

JPMC Conference – 14 January 2014

Unlocking potential

GREAT
PORTLAND
ESTATES

East End of Oxford Street – The Opportunity

East End of Oxford Street

Agenda



Introduction

Toby Courtauld, Chief Executive

Drivers of Change

- Infrastructure
- Building Stock

Toby Courtauld, Chief Executive

Market Impact

Toby Courtauld, Chief Executive

GPE Activity

- Exposure
- Development Projects

Neil Thompson, Portfolio Director

Outlook

Toby Courtauld, Chief Executive

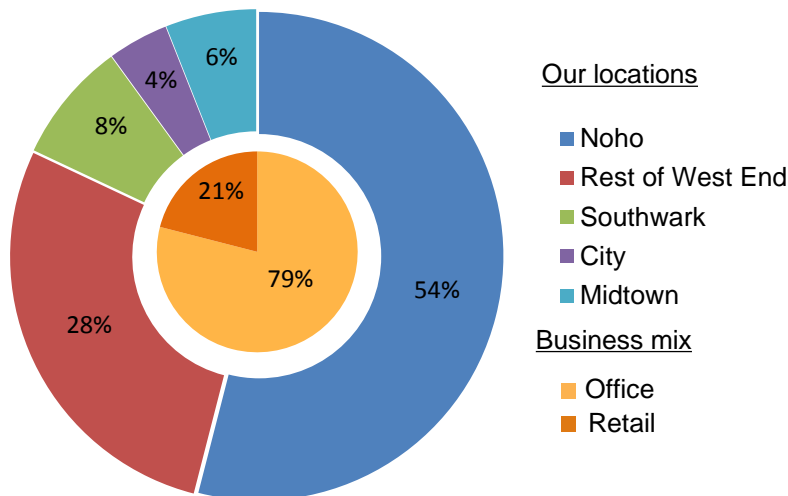
Company Overview



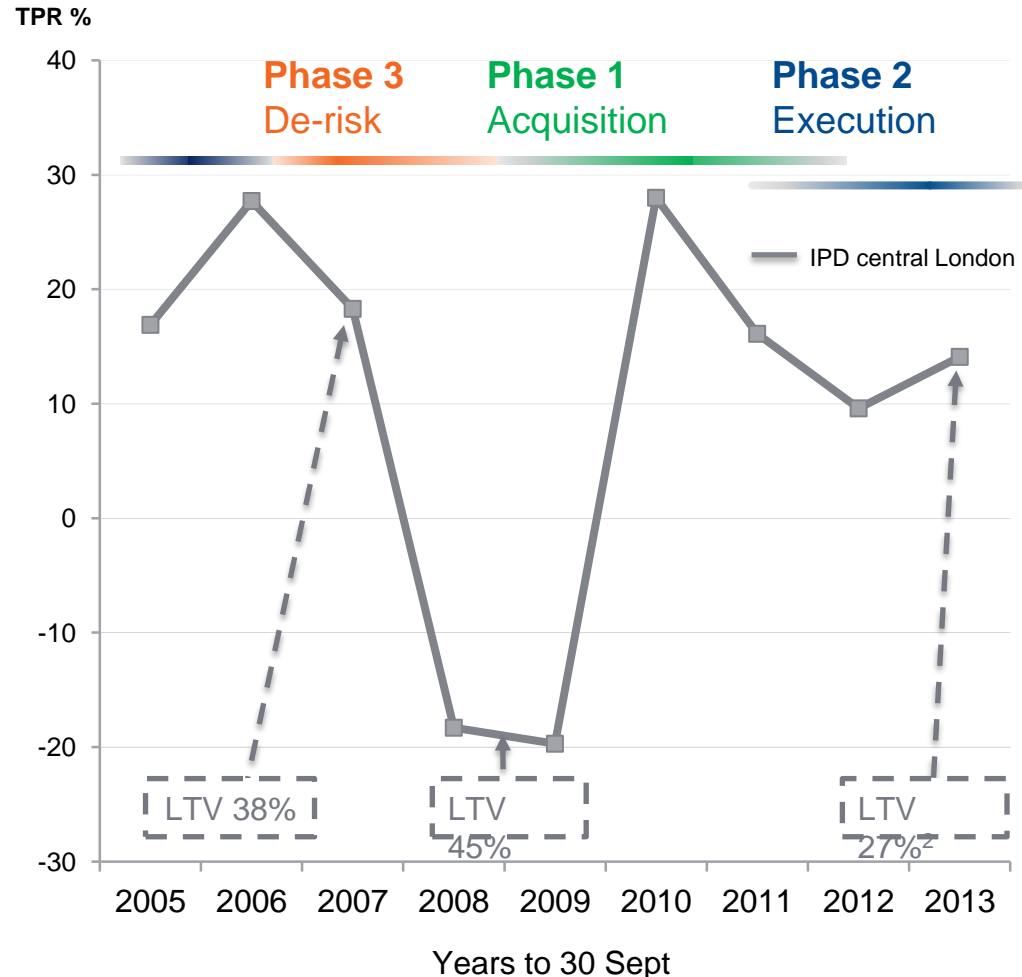
Strategy

- 100% central London, West End focus (82%)
- Asset repositioning off low rents (£41.80 psf)
- Flex operational risk through the cycle
- Low financial risk through the cycle

Portfolio characteristics¹



Cycle read



¹ As at 30 September 2013 including share of joint ventures ² 30 September 2013, pro forma for the deferred consideration on 100 Bishopsgate, EC2 and property sales since period end (90 Queen Street, the creation of the GHS Partnership & 20 St James's Street)

Successful Strategy is Delivering

Interim Results – November 2013



1. Significant development surpluses

- 2 projects completed, 49.6% profit on cost
- 3 on-site
 - 67% pre-let
 - 37% profit on cost
 - More to come ...
- 5 schemes near term
 - 502,100 sq ft West End planning permissions
- 17 schemes longer term
- 22 scheme total pipeline, 1.9m sq ft:
 - 88% in supply-constrained West End
 - Major opportunity

3. Accretive recycling

- £113.5m sold²
 - 4% > book value
- £90.0m bought
 - East Oxford St regeneration
- Crystallised at Hanover Sq
 - Sold into 50:50 JV
 - £202m

2. Strong asset management

- 38 new lettings; £18.1m pa rent¹
 - 3.2% > March ERV
 - Rental income □21%
- Since half year¹
 - £2.6m leased
 - £2.4m under offer
 - 5.8% > March ERV
- Reversionary potential 18.1% (12.3% March)
- More to come
- Actively increased void rate, 4.0% today

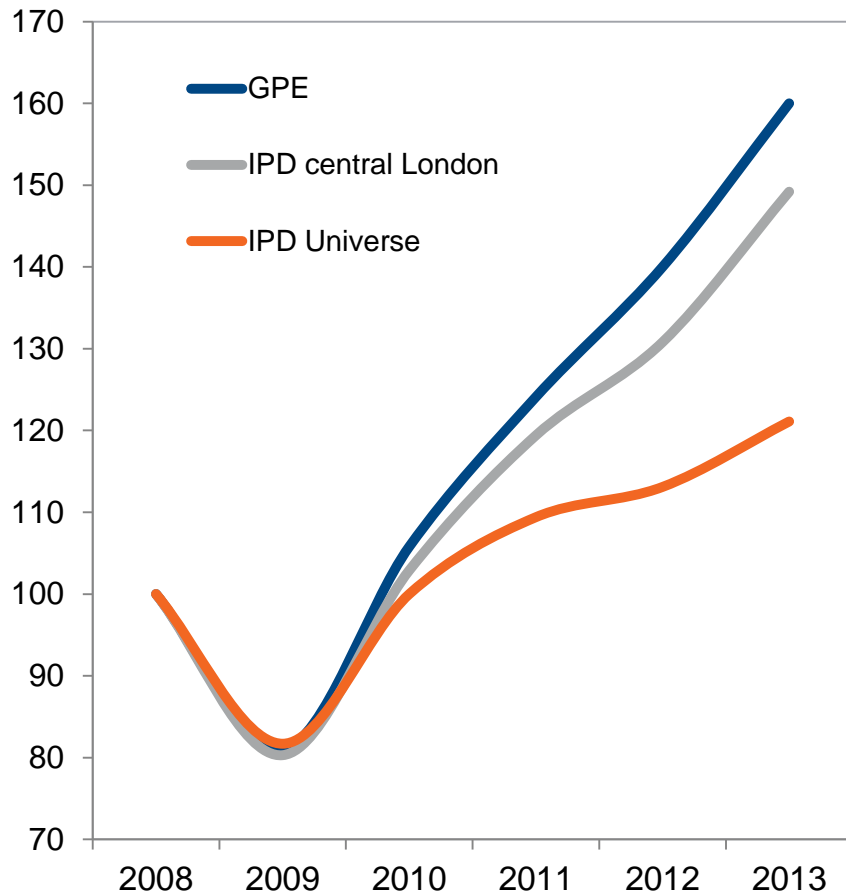
4. Financial position - strong

- 3.2% average interest rate – record low
- LTV □to 28.7%
- £503m firepower

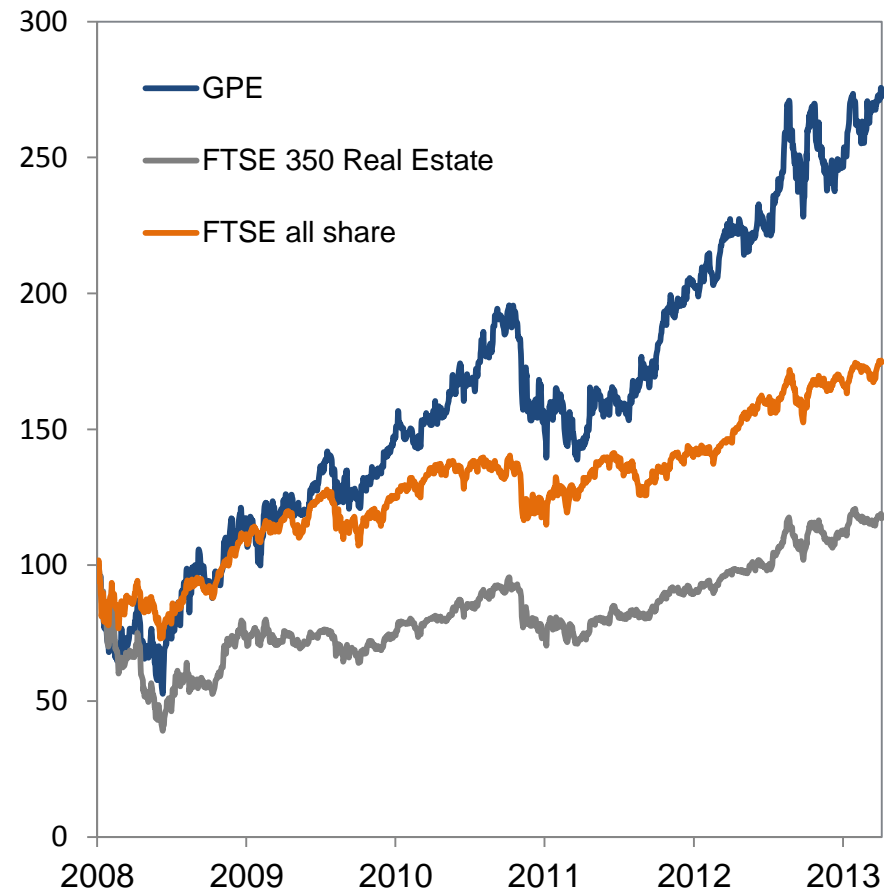
Outperforming



Relative TPR over 5 years (%), years to 30 Sept¹



Relative TSR over 5 years (%), years to 30 Sept



Key Successes Since HY Results



Sales

- New 50:50 joint venture with HKMA to own and develop Hanover Square
- 20 St James's Street, SW1 sold for £54.5 million: ahead of book value
- Completion of sale of 90 Queen Street, EC4: 13% ungeared IRR since purchase in 2009

Letting successes

- 54,500 sq ft let during December: £2.4 m rent p.a. (£1.5 million GPE share)
- 7.5% & 5.9% > March & September 2013 ERVs
- Entirety of Skylight (25,500 sq ft), City Tower let at £39.50 psf

Strong financial position¹

- Pro forma LTV low at 27%
- Cash and undrawn facilities in excess of £500 million

IR - Updates

- Interim Management Statement: 30 January 2014
- Investor event: 5 February 2014
- GPE IR app: download our new app for the iPad from the App Store



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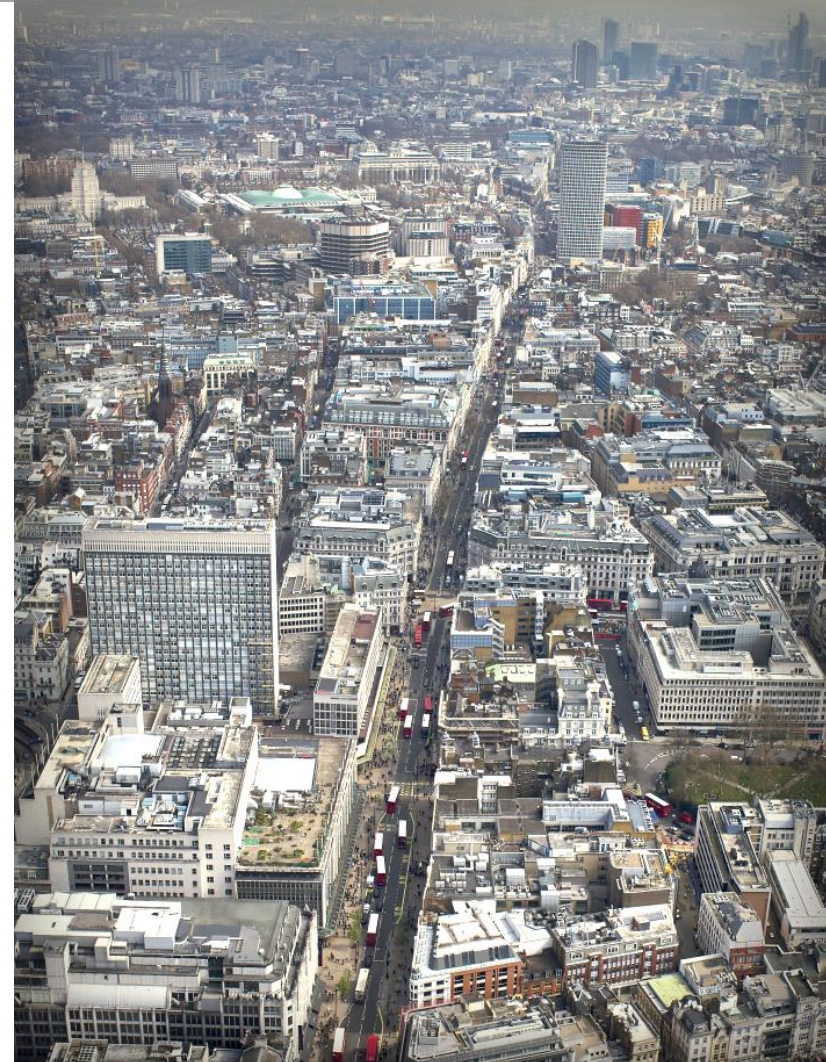
East End of Oxford Street



- Oxford Street: busiest retail street in Europe
- 1.5 miles long: 4.3 million sq ft of retailer accommodation
- 200 million visits per year: £5.0 billion annual turnover
- Average spend per visit £111.80
- 83% of the UK's 'affluent urbanites' live within Oxford Street catchment
- The retail offer deteriorates as you travel east
- Oxford Street west more than 2x the footfall of the east

Major improvement is coming:

- Infrastructure transformation
 - New Crossrail Station/tickethalls
 - London Underground station upgrade
 - Street scape
- Improved building stock



Infrastructure Transformation

Crossrail - what is it?

- A new high-frequency railway
- Europe's largest construction project: cost £14.8 billion
- 37 new stations
- 200m trains; 24 trains an hour; 1,500 passengers per train
- Increasing the public transport rail capacity by 10% the largest increase since WW2
- An extra 1.5 million people will be within 45 minutes of central London
- Contribute to a reduction of 500m km car journeys annually
- Tunnels almost complete – last west to east boring machine at Gray's Inn Road
- Phased services commence late 2018

Infrastructure Transformation

New Crossrail station at Tottenham Court Road



- c£1 billion new station to serve Crossrail & the underground
- Largest transport investment in the West End for decades
- Station the length of three football pitches, four storeys underground
- 102,000 passengers per day on opening
- Dedicated ticket hall at Dean Street
- Transformational journey times:

	Journey time from TCR to:	
	Canary Wharf	Heathrow
Now	21 mins	53 mins
Crossrail	12 mins	28 mins

Infrastructure Transformation

Tottenham Court Road London Underground station

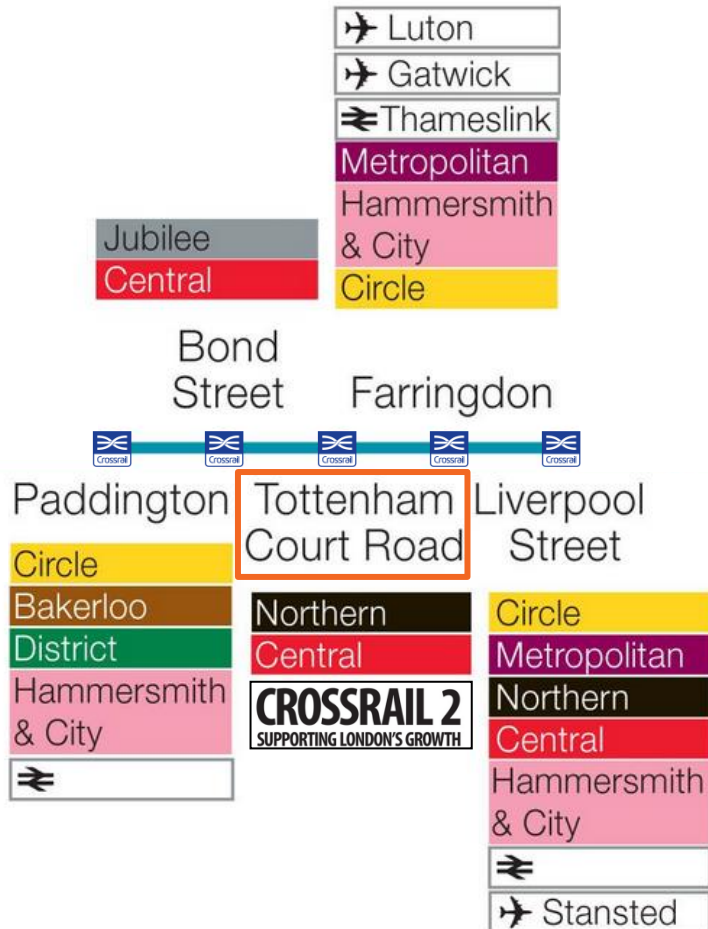


- c£0.5 billion upgrade to London Underground station
- Major reconfiguration of tunnels
- New ticket hall six times the size of the existing
- Three new entrances
- Introduce step free access from street to platform
- Completion 2016

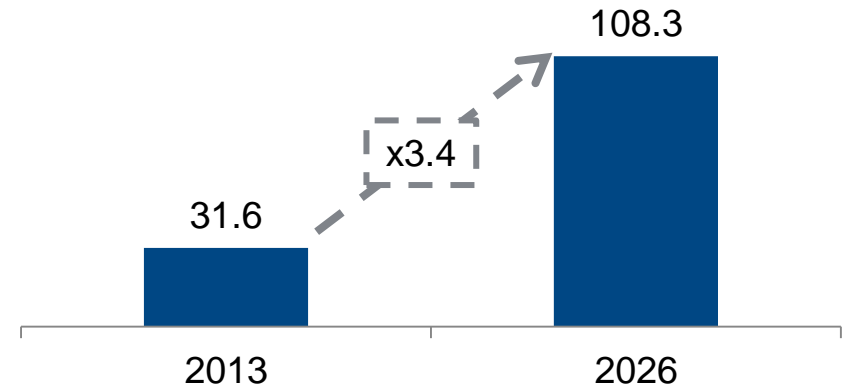


Infrastructure Transformation

East End of Oxford Street – footfall to triple



Tottenham Court Road Station¹
 Million passengers p.a. Tube & Crossrail



- 2026: 38,000 passengers per hour / 306,000 per day
- New Dean Street entrance: 33% of total traffic
- Surpassing Oxford Circus in visitor numbers and connectivity
- Forms the only interchange between Crossrail 1 & 2

Infrastructure Transformation

Street scape



Dean Street pedestrianisation



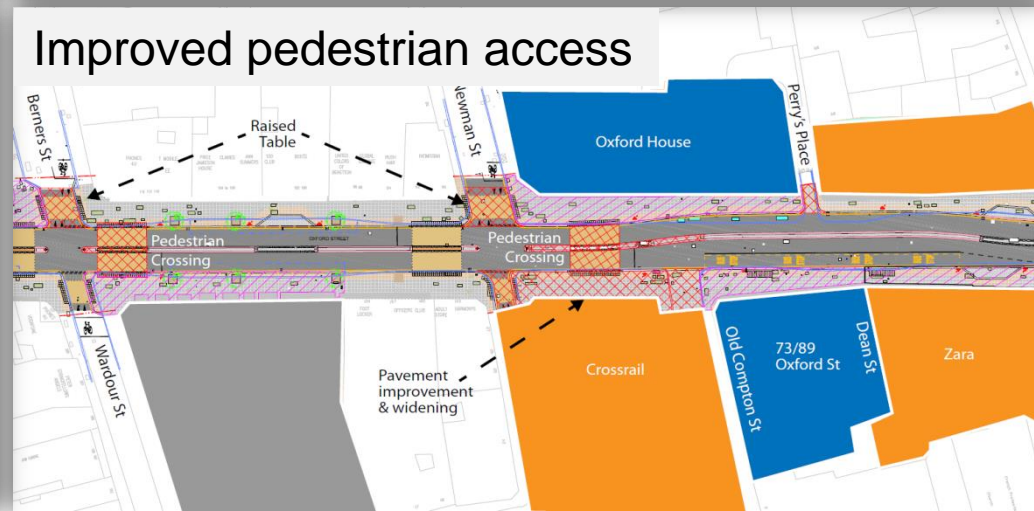
St Giles Circus crossing improvements



New open plaza



Improved pedestrian access



Improved Building Stock

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- Improved infrastructure and the removal of Crossrail uncertainty a catalyst for investment
- Estimated 320,000 – 430,000 sq ft of new A1 retail development¹
- Anchor retailers in place
- GPE has one of the largest development opportunities in the vicinity c.600,000 sq ft



Rathbone Place

Oxford House

PRIMARK

ZARA

73/89
Oxford St

-  Crossrail sites
-  Other schemes

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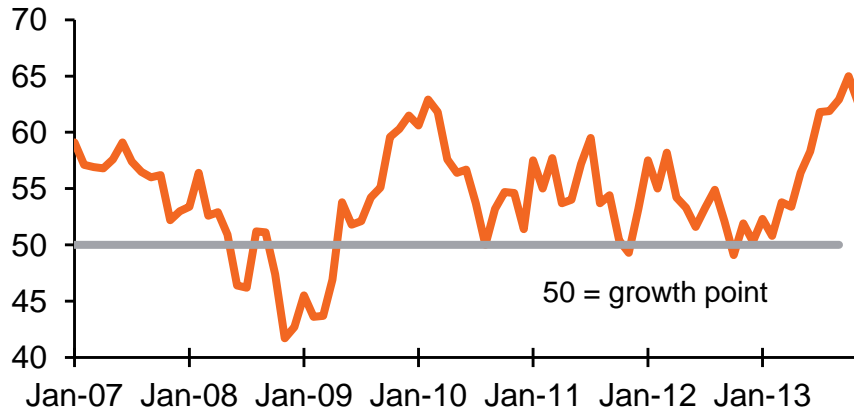
Toby Courtauld, Chief Executive

Macro Backdrop

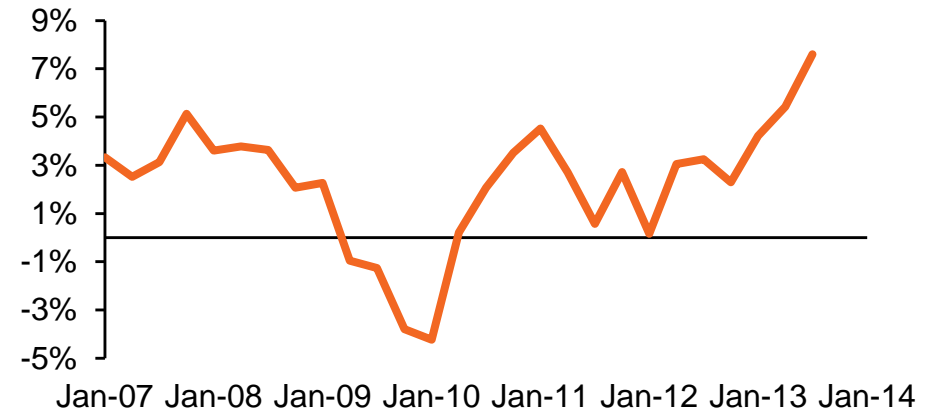
Business and employment growth increasing tenant demand and take up



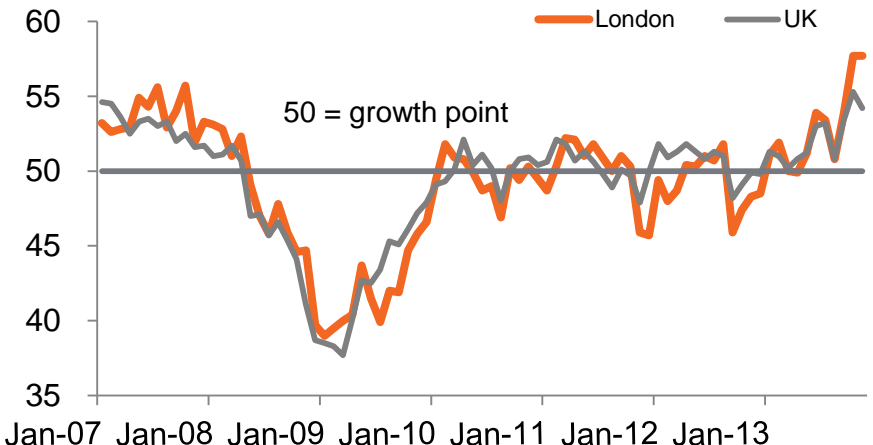
London Business Activity¹



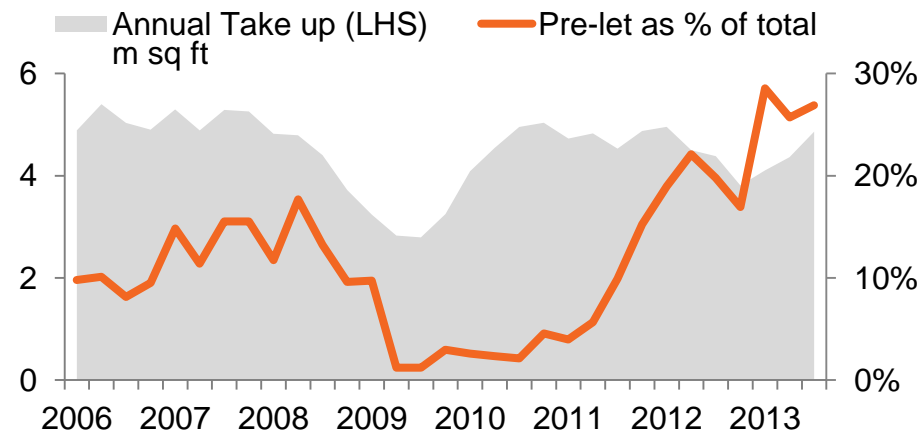
London F&BS employment³ (% annual change)



The London Economy: Jobs² (all sectors)



West End⁴



Macro Backdrop

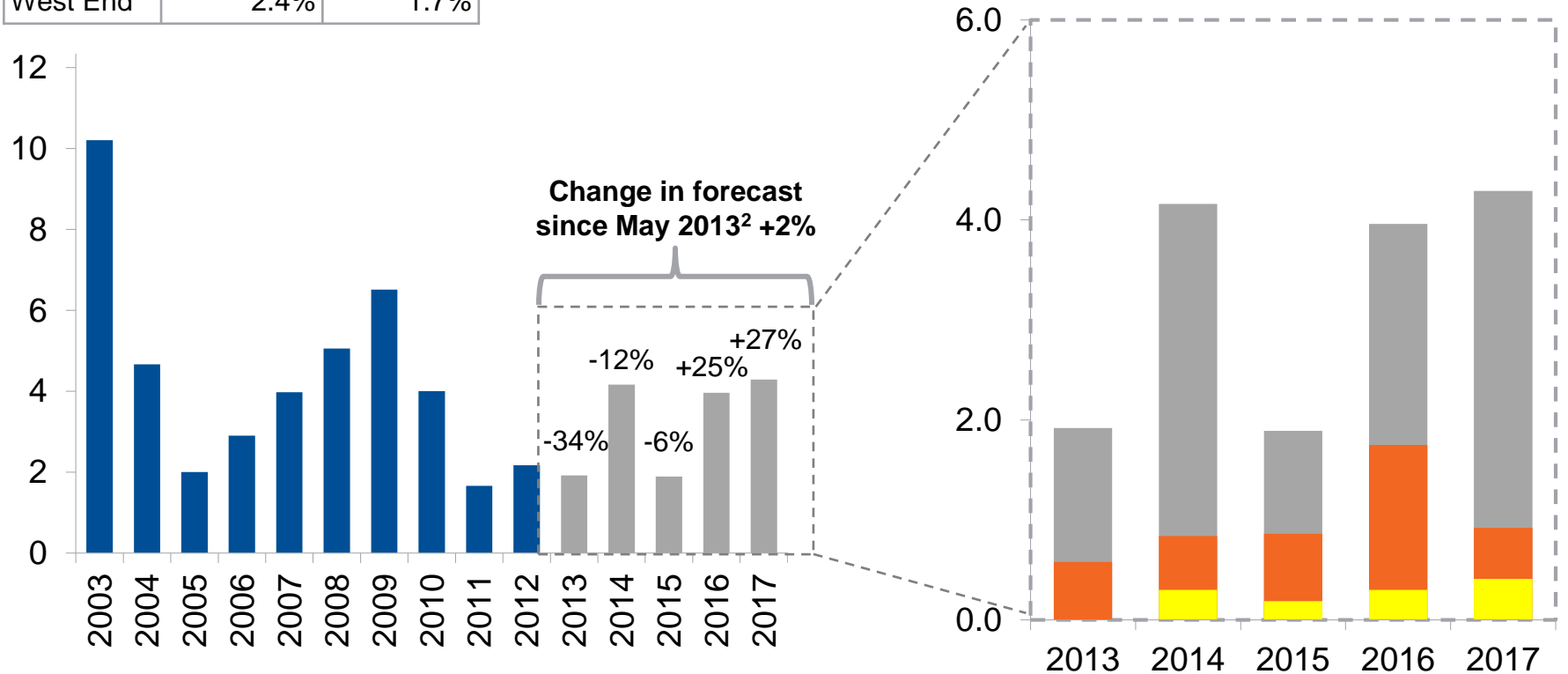
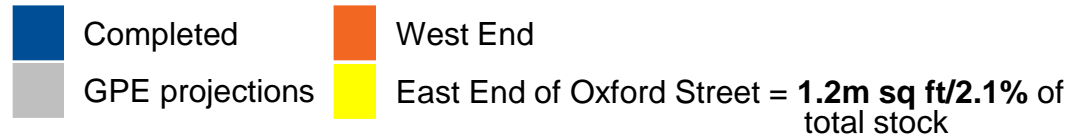
Tight supply remains supportive



Central London Office Potential Completions¹, Million sq ft

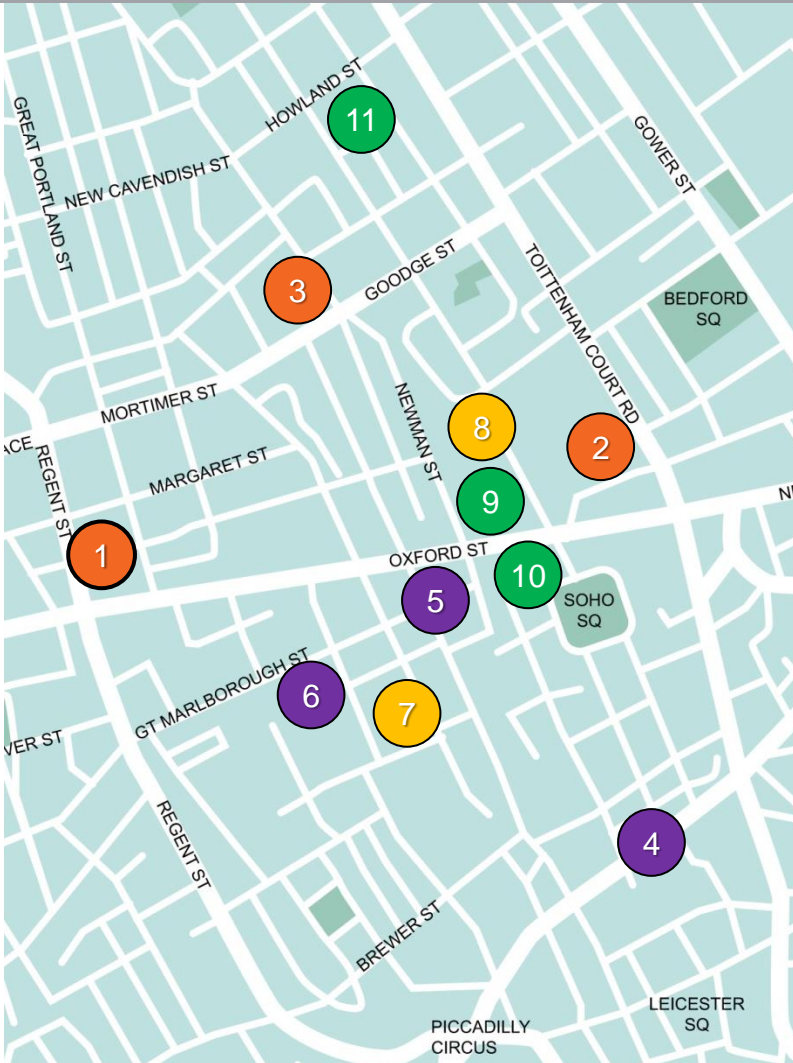
Core Grade A vacancy rates

	May 13	Sep 13
City	4.3%	3.1%
West End	2.4%	1.7%

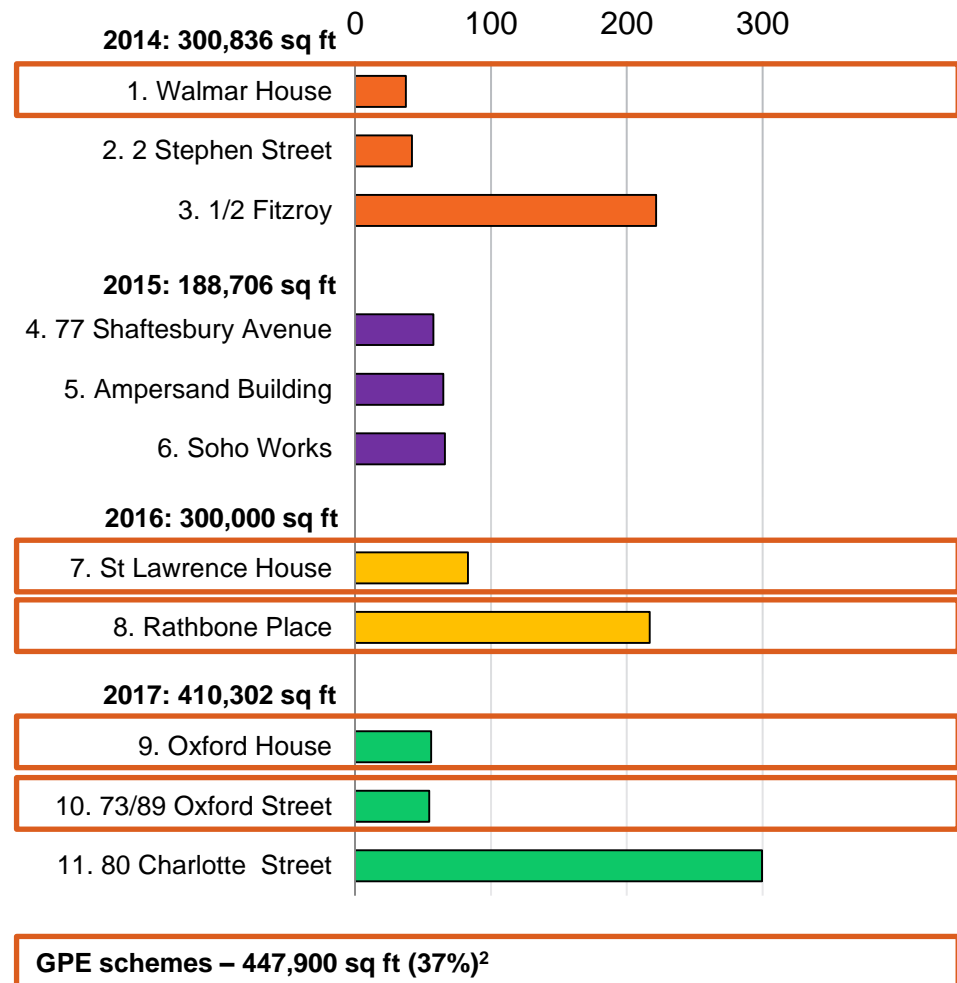


Office Supply

East End of Oxford Street



Anticipated Grade A Office Supply ('000 sq ft)¹



1. GPE estimates 2. office space only: 746,400 sq ft total including retail and residential

West End Office Demand

A selection of current requirements



SONY®

OmnicomGroup

IAVAS
M E D I A

TDR Capital

CCTV
中国中央电视台

amazon.com

Mishcon de Reya

Turner

LinkedIn

ebay

L



JUPITER

BREVAN HOWARD
Asset Management LLP

ESTÉE LAUDER

YAHOO!



FUJITSU

TUDOR
TUDOR CAPITAL

HOUSE OF FRASER

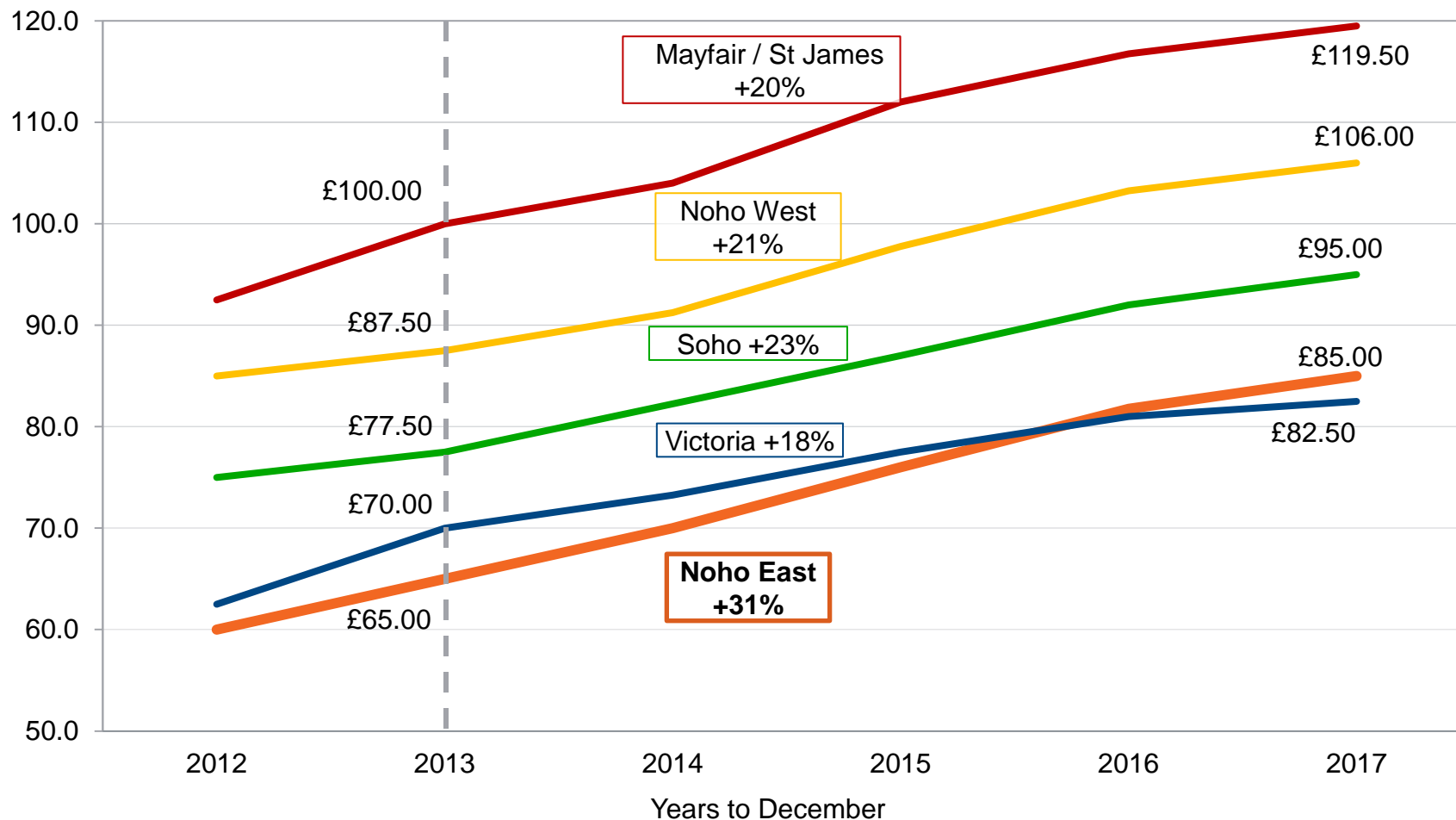
Microsoft

West End Office Rental Growth

Prime rental profile



Rental Growth Forecast (£ psf)

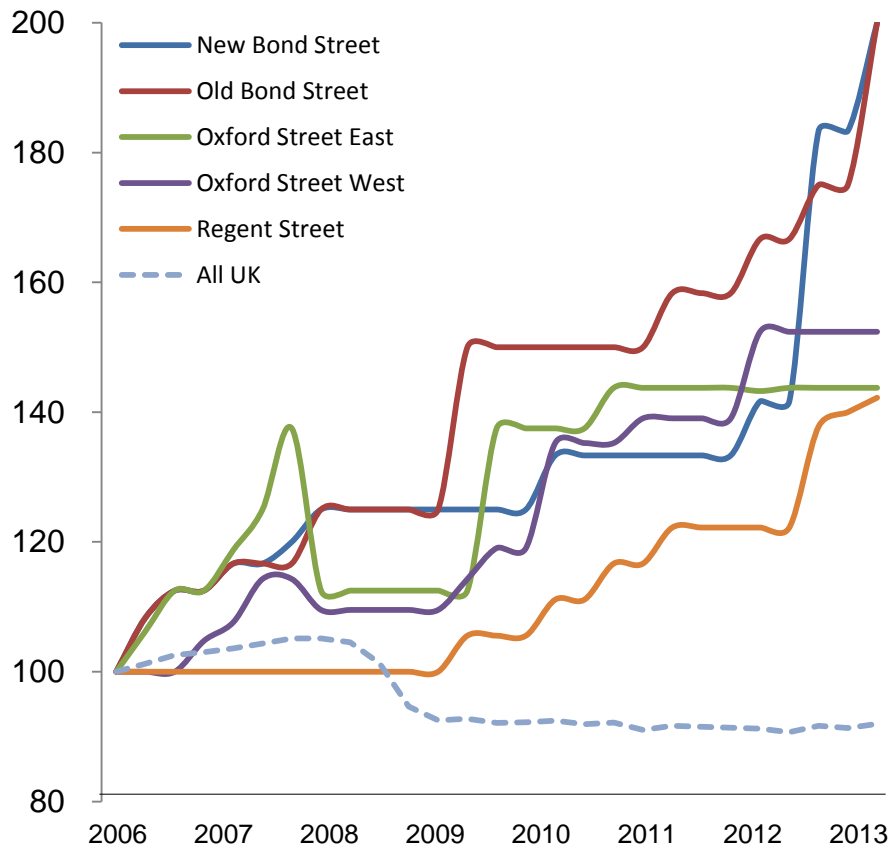


Retail Backdrop

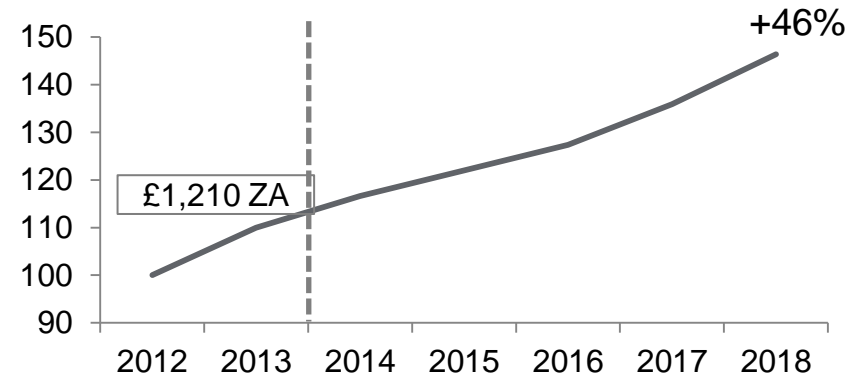
London is different



Retail ERV growth (indexed) on key London streets v All UK¹



Prime London Retail ERV Forecasts (indexed)¹

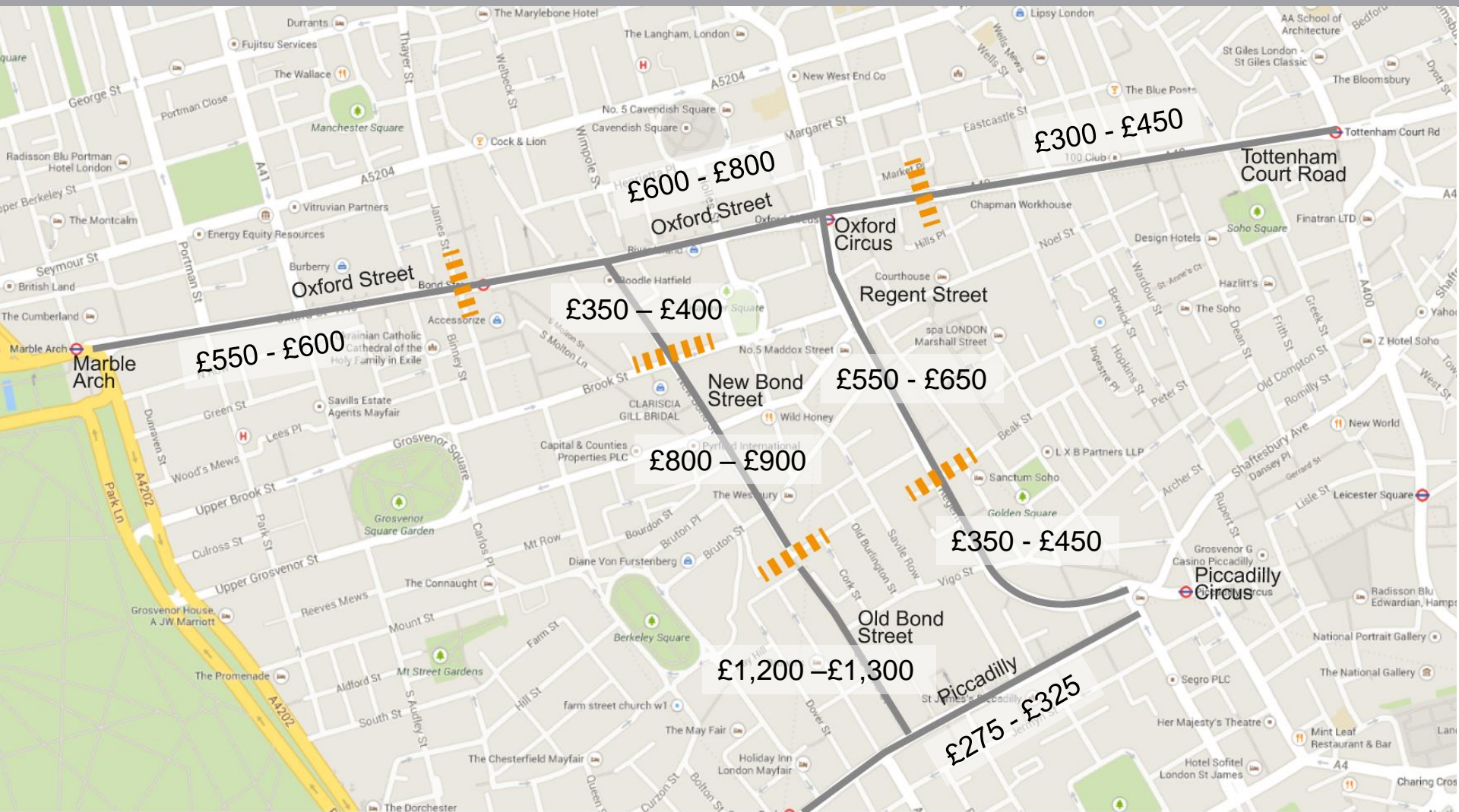


Strong demand on the key streets

- 28 requirements for retail presence
- Vacancy is near zero
- Lease premiums paid to access units
- London retail rents remain lower than comparable space in Hong Kong, New York and Paris²

The Retail Landscape

Relative Prime Zone A rents psf



We Have Seen It Before

Regeneration in the West: Mount Royal, W1

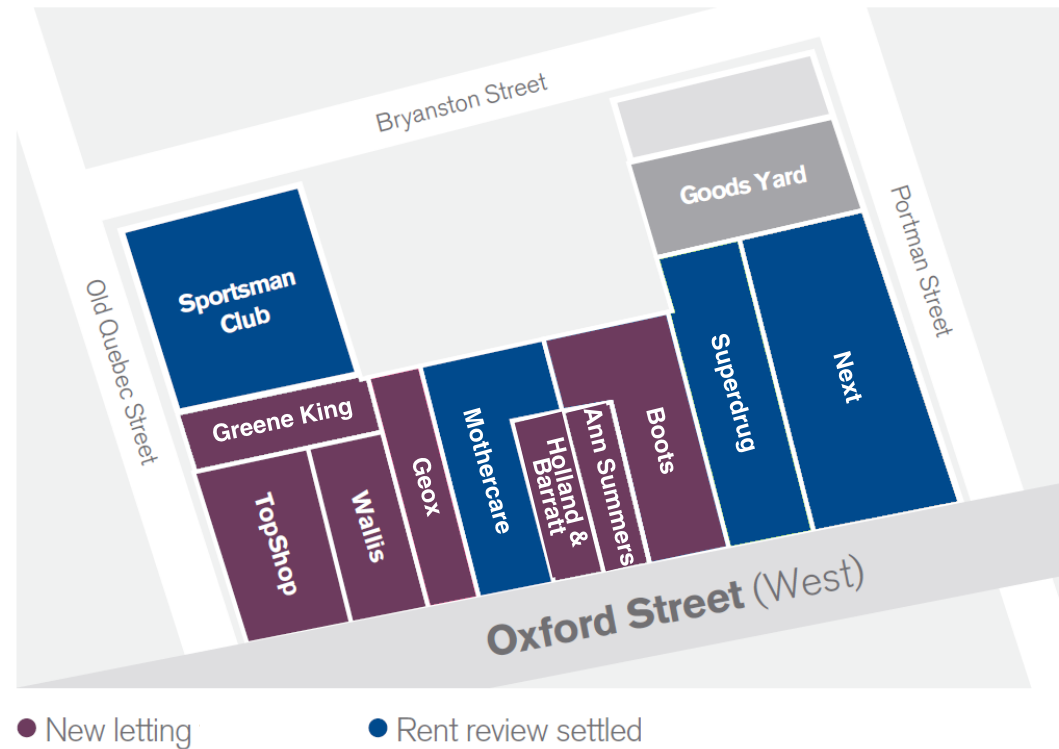


- Primark opened in April 2007 directly opposite Mount Royal
- Footfall increased by 22% in six months¹
- Active management of the tenant mix drove Zone A rents:

2010	Today
£295 psf	£585 psf

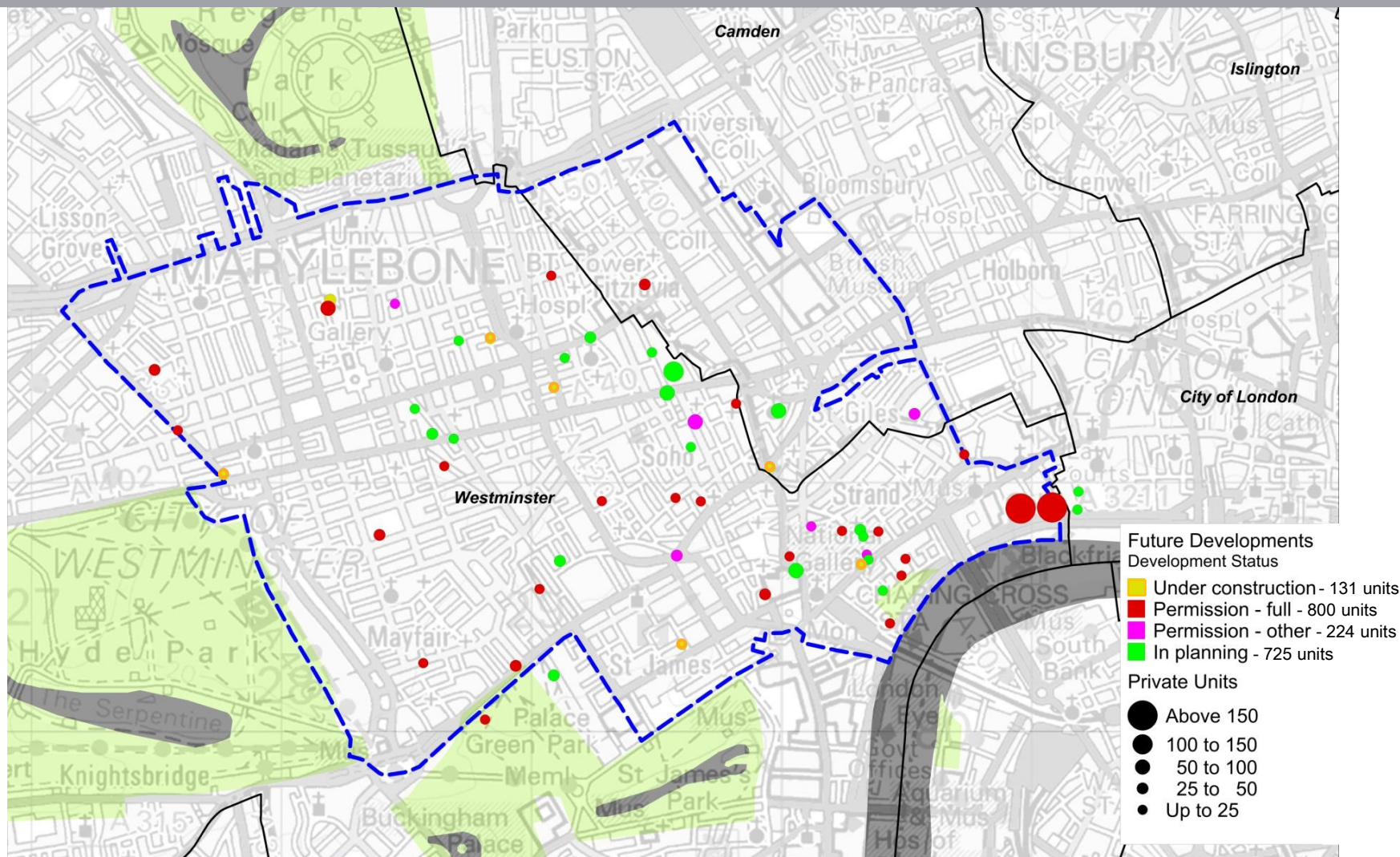


Asset management activity since 2010



Residential Market

Limited mid-market supply in the core



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Our Portfolio

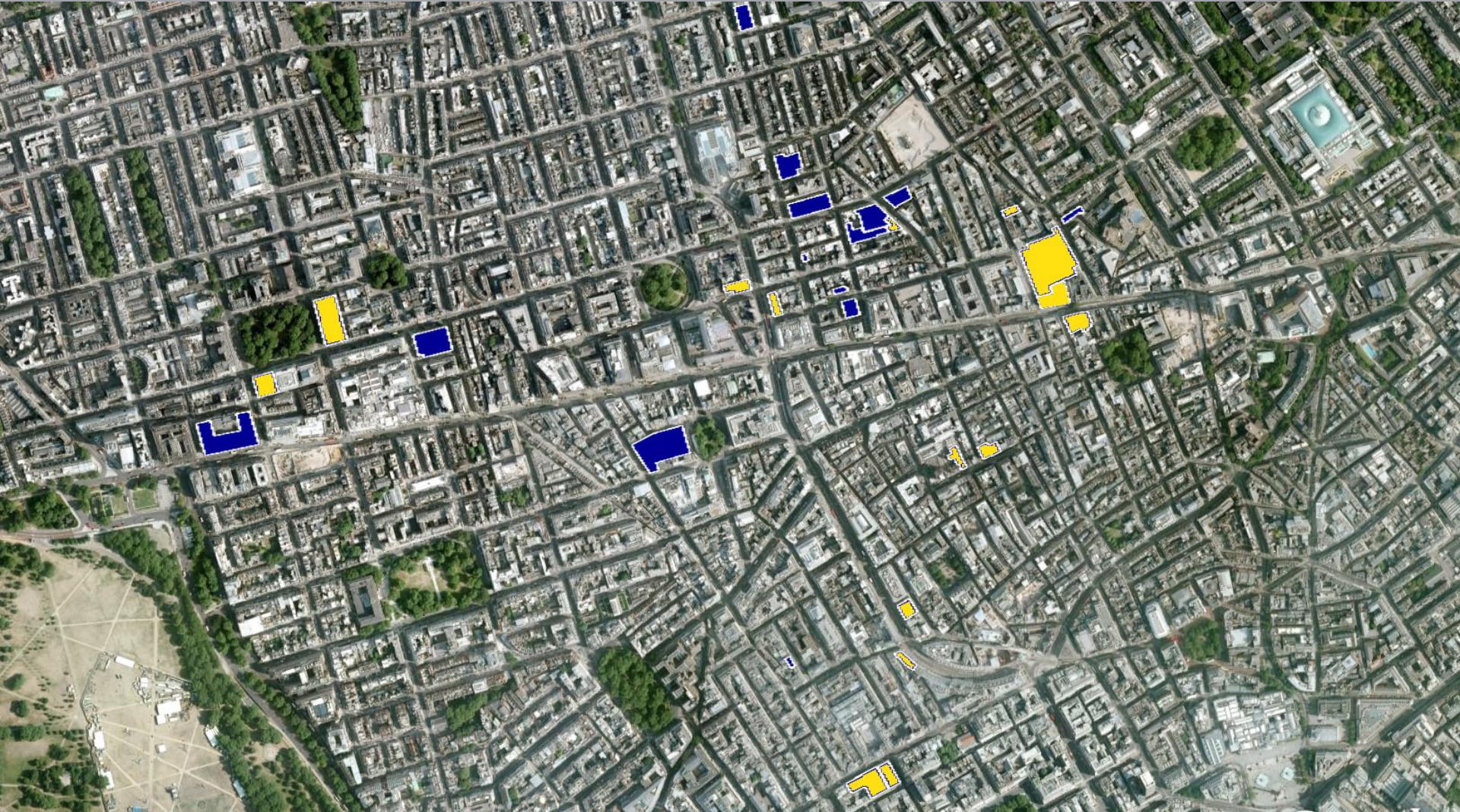
West End Focus – 82%



Our Portfolio

53% purchased since May 2009

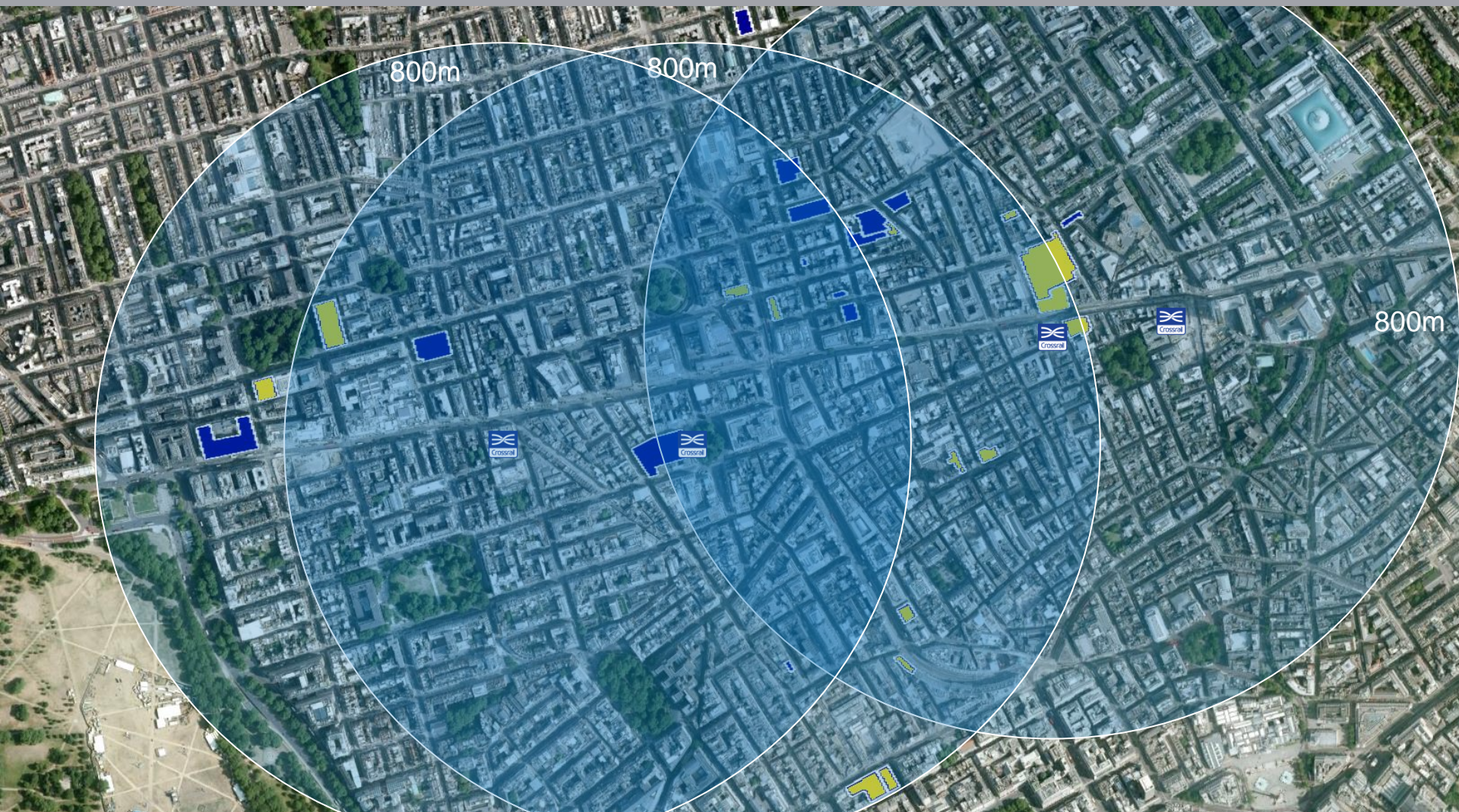
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Our Portfolio

85% of portfolio within 800m of a Crossrail station

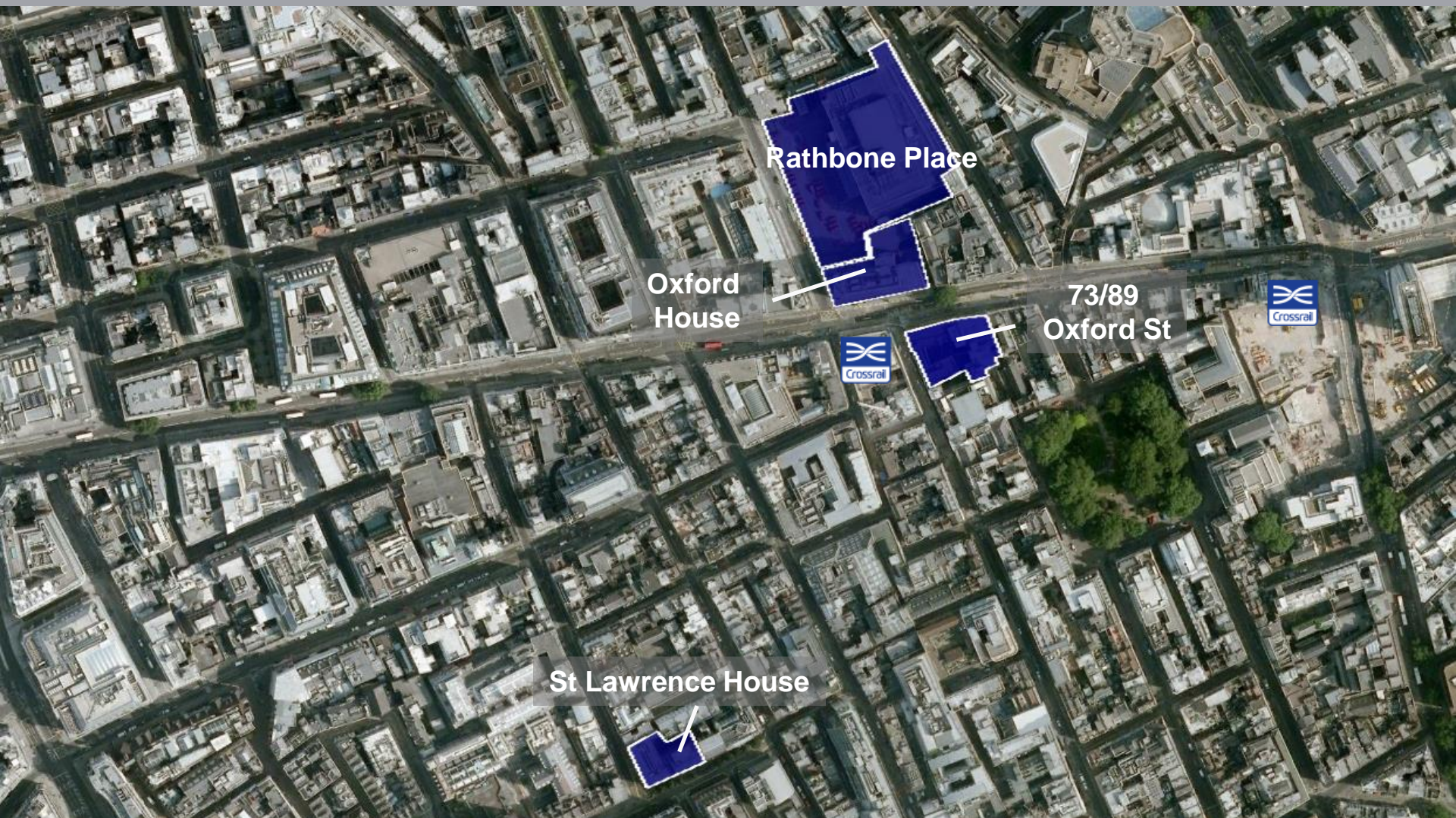
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Our Portfolio – East End of Oxford Street

Developing into an improving market – forecast capex of £348.5 million

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Rathbone Place, W1

Overview

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- Acquired Sept 2011
- £120 million: £289 psf
- 2.3 acres, freehold
- Resolution to Grant planning achieved:
 - 414,000 sq ft
 - 217,000 sq ft offices, 34,000 sq ft floorplate
 - 155,000 sq ft residential, 162 units
 - 42,000 sq ft retail, 58% A3
 - New public square

Rathbone Place, W1

Next steps



- Planning
 - Complete Section 106
 - GLA Stage 2
 - WCC Committee, 21 January 2014
- Continue design progress
- Construction procurement
- Potential demolition Q1 2014
- Third party deals on-going
- Potential off-plan residential sales 2014
- Anticipated completion Q3 2016

St Lawrence House, Broadwick St, W1

Overview



- Acquired from GCP in April 2012: £46.6m
- Vacant possession April 2014
- 94,000 sq ft redevelopment
 - Offices 83,000 sq ft
 - Retail / restaurant 11,000 sq ft
- Low supply Soho Market



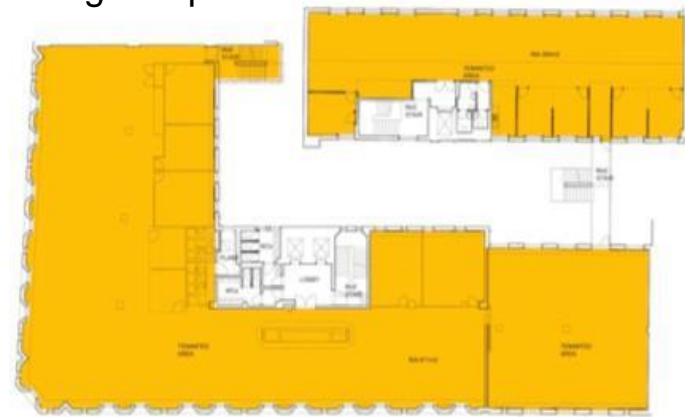
St Lawrence House, Broadwick St, W1

Next steps



- Planning Q1 2014
- Commence April 2014
- Completion Early 2016
- Pre-letting opportunity
- Average office ERV £64 psf

Existing floorplate



Proposed (+56%)



73/89 Oxford Street & 1 Dean St, W1

Overview

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- Site assembly in 2011
- 250 year leasehold
- Planning consent achieved
- 88,100 sq ft
 - 33,500 sq ft retail (ERV £450 ZA)
 - 54,600 sq ft office (ERV £67.50)
- High demand for retail
 - Flexible space
 - Opportunity to pre-let
 - Retail branding opportunity

73/89 Oxford Street & 1 Dean St, W1

Next steps



- VP Q1 2015
- Progress detailed design
- Procurement ongoing
- Anticipated completion: Q2 2017

Office floorplate/reception



Oxford House, 76 Oxford Street, W1

Overview

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- Acquired July 2013: £90 million
- 79,000 sq ft
- Let off low rents: Retail - £238 Zone A
Office - £26.17 psf
- WAULT < 1 year
- Run down building
- Major opportunity

Oxford House, 76 Oxford Street, W1

Next steps

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Short Term

- Increase passing rents
- Work the income - £2.8 million today
- VP early 2016

Medium Term

- Major refurb – 90,000 sq ft
 - 56,000 sq ft offices
 - 34,000 sq ft retail
- Total ERV
 - £7.3 million today
 - £400 ZA
 - £63 per sq ft offices
- Opportunity to pre-let
- Retail branding opportunity
- Scope for growth

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Strategy is delivering results
Market conditions remain supportive

Portfolio positioning excellent

- Rental growth
- Development surpluses

Transformation of East End of Oxford Street

- GPE development exposure > 600k sq ft

Positive outlook