



GREAT  
PORTLAND  
ESTATES

# Half Year Results Presentation 2009

Unlocking potential



# Agenda



## Introduction

**Toby Courtauld**  
Chief Executive

### Financial Results

**Timon Drakesmith**, Finance Director

### Market Valuation Sales & Acquisitions

**Toby Courtauld**, Chief Executive

### Asset Management Development Update

**Neil Thompson**, Portfolio Director

### Outlook

**Toby Courtauld**, Chief Executive

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# Business Overview



## 1. Strong operating performance

- 66 lettings H1 (2008: 36 lettings)
- Generating £5.4m p.a. (£4.8m our share)
- Void rate down to 4.7% (7.8% March 2009)
- Further 8 lettings under offer – voids ↓ by 1%
- Strong rent collection / low delinquencies

## 2. Investment programme underway

- £139.9m of new commitments, 4 deals
- £48.0m under offer
- Expect to spend >£175m by end 2010
- Recycling continues
  - £59.9m sold since March<sup>1</sup>
  - 5.2% above book value<sup>1</sup>

## 3. Team – strength in depth

- Neil Thompson – Portfolio Director
- Ben Chambers – Investment Director, New Business
- Hugh Morgan – Head of Investment Management
- James Mitchell – Head of Asset Management
- Jonathan Walker – Head of Project Management
- Marc Wilder – Head of Leasing
- Head of Development – search started

## 4. GPE positioned for growth

- Strong balance sheet – 48.5% pro forma gearing
- £370m available to invest
- Portfolio rich with opportunities
- Core locations; low rents – offices @ £34 psf
- Development pipeline of 2.6m sq ft
- Start on site 2010

<sup>1</sup> GPE share, includes £5m deferred consideration

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## Headline Results



To September 2009	6 months	3 months	12 months
Property Valuation*	<b>-2.7%</b>	+2.6%	-22.7%
Portfolio ERV movement*	<b>-8.6%</b>	-3.4%	-24.0%
Total Property Return	<b>-0.2%</b>	+4.1%	-19.0%
NAV	<b>-8.2%</b>	+4.2%	-38.9%

\*Like-for-like, including share of joint ventures

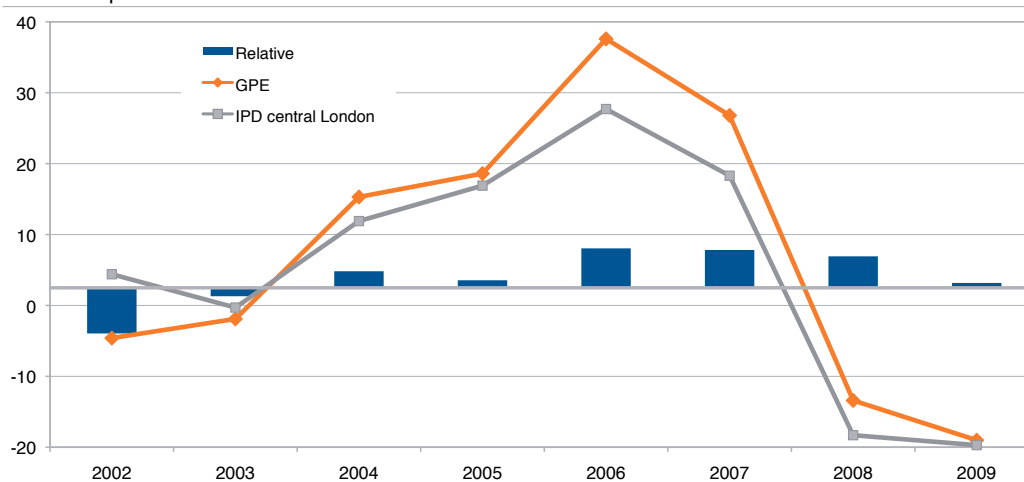
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## Total Property Return

Relative to IPD Central London



Total Property Return (% pa)  
Years to September



Source: IPD

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# Financial Highlights



<b>Balance Sheet / Returns</b>	<b>Sept 09</b>	<b>March 09</b>	<b>Change</b>
Portfolio value <sup>1</sup>	£1,054m	£1,129m	(2.7)% <sup>2</sup>
NAV per share <sup>3</sup>	225p	245p	(8.2)%
REIT NNAV per share <sup>3</sup>	232p	250p	(7.2)%

<b>Income Statement</b>	<b>Sept 09</b>	<b>Sept 08</b>	<b>Change (%)</b>
Adjusted PBT	£13.5m	£14.5m	(6.9)%
EPS <sup>3</sup>	5.4p	6.0p	(10.0)%
Dividend per share	3.0p	3.0p	-

<sup>1</sup> Including share of JVs    <sup>2</sup> Like-for-like change excluding sales

<sup>3</sup> Adjusted and diluted restated by the bonus factor to reflect the new number of shares post rights issue

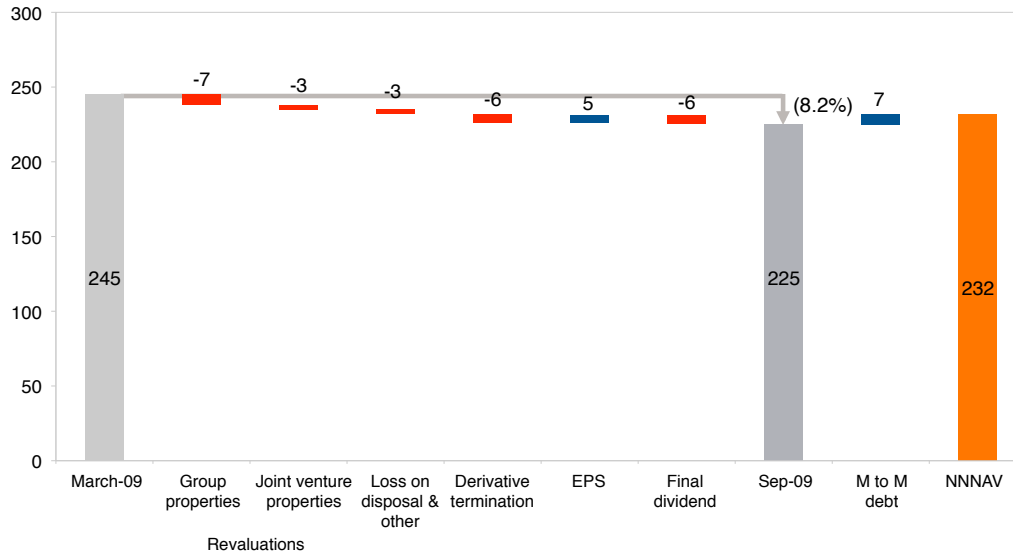
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# Adjusted NAV per share<sup>1</sup>

Movement since 31 March 2009



Pence



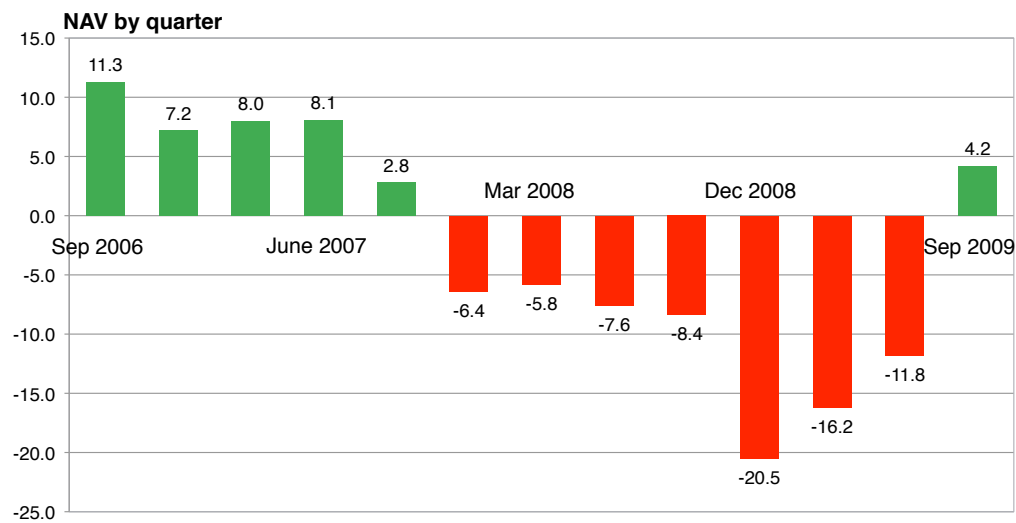
<sup>1</sup> Adjusted per EPRA guidance

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# Change in Quarterly NAV



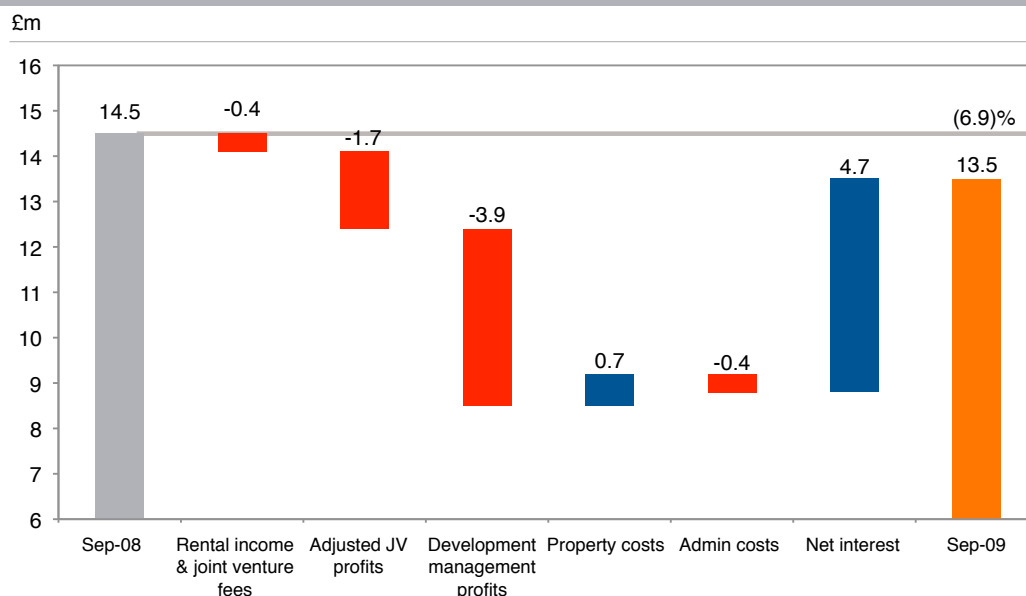
%



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## Adjusted Profit Before Tax

6 months to September 2009



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## Debt Analysis

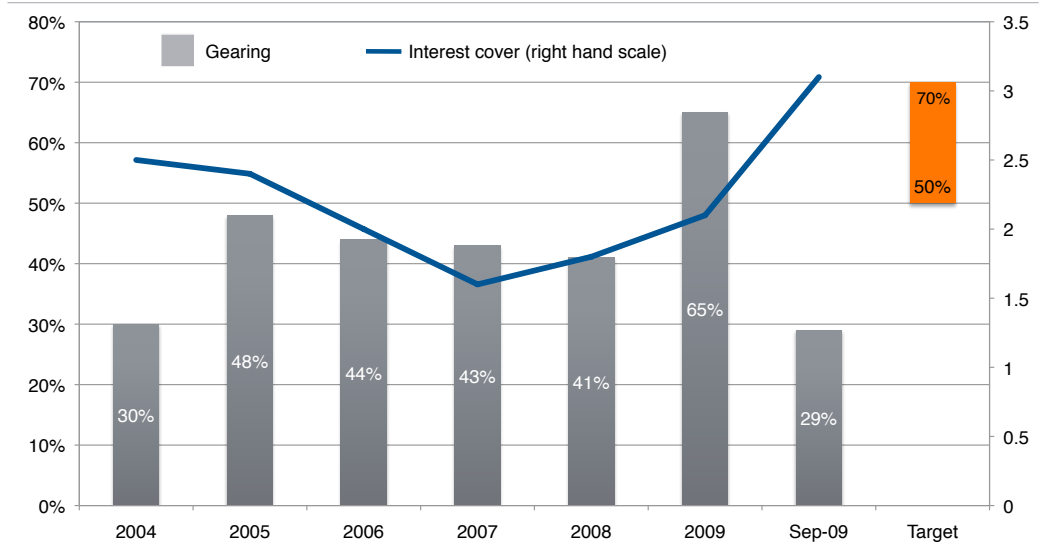


	Pro forma <sup>1</sup>	September 2009	March 2009
Net debt excluding JVs (£m)	338.5	204.6	371.0
<i>Net gearing</i>	48.5%	29.3%	65.2%
Total net debt including 50% JV non-recourse debt (£m)	465.7	331.8	506.4
<i>Loan-to-property value</i>	39.2%	31.5%	44.9%
<i>Total net gearing</i>	66.8%	47.6%	89.0%
	Pro forma	September 2009	March 2009
Interest cover	n/a	3.1x	2.1x
Weighted average interest rate	n/a	5.2%	5.8%
% of debt fixed / capped	53%	74%	86%
Cash & undrawn facilities (£m)	370	504	330

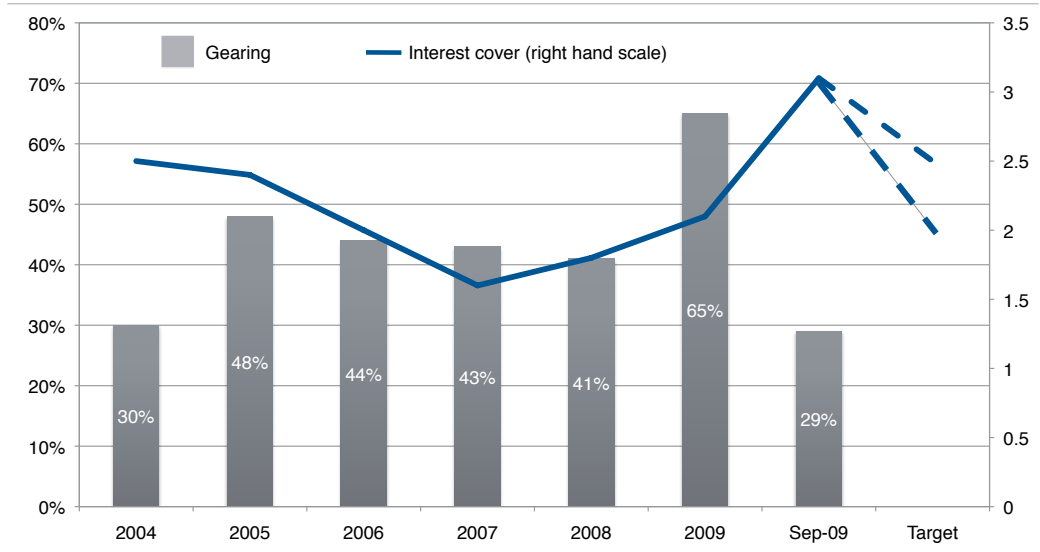
1. 30 September balance sheet adjusted for acquisitions of 90 Queen Street, EC4; Marcol House, 293 Regent Street, W1 & 23 Newman Street, W1

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# Gearing Rates & Interest Cover



# Gearing Rates & Interest Cover



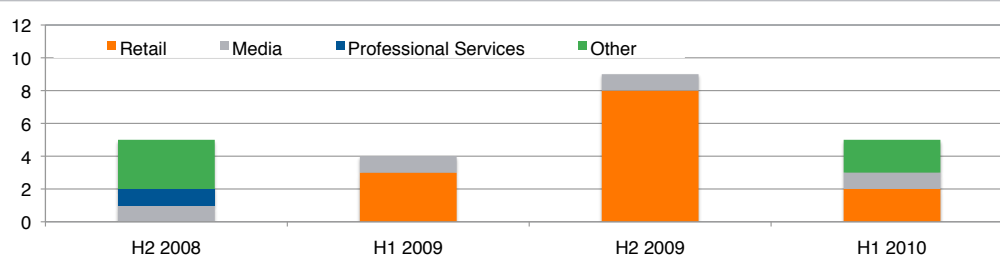
## Tenant delinquencies

Six month periods



	H2 2008	H1 2009	H2 2009	H1 2010
Number of delinquencies	5	4	9	5
Value of delinquencies as % of Rent Roll	0.2%	0.3%	0.4%	0.1%
Rent collected within 7 working days	95.8%	96.9%	97.0%	94.3%

### Delinquencies by sector



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## Key Financial Messages



### Various themes drive financial results

- Improvement in portfolio value and NAV from June
- Difficult comparative for PBT and EPS so down year on year
- Good operating performance – solid leasing and overheads under control
- Recent acquisitions will add to rent roll
- Plentiful financial resources for new investment
- Dividend level consistent with strong position

Market environment unpredictable but GPE in good shape to grow

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# Key Market Messages



1. Investment market turned
2. Sustainable recovery requires rental growth
3. Occupational market still weak ...
4. ... but rate of rental value decline slowed
5. Absent economic shock, on target for rental recovery 2010

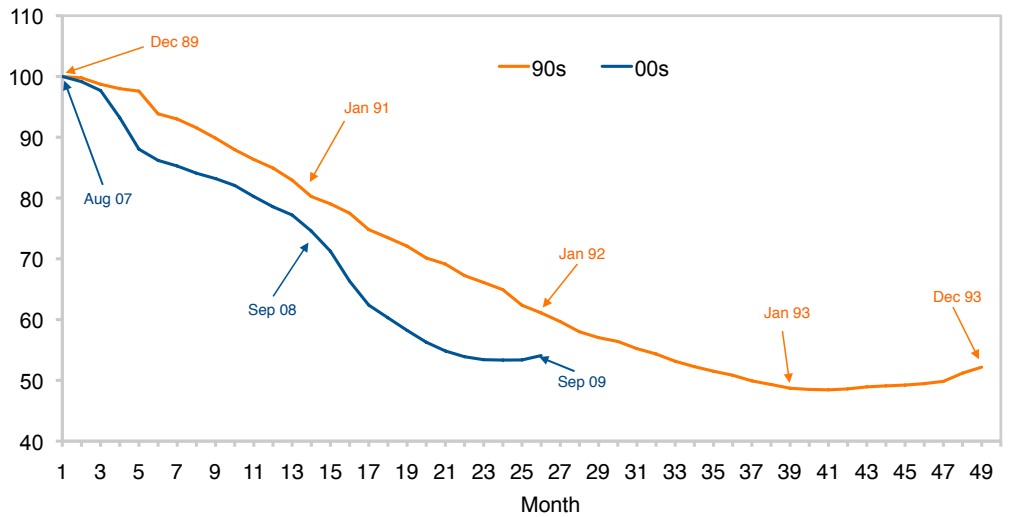
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# Capital Values

A sharper price correction



Capital Growth Index – Central London



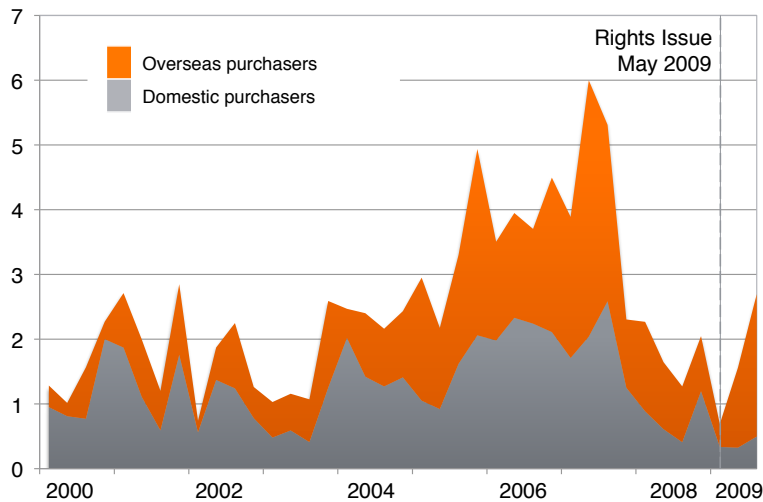
Source: Knight Frank Research, IPD

# Buying picked up ...

Central London acquisition volumes



£ billion



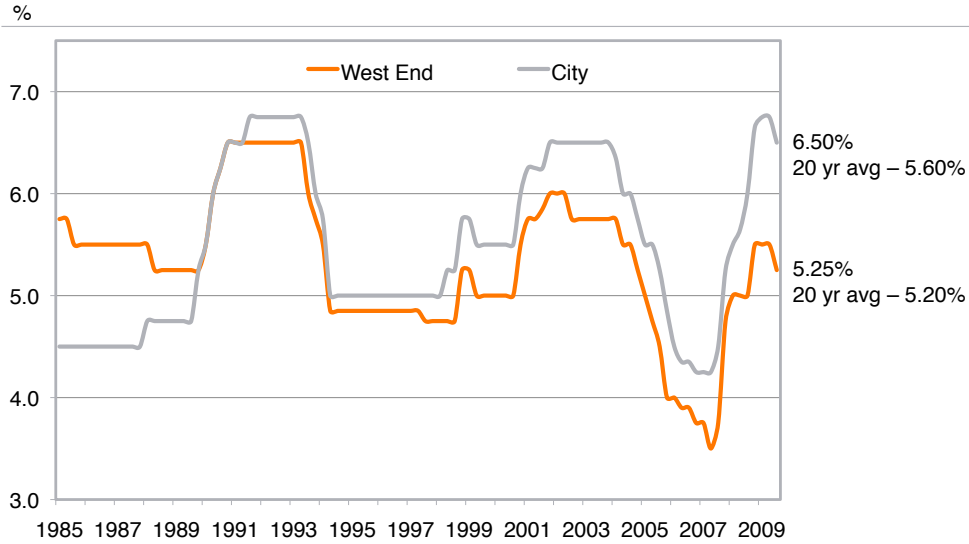
Why?

- Price correction
- Sterling weakness
- Historically high yields
- London – a global city

Source: CBRE

## ... compressing yields

Prime City and West End Yields\*



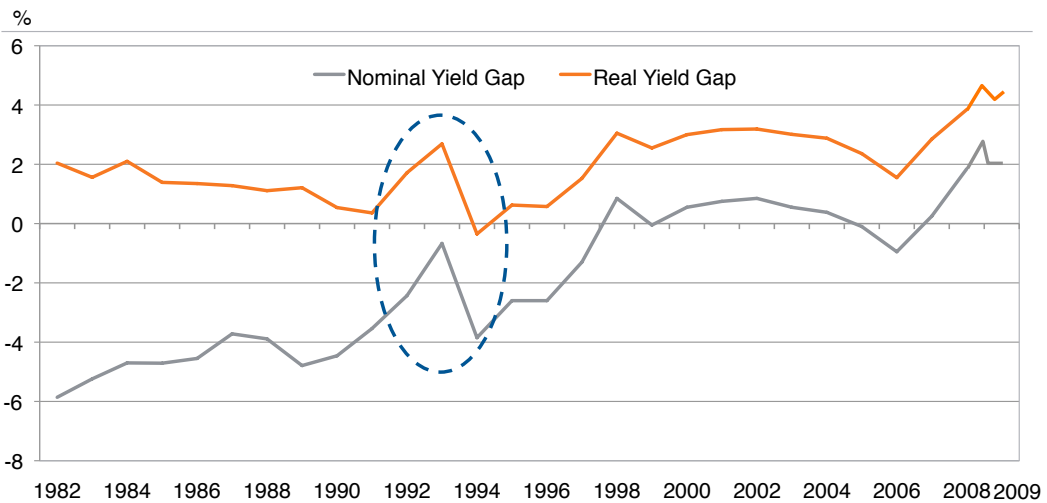
Source: CB Richard Ellis

\*Prime data calculated on the basis of the top 5% of capital values in the relevant market.

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## Significant yield gap remains

Prime West End yield gap over 10 year gilts\*



Source: PMA

\*Prime data calculated on the basis of the top 5% of capital values in the relevant market.

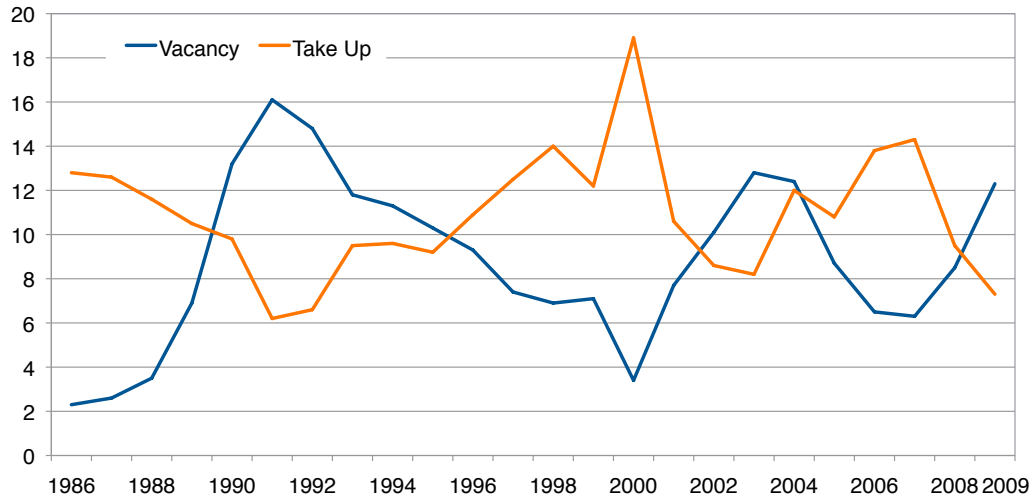
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# Vacancy & Take Up

Central London Offices



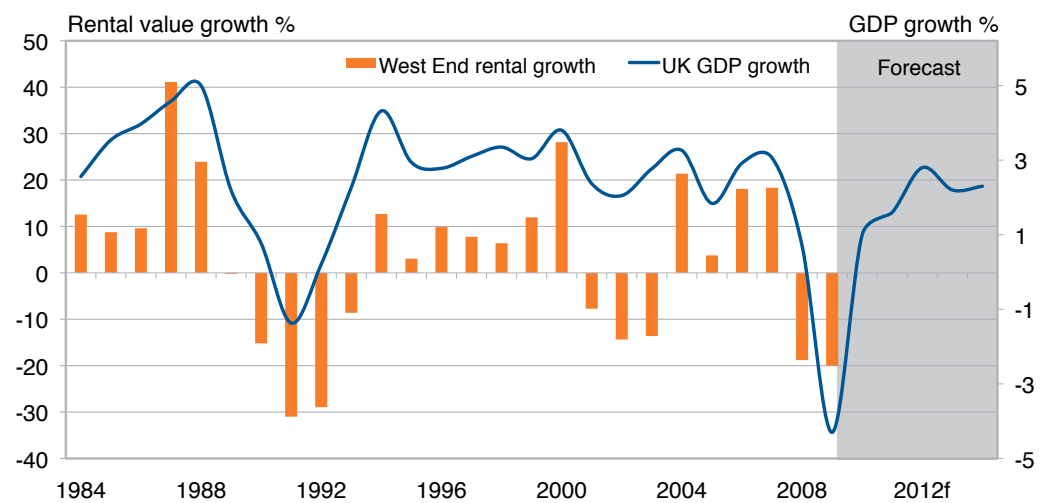
Million sq ft



Source: PMA

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# West End Prime Rental Growth vs UK GDP Growth



Source: CB Richard Ellis, PMA

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# Recovering Tenant Demand

## West End Offices

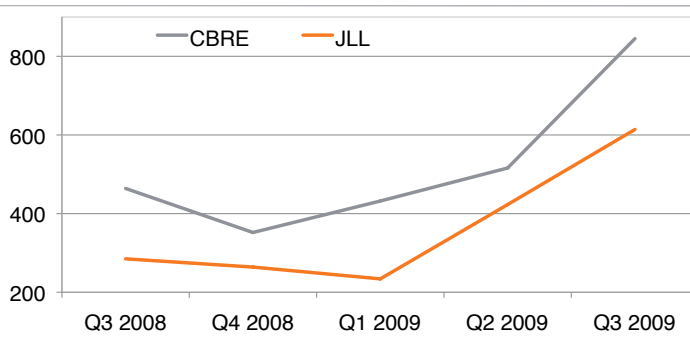


### Active Requirements

	Nov 2008	May 2009	Nov 2009	Change		
				1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months	12 months
000 sq ft	822	819	2,073	0%	153%	152%

Source: Knight Frank

### Space under offer (000 sq ft)

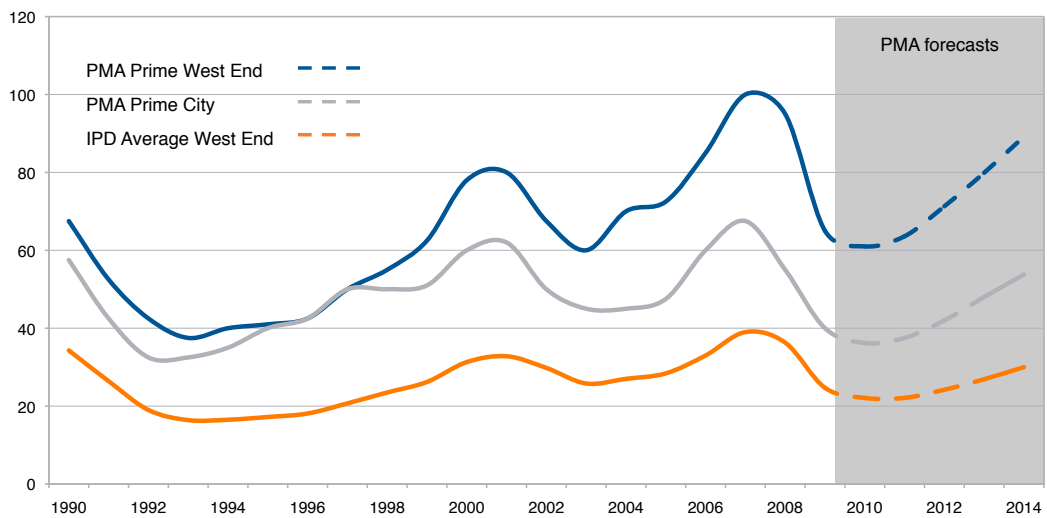


# Rent Forecasts

## Central London Office Market



£ per sq ft



Source: PMA / GPE

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# The Valuation

Including share of Joint Ventures



	Value £m	Movement 6 months to Sept 2009		Movement to Sept 2009 Change		
		£m	Change	Q1	Q2	12 months
North of Oxford St	537.7	9.6	1.8%	(2.8%)	4.8%	(17.7%)
Rest of West End	343.4	(16.5)	(4.6%)	(7.2%)	2.7%	(24.8%)
<b>West End Total</b>	<b>881.1</b>	<b>(6.9)</b>	<b>(0.8%)</b>	<b>(4.6%)</b>	<b>3.9%</b>	<b>(20.6%)</b>
<i>West End Office</i>	<i>605.0</i>	<i>(9.8)</i>	<i>(1.6)%</i>	<i>(5.8%)</i>	<i>4.3%</i>	<i>(25.0%)</i>
<i>West End Retail</i>	<i>276.1</i>	<i>2.9</i>	<i>1.1%</i>	<i>(1.9%)</i>	<i>3.1%</i>	<i>(9.1%)</i>
City & Southwark	155.5	(21.0)	(11.9%)	(8.2%)	(4.0%)	(32.7%)
<b>Investment Portfolio</b>	<b>1,036.6</b>	<b>(27.9)</b>	<b>(2.6%)</b>	<b>(5.2%)</b>	<b>2.7%</b>	<b>(22.7%)</b>
Development properties	17.4	(1.2)	(6.6%)	(4.2%)	(2.5%)	(23.6%)
<b>Properties held throughout period</b>	<b>1,054.0</b>	<b>(29.1)</b>	<b>(2.7%)</b>	<b>(5.1%)</b>	<b>2.6%</b>	<b>(22.7%)</b>
Acquisitions	-	-	-	-	-	-
<b>Total Portfolio</b>	<b>1,054.0</b>	<b>(29.1)</b>	<b>(2.7%)</b>	<b>(5.1%)</b>	<b>2.6%</b>	<b>(22.7%)</b>

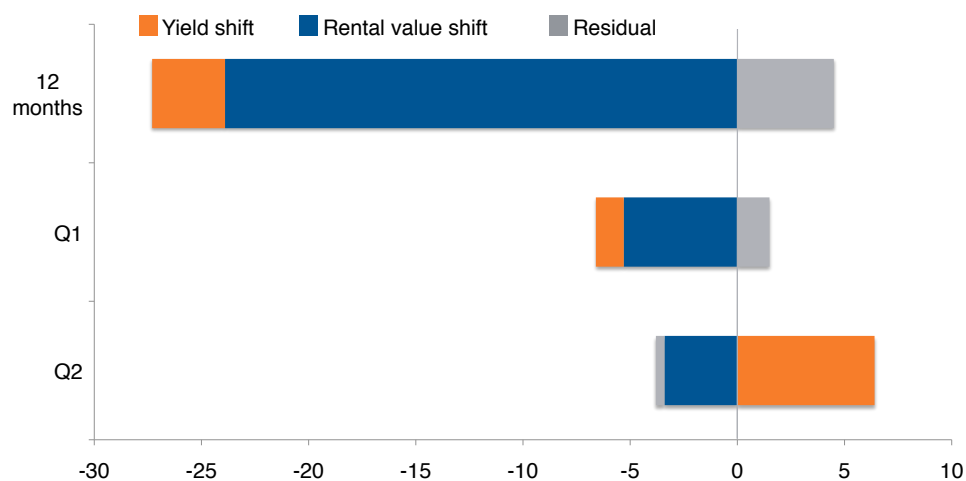
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# The Valuation<sup>1</sup>

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



% movement



1 Including share of Joint Ventures 2 Excludes development properties

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# The Valuation<sup>1</sup>

## Yield Profile<sup>2</sup>



30 September 2009	Initial Yield %	True Equivalent Yield			
		%	Basis Point +/- like-for-like		
			3 months	6 months	12 months
<b>North of Oxford Street</b>					
Offices	4.8	6.3	-52	-55	5
Retail	4.8	6.1	-23	-16	56
<b>Rest Of West End</b>					
Offices	5.8	6.0	-53	-44	6
Retail	4.5	5.7	-27	-14	32
<b>Total West End</b>	<b>5.0</b>	<b>6.1</b>	<b>-43</b>	<b>-40</b>	<b>16</b>
<b>City &amp; Southwark</b>	<b>8.0</b>	<b>7.5</b>	<b>-15</b>	<b>-5</b>	<b>61</b>
<b>Total Let Portfolio</b>	<b>5.5 (6.0%<sup>3</sup>)</b>	<b>6.3</b>	<b>-39</b>	<b>-34</b>	<b>24</b>

1 Including share of Joint Ventures  
 2 Excludes development properties  
 3 Initial yield post expiry of rent frees under contracted leases

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# The Valuation<sup>1</sup>

## ERV and Reversionary Potential



To 30 September	Reversion £m	Movement in ERV			Average Office Rent Passing £ per sq ft	Average Office ERV £ per sq ft	Reversionary Potential %
		H1	Q1	Q2			
<b>North of Oxford St</b>							
Offices	-1.3	(7.0%)	(5.3%)	(1.8%)	38.20	35.60	-6.1%
Retail	1.4	(1.5%)	(0.6%)	(0.9%)			17.2%
<b>Rest of West End</b>							
Offices	-0.8	(14.1%)	(9.2%)	(5.4%)	37.60	35.10	-5.7%
Retail	0.9	(0.7%)	(0.4%)	(0.4%)			15.3%
<b>Total West End</b>	<b>0.2</b>	<b>(7.2%)</b>	<b>(4.9%)</b>	<b>(2.4%)</b>	<b>38.00</b>	<b>35.40</b>	<b>0.4%</b>
<b>City &amp; Southwark</b>							
Offices	0.5	(13.2%)	(6.8%)	(6.9%)	26.90	27.50	3.7%
Retail	0.6	(7.3%)	(2.1%)	(5.3%)			
<b>Total City &amp; Southwark</b>	<b>1.1</b>	<b>(12.8%)</b>	<b>(6.4%)</b>	<b>(6.8%)</b>			<b>7.7%</b>
<b>Total Let Portfolio</b>	<b>1.3</b>	<b>(8.6%)</b>	<b>(5.3%)</b>	<b>(3.4%)</b>	<b>34.30</b>	<b>32.60</b>	<b>2.0%</b>

<sup>1</sup> Including share of Joint Ventures

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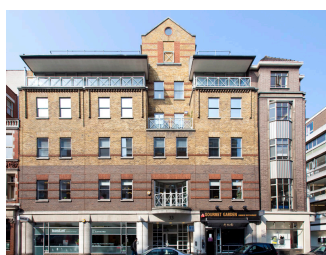
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## Sales



	Date sold	Price	Relative to Mar 09	NIY	NEY	Price (£ psf)	Freehold equivalent (£ psf)
29 / 35 Great Portland St, W1	May-09	£3.5m <sup>1</sup>	+0.0%	6.9%	6.2%	£450	
Bond St House, W1	May-09	£45.0m <sup>2</sup>	+4.0%	5.8%	5.4%	£1,543	£2,057
Spirella House, W1	Aug-09	£11.4m <sup>1</sup>	+12.5%	4.0%	5.0%	£1,644	£1,730
<b>Total</b>		<b>£59.9m</b>		<b>4.9%</b>		<b>£1,277</b>	<b>£1,476</b>



29 / 35 Great Portland St, W1



Bond St House, W1



Spirella House, W1

1. 50% share of Joint Venture 2. Includes £5m of deferred consideration

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## Acquisition Summary



Transaction Type	Examples	£m
Asset management plays	90 Queen St, EC4	45.8
Redevelopment plays	Marcol House, 293 Regent St, W1 & 23 Newman St, W1	10.0
	Development costs including new debt	78.1
Major refurbishment plays	Piccadilly / Jermyn St, W1	6.0 <sup>1</sup>
Mis-priced income plays	<i>No value</i>	-
<b>Transaction Summary</b>		<b>£m</b>
Transacted / Committed		139.9 <i>67% off market</i>
Under offer		48.0 <i>100% off market</i>
Under review		762.0 <i>81% off market</i>

1. GPE 50% share

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## Acquisitions

90 Queen Street, EC4

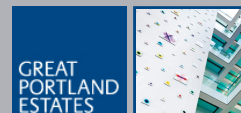


- Prime City location
- Grade A floorplate & specification
- HQ of Intesa SanPaulo SPA until 2017 (break 2013)
- Retail let to Lloyds / Pret to 2020/21
- £45.8m (£670 psf), NIY 8.2% pa
  - 15% retail @ 5.75%
  - 85% office @ 8.8%
- Offices @ £565 per sq ft cap val = beneath replacement cost
- Multiple business plans
  - Lease regear / refurbishment (market call)
  - Ungeared IRRs from 9.5% to 14.9%

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## Acquisitions

Marcol House, 293 Regent Street, W1  
& 23 Newman Street, W1



- Marcol House – prime 112,000 sq ft West End office / retail development opportunity
- 23 Newman St – ‘residential offset’ development of 22 flats
- Purchase from Istithmar World for £10m
- Debt restructuring with Eurohypo
- Profit share with Eurohypo & Istithmar
  - GPE development costs inc. new debt £78.1m
  - GPE priority return up to £26m
  - Profit from £26m to £77m 50/50 GPE/Eurohypo
  - Excess over completed value of >£165m, 50/50 GPE/Istithmar
- Start H1 2010

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## Acquisitions outlook



- Our usual discipline will prevail
- Key criteria remain valid
  - Sub-replacement cost
  - Decent running yield
  - Off supportable rents
  - Ability to improve / extend
  - Redevelopment
  - Generating accretive, risk-adjusted IRRs
- Mix of central London locations – opportunistic / reading the cycle
- JVs
- £370m firepower, deals under offer ... more to come

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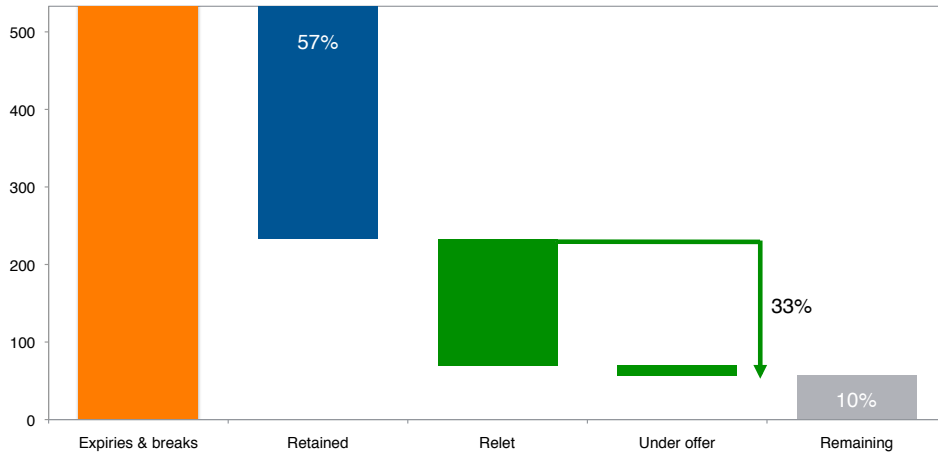
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# Lease expiries and breaks

Year to September 2009



Area (000 sq ft)



Source: GPE management calculations

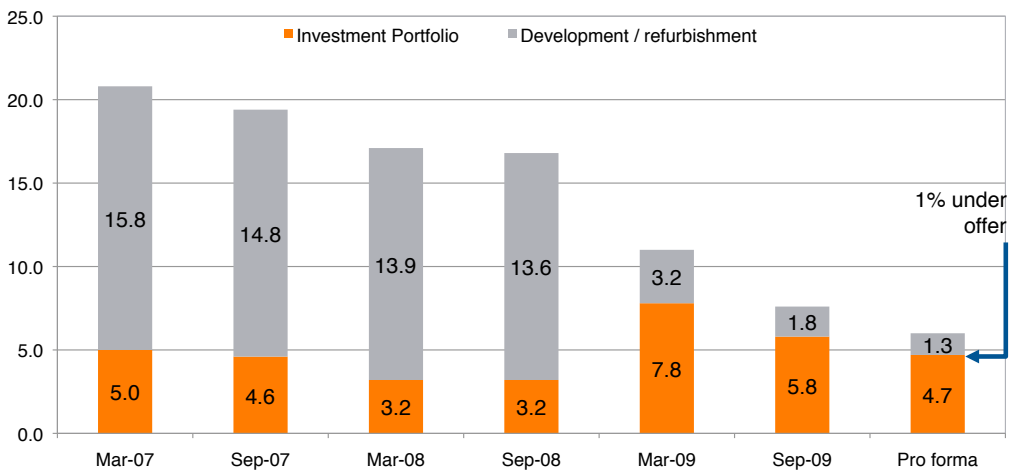
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# Asset Management

## Void rate, % by rental value



% by rental value

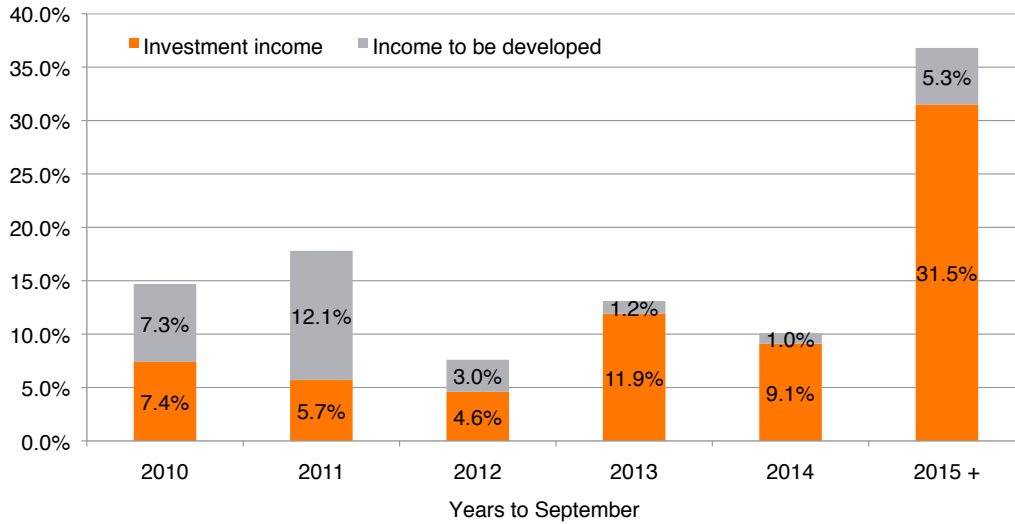


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## Lease expiry / break profile<sup>1</sup>



% of total rental income subject to lease expiry or break



1. Pro forma to take into account purchase of 90 Queen Street, EC4

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## Piccadilly / Jermyn Street Crown Headlease Regear



- 5 buildings
- £12m premium
- 69 years → 125 years
- 15% head rent of ERV → 10% of rent passing
- Upward-only rent review → upward / downward
- Refurbishment restrictions → removed

- Immediate capital value uplift - £13.8m
- Better valuation prospects
- 138,000 sq ft major refurbishment; start 2012

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# Development Update



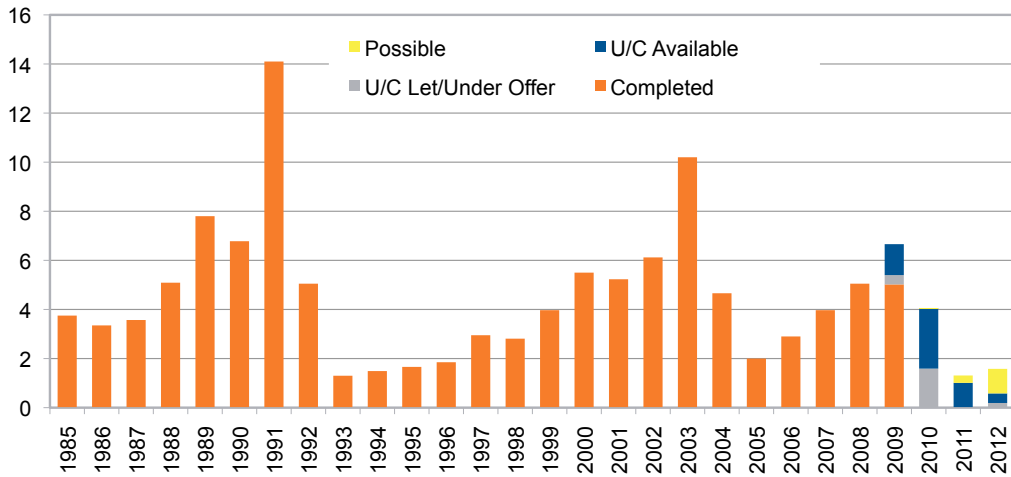
- Central London development pipeline
- GPE development activity
- GPE development pipeline status
- GPE development objectives

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# Central London Development Completions



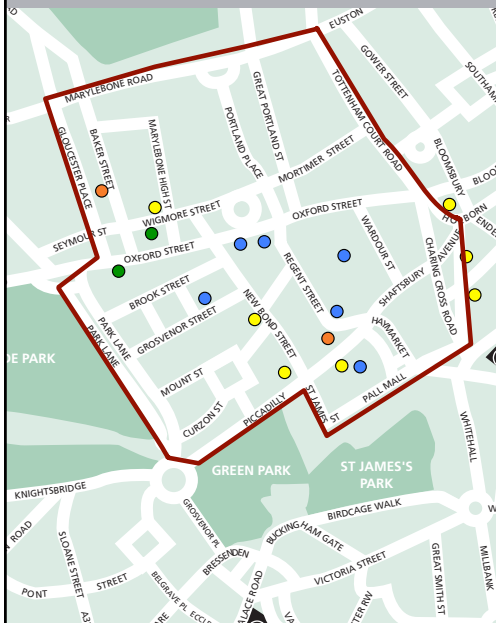
Million sq ft



Source: CB Richard Ellis

# West End Offices

## Anticipated Grade A Office supply



### Anticipated development completions

Year	No	Area (sq ft)	Principal schemes
2010	7	535,000	Central St Giles 14 St George St
2011	2	106,000	9-15 Baker St
2012	4	358,000	Quadrant 3 Marcol House
2013	3	300,000	79-97 Wigmore St Park House

## Development Update

GPE development activity



### 2008 / 2009

- No new construction starts for 30 months
- All schemes complete
- Zero capital expenditure remaining
- Further key lettings achieved

### 2009 / 2010

- Design progress
- Removing planning hurdles / creating opportunities for improvements
- Procurement management
- Vacant possession requirements

### 2010 / 2011













- Selective construction starts
- Focus on core central London
- Risk sharing

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## Development Update

Pipeline Status



	Planning Status	Proposed area sq ft	Potential start	Ownership
 Marcol House & 23 Newman Street, W1	Consented	133,000	2010	100% <sup>1</sup>
 184 / 192 Oxford Street, W1	Consented	26,000	2010	100%
 Walmar House, W1	Consented	61,000	2011	GCP
 12/14 and 43 Fetter Lane, EC4	Consented	139,000	2011	GCP
 79/97 Wigmore Street, W1 <sup>1</sup>	Consented	137,000	2011	GWP
 100 Bishopsgate, EC3	Consented	815,000	2011	100%
 240 Blackfriars Road, SE1	Consented	207,000	2011	GRP
 Piccadilly / Jermyn Street, W1	Design	137,000	2012	GCP
 Buchanan House, W1	Consented	74,000	2012	100%
 Park Crescent, W1	Design	144,000	2013	GCP
 Hanover Square, W1	Design	211,000	2013	100%
 40/48 Broadway, SW1	Consented	82,000	2014+	GVP
8 smaller pipeline projects	Design	445,000	-	-
<b>Total</b>		<b>2,611,000</b>		<b>- 54% of GPE portfolio</b>

1. Profit share arrangement with Eurohypo & Istithmar

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# Development Update

Our development objectives



## Early development starts

- Capture market improvements
- Time to capitalise development gains

## Development skills creating new opportunities

- Track record in central London
- Expert team

## Diversify development risk

- Developments in joint ventures
- Focusing on key locations

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# Agenda



## Introduction

**Toby Courtauld**, Chief Executive

## Financial Results

**Timon Drakesmith**, Finance Director

## Market Valuation Sales & Acquisitions

**Toby Courtauld**, Chief Executive

## Asset Management Development Update

**Neil Thompson**, Portfolio Director

## Outlook

**Toby Courtauld**  
Chief Executive

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## Outlook



**Occupational markets tough, but improving**

**Investment markets turned, but watching carefully**

**GPE well positioned**

- Central London portfolio, off low rents, full of opportunity
- Well-timed development programme
- Flexible capital structure
- Good deal flow
- Experienced team with strength in depth

**Confident outlook**

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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-thinking statements.

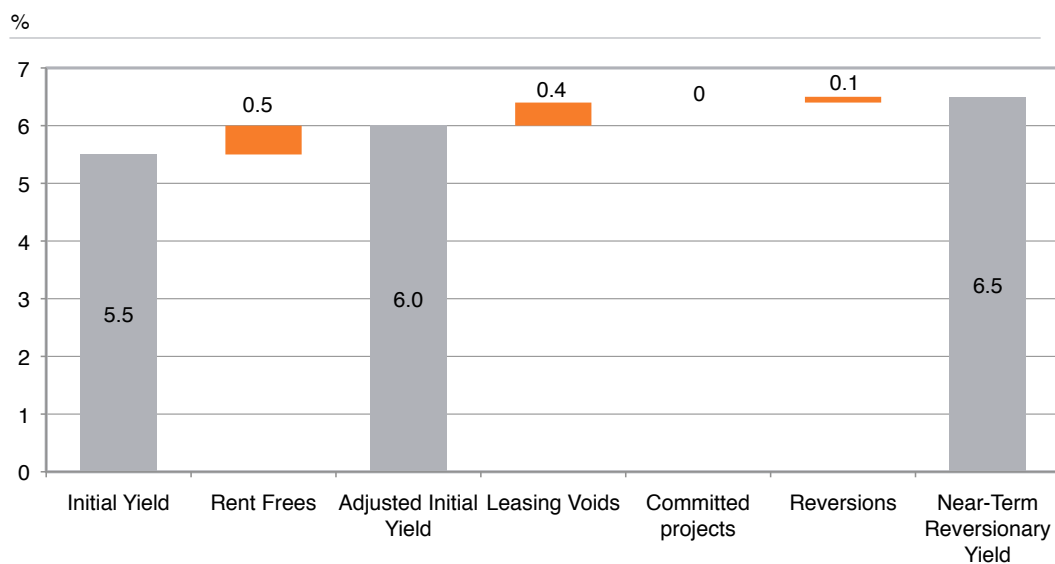
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## Portfolio Yields

From Initial to Reversionary



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## The Valuation

Wholly owned



	Value £m	6 months to		3 months %	12 months %
		Sept 2009 £m	Change %		
North of Oxford St	396.2	9.0	2.3%	5.6%	(18.4%)
Rest of West End	187.7	(9.3)	(4.7%)	2.4%	(25.5%)
<b>Total West End</b>	<b>583.9</b>	<b>(0.3)</b>	<b>(0.0%)</b>	<b>4.5%</b>	<b>(20.8%)</b>
City and Southwark	138.9	(18.3)	(11.6%)	(4.2%)	(32.3%)
<b>Investment portfolio</b>	<b>722.8</b>	<b>(18.6)</b>	<b>(2.5%)</b>	<b>2.7%</b>	<b>(23.3%)</b>
Development properties	12.4	(0.7)	(5.6%)	(3.7%)	(17.1%)
<b>Properties held throughout the period</b>	<b>735.2</b>	<b>(19.3)</b>	<b>(2.6%)</b>	<b>2.6%</b>	<b>(23.2%)</b>
Acquisitions	-	-	-	-	-
<b>Total portfolio</b>	<b>735.2</b>	<b>(19.3)</b>	<b>(2.6%)</b>	<b>2.6%</b>	<b>(23.2%)</b>

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## The Valuation

Joint Ventures



	Value £m	6 months to		3 months %	12 months %
		Sept 2009 £m	Change %		
North of Oxford St	283.0	1.1	0.4%	2.4%	(15.9%)
Rest of West End	311.4	(14.4)	(4.4%)	3.0%	(23.9%)
Total West End	594.4	(13.3)	(2.2%)	2.7%	(20.3%)
City and Southwark	33.2	(5.3)	(13.8%)	(2.3%)	(36.1%)
<b>Investment portfolio</b>	<b>627.6</b>	<b>(18.6)</b>	<b>(2.9%)</b>	<b>2.5%</b>	<b>(21.3%)</b>
Development properties	10.0	(1.0)	(9.0%)	0.6%	(36.0%)
<b>Properties held throughout the period</b>	<b>637.6</b>	<b>(19.6)</b>	<b>(3.0%)</b>	<b>2.4%</b>	<b>(21.6%)</b>
Acquisitions	-	-	-	-	-
<b>Total portfolio</b>	<b>637.6</b>	<b>(19.6)</b>	<b>(3.0%)</b>	<b>2.4%</b>	<b>(21.6%)</b>

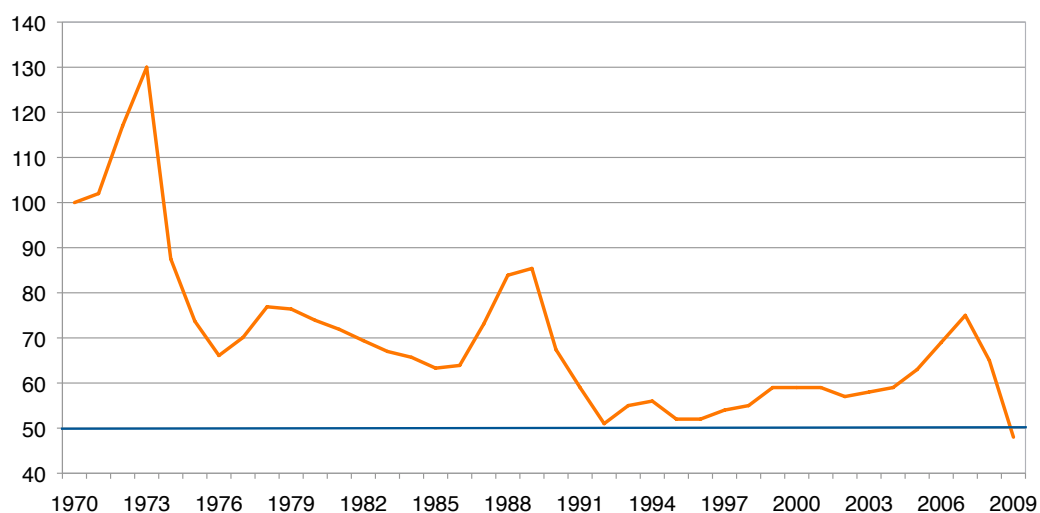
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## Real capital values below previous low

All property real capital values



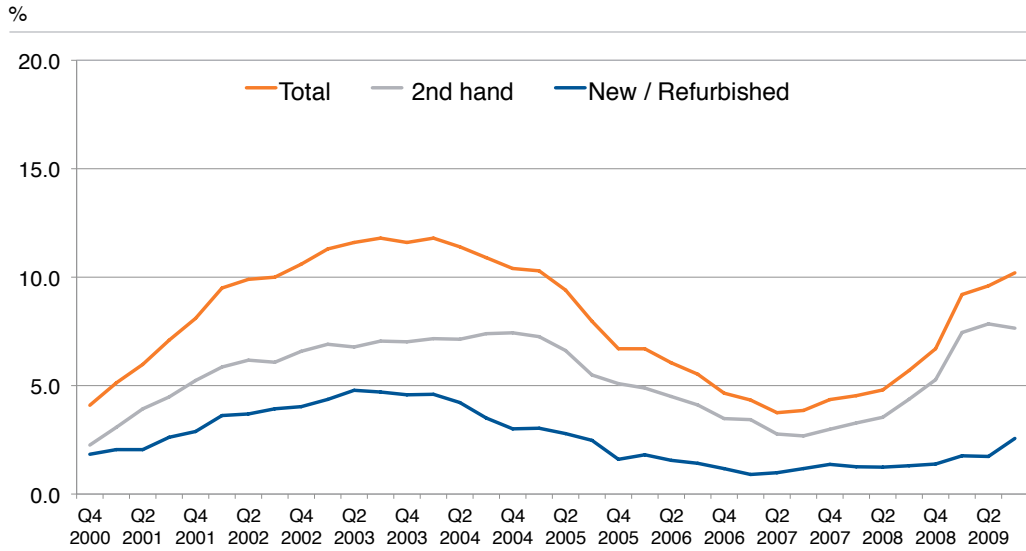
Index, 1970 = 100



Source: IPD Monthly Digest, 5 May 2009

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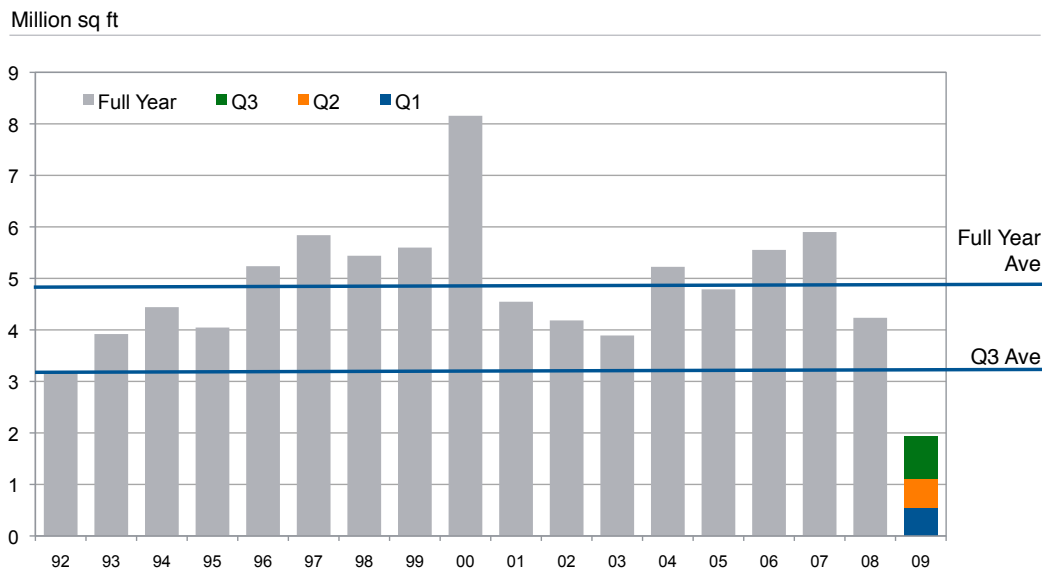
# West End Office Market Availability



Source: Knight Frank

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# Demand still weak ... West End Office Take-Up 1992 – Q3 2009



Source: Knight Frank

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



000 sq ft	Nov 2008	May 2009	Nov 2009	Change		
				12 months	1st 6 months	2nd 6 months
Professional Services	40	35	85	113%	-13%	143%
Financial Services	157	166	272	73%	6%	64%
Manufacturing & Corporates	59	145	260	341%	146%	79%
Miscellaneous	142	108	684	382%	-24%	533%
Marketing & Media	213	145	315	48%	-32%	117%
IT & Technology	65	15	60	-8%	-77%	300%
Government	146	205	397	172%	40%	94%
<b>Total</b>	<b>822</b>	<b>819</b>	<b>2,073</b>	<b>152%</b>	<b>0%</b>	<b>153%</b>

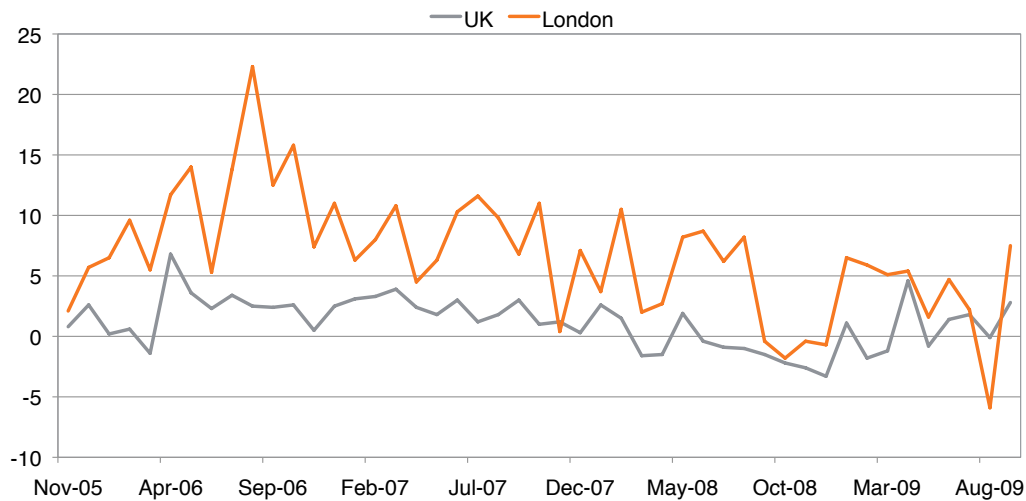
Source: Knight Frank

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## Retail Sales 2005 - 2009



Annual % change



Source : British Retail Consortium, London Retail Consortium and KPMG

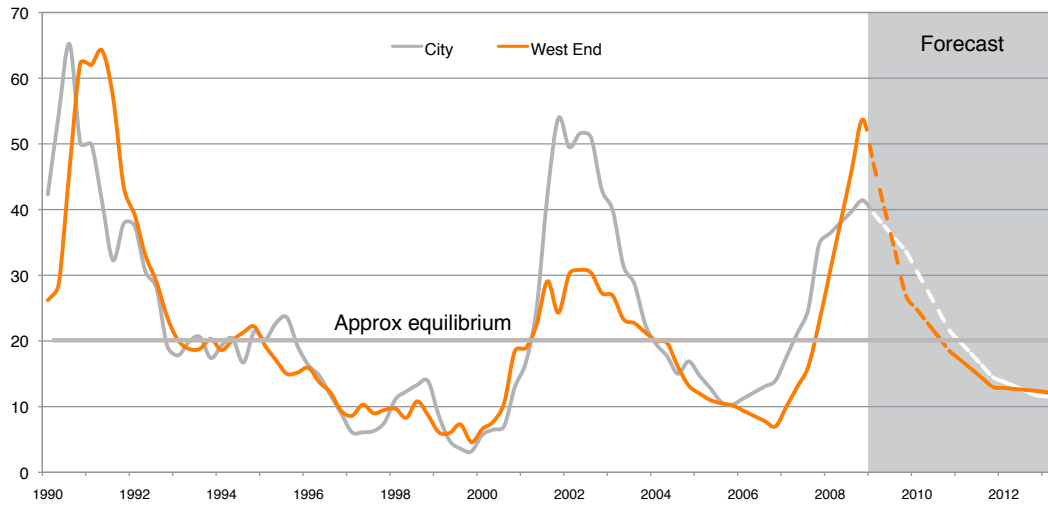
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# Central London Office Market

## Market Balance



Months supply, at current take-up levels (Q by Q)



Source: PMA

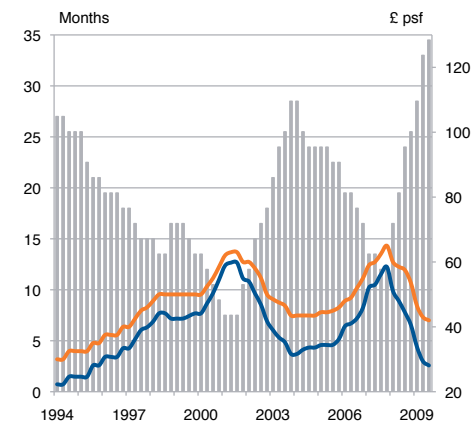
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# ... pushing rents lower

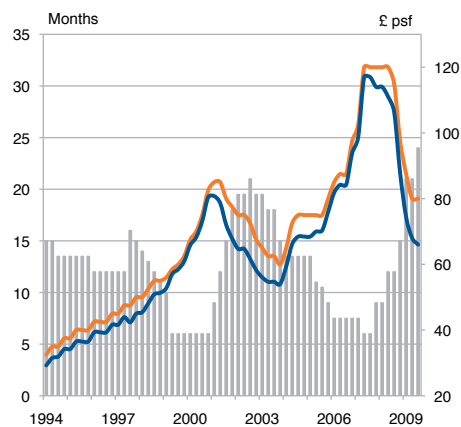
## Prime rents & rent free periods



### City



### West End



■ Rent free periods      — Headline rent (rh scale)

— Net effective rent (rh scale)

Source: CB Richard Ellis

Note: The net effective rent assumes a 3 month fitting out period.

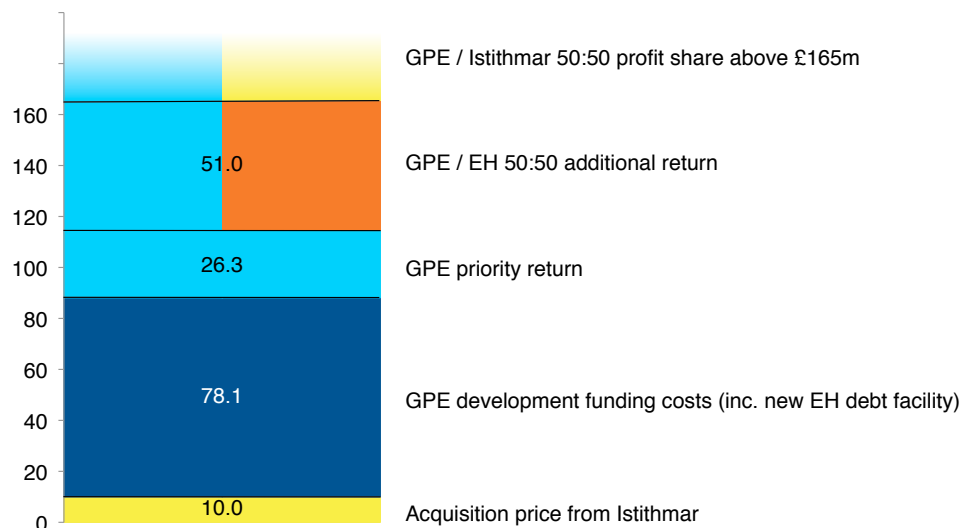
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## Capital structure

Marcol House, 293 Regent Street, W1  
& 23 Newman Street, W1



£m



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## Asset Management

Movement in Reversions



	6 months to	
	31 March 2009	30 Sept 2009
At beginning of period	£19.5m	£4.9m
Asset management	(£5.4m)	£2.0m
Disposals / acquisitions	(£0.2m)	(£0.5m)
ERV movement	(£9.0m)	(£5.1m)
At end of period	£4.9m	£1.3m

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## Development Pipeline



	Schemes	Pre-Development Area	Proposed Area	Increase	
				Sq. ft.	%
Development Pipeline	20	1,498,000	2,612,000	1,114,000	74%

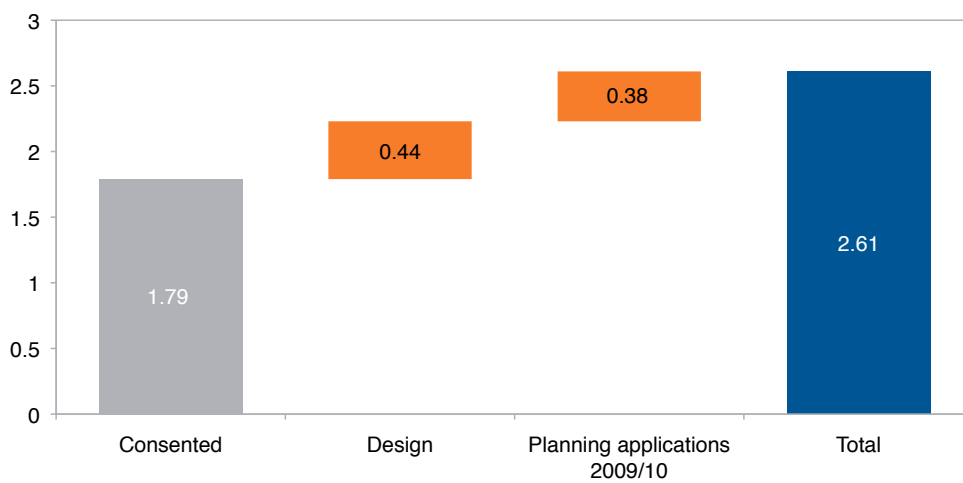
- 54% of GPE portfolio included in development business
- All pipeline assets are income producing except Blackfriars Road, Marcol House and Newman Street
- Income well placed

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## Development Pipeline



Million sq ft



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## Wells & More, W1



- 96% let or under offer
- Total rent £4.2m
- Development yield 6.55%
- Break even development / future growth

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## Hanover Square, W1

Pipeline



- Masterplan proposals progressing well
- Terms agreed with Crossrail
- Up to 220,000 sq ft (25% increase)
- High quality offices / prime Bond St shops
- Planning application 2010

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