup>2</sup>
EPRA NAV per share <sup>3</sup>	569p	446p	+27.6%
EPRA NNAV per share <sup>3</sup>	550p	434p	+26.7%
Loan-to-property value	25.1% <sup>4</sup>	32.7%	-7.6pps

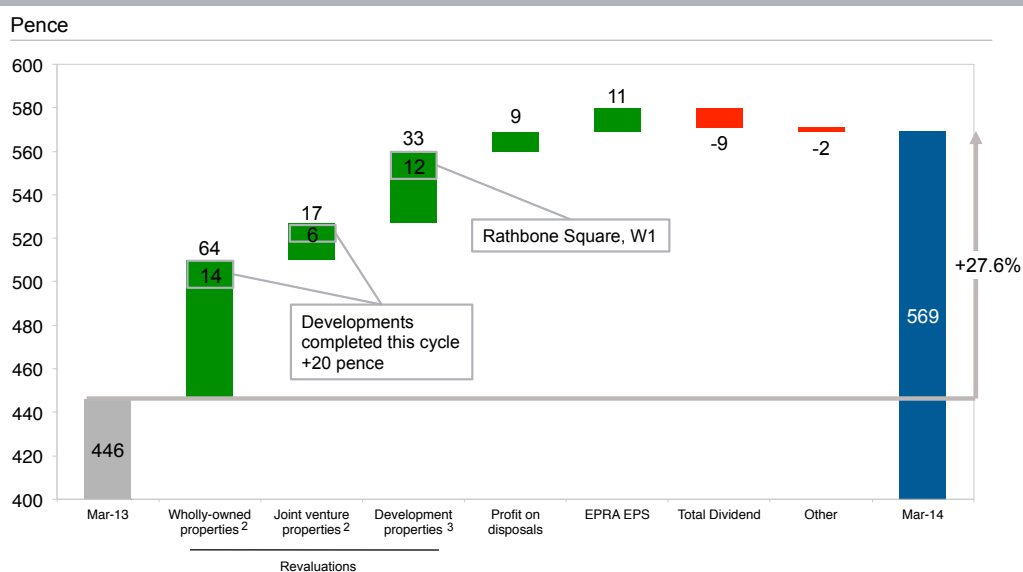
  

Income Statement	March 14	March 13	Change
EPRA PBT	£38.4m	£22.2m	+73.0%
EPRA EPS <sup>3</sup>	11.0p	6.9p	+59.4%
Dividend per share	8.8p	8.6p	+2.3%

1. Including share of JVs 2. Like-for-like change 3. On a diluted basis 4. Pro forma for remaining deferred consideration due on sell down of 100 Bishopgate, EC2 7

## EPRA NAV per share<sup>1</sup>

Movement since 31 March 2013

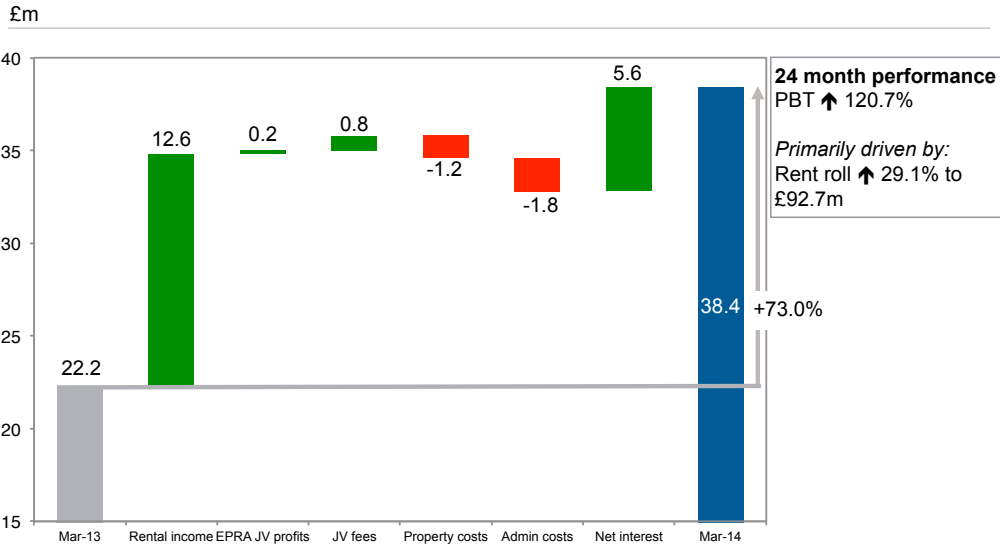


1. Adjusted per EPRA guidance 2. Investment portfolio 3. Wholly-owned and joint venture

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# EPRA Profit Before Tax<sup>1</sup>

Year to March 2014

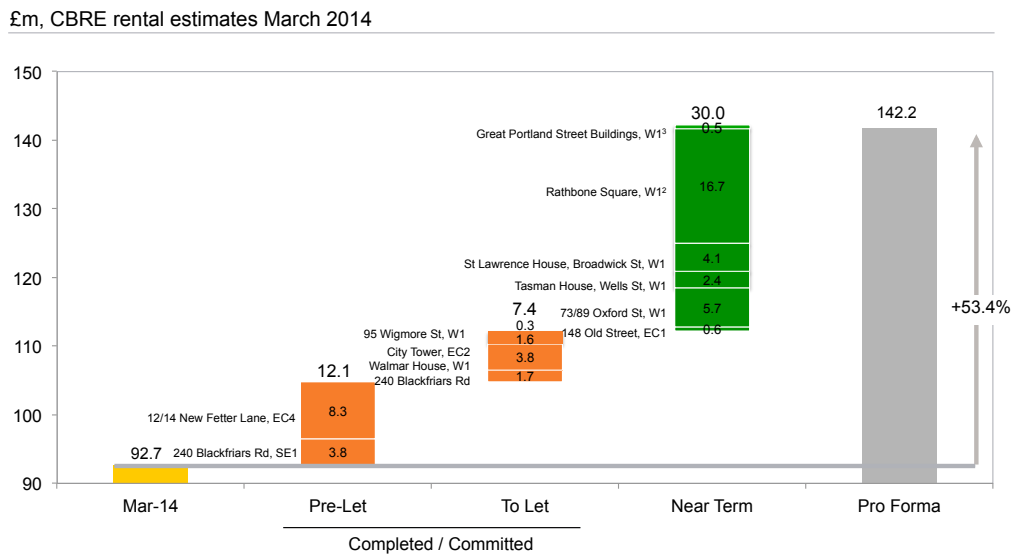


1. Adjusted per EPRA guidance

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# Potential Additional Rent Roll<sup>1</sup>

From completed / committed / near term developments



1. Includes share of JVs, net of current rent roll from space 2. Commercial space only 3. Three residential off-set schemes on Great Portland Street

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## Income Statement

### Near Term Trends



#### Growth drivers:

- Development leasing, including:
  - 240 Blackfriars Road, SE1
  - Walmar House, W1
  - City Tower, EC2
- Growing reversionary upside to capture

#### Offsetting factors:

- Lease terminations ahead of developments, including:
  - 73/89 Oxford Street, W1
  - St Lawrence House, W1
- Lower JV fees
- Recycling activity

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## Debt Analysis

### Low cost, conservative leverage



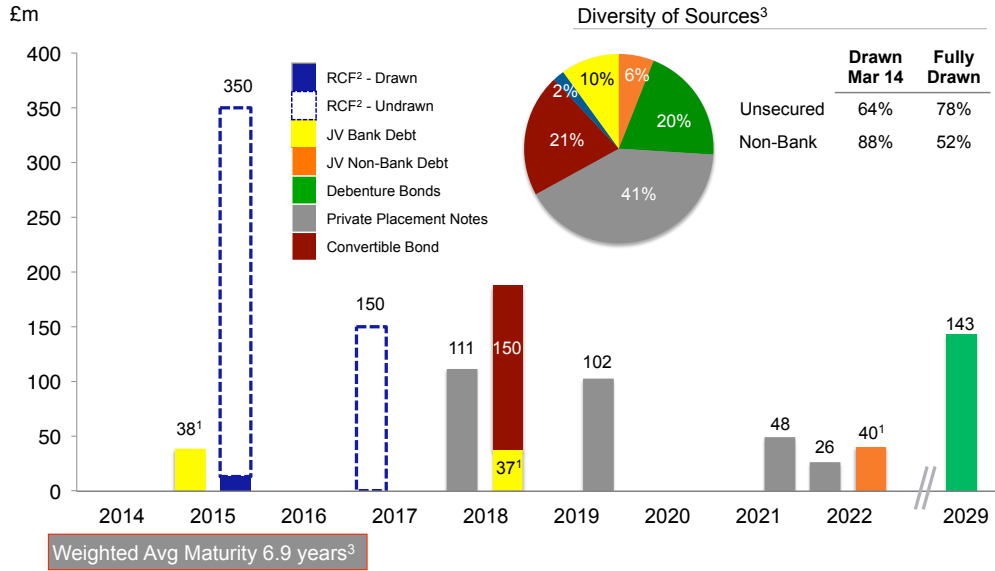
	Pro Forma <sup>1</sup>	March 2014	March 2013
Net debt excluding JVs (£m)	570.4	586.1	658.9
<i>Net gearing</i>	29.5%	30.3%	42.8%
Total net debt including 50% JV non-recourse debt (£m)	671.4	687.1	761.1
<i>Loan-to-property value</i>	25.1%	25.7%	32.7%
Interest cover <sup>2</sup>		4.3x	2.4x
Weighted average cost of debt <sup>3</sup>		3.9%	4.3%
Weighted average interest rate <sup>4</sup>		3.5%	3.7%
% of debt fixed / hedged		98%	71%
Cash & undrawn facilities		£508m	£282m

1. Pro forma for remaining deferred consideration on sell down due on 100 Bishopsgate EC2  
 2. Calculated in accordance with unsecured debt covenants 3. For the period (including costs) 4. As at balance sheet date (excluding costs)

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# Attractive debt profile<sup>1</sup>

By Maturity and Diversity of Sources

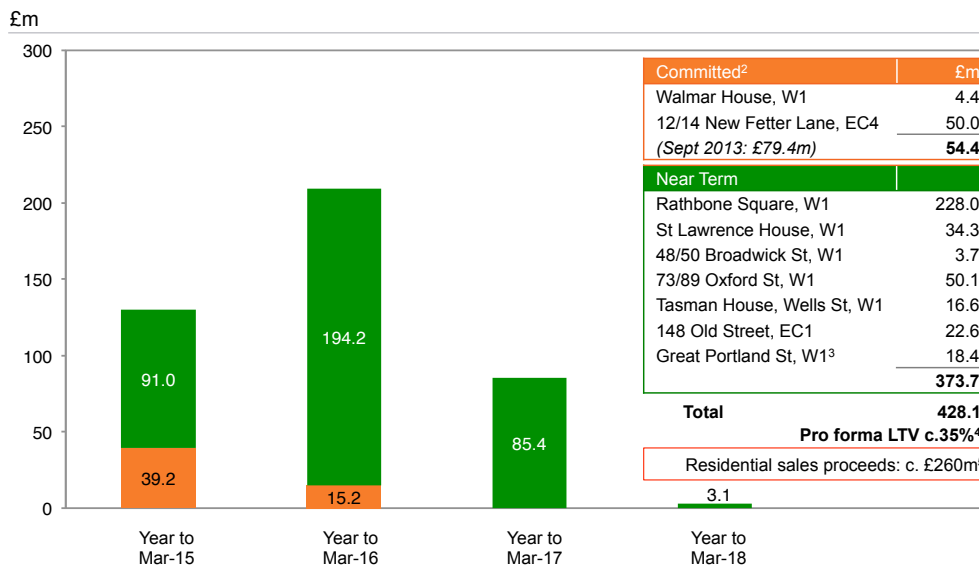


1. JV facilities amount shown at GPE share. Excludes £2.6m Brookfield loan. 2. Revolving credit facilities 3. Based on drawn position at 31 March 2014

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# Capex<sup>1</sup> Forecast

Committed and Near Term schemes



1 Projected Capital Expenditure excludes sales / marketing expenses, void costs and interest, including share of JVs 2. Excludes residual capex of £7.8m to come at recently completed schemes 3. Three residential off-set schemes on Great Portland Street 4. Excludes development surpluses to come and potential sales receipts 5. Based on CBRE estimates at 31 March 2014

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## Key Financial Messages



### **Strong growth in portfolio and NAV per share**

- Our development and leasing successes continue to drive values

### **Significantly increased EPS in line with our activities and expectations**

- Maintain progressive dividend policy

### **Balance sheet as strong as ever**

- Plentiful firepower to deliver development programme

Positive financial outlook

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### Asset Management Development

**Neil Thompson**, Portfolio Director

### Outlook

**Toby Courtauld**, Chief Executive

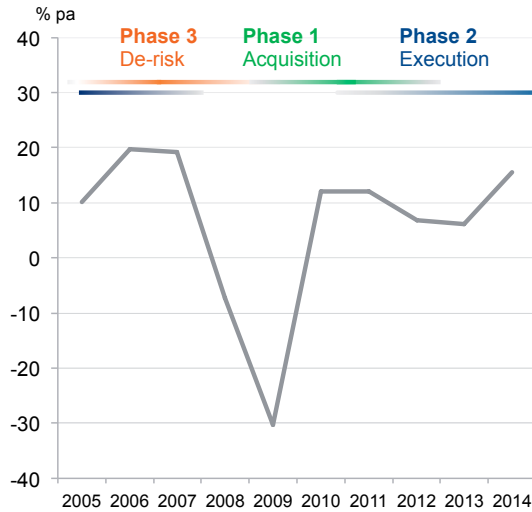
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# We are in Execution Phase

Generating organic growth



IPD West End Capital Return (Years to Mar)



### Execution phase = Organic growth

- Delivering development surpluses
- Executing asset management strategies
- Selective disposals
- ERV of near term programme & reversions: £60m pa

### Ideal conditions for execution phase

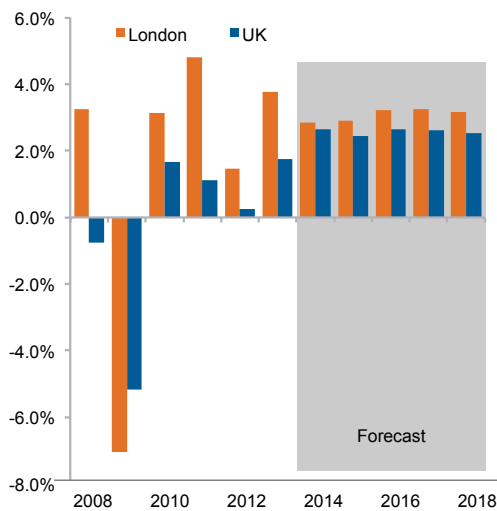
- Positive rental growth expectations
- Robust investment pricing
- We have both

# London outperforming

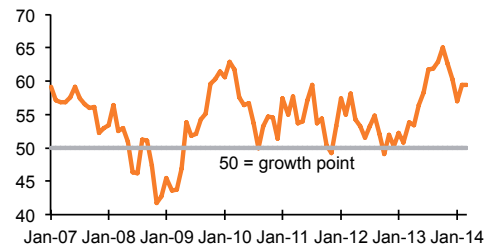
Businesses growing



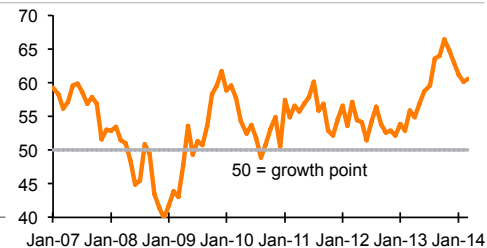
GDP / GVA<sup>1</sup> (2008 - 2018)



London Business Activity<sup>2</sup>



London New Orders<sup>2</sup>



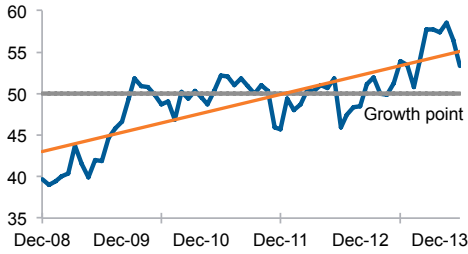
1. Source: ONS, Oxford Economics

2. Source: PMI London Report

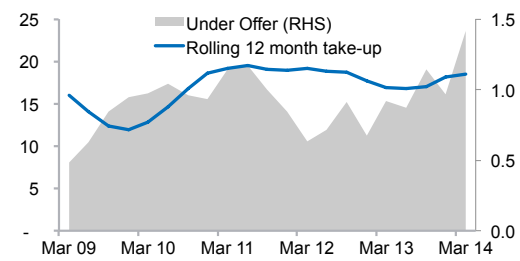
# Employment Up; Strong Leasing



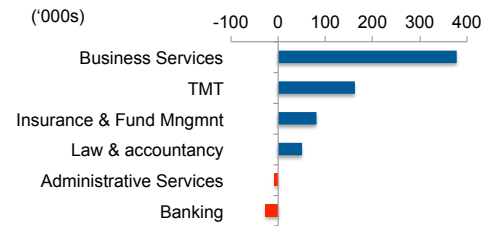
London Economy: Employment Intentions<sup>1</sup>



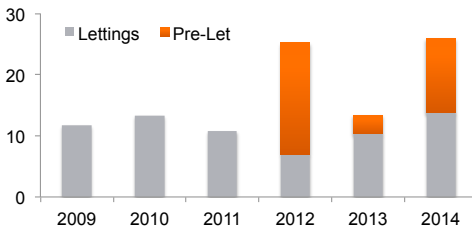
West End (m sq ft)<sup>3</sup>



Net Employment Change, 2014 – 2036<sup>2</sup>



GPE recent leasing history (£m)<sup>4</sup>



1. Source: Lloyds TSB PMI 2. ONS, CBRE 3. Source: CBRE (including Kings Cross and west Southbank) 4. Years to March

# Tight Supply remains supportive

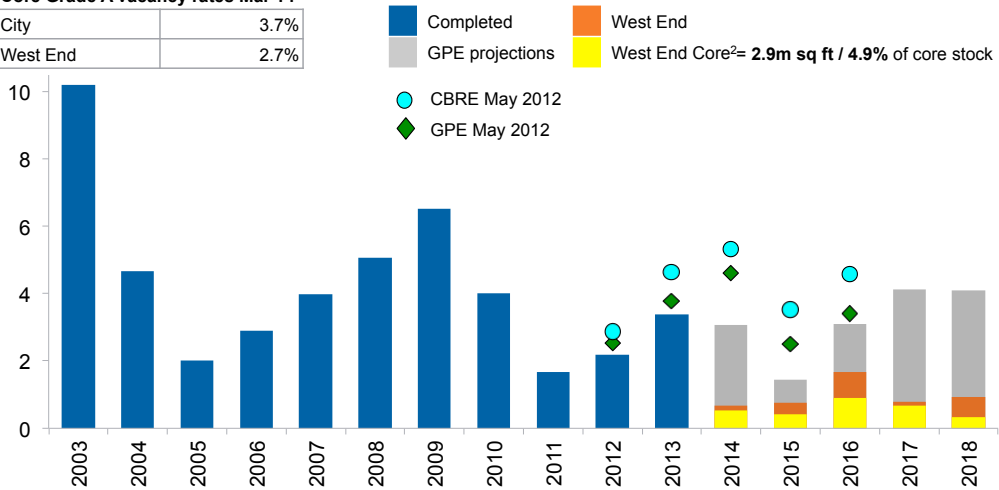
## Development Completions



Central London Office Potential Completions<sup>1</sup>, Million sq ft

Core Grade A vacancy rates Mar 14

City	3.7%
West End	2.7%

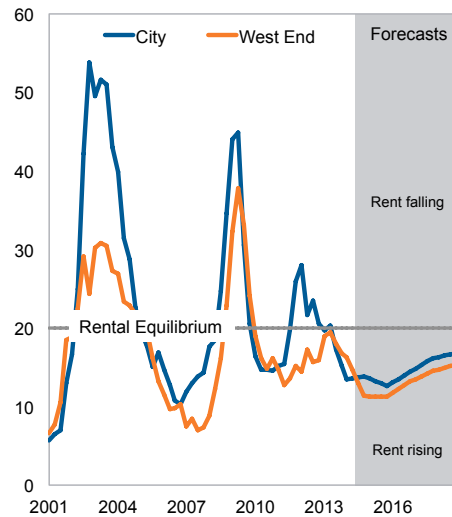


Source: CBRE / GPE 1. Excluding pre-lets 2. Includes W1 & SW1 postcodes

# Office Market Balance & Rental Forecasts

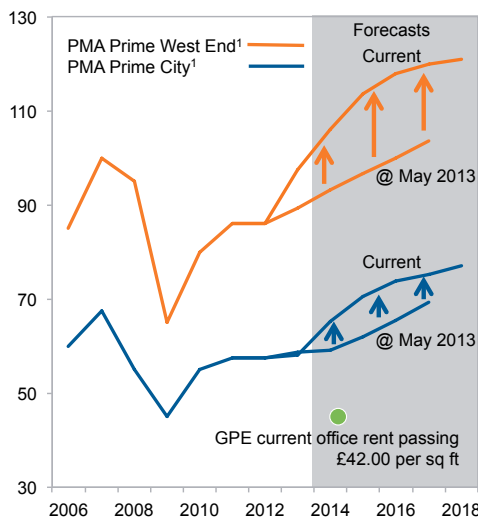


Office Market Balance (months supply)



Source: PMA / GPE

Headline Rents (£ per sq ft, years to December)



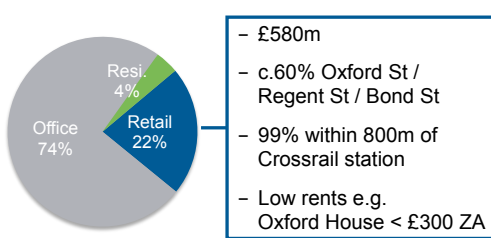
Source: PMA / GPE 1. 95<sup>th</sup> percentile

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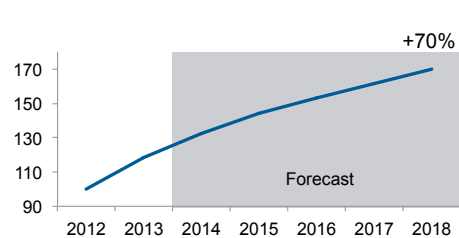
# Retail Rents to Grow GPE well placed



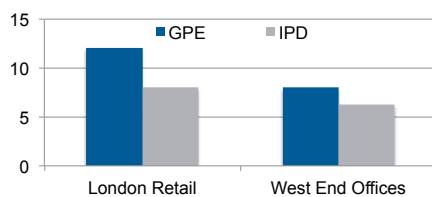
GPE Portfolio<sup>1</sup>



Prime London Retail ERV Forecasts (indexed)<sup>3</sup>



ERV growth (% year to March 14)<sup>2</sup>



Strong demand on the key streets

- Vacancy is near zero
- 80 requirements for Oxford / Regent / Bond St
- Lease premiums paid to access units
- London retail rents lower than Hong Kong / New York / Paris<sup>4</sup>

1. GPE portfolio, by value 2. IPD March Annual Valued Properties / GPE Like-for-like growth 3. CBRE, Zone A rents 4. Cushman & Wakefield

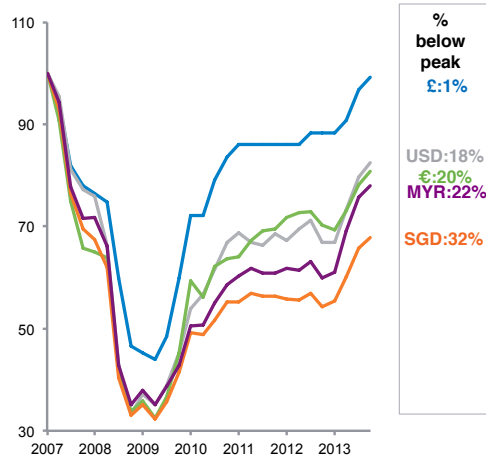
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# Investment Demand Up

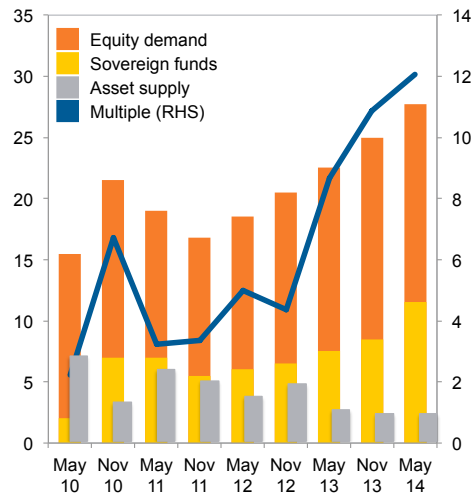
## Supply to Increase



West End Capital value index, Q2 '07 – Q1 '14'



Demand Increasing relative to Supply (£bn)<sup>2</sup>



1. Source: Knight Frank, June 2007 = 100

2. Source: CBRE / GPE

# Positive Market Outlook



## Rents

Driver	Outlook
GDP / GVA growth	●
Employment growth	●
Business investment	●
Active demand / Take-up	●
Vacancy rates	●
Development completions	●

## Yields

Driver	Outlook
Rental growth	●
Weight of money	●
Gilts	●
Swap rates	●

Rental Values	Market	GPE Portfolio <sup>1</sup>
Offices	➔	5-10%
Retail	➔	c.10%

Yields	Next 12 months	Medium term
Prime	➔	➔
Secondary	➔	➔

1. Estimated year to March 2015

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**Asset Management Development** **Neil Thompson, Portfolio Director**

**Outlook** **Toby Courtauld, Chief Executive**

# Disposals



## Since March 2013

- £269.0m<sup>1</sup>, 4 deals
- 9.5%<sup>1</sup> > March 2013 BV
- 2.3%<sup>1</sup> NIY

Jun	Jul	Nov	Dec
<b>Park Crescent West, W1</b>	<b>90 Queen Street, EC4</b>	<b>Hanover Square, W1: JV</b>	<b>20 St James's Street, SW1</b>
£105m GPE share £52.5m	£61m	£202m GPE share £101.0m	£54.5 million - 2.1% NIY - £982 psf LLH (98 years), 15% gearing - +20% > BV - 2016 development surplus now, no risk

## Where Next?

- Rathbone Square residential disposals
- Further profit crystallisations
- Sales > acquisitions

1. GPE share

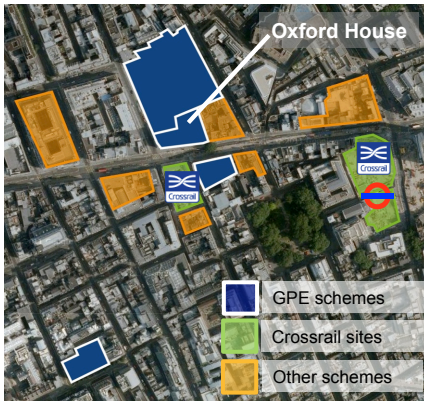
# Acquisitions

## Year to March 2014



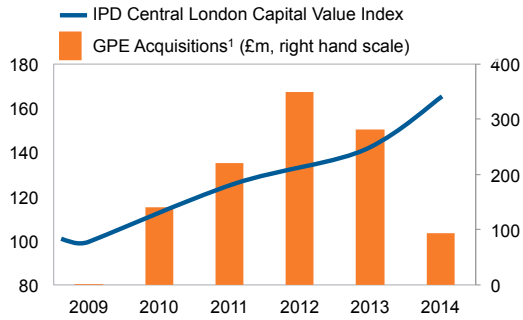
Oxford House, 76 Oxford Street, W1

- £90m
- Retail £238 psf ZA
- Office £26 psf
- 2016 refurbishment
- Planning application late 2014



1. To March year end

Why have we bought less?



### Return on Capital

- GPE portfolio > competing in investment market

### Acquisitions since 2009

- £1.1bn: 54% of portfolio
- 36% beneath replacement cost
- 18.2% ungeared IRR
- 76% in development pipeline

**Invest in organic growth**

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## Asset Management

### Priorities and Results



- Income growth / leasing → Record leasing year, £25.9m
  - £3.3m since year end
  - £3.1m under offer
- Low void rate → 3.7% (2.3% March 13)
- Tenant retention → 94.6% tenants retained / re-let / refurbished

Proactive approach → Outperformance

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## Asset Management

### Accretive Letting Activity



French Railways House,  
Piccadilly, W1



**Cath Kidston &  
Bernard Jacobson<sup>1</sup>**  
10,095 sq ft

- Rent £1m
- 10.6% above ERV
- 15 year lease  
(Break 2022)

Reconfigured Asset →  
Valuation ↑ 18.3%

Elsley House,  
Great Titchfield St, W1



**Heineken UK Ltd**  
3,689 sq ft  
(20,000 sq ft total occupation)

- Rent £212,000
- £65.00 psf
- 21.5% above ERV
- 10 year lease

Leasing →  
Valuation ↑ 27.7%

200 Grays Inn Road,  
WC1



**Warner Brothers<sup>1</sup>**  
24,500 sq ft

- Rent £1.16m
- £45.00 + £57.50 psf
- In line with ERV
- 10 year lease  
(5 year break)

Redefined asset →  
Valuation ↑

1. Completed post 31 March 2014

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# Development Scheme Review

## Completed Projects



	PC	New build area sq ft <sup>1</sup>	Cost £m <sup>2</sup>	Profit on cost £m <sup>2</sup>	Yield on cost	Rent £m pa <sup>2</sup>	WAULT <sup>3</sup>	% let <sup>5</sup>
95 Wigmore St, W1 (GWP)	Jul 2013	112,200	54.8	34.1	7.4%	4.0	11.1	95%
City Tower / Sky Light, Basinghall St, EC2 (GSP)	Sep 2013	138,200	35.6	11.8	5.4%	3.1	4.4 <sup>4</sup>	42%
240 Blackfriars Road, SE1 (GRP)	Apr 2014	236,700	67.6	38.3	8.4%	5.4	14.1	71%
		487,100	158.0	84.2 (53.3%)	7.6%	12.5	11.4	72%

**Continued strong performance**

1. JV properties include 100% of area 2. GPE Share 3. WAULT based on office rents  
4. Includes retained income, WAULT on post PC lettings in 8.7 years 5. Based on ERV of property

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## Completed Project

240 Blackfriars Road, SE1



- Completion April 2014
- 236,700 sq ft prominent South Bank building
- 71% let
- WAULT 14.1 years
- 23,600 sq ft let to Boodle Hatfield (Floors 9 & 10)
  - £50 psf 10 years, no break
- 31,100 sq ft let to Ramboll (Floors 1, 2 & 3)
  - £47 psf 15 years, 10 year break
- 64,600 sq ft available
  - Strong tenant interest

GPE Profit on cost	56.6%
Ungeared IRR	35.1%
Yield on cost	8.4%

## Development

Committed projects



	Anticipated Finish	New building area sq ft	Cost to complete £m	ERV <sup>1</sup>		Income secured £m	% let <sup>2</sup>	Profit on cost <sup>3</sup>
				£m	Office avg £psf			
Walmart House, 288/300 Regent St, W1	Aug 2014	60,300	4.4	4.1	68.50	0.3	7%	39%
12/14 New Fetter Lane, EC4	Sep 2015	142,500	50.0	8.3	58.75	8.3	100%	42%
<b>Committed projects</b>		<b>202,800</b>	<b>54.4</b>	<b>12.4</b>		<b>8.6</b>	<b>69%</b>	<b>41%</b>

Development value £1,084psf £219.8m

Development yield 8.1%

Expected profit on cost £62.3m 41%

68% of expected profit taken Mar 2014<sup>4</sup>

Profit ↑ Walmart House letting

1. Agreed pre-let rent or CBRE March 2014 ERV 2. Based on ERV of property 3. Based on CBRE estimate of completed value 4. Profit included in CBRE Mar 2014 Valuation

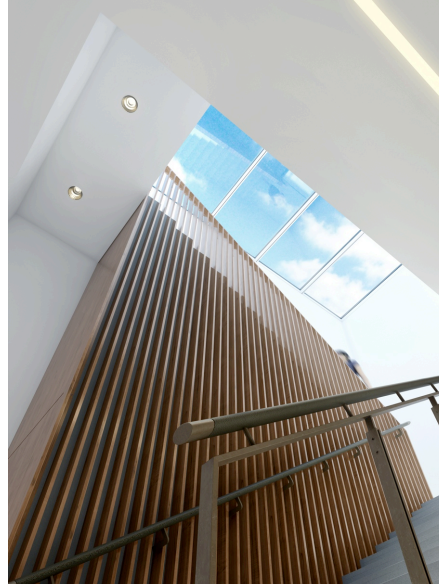
## Committed Project

Walmar House, 288/300 Regent St, W1



- First rate West End location – Oxford Circus
- 60,300 sq ft
  - 18,800 sq ft retail (38% ERV)
  - 37,300 sq ft offices (62% ERV)
  - 4,200 sq ft residential - Sold
- Low supply
- £68.50 psf office (March 2014)
- £82.00 psf retail (March 2014)
- Retail completed – good interest
- Office completion Summer 2014

GPE profit on cost	39.0%
Ungeared IRR	21.4%
Yield on cost	6.8%



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## Development

Near Term and Pipeline



	Planning Status	New build area (sq ft)	Start	Ownership
<b>Near Term</b>				
Rathbone Square, W1	Consented	411,800	2014	100%
St Lawrence House, 26/34 Broadwick St, W1	Consented	92,100	2014	100%
48/50 Broadwick St, W1	Consented	6,500	2014	100%
Tasman House, 59/63 Wells St, W1	Design	38,100	2014	100%
78/92 Great Portland St, W1	Consented	48,400	2015	100%
73/89 Oxford St and 1 Dean St, W1	Consented	88,100	2015	100%
148 Old Street, EC1	Design	143,100	2015	GRP
<b>Near Term Total</b>		<b>828,100</b>		
<b>Pipeline</b>				
Mortimer House, Mortimer St, W1	Design	25,000	2015	100%
Kingsland/Carrington House, 122/130 Regent Street, W1	Design	51,400	2016	100%
Oxford House, 76 Oxford Street, W1	Consented	91,200	2016	100%
52/54 Broadwick St & 10/16 Dufours Place, W1	Design	47,000	2016	100%
Hanover Square, W1	Consented	208,000	2016	GHS
103/113 Regent Street, W1	Design	65,000	2016+	GRP
New City Court, SE1	Design	100,000	2017	100%
35 Portman Square, W1	Design	73,000	2021	100%
40/48 Broadway & 1/11 Carteret St, SW1	Consented	82,100	2022	GVP
Jermyn St Estate, SW1	Design	132,600	2022	100%
French Railways House & 50 Jermyn St, SW1	Design	75,000	2022	100%
Mount Royal, 508/540 Oxford St, W1	Design	92,100	2022	GVP
Minerva House, 5 Montague Close, SE1	Design	120,000	2022	100%
<b>Pipeline Total</b>		<b>1,162,400</b>		
		<b>1,990,500</b>		

82% West End

51% Planning permission

Planning permissions in y/e 2014 760,000 sq ft

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## Near Term

Rathbone Square, W1

GREAT  
PORTLAND  
ESTATES

### Planning consent achieved

- 411,800 sq ft
- 214,800 sq ft offices
  - ERV £67.90
  - Opportunity to pre-let
- 154,500 sq ft residential
  - £1,825 psf
  - Off-plan sales
- 42,500 sq ft retail
  - 58% A3
  - ERV £51.80

### Place making / Public realm

#### Post Planning

- Lend Lease
- Enabling works started > Q2 2014

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## Near Term

Rathbone Square, W1

GREAT  
PORTLAND  
ESTATES

### Next Steps

- Commence demolition - Q2 2014
- Construction tender - Q4 2014
- Off-plan residential sales - H2 2014
- Office pre-let campaign - Q1 2015
- Anticipated completion - Q4 2016

- Valuation ↑
- Prospects for growth

**Transformational development, improving the area**

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## Near Term

73/89 Oxford St & 1 Dean St, W1

GREAT  
PORTLAND  
ESTATES

- Planning consent achieved
- 88,100 sq ft
  - 33,500 sq ft retail
  - 54,600 sq ft office
- Vacant possession Q1 2015
- Retail ERV 55%
- High demand for retail
  - Opportunity to pre-let
- Next to Crossrail station
- Anticipated completion Q2 2017

East Oxford St regeneration

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## Near Term

St Lawrence House, 26/34 Broadwick St, W1

GREAT  
PORTLAND  
ESTATES



- New build planning consent achieved
  - Expect valuation ↑
- VP achieved
- Strip out started
- Demolition Q3 2014
- 92,100 sq ft (+53%)
  - Offices 81,000 sq ft
  - 14,000 sq ft floors (1<sup>st</sup> to 4<sup>th</sup> average)
  - Retail / restaurant 11,100 sq ft
- Central Soho location
- Low supply
- Anticipated completion Q2 2016

Opportunity for growth

40

## Near Term

Tasman House, 59/63 Wells St, W1



- West End development
- Low supply West End market
- Office and Retail
- Area ↑ 50%
- VP achieved
- Previous rent £33.00 psf
- Office ERV c.£70.00
- Planning application 2014



**Existing portfolio opportunity**

Preliminary CGI

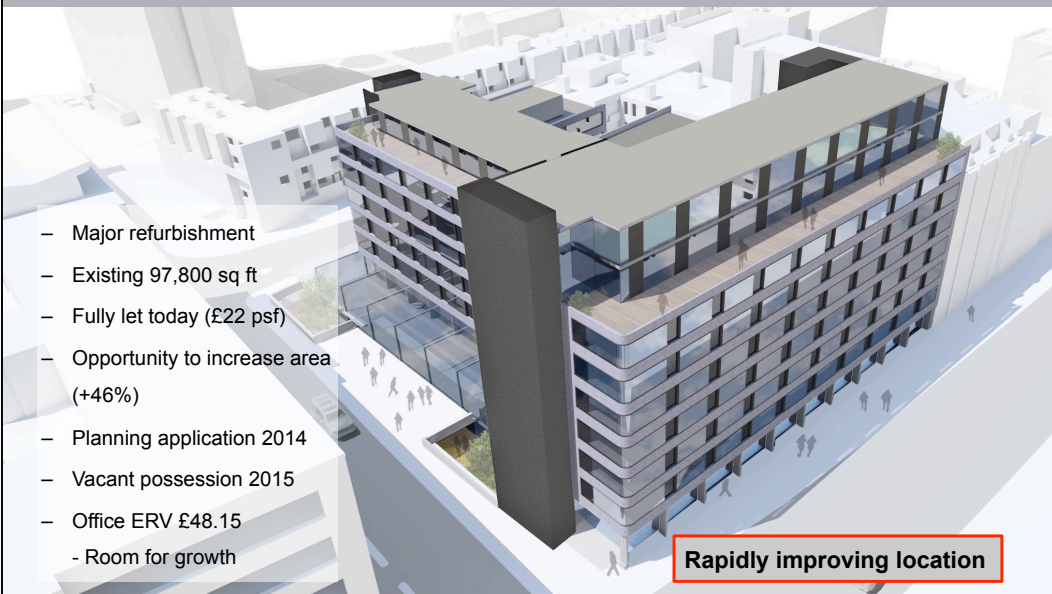
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## Near Term

148 Old St, EC1



- Major refurbishment
- Existing 97,800 sq ft
- Fully let today (£22 psf)
- Opportunity to increase area (+46%)
- Planning application 2014
- Vacant possession 2015
- Office ERV £48.15
- Room for growth



**Rapidly improving location**

Preliminary CGI

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## Pipeline

Oxford House, 76 Oxford Street, W1

GREAT  
PORTLAND  
ESTATES

- Major refurbishment
- Vacant possession Q2 2016
- 91,200 sq ft
  - Revise planning application 2014
- 33,200 sq ft retail
  - ↑ 88% from existing
- Opposite Crossrail

East Oxford St regeneration

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## Pipeline

Hanover Square, W1

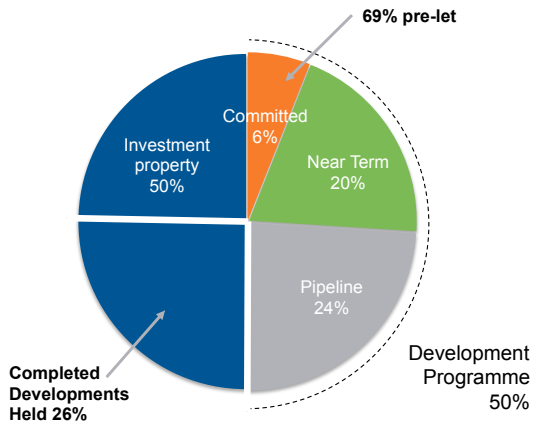
GREAT  
PORTLAND  
ESTATES

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# Development Summary



## Total Portfolio by Area



- Recently completed projects
  - 53% profit on cost
- Near Term and Pipeline
- Exceptional opportunity

Delivering performance for shareholders

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# Agenda



## Introduction

**Toby Courtauld**, Chief Executive

## Financial Results

**Nick Sanderson**, Finance Director

## Market Disposals & Acquisitions

**Toby Courtauld**, Chief Executive

## Asset Management Development

**Neil Thompson**, Portfolio Director

## Outlook

**Toby Courtauld**, Chief Executive

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## Opportunity

### Strategy: Consistent and clear

- Repositioning: off low rents and low capital values
- Central London only: West End bias (80% today)
- Recycling: crystallising profits & reinvesting

### Delivering the strategy – Execution phase

- Bought well: 54% of today's portfolio
- Executing well: strong development returns
- Leasing well: setting records

### Market supporting strategy

- Supply to remain tight
- Demand for GPE space strong
- Investment market liquid

### Portfolio primed for growth

- Significant reversions: beat ERVs
- Asset management to exploit: ERVs higher
- 2.2m sq ft development programme
  - 50% of portfolio, into 2020s
- £428m near-term capex: strong returns
- 86% within 800m of Crossrail

GREAT  
PORTLAND  
ESTATES

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## Outlook

### Strategy delivering results

- Portfolio positioning excellent
- Positioning in cycle right
- Rents and capital values rising
- Material organic growth. Beat IPD
- Deep & talented team
- Financial strength

### Confident outlook

GREAT  
PORTLAND  
ESTATES

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## Disclaimer



This presentation contains certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

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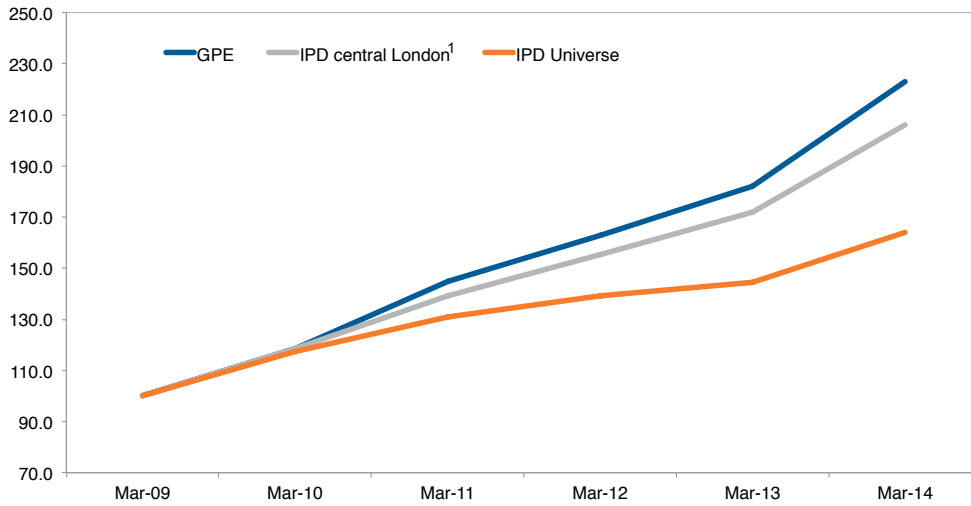
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# Outperforming

Relative returns vs IPD



## Total Return Indexed



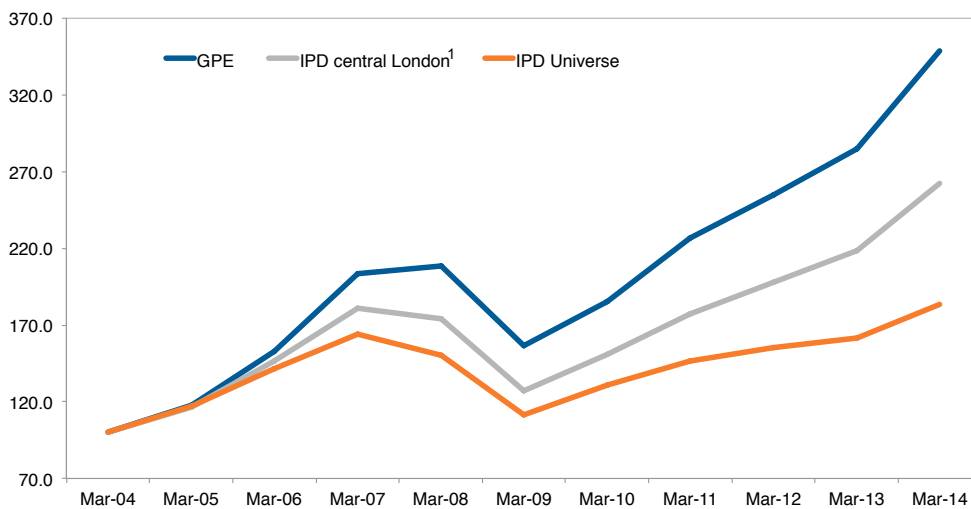
1. Central and Inner London Properties: all March Valued Properties

# Outperforming

Relative returns vs IPD



## Total Return Indexed



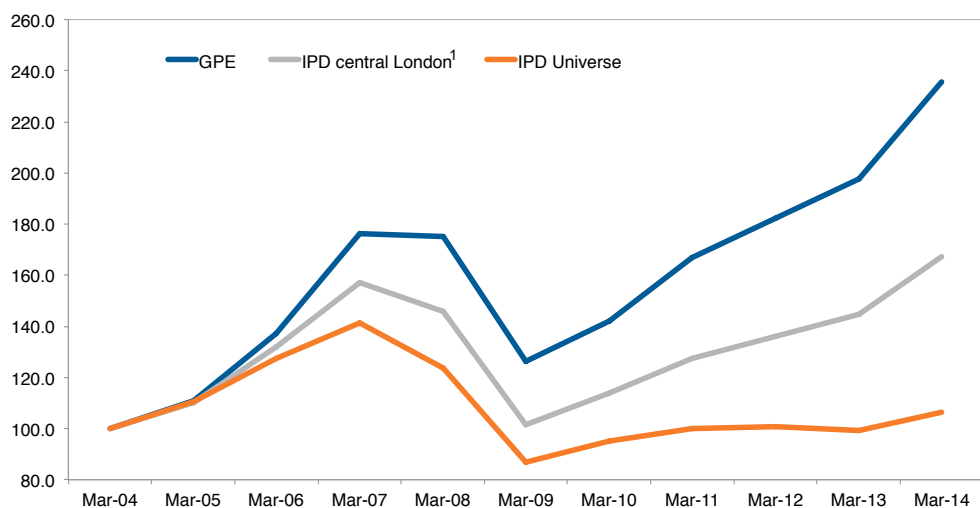
1. Central and Inner London Properties: all March Valued Properties

## Outperforming

Relative returns vs IPD



### Capital Return Indexed



1. Central and Inner London Properties: all March Valued Properties

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## Balance Sheet

Proportionally Consolidated for Joint Ventures



£m	Group	JVs	Total	March 13
Investment property	2,036.9	641.2	2,678.1	2,328.7
Other assets	45.3	1.0	46.3	71.5
Net debt	(586.1)	(101.0)	(687.1)	(761.1)
Other liabilities	(89.0)	(16.4)	(105.4)	(101.4)
<b>Net assets</b>	<b>1,407.1</b>	<b>524.8</b>	<b>1,931.9</b>	<b>1,537.7</b>
<b>EPRA net assets per share</b>	<b>417p</b>	<b>152p</b>	<b>569p</b>	<b>446p</b>

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## Income Statement

Proportionally Consolidated for Joint Ventures

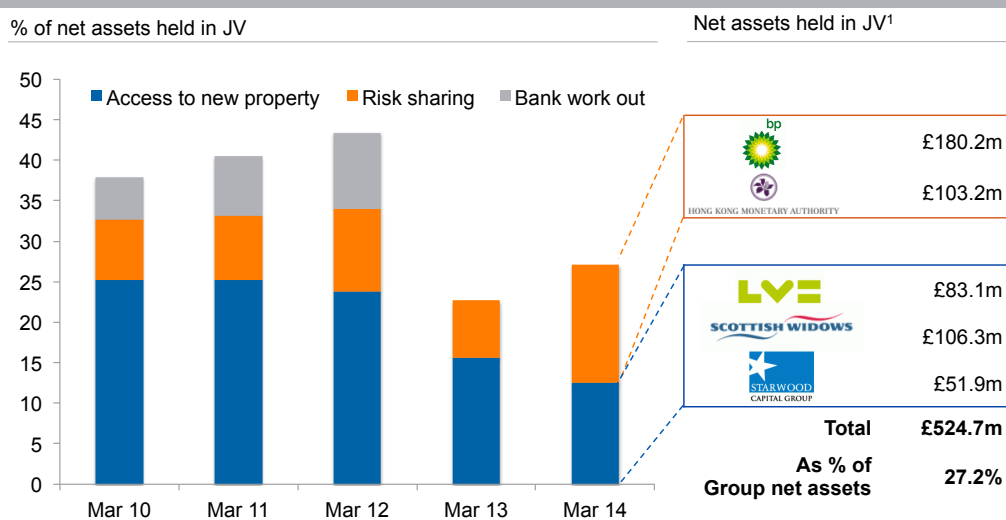


£m	Group	JVs	Total	Mar 13
Rental income	69.7	20.1	89.8	77.2
Fees from Joint Ventures	6.9	-	6.9	6.1
Property and Administration costs	(32.3)	(2.6)	(34.9)	(31.9)
Trading properties cost of sale	(1.6)	-	(1.6)	-
Finance costs	(51.7)	(8.1)	(59.8)	(28.1)
(Loss) / profit before surplus on investment property	(9.0)	9.4	0.4	23.3
Surplus on investment property	325.6	96.2	421.8	157.8
Loss on disposal of Joint Venture	-	-	-	(0.5)
Reported profit before tax	316.6	105.6	422.2	180.6
<b>EPRA PBT</b>				
(Loss) / profit before surplus on investment property	(9.0)	9.4	0.4	23.3
Less: fair value movement on debt and derivatives	35.1	(2.0)	33.1	(1.1)
Less: Trading properties cost of sale	1.6	-	1.6	-
Less: Convertible bond issue costs	3.3	-	3.3	-
	<b>31.0</b>	<b>7.4</b>	<b>38.4</b>	<b>22.2</b>

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## Joint Venture Business

Contribution to Group



1. Active joint ventures only – excludes GCP

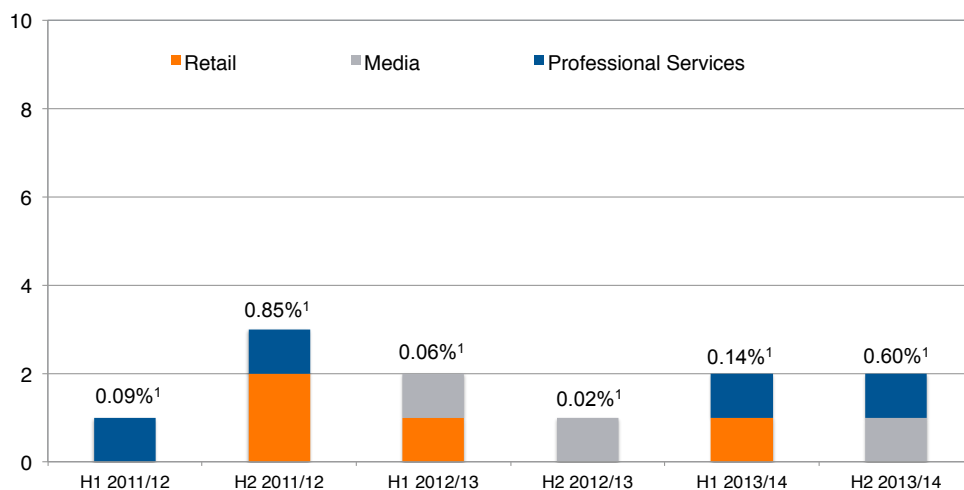
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## Tenant Delinquencies

Six month periods



### Number of delinquencies



1. Value of delinquencies as % of Rent Roll (including 100% of JV properties)

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## EPRA Performance Measures



Measure	Mar 2014	Mar 2013
EPRA net assets	£1,961.3m	£1,533.9m
EPRA net assets per share	569p	446p
EPRA triple net assets	£1,898.3m	£1,491.4m
EPRA triple net assets per share	550p	434p
EPRA earnings	£38.4m	£22.2m
Diluted EPRA earnings per share	11.0p	6.9p

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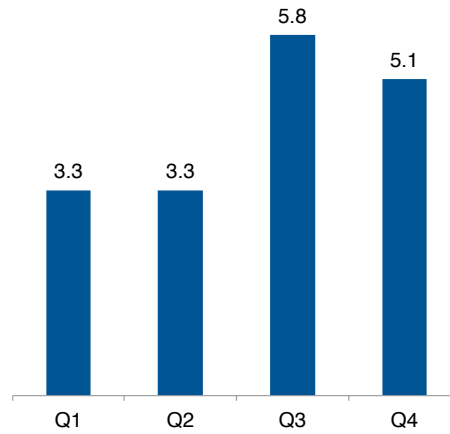
# The Valuation

Including share of Joint Ventures



Quarterly Valuation Movement for Total Portfolio

To 31 March 2014	Movement %	
	£m	12 months
North of Oxford St	1,142.2	16.5%
Rest of West End	510.3	18.3%
<b>Total West End</b>	<b>1,652.5</b>	<b>17.0%</b>
<b>Total City, Midtown &amp; Southwark</b>	<b>333.4</b>	<b>11.1%</b>
<b>Investment Portfolio</b>	<b>1,985.9</b>	<b>16.0%</b>
Development properties	481.2	31.4%
<b>Properties held throughout period</b>	<b>2,467.1</b>	<b>18.7%</b>
Acquisitions	211.0	7.8%
<b>Total Portfolio</b>	<b>2,678.1</b>	<b>17.8%</b>

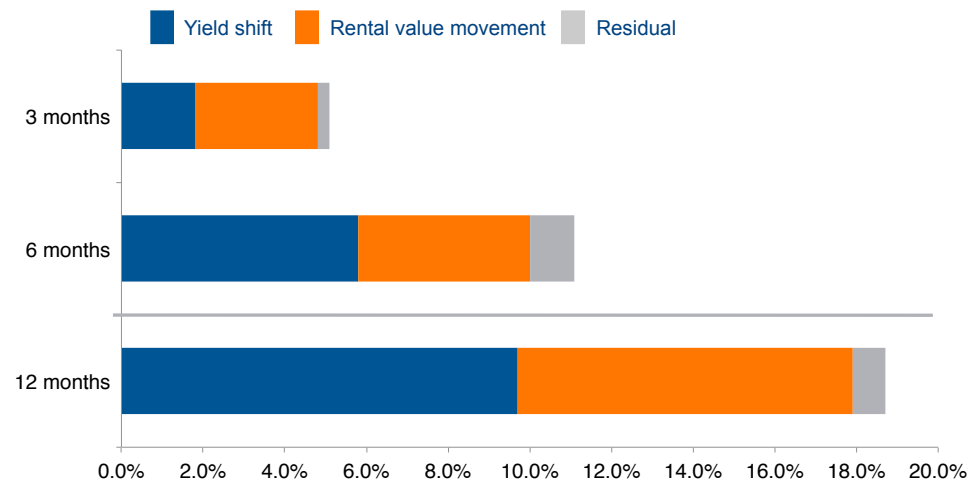


# The Valuation<sup>1</sup>

Drivers of Valuation Movement<sup>2</sup>



% movement



1. Including share of Joint Ventures 2. Excludes development properties

## The Valuation

Including share of Joint Ventures



	Initial yield %	Equivalent Yield Basis point +/-			
		%	12 month	3 month	6 month
<b>North of Oxford Street</b>					
Offices	2.3%	4.6%	-43	-6	-28
Retail	3.5%	4.6%	-33	-15	-36
<b>Rest of West End</b>					
Offices	2.9%	4.6%	-39	-7	-22
Retail	3.1%	4.4%	-38	-12	-20
<b>Total West End</b>	2.7%	4.6%	-40	-8	-27
<b>City, Midtown and Southwark</b>	5.0%	5.5%	-70	-20	-30
<b>Total let Portfolio</b>	3.0% (3.9% ex rent free)	4.7%	-45	-10	-28

1. Includes rent frees on contracted leases

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## The Valuation

Including share of Joint Ventures



	Value £m	12 months to			
		Mar 2014 £m	Change %	3 months %	6 months %
North of Oxford St	1,142.2	161.8	16.5%	3.5%	10.2%
Rest of West End	510.3	78.9	18.3%	6.9%	11.0%
<b>Total West End</b>	<b>1,652.5</b>	<b>240.7</b>	<b>17.0%</b>	<b>4.5%</b>	<b>10.4%</b>
<b>City, Midtown and Southwark</b>	<b>333.4</b>	<b>33.2</b>	<b>11.1%</b>	<b>4.6%</b>	<b>8.1%</b>
<b>Investment portfolio</b>	<b>1,985.9</b>	<b>273.9</b>	<b>16.0%</b>	<b>4.5%</b>	<b>10.0%</b>
Development properties	481.2	115.0	31.4%	7.5%	15.6%
<b>Properties held throughout the year</b>	<b>2,467.1</b>	<b>388.9</b>	<b>18.7%</b>	<b>5.1%</b>	<b>11.1%</b>
Acquisitions	211.0	15.3	7.8%	5.8%	8.7%
<b>Total portfolio</b>	<b>2,678.1</b>	<b>404.2</b>	<b>17.8%</b>	<b>5.1%</b>	<b>10.9%</b>

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## The Valuation

Wholly Owned



	Value £m	12 months to			
		Mar 2014 £m	Change %	3 months %	6 months %
North of Oxford St	931.0	27.7	15.2%	3.1%	9.8%
Rest of West End	467.8	29.8	18.5%	6.8%	11.3%
<b>Total West End</b>	<b>1,398.8</b>	<b>57.5</b>	<b>16.3%</b>	<b>4.3%</b>	<b>10.3%</b>
<b>City, Midtown and Southwark</b>	<b>182.2</b>	<b>5.5</b>	<b>13.4%</b>	<b>3.1%</b>	<b>8.2%</b>
<b>Investment portfolio</b>	<b>1,581.0</b>	<b>63.0</b>	<b>15.9%</b>	<b>4.2%</b>	<b>10.0%</b>
Development properties	347.4	25.6	32.6%	8.0%	16.0%
<b>Properties held throughout the year</b>	<b>1,928.4</b>	<b>88.6</b>	<b>18.6%</b>	<b>4.8%</b>	<b>11.1%</b>
Acquisitions	108.5	10.2	14.8%	10.3%	16.8%
<b>Total portfolio</b>	<b>2,036.9</b>	<b>98.8</b>	<b>18.4%</b>	<b>5.1%</b>	<b>11.4%</b>

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## The Valuation

Joint Ventures (100%)



	Value £m	12 months to			
		Mar 2014 £m	Change %	3 months %	6 months %
North of Oxford St	422.4	21.6	22.8%	5.4%	12.1%
Rest of West End	85.0	5.9	16.0%	7.4%	7.7%
<b>Total West End</b>	<b>507.4</b>	<b>27.5</b>	<b>21.6%</b>	<b>5.7%</b>	<b>11.3%</b>
<b>City, Midtown and Southwark</b>	<b>302.3</b>	<b>18.2</b>	<b>8.4%</b>	<b>6.4%</b>	<b>7.9%</b>
<b>Investment portfolio</b>	<b>809.7</b>	<b>45.7</b>	<b>16.3%</b>	<b>6.0%</b>	<b>10.0%</b>
Development properties	267.8	15.9	28.4%	6.3%	14.5%
<b>Properties held throughout the year</b>	<b>1,077.5</b>	<b>61.6</b>	<b>19.1%</b>	<b>6.1%</b>	<b>11.1%</b>
Acquisitions	205.0	2.7	1.3%	1.3%	1.3%
<b>Total portfolio</b>	<b>1,282.5</b>	<b>64.3</b>	<b>15.3%</b>	<b>2.6%</b>	<b>4.9%</b>

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## The Valuation<sup>1</sup>

ERV and Reversionary Potential



To 31 March 2014	Movement in ERV				Average Office Rent Passing	Average Office ERV	Reversionary Potential
	12 months		3 months	6 months	£ per sq ft	£ per sq ft	%
	%	£m	%	%			
<b>North of Oxford St</b>							
Offices	8.1%	3.5	3.2%	4.3%	51.40	61.00	20.2%
Retail	13.8%	1.8	6.1%	7.8%			21.4%
<b>Rest of West End</b>							
Offices	7.9%	1.4	4.2%	6.8%	37.30	50.80	34.5%
Retail	10.6%	1.1	3.4%	5.0%			24.7%
<b>Total West End</b>	<b>9.2%</b>	<b>7.8</b>	<b>3.9%</b>	<b>5.5%</b>	<b>46.90</b>	<b>57.80</b>	<b>23.3%</b>
<b>City, Midtown &amp; Southwark</b>							
Offices	5.4%	1.4	0.5%	1.0%	32.90	44.10	20.0%
Retail	(6.3%)	-	(2.5%)	-			
<b>Total City, Midtown &amp; Southwark</b>	<b>5.2%</b>	<b>1.4</b>	<b>0.4%</b>	<b>1.0%</b>			<b>20.2%</b>
<b>Total Let Portfolio</b>	<b>8.2%</b>	<b>9.2</b>	<b>3.0%</b>	<b>4.2%</b>	<b>42.00</b>	<b>52.00</b>	<b>22.6%</b>

1. Including share of Joint Ventures

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## Sales & Purchases<sup>1</sup>

Year to 31 March 2014



Sales	Gross Price (£m)	NIY (%)	Area (Sq ft)	Price (£psf)
90 Queen St, W1	61.0	5.4%	68,400	891
Park Crescent West, W1	52.5	2.0%	129,200	813
Hanover Square, W1	101.0	0.7%	208,000	971
20 St James's St, W1	54.5	2.1%	55,500	982
<b>Total</b>	<b>269.0</b>	<b>2.3%</b>	<b>461,100</b>	<b>916</b>
Purchases	Price paid (£m)	NIY (%)	Area (Sq ft)	Cost (£psf)
Oxford House, W1	90.0	3.5%	79,000	1,139
<b>Total</b>	<b>90.0</b>	<b>3.5%</b>	<b>79,000</b>	<b>1,139</b>

1. GPE share

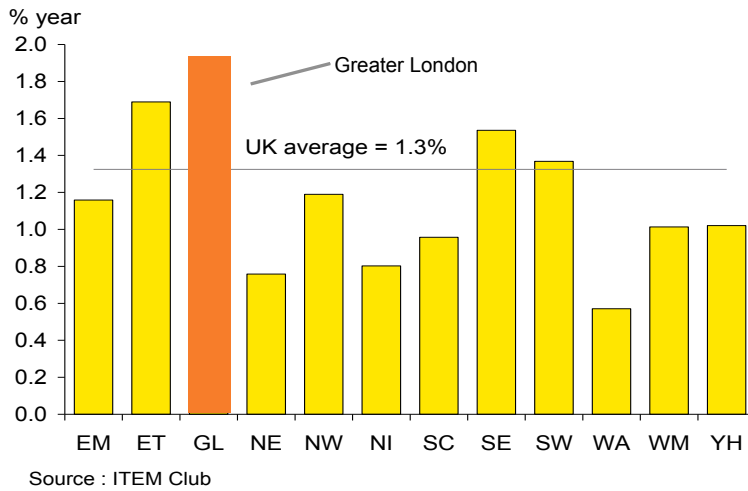
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# The Cycle From Here

London Employment Supportive

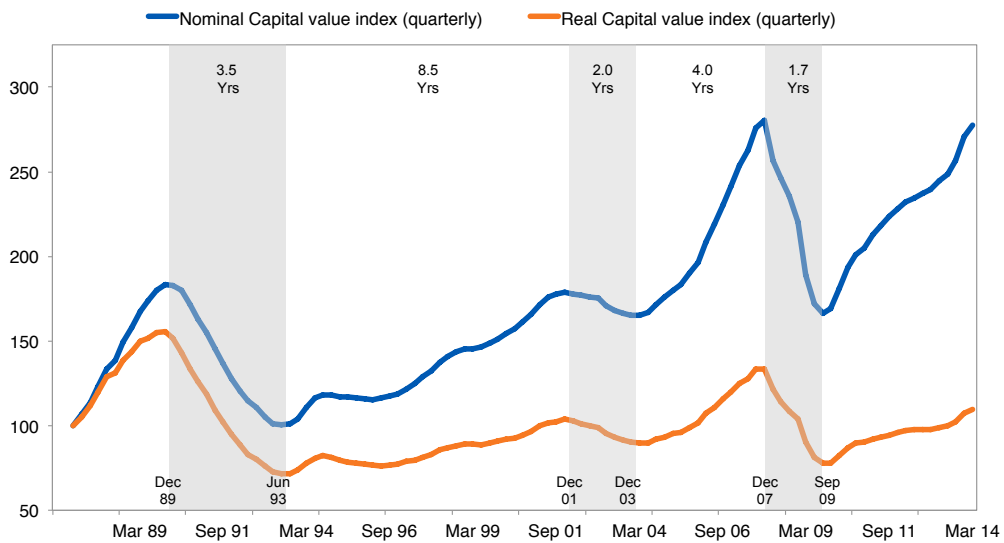


UK Employment Growth (2013-18)



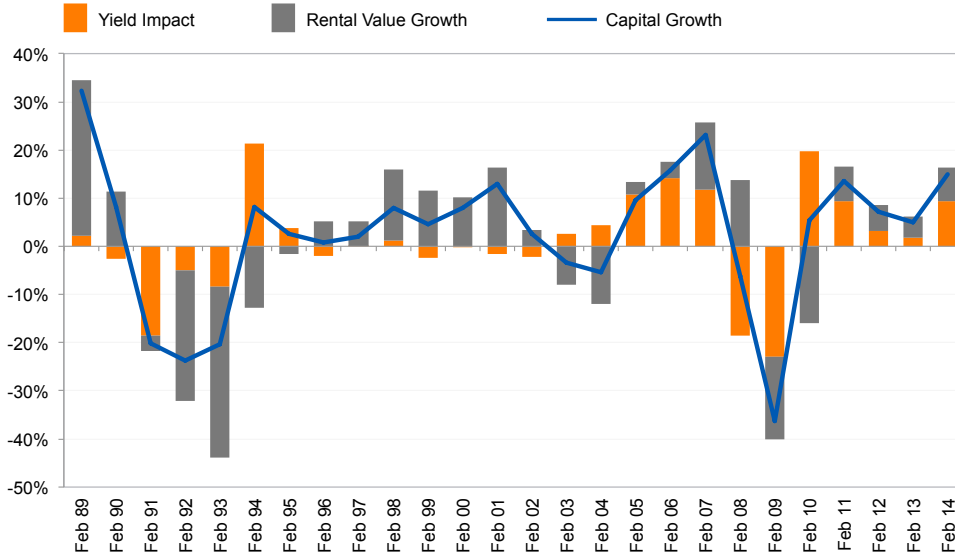
# The Cycles So Far

Central and Inner London Capital Growth



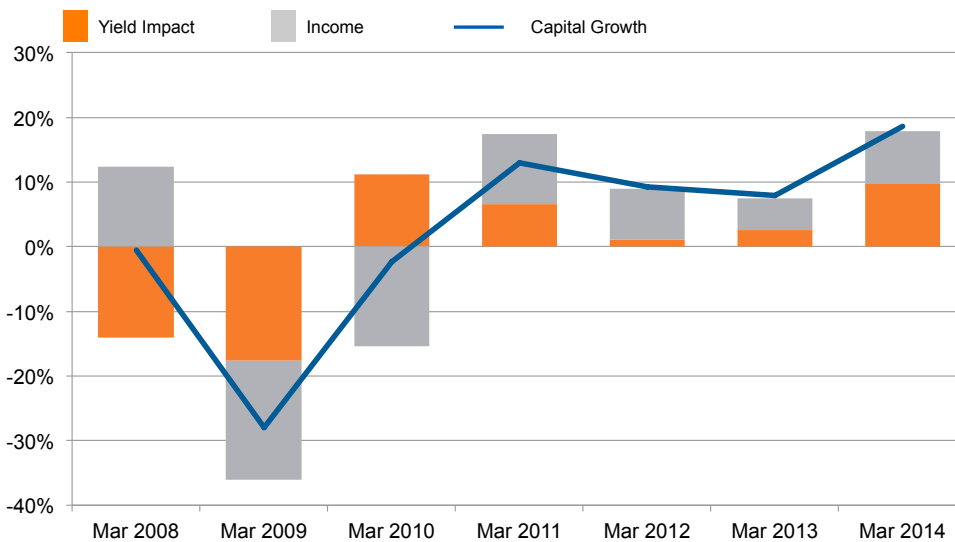
# The Cycles So Far

## Annual Capital Growth & Attribution; Midtown & West End IPD



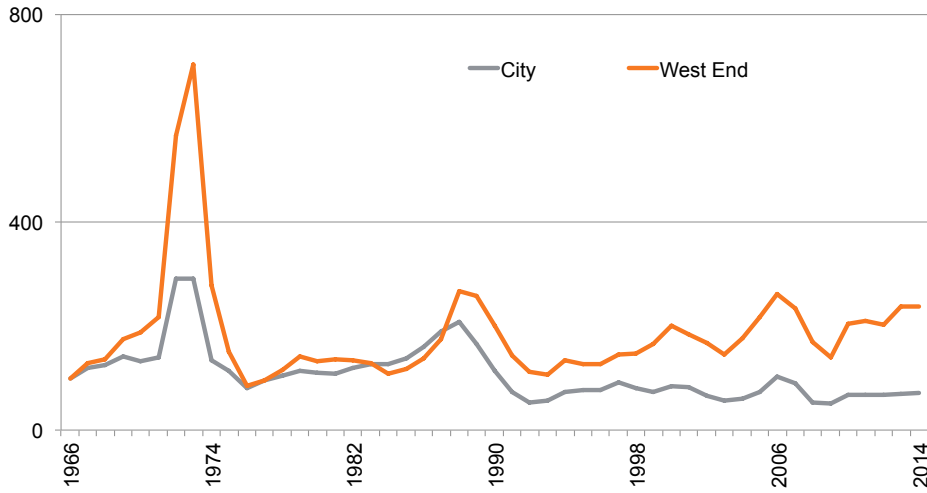
# The Cycles So Far

## GPE Capital Growth & Attribution



Income attribution excludes step change on developments. All attributions shown like for like excluding sales and purchases.

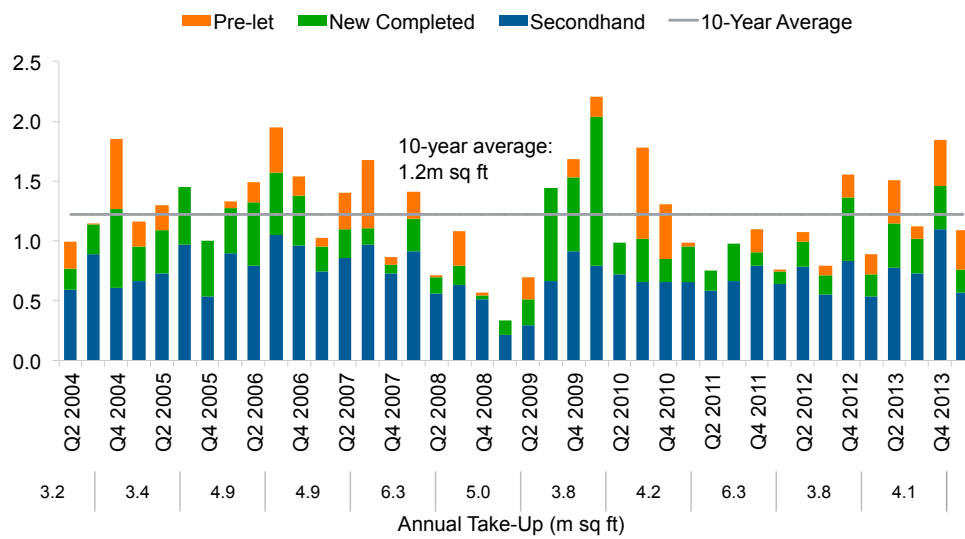
# Prime Real Capital Values<sup>1</sup>



# City Take-Up



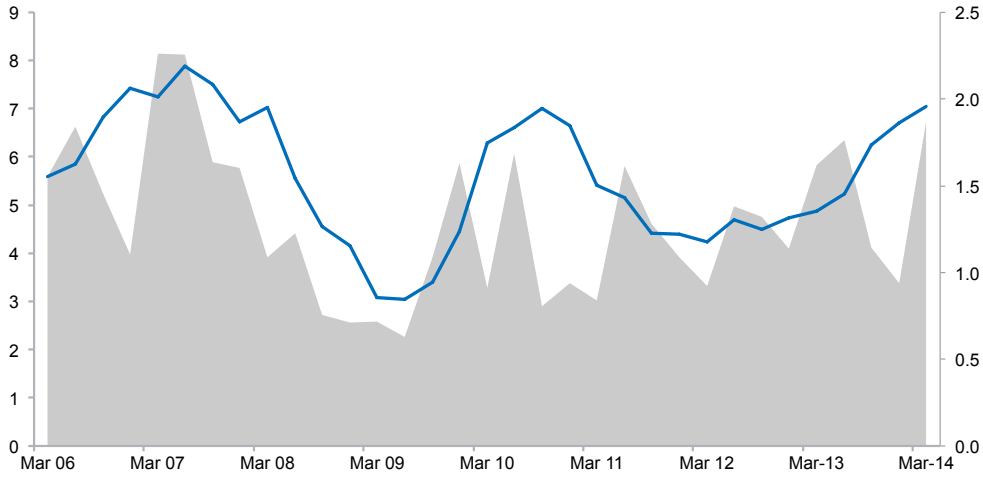
Million sq ft



# Take Up to Rise



City (m sq ft)<sup>1</sup>

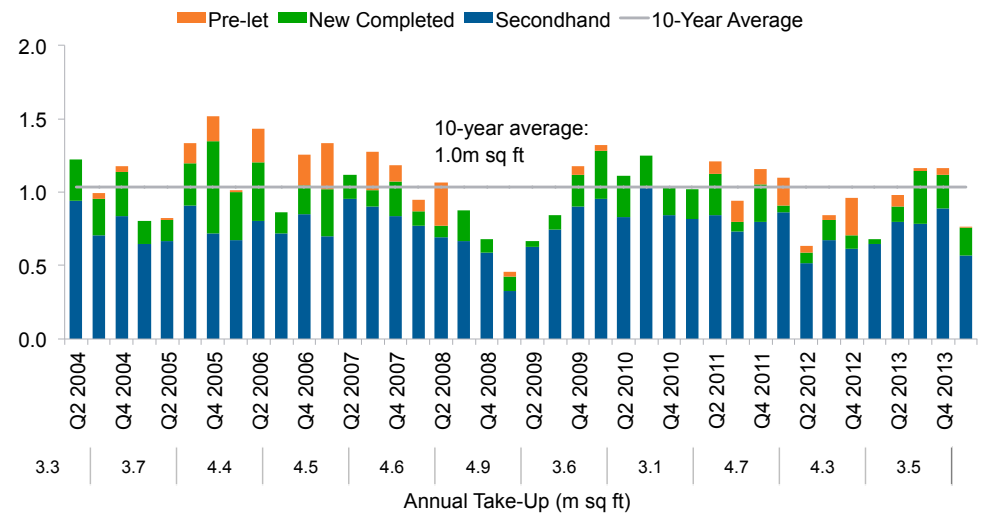


1. CBRE (Including east Southbank)

# West End Take-Up



Million sq ft

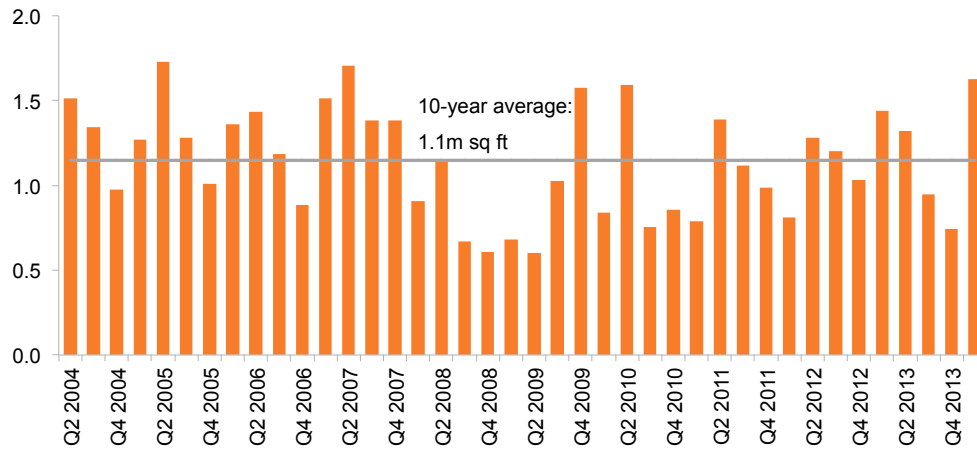


Source: CBRE

## City Office Under Offer



Million sq ft



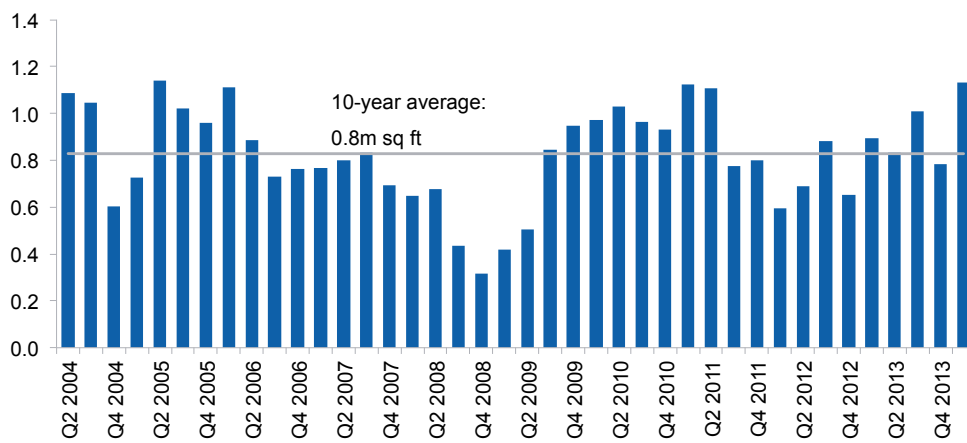
Source: CBRE

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## West End Office Under Offer



Million sq ft



Source: CBRE

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## City Active Requirements >10,000 sq ft



000 sq ft	May 2011	Nov 2011	May 2012	Nov 2012	May 2013	Nov 2013	May 2014	Change		
								12 months	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months
Professional Services	1,549	1,620	1,073	1,073	838	838	945	13%	0%	13%
Financial Services	1,447	955	1,139	1,197	894	1,232	1,041	16%	38%	-16%
Manufacturing & Corporates	192	181	137	67	55	175	90	64%	218%	-49%
Miscellaneous	266	440	350	441	423	666	497	17%	57%	-25%
Marketing & Media	42	89	133	61	71	124	233	227%	75%	88%
IT & Technology	261	206	257	234	554	422	204	-63%	-24%	-52%
Government	94	205	259	92	25	70	480	1820%	180%	586%
Insurance	1,095	922	926	831	568	417	475	-16%	-27%	14%
<b>Total</b>	<b>4,946</b>	<b>4,618</b>	<b>4,274</b>	<b>3,996</b>	<b>3,428</b>	<b>3,944</b>	<b>3,965</b>	16%	15%	1%

Source: Knight Frank

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## West End Active Requirements >10,000 sq ft



000 sq ft	May 2011	Nov 2011	May 2012	Nov 2012	May 2013	Nov 2013	May 2014	Change		
								12 months	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months
Professional Services	100	165	100	110	156	206	40	-74%	32%	-81%
Financial Services	198	331	358	368	616	261	409	-34%	-58%	57%
Manufacturing & Corporates	256	100	155	485	445	154	319	-28%	-65%	107%
Miscellaneous	469	315	432	373	210	330	262	25%	57%	-21%
Marketing & Media	206	82	782	810	145	163	218	50%	12%	33%
IT & Technology	218	175	95	172	276	207	125	-55%	-25%	-40%
Government	270	84	109	64	83	130	17	-80%	57%	-87%
<b>Total</b>	<b>1,717</b>	<b>1,252</b>	<b>2,031</b>	<b>2,382</b>	<b>1,931</b>	<b>1,451</b>	<b>1,390</b>	-28%	-25%	-4%

Source: Knight Frank

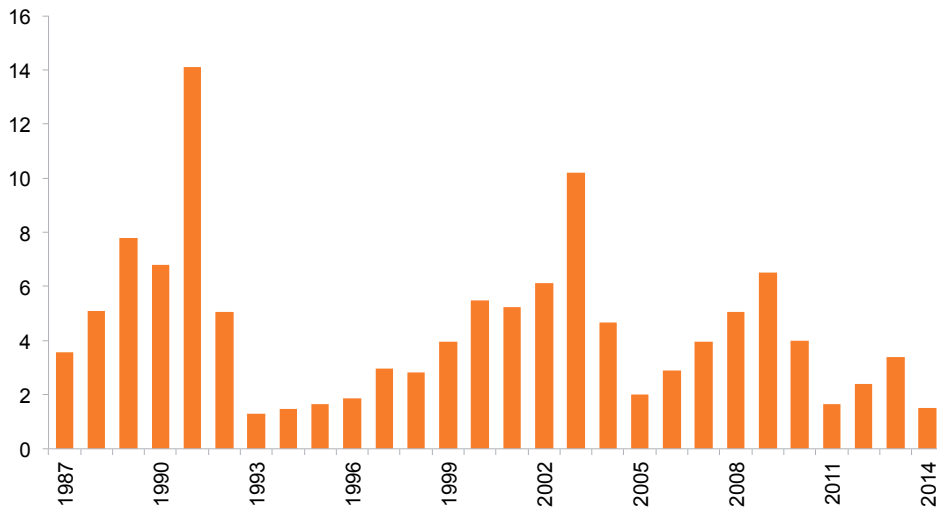
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# Central London Completed Developments



M sq ft

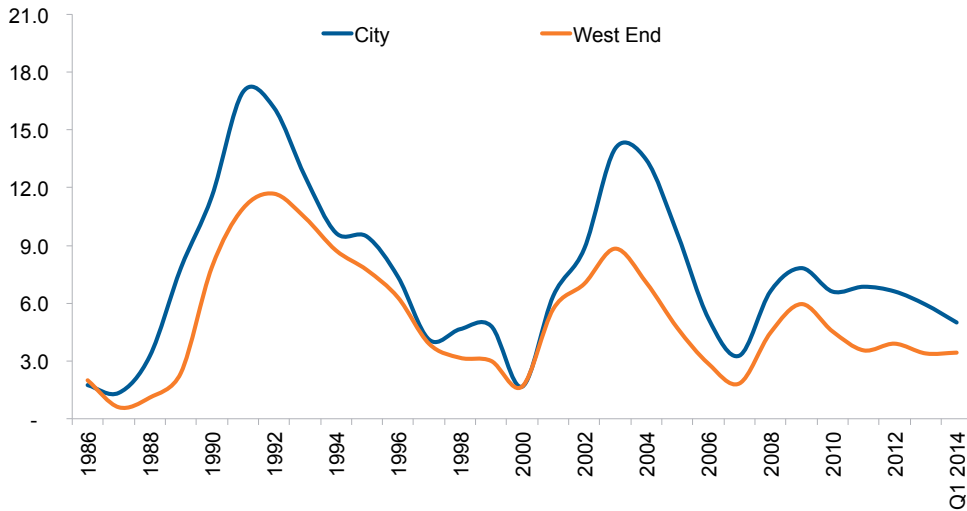


Source: CBRE. 2014 Q1 data

# Void Rate: Ready to Occupy Space



%

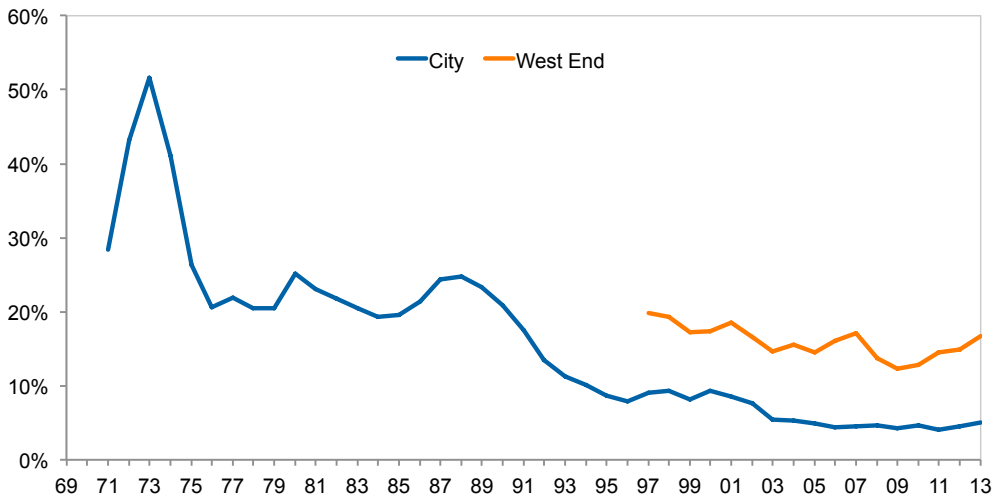


Source: CBRE

# Office Rent as a % of Salary Costs



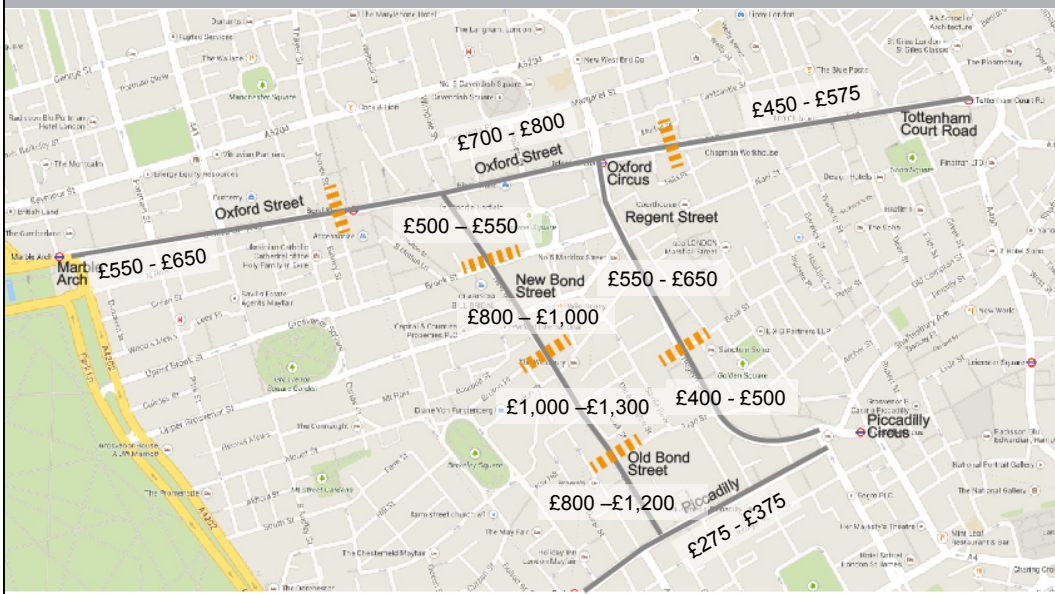
Rent as % of salary



Source: ONS, PMA

# The Retail Landscape

Relative Prime Zone A rents psf



Source: GPE estimates

# Central London Prime Yields



Central London Prime Yields (%)



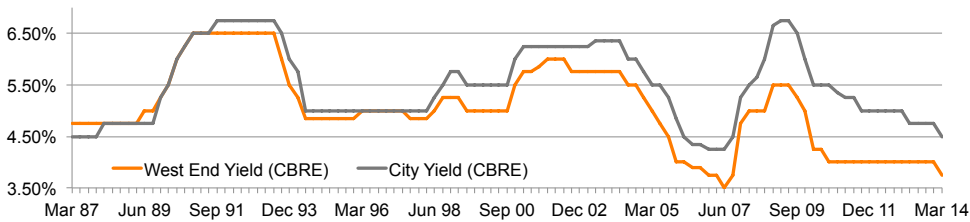
Source: CBRE

83

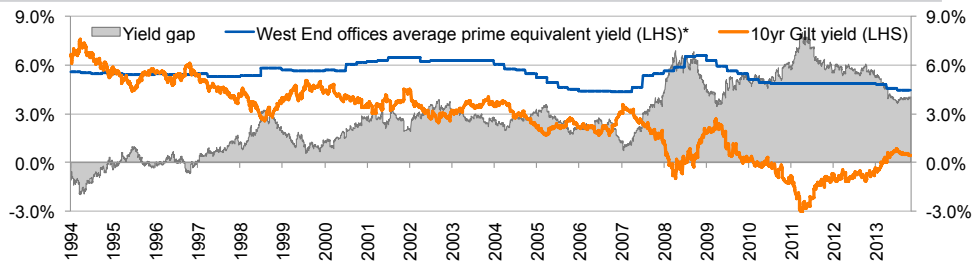
# Yields Today



Prime Yields (%)



Real Yield Gap



Source: JPMC, CBRE

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# Equity Demand and Supply

## Central London Investment & Development Property



Equity Demand <sup>1</sup>										Asset Supply <sup>2</sup>			
£bn	May 2010	Nov 2010	May 2011	Nov 2011	May 2012	Nov 2012	May 2013	Nov 2013	May 2014	Nov 13	May 14	% change	
Private	5.0	5.0	3.5	5.0	5.0	5.0	6.0	6.5	6.5	City	£1.2bn	£0.7bn	-42%
UK REITs	3.0	3.0	3.0	2.0	2.0	2.0	2.5	2.5	2.0	West End	£1.1bn	£1.6bn	+45%
Sovereign	2.0	7.0	7.0	5.5	6.0	6.5	7.5	8.5	11.5		<b>£2.3bn</b>	<b>£2.3bn</b>	<b>0%</b>
UK Funds	2.0	2.0	1.0	0.8	0.75	1.0	1.0	1.5	2.0				
US Opp Funds	2.0	3.0	4.0	3.0	4.0	4.5	4.5	4.5	4.5				
German Funds	1.5	1.5	0.5	0.5	0.75	1.5	1.0	1.5	1.3				
	<b>15.5</b>	<b>21.5</b>	<b>19.0</b>	<b>16.8</b>	<b>18.5</b>	<b>20.5</b>	<b>22.5</b>	<b>25.0</b>	<b>27.8</b>				

1. CBRE 2. GPE. Net of assets withdrawn and under offer

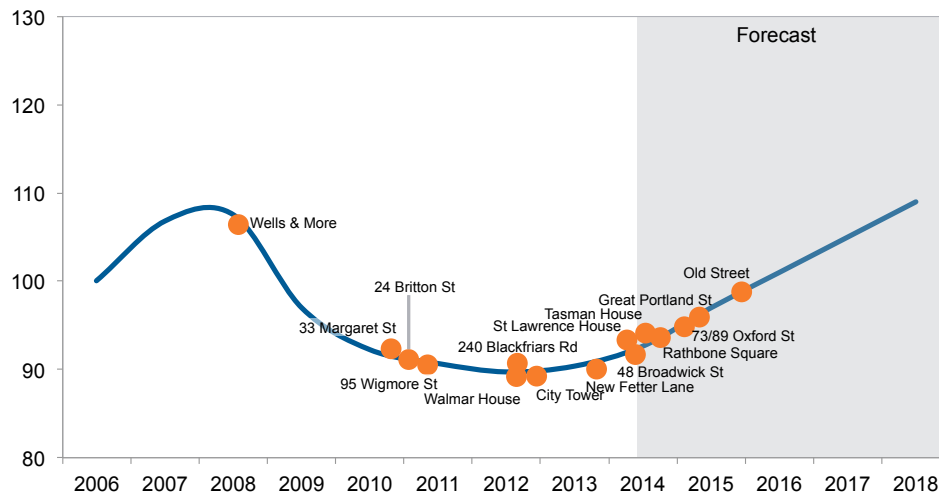
85

# Delivering the Developments

## Managing Construction Costs: Inflation



### Average Construction Inflation<sup>1</sup>



1. Based on EC Harris, Davis Langdon and G&T London indices

86

## Asset Management Movement in Reversions<sup>1</sup>



	6 months to	
	31 March 2014	30 Sept 2013
At beginning of period	£17.0m	£11.7m
Asset management	£0.9m	(£0.1m)
Disposals / acquisitions	(£1.0m)	£2.1m
ERV movement	£4.1m	£3.3m
At end of period	£21.0m	£17.0m

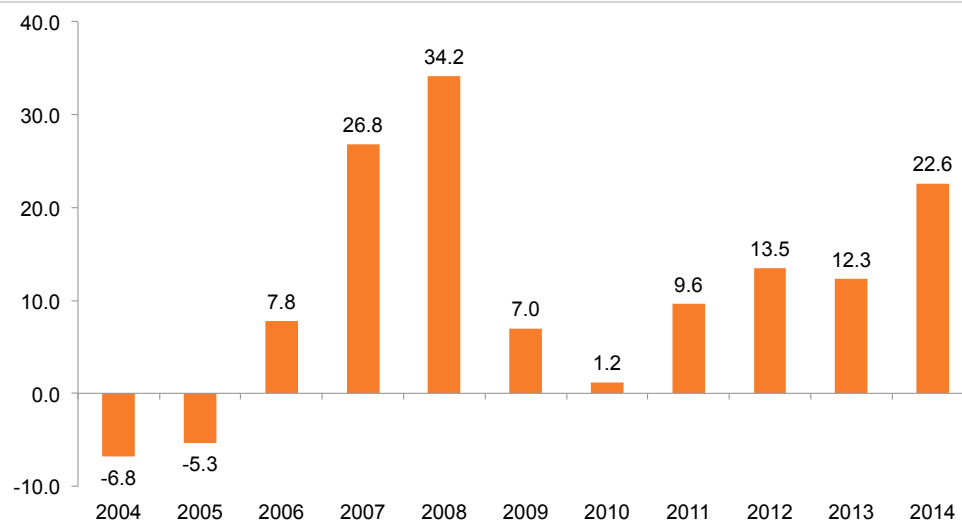
1. Includes share of Joint Ventures

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## Asset Management Portfolio Reversion<sup>1</sup>



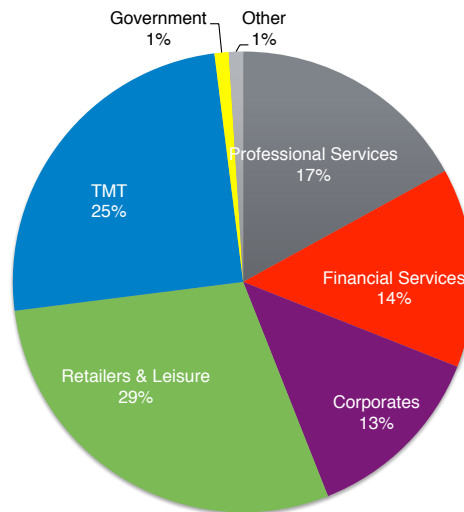
%, year to March



1. Includes share of Joint Ventures

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## GPE Tenants<sup>1</sup> By Sector at 31 March 2014



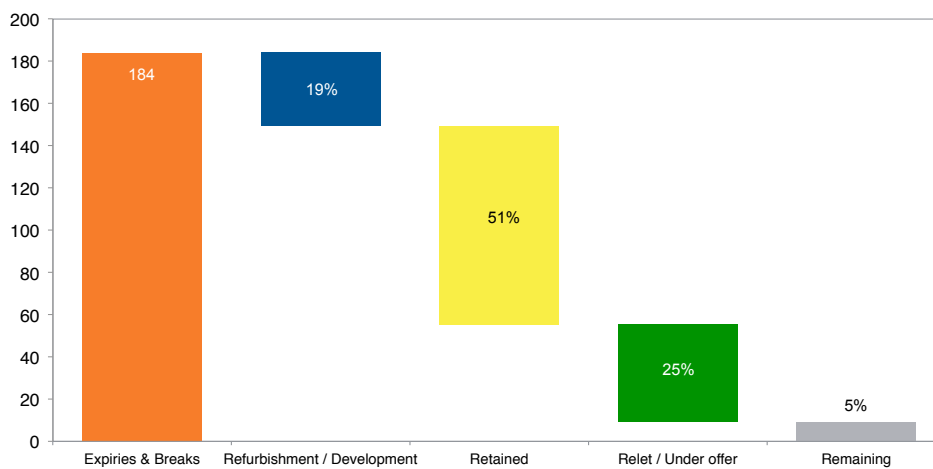
1. Includes share of Joint Ventures

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## Asset Management Tenant retention, 12 months to March 2014<sup>1</sup>



Area (000 sq ft)



1. Joint Ventures at 100%

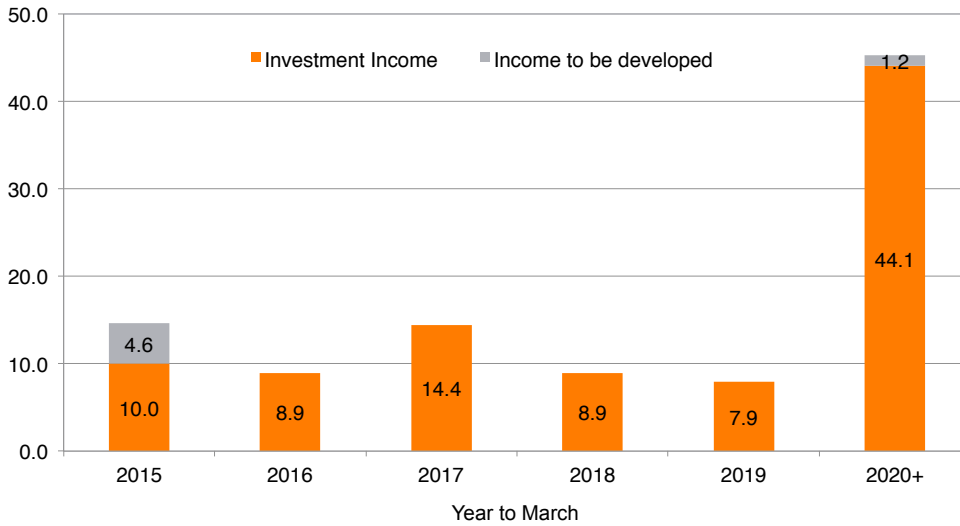
90

## Asset Management

### Expiry profile<sup>1</sup>



% by total rental income subject to lease expiry or break



1. Includes share of Joint Ventures

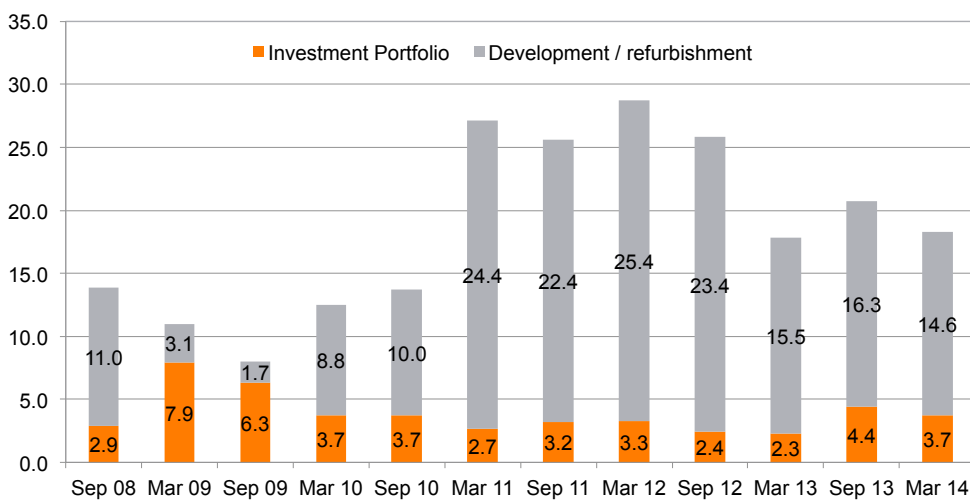
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## Asset Management

### Void rate, % by rental value<sup>1</sup>



% by rental value



1. Includes share of Joint Ventures

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## Development Scheme Review

Completions since May 2009



	PC	New build area sq ft	Cost £m <sup>1</sup>	Profit on cost £m <sup>1</sup>	Yield on cost <sup>2</sup>	Rent £m pa <sup>1,2</sup>	WAULT <sup>3</sup>	% let at PC <sup>4</sup>
184/190 Oxford St, W1	Apr 2011	26,400	28.7	7.1	SOLD	SOLD	SOLD	100%
Newman St, W1 (Residential)	Oct 2011	24,900	26.4	0.8	SOLD	SOLD	SOLD	-
24 Britton St, EC1	Nov 2011	51,300	19.3	6.4	8.2%	1.6	12.3	100%
160 Great Portland St, W1	May 2012	92,900	63.3	26.8	8.2%	4.8	18.1	100%
33 Margaret St, W1	Dec 2012	103,700	65.5	52.1	8.5%	7.3	18.2	97%
95 Wigmore St, W1 (GWP)	Jul 2013	112,200	54.8	34.1	7.4%	4.0	11.1	92%
City Tower / Sky Light, Basinghall St, EC2 (GSP)	Sep 2013	138,200	35.6	11.8	5.4%	3.1	4.4	24%
240 Blackfriars Road, SE1 (GRP)	Apr 2014	236,700	67.6	38.3	8.4%	5.4	14.1	57%
		786,300	361.2	177.4	7.0%	26.2	15.3	
				As at completion 49%				
				To March 2014 69%				

1. GPE share 2. Rent / yield on costs for assets held only 3. WAULT based on office rents 4. Based on ERV of property

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## Completed Project

### 95 Wigmore St, W1



- Prime 112,200 sq ft retail and office building
- Development Sept 2010 – July 2013
- Offices (100% let)
  - Rent £84.50 psf average
  - WAULT 11.1 years
- Retail 86% let / under offer
  - £155 ZA
  - Good interest

GPE profit on cost	62.3%
Ungearred IRR	23.9%
Yield on cost	7.4%

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## Completed Project

City Tower and Sky Light,  
Basinghall St, EC2

- Asset repositioning
- Refurbishment July 2012 – Sep 2013
- 138,200 sq ft offices
  - 63% refurbished
  - 42% occupied
- Tower
  - Refurbished 60,000 sq ft (10 floors)
  - 11,500 sq ft let to date
  - 10,140 sq ft under offer
- Sky Light
  - 25,400 sq ft fully let

GPE profit on cost	33.1%
Ungearred IRR	26.9%
Yield on cost	5.4% <sup>1</sup>

1. Yield based on ERV for refurbished space and passing rent



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## Committed Project

12/14 New Fetter Lane, EC4

- Pre-let to Bird & Bird
- 142,500 sq ft
- 20.25 year term, no break
- £8.3m pa
- 7 months rent free, £20.6m cash payment  
(Total incentive 37 months rent equivalent)
- Construction contract in place
- Demolition started
- Practical completion Q3 2015

GPE profit on cost <sup>1</sup>	41.8%
Ungearred IRR <sup>1</sup>	34.7%
Yield on cost <sup>1</sup>	8.4%

1. Assume hand back not exercised



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# Our Integrated Team



## Executive Committee

Chief Executive <b>Toby Courtauld</b>	Portfolio Director <b>Neil Thompson</b>	Investment Director <b>Ben Chambers</b>	Finance Director <b>Nick Sanderson</b>
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## Senior Management

Head of Projects <b>James Pellatt</b>	Head of Leasing <b>Marc Wilder</b>	Head of Asset Management <b>James Mitchell</b>	Head of Development <b>Andrew White</b>
Head of Corporate Finance <b>Martin Leighton</b>	Head of Investment Management <b>Hugh Morgan</b>	Head of Sustainability <b>Janine Cole</b>	Company Secretary <b>Desna Martin</b>
Head of Financial Reporting & IR <b>Stephen Burrows</b>			

## Wider GPE Team

Development 18; Asset Management 31; Investment Management 4; Finance 27<sup>1</sup>

1. Includes IT, Insurance, HR & Company Secretarial