

Interim Results 2014

# Unlocking potential

GREAT  
PORTLAND  
ESTATES



# 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

1

# Strong Results



<b>30 Sept 2014</b>	<b>6 months</b>	Q1	Q2	12 months
Property Valuation <sup>1</sup>	<b>+8.9%</b>	+3.8%	+5.0%	+20.4%
<i>Developments<sup>1</sup></i>	<b>+13.0%</b>	+6.2%	+6.3%	+28.2%
Portfolio ERV movement <sup>1</sup>	<b>+3.6%</b>	+1.9%	+1.5%	+8.0%
Total Property Return	<b>10.5%</b>	4.5%	5.7%	25.0%
NAV per share	<b>+11.8%</b>	+4.2%	+7.3%	+30.6%

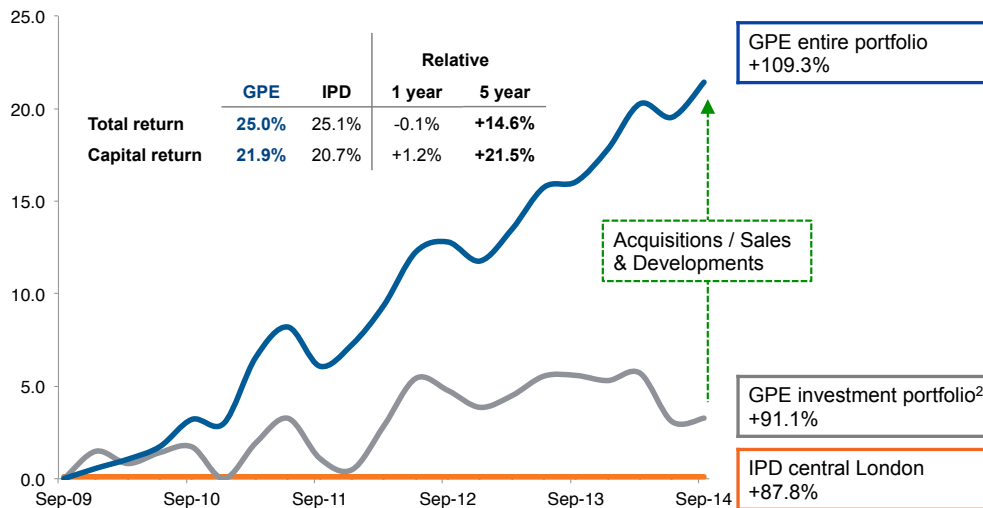
1. Like-for-like, including share of joint ventures

2

# Outperforming



Capital Return relative to IPD Central London<sup>1</sup> (%)



1. Central and Inner London Properties quarterly valued 2. IPD: Standing Investments only

# Successful Strategy is Delivering



## 1. Strong development progress

- Completed 2 schemes
  - 55% avg. profit on cost
- Started 3 projects
  - 0.5m sq ft inc. Rathbone Sq
- Replenished near term
  - +0.3m sq ft inc. Hanover Sq
  - Total 0.6m sq ft
- Added to pipeline
  - +0.3m sq ft
- 22 scheme total programme
  - 2.2m sq ft; 71% West End
  - Platform into 2020s

## 3. Accretive recycling

- £337.2m<sup>3</sup> sold
  - 10.0% > book value
- £20.6m<sup>3</sup> acquired
  - Adjoining existing holdings

## 2. Leasing ahead of plan

- £9.7m<sup>1</sup> pa rent
  - 3.1%<sup>2</sup> > March ERV
- Rent roll ↑7.8%
- 21% reversionary potential
- Since half year
  - £7.2m<sup>1</sup> leased / under offer
  - 5.6%<sup>2</sup> > March ERV

## 4. Financial position stronger than ever

- Avg. interest rate low @ 3.6%
- 92% fixed or hedged
- 22% pro forma LTV<sup>4</sup>
- £508m cash / facilities<sup>4</sup> = capacity for expansion

**Strong performance: Great shape**

1 100% 2 Market lettings i.e. excluding short term lets ahead of development 3. GPE share  
4. Pro forma for new RCF, sale of 12/14 New Fetter Lane, EC4 and sale of remaining 12.5% interest in 100 Bishopsgate, EC2

## More to come



<b>Supportive market</b>	- Rents to grow
<b>Well-timed developments</b>	- Material surpluses
<b>Investment portfolio</b>	- Full of potential
<b>Disciplined recycling</b>	- Profits
<b>Financial strength</b>	- Exploit the opportunity

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

5

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Outlook **Toby Courtauld, Chief Executive**

6

# Financial Highlights



Balance Sheet	Sept 14	March 14	Change
Portfolio value <sup>1</sup>	£2,982.8m	£2,678.1m	+8.9% <sup>2</sup>
EPRA NAV per share <sup>3</sup>	636p	569p	+11.8%
EPRA NNAV per share <sup>3</sup>	614p	550p	+11.6%
Loan-to-property value	22.0% <sup>4</sup>	25.7%	-3.7pps

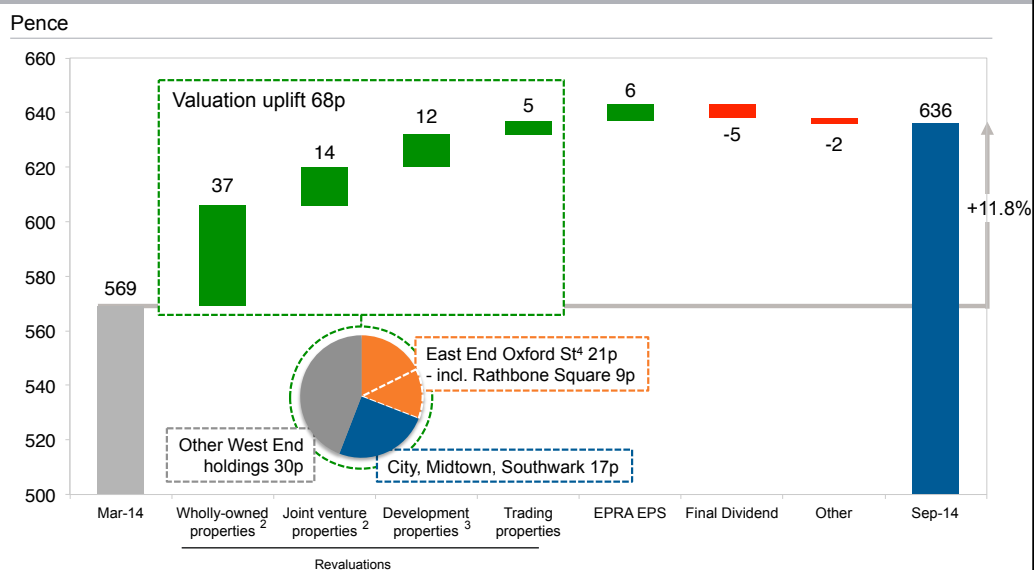
Income Statement	Sept 14	Sept 13	Change
EPRA PBT	£21.0m	£18.1m	+16.0%
EPRA EPS <sup>3</sup>	5.9p	5.3p	+11.3%
Dividend per share	3.5p	3.4p	+2.9%

1. Including share of JVs 2. Like-for-like change 3. On a diluted basis  
 4. Pro forma for sale of 12/14 New Fetter Lane, EC4 and sale of remaining 12.5% interest in 100 Bishopsgate, EC2

7

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

Movement since 31 March 2014

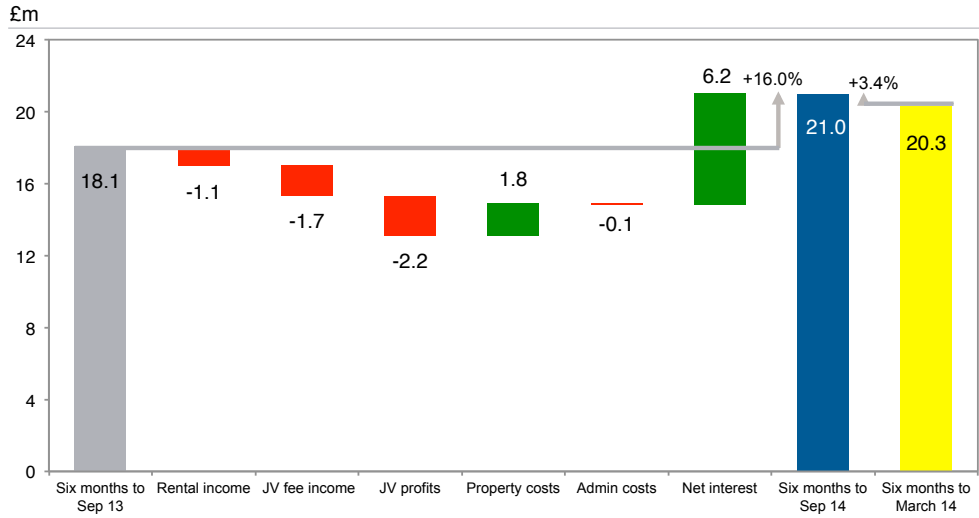


1. Adjusted per EPRA guidance 2. Investment portfolio 3. Wholly-owned and joint venture  
 4. Rathbone Sq, W1; 73/89 Oxford St, W1; St Lawrence House, W1; and Oxford House, W1

8

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

6 months to 30 September 2014

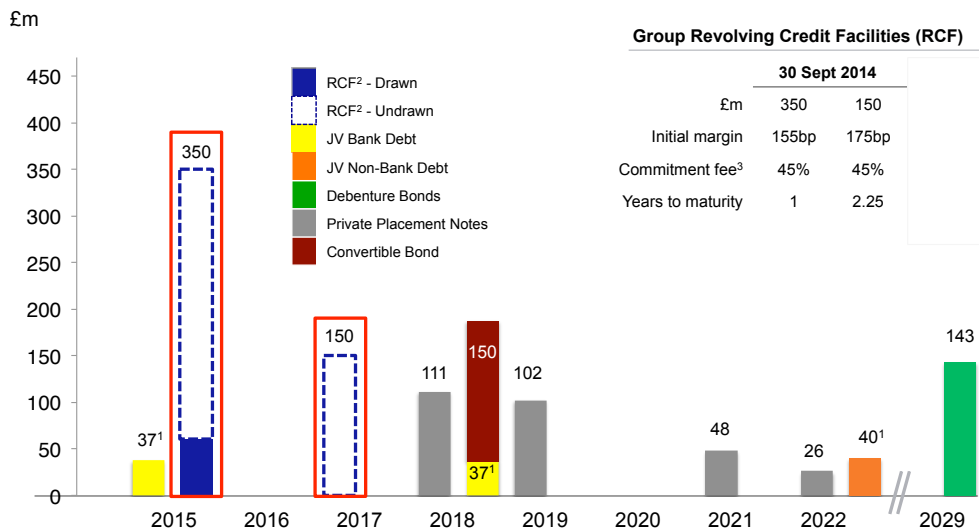


Stable EPS outlook for FY 2015 maintained

1. Adjusted per EPRA guidance

# Debt Profile<sup>1</sup>

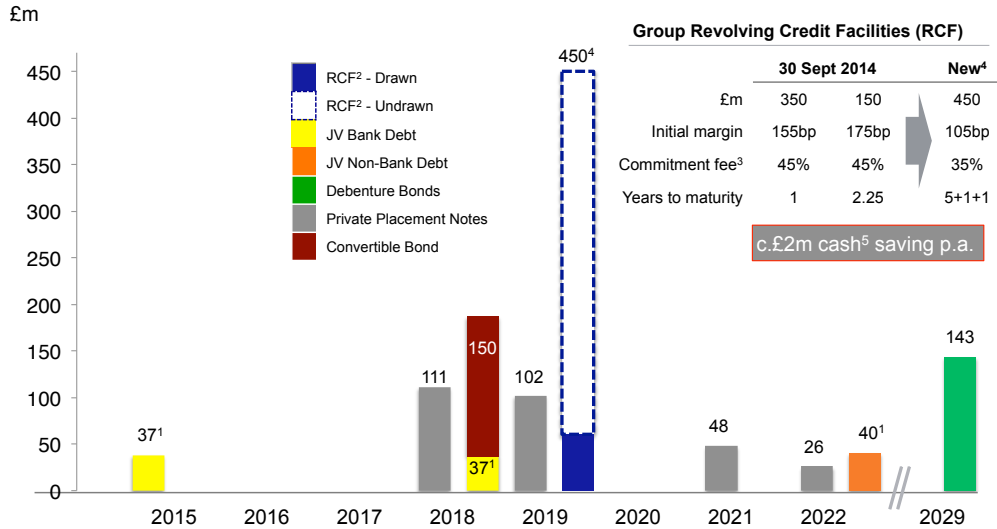
As at 30 September 2014



1. JV facilities amount shown at GPE share. Excludes £3.7m Brookfield loan 2. Revolving credit facilities 3. As % of margin

# Enhanced Debt Profile<sup>1</sup>

## New £450m Group revolving credit facilities

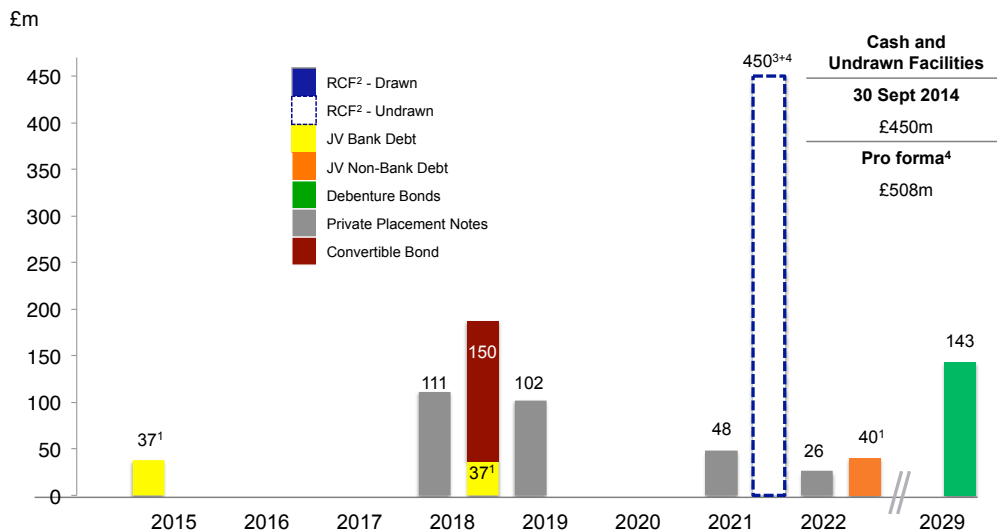


1. JV facilities amount shown at GPE share. Excludes £3.7m Brookfield loan 2. Revolving credit facility  
3. As % of margin 4. Entered into 30 October 2014 5. Based on net gearing ratio <50%

11

# Enhanced Debt Profile<sup>1</sup>

## Firepower to deliver organic growth



1. JV facilities amount shown at GPE share. Excludes £3.7m Brookfield loan 2. Revolving credit facility 3. If extension options granted  
4. Pro forma for new RCF, sale of 12/14 New Fetter Lane, EC4 and sale of remaining 12.5% interest in 100 Bishopsgate, EC2

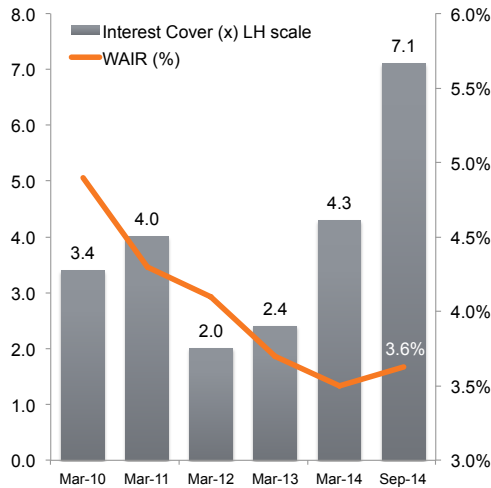
12

# Financial Strength

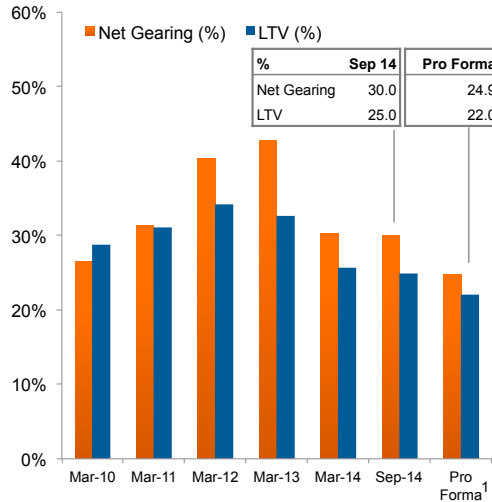
Debt metrics as strong as ever



Interest Cover / Weighted Average Interest Rate



Net gearing / LTV



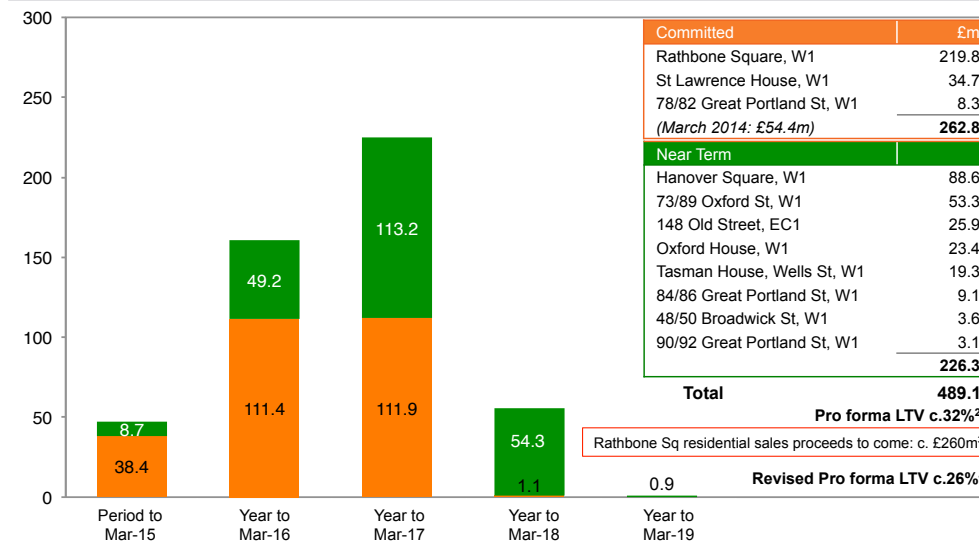
1. Pro forma for sale of 12/14 New Fetter Lane, EC4 and sale of remaining 12.5% interest in 100 Bishopsgate, EC2

# Capex<sup>1</sup> Forecast

Committed and Near Term schemes



£m



1 Projected Capital Expenditure excludes sales / marketing expenses, void costs and interest, including share of JVs 2. Excludes development surpluses to come and potential sales receipts  
3. Based on actual sales price achieved and CBRE estimates at 30 September 2014 less £20m deposits already received. 4. Excludes development surpluses to come

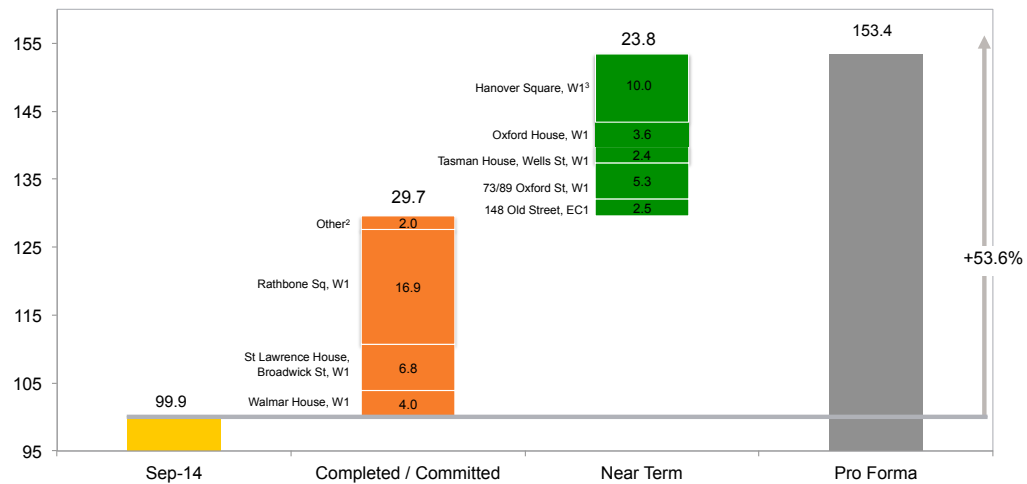


## Potential Additional Rent Roll<sup>1</sup>

From completed / committed / near term developments



£m, CBRE rental estimates September 2014



1. Includes share of JVs, net of current rent roll from space 2. 240 Blackfriars Rd, SE1 £1.0m; City Tower, EC2 £0.9m; 95 Wigmore St, W1 £0.1m  
3. Commercial space only

15

## Key Financial Messages



### Sustained growth in portfolio and NAV per share

- Strong performance from East End of Oxford Street holdings

### Stable outlook for current year EPS maintained

- Progressive dividend policy continues

### Rock solid balance sheet

- Plentiful low-cost firepower to fund further organic growth

### Extensive development programme

- Delivering surpluses and driving financial performance

Positive financial outlook

16

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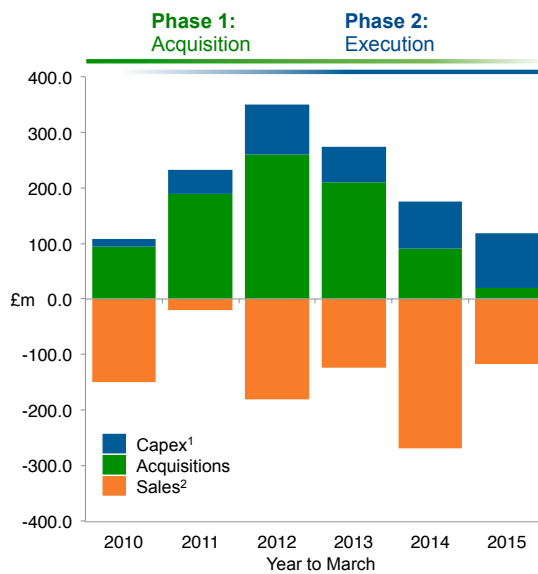
Outlook

**Toby Courtauld**, Chief Executive

17

# We are in Execution Phase

Generating organic growth



### Execution phase = Organic growth

- GPE portfolio returns greater than competing in investment market

### Ideal conditions for execution phase?

1. GDP growth = employment growth = rental growth
2. Robust investment pricing

**We have both**

1. Capex = incurred / committed / near term 2. Including exchanged but not yet completed

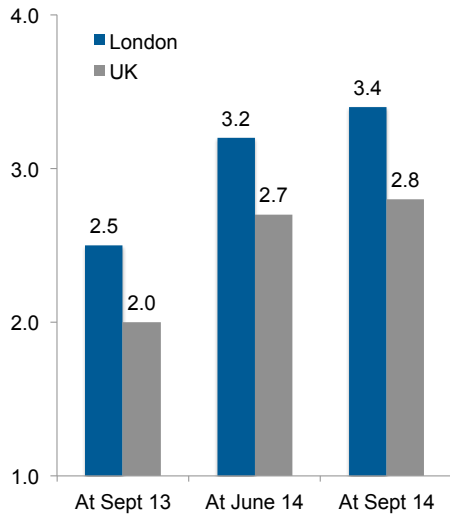
18

# Growth Expectations Increased

## London to Outperform

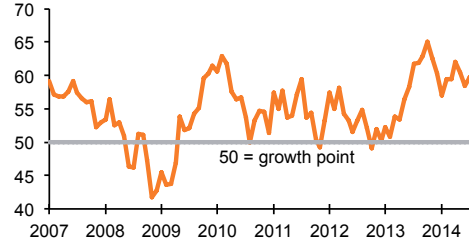


Annualised Economic Growth (2015-18) % pa<sup>1</sup>

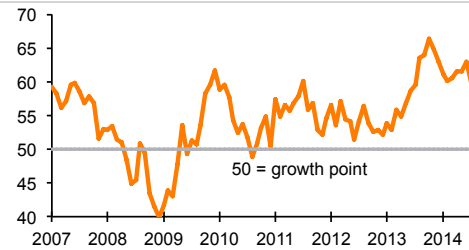


1. Source: CBRE / Oxford Economics. London = GVA; UK = GDP  
Three year forward annual growth rates

London Business Activity<sup>2</sup>



London New Orders<sup>2</sup>

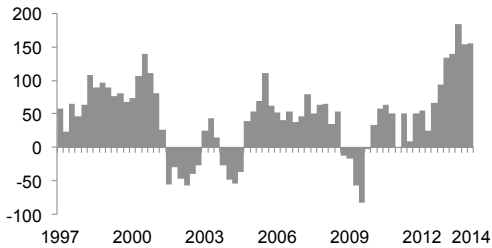


2. Source: PMI London Report

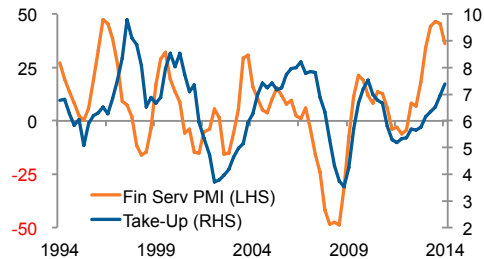
# Employment Up - Strong Leasing



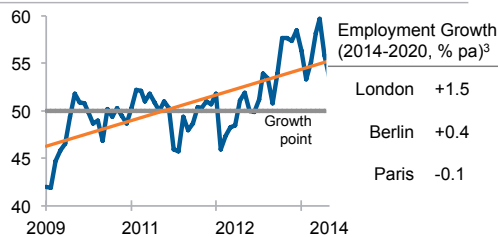
London Office-based employment growth ('000s)<sup>1</sup>



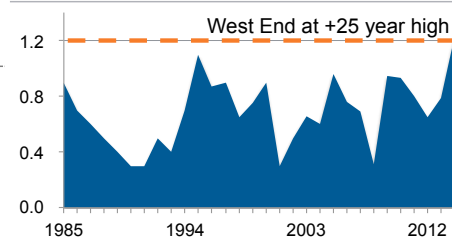
Business confidence leads central London take-up



London Economy: Employment Intentions<sup>2</sup>



West End Under Offer to Sep 2014 (m sq ft)<sup>4</sup>

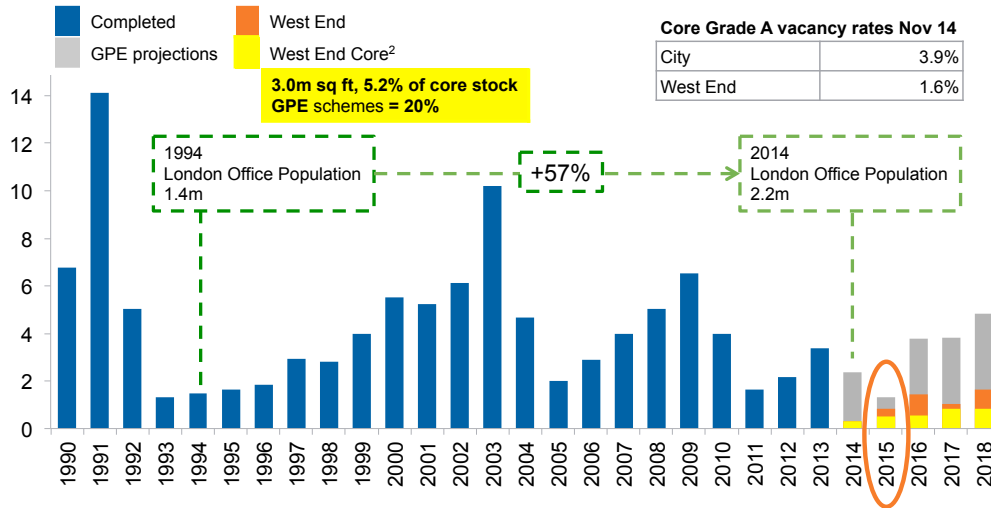


1. Source: National Statistics 2. Source: Lloyds TSB PMI 3. Oxford Economics 4. Source: CBRE

# Supply to Remain Tight



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

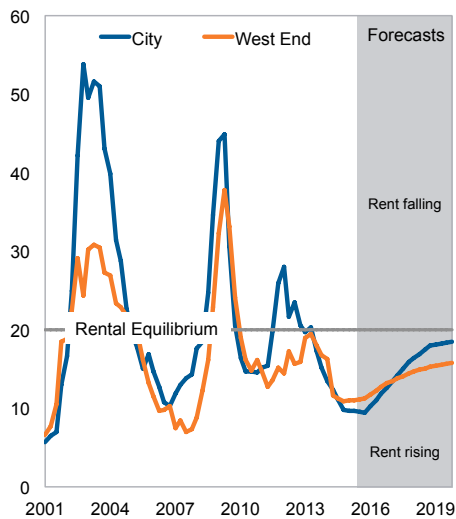


Source: CBRE / GPE 1. Excluding pre-lets 2. Includes W1 plus part Bloomsbury

# Tight Market Balance - Rents to Rise

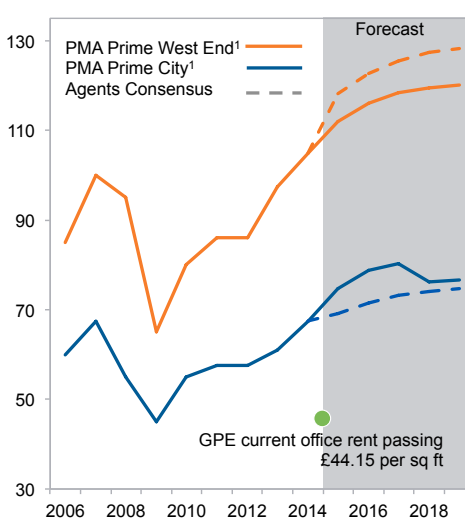


Office Market Balance (months supply)



Source: PMA / GPE

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

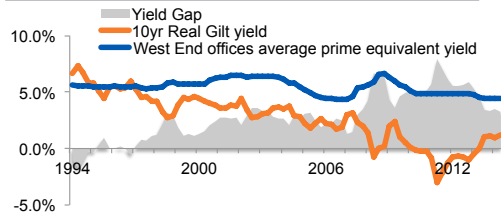


Source: PMA / GPE 1. 95<sup>th</sup> percentile

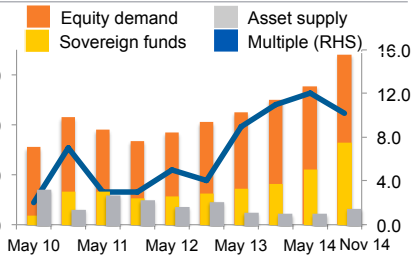
# Investment Market Strong



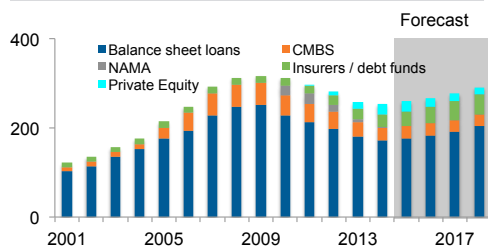
Real Yield Gap<sup>1</sup>



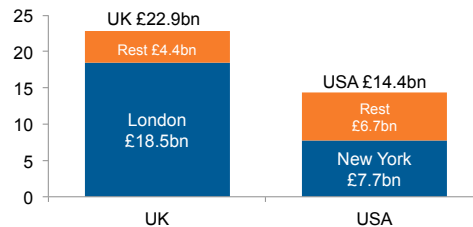
Investment demand > Supply (£bn)<sup>3</sup>



UK real estate debt by lender (£bn)<sup>2</sup>



Sovereign Wealth Fund Investments ('08 - Q2 '14)<sup>4</sup>



1. Source: CBRE 2. Source: PMA, De Montford University, Fitch, NAMA

3. Source: CBRE / GPE

4. Source: RCAnalytics, Eastdil

# 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	●
Exchange rate	●
Political risk	●

## GPE Portfolio

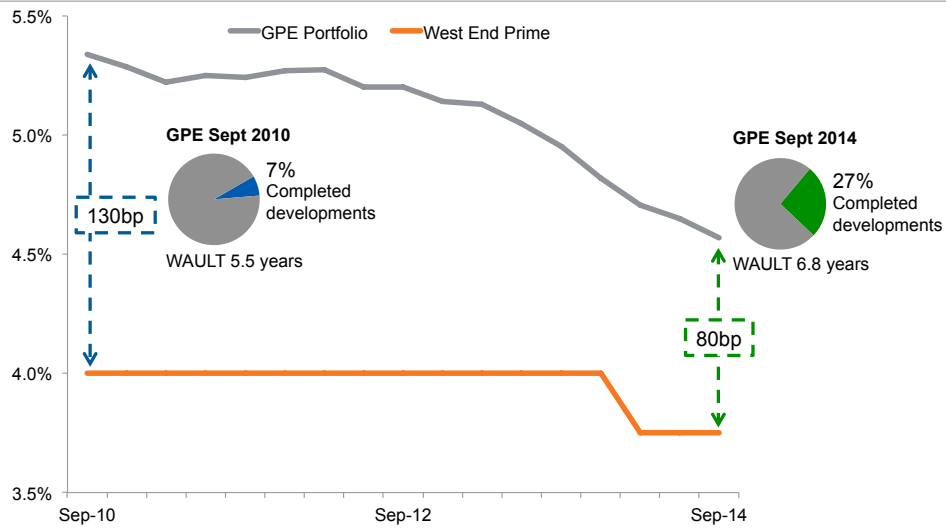
Rental Values	Market	FY 2015 Guidance	H1 2015
Offices	➔	5-10%	3.6%
Retail	➔	c.10%	3.4%

Yields	Near term	Medium term	GPE Portfolio
Prime	➔	➔	Created compression
Secondary	➔	➔	

# Created Yield Shift



GPE EY vs West End prime EY (%)



Source: CBRE / GPE

25

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26

# Sales & Acquisitions

Since March 2014



## Purchases

- £20.6m<sup>1</sup>, 2 deals

## Sales

- £337.2m<sup>1</sup>, 4 deals
- 10.0% > March 2014 BV



**Tudor House, Gresse St, W1**

£8.4m  
3.1% NIY  
65.2% TPR 12 months



**100 Bishopsgate, EC2**

Put option exercised  
£15.8m  
Fully exited



**12/14 New Fetter Lane, EC4**

Sale pre-completion  
£92.8m



**Rathbone Square, W1**

129 residential sales  
£220.2m

1. Share of JV

## Rathbone Square, W1 Residential Sales



- Planning permission Feb 2014
  - 411,000 sq ft
- 142 private units, 144,500 sq ft
  - 129 exchanged
  - £220.2m / £1,869 psf capital value
  - 8.8% > March 2014 cap val
  - 1 under offer
  - 12 remaining, incl. 8 penthouses
- Ground works underway



## 12/14 New Fetter Lane, EC4

Sale Pre-Completion



- Exchanged contracts to sell<sup>1</sup> long leasehold interest
- 142,500 sq ft
- Completed value £165.8m
  - 4.5% NIY
  - £92.8m initial payment
  - Costs to complete to be paid by purchaser
  - c.£5m on practical completion

### Why Now?

- Fully pre-let; 20 years
- Pricing is strong
- 1<sup>st</sup> rent review 6+ years
- Fixed price construction contract
- 83% return on capital employed
- 55% unlevered IRR



1. Subject to freeholder's consent

29

## Elm House, 13/16 Elm Street, WC1

Purchase

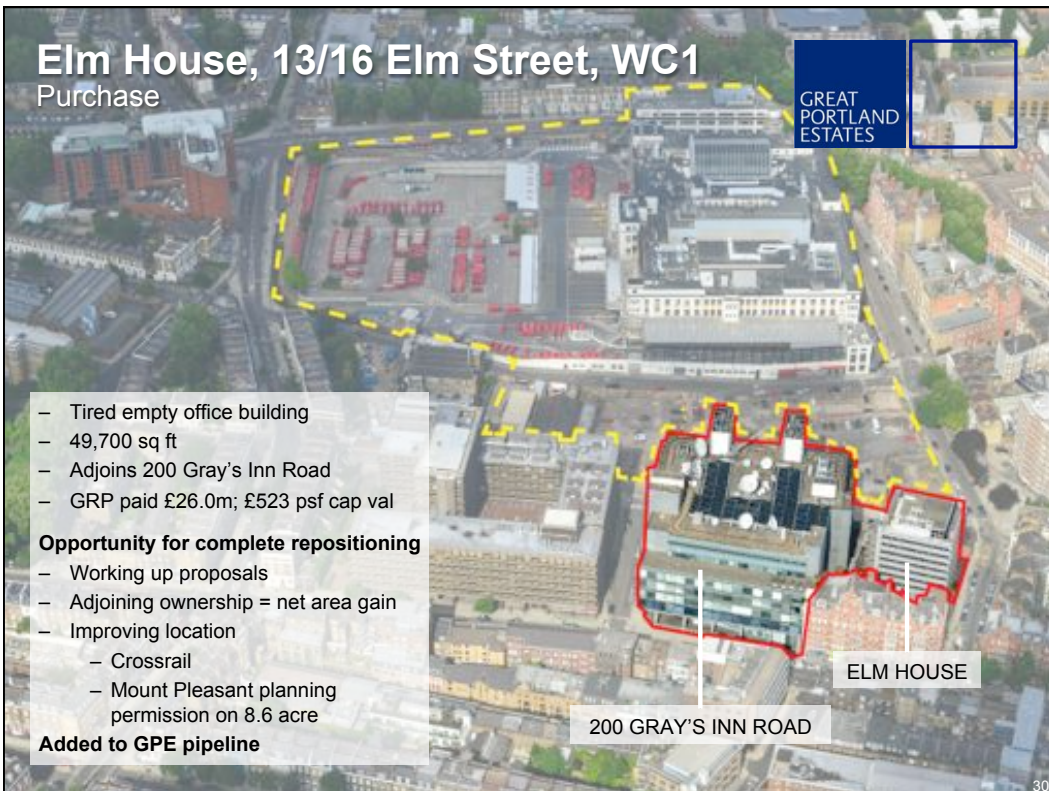


- Tired empty office building
- 49,700 sq ft
- Adjoins 200 Gray's Inn Road
- GRP paid £26.0m; £523 psf cap val

### Opportunity for complete repositioning

- Working up proposals
- Adjoining ownership = net area gain
- Improving location
  - Crossrail
  - Mount Pleasant planning permission on 8.6 acre

Added to GPE pipeline



ELM HOUSE

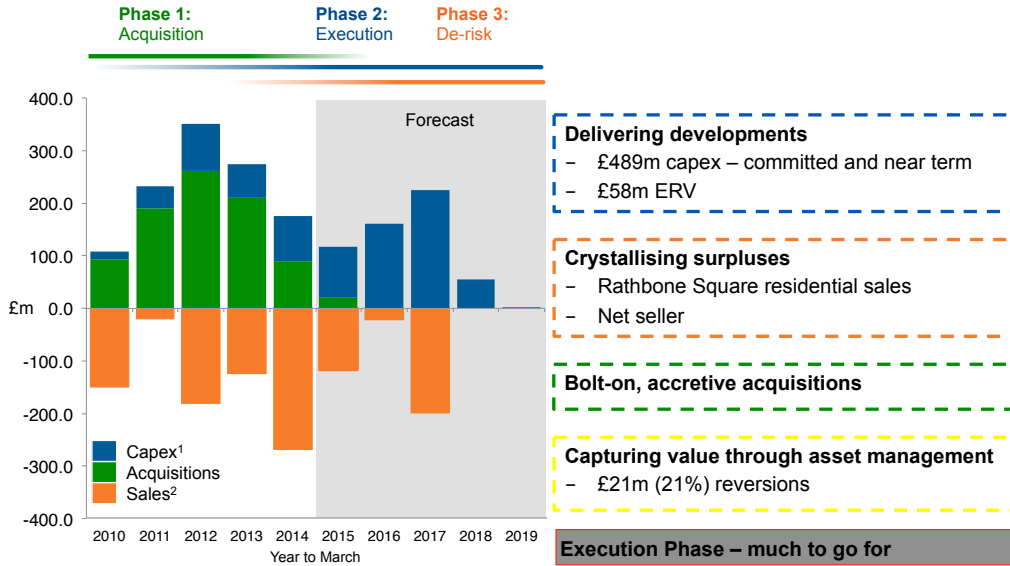
200 GRAY'S INN ROAD

30



# Investing in Organic Growth

## Portfolio Returns greater than Market Returns



1. Capex = incurred / committed / near term 2. Including exchanged but not yet completed

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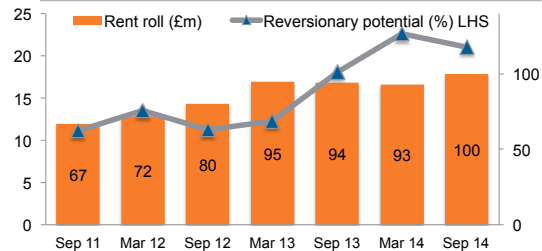
# Asset Management

## Summary six months to September 2014

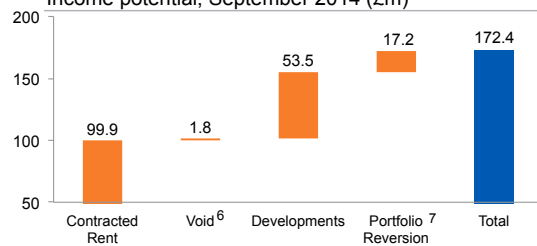


- 41 new leases
  - £9.7m new rent<sup>1</sup>  
3.1% above March 2014 ERV<sup>2</sup>
  - £1.2m<sup>1</sup> let since Sept
  - £6.0m<sup>1</sup> under offer today
- Reversionary potential £21.0m p.a., 21.0%
- 67 lease events (12 months to Sept 14)
  - 96.3% tenant retained / relet / refurbishment<sup>4</sup> (i.e. 3.7% to let)
- WAULT 6.85 years<sup>5</sup>
- 2.3% investment portfolio void rate<sup>6</sup> at 30 Sept 2014

Portfolio income and reversionary potential<sup>3</sup>



Income potential, September 2014 (€m)

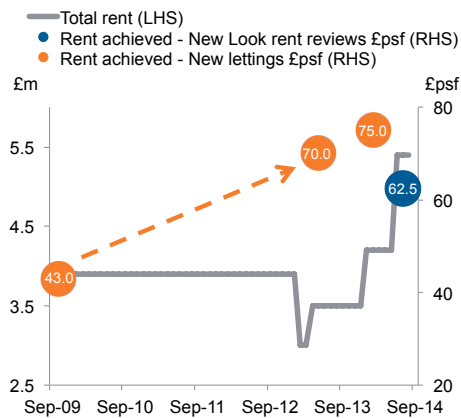


Expanding Asset Management  
→ Growing income

1. At 100% 2. Market lettings only, i.e. excludes short-term lettings ahead of developments 3. Source: CBRE / GPE 4. 12 months to 30 September 2014, by floor area. JVs at 100% 5. Includes GPE share of JV properties 6. Voids excludes recently completed developments 7. Excluding committed and near term development schemes

# Asset management

## Wells & More, 45 Mortimer Street, W1 Capturing Reversionary Potential



- Asset value up 63%<sup>1</sup>
- More to come
  - Additional rent review 2014
  - West End's highest growth market

Supportive conditions → Growing income



1. Since 31 March 2010

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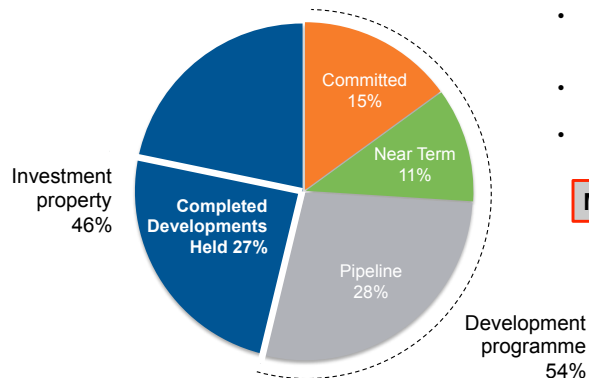
Outlook **Toby Courtauld, Chief Executive**

35

# Development Overview



## Total Portfolio by Area



- Strong performance
- 28.2% 12 month capital return on developments<sup>1</sup>
- Successful leasing continues
- Favourable timing

**More performance to come**

1. Assets under development over last 12 months

36

## Completed Project

Walmar House, 288/300 Regent St, W1

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- Potential early leasing
- 60,300 sq ft
  - 4,200 sq ft residential - sold
  - 18,400 sq ft retail; 61% let / under offer
  - 37,700 sq ft offices; 100% under offer

GPE profit on cost	53.3%
Ungeared IRR	25.5%
Yield on cost	7.4%

37

## Development Committed projects

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	Anticipated Finish	New building area sq ft	Cost to complete £m	ERV <sup>1</sup>		Income / GDV secured £m	% let / sold <sup>2</sup>	Profit on cost <sup>3</sup>
				£m	Office avg £psf			
Rathbone Square, W1 - Commercial	Mar 2017	257,100	219.8	16.9	68.00	0.0	0%	18%
- Residential		153,900				220.2	78%	
St Lawrence House, 26/34 Broadwick St, W1	Sept 2016	91,900	34.7	6.8	74.50	0.0	0%	13%
78/82 Great Portland St, W1	Mar 2016	18,600	8.3	0.2	-	0.0	0%	1%
<b>Committed projects</b>		<b>521,500</b>	<b>262.8</b>	<b>23.9</b>		<b>220.2</b>	<b>28%</b>	<b>16%</b>

Development value £1,521psf £793.0m

Development yield 6.1%

Expected profit on cost £111.7m 16.4% → ERV growth to come

18% of expected profit taken Sept 2014<sup>4</sup>

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

38

## Committed Project

Rathbone Square, W1



- Demolition complete, risk reduced
- Full works commenced
- Contract sum 70% secured, so far;  
100% December 2014
- Completion Q1 2017



39

## Committed Project

Rathbone Square, W1



- 411,000 sq ft transformational project
- 153,900 sq ft residential
  - 78% by value sold
- 215,500 sq ft offices
  - Pre-let marketing Q2 2015



40



## Committed Project

### Rathbone Square, W1



- 34,000 sq ft office floorplate
  - 50m from Crossrail
  - Rare product
  - ERV £68.10 today
  - ↑ growth potential
- 41,600 sq ft unique retail
  - 58% A3
  - ERV £54.50
  - Prime location
- Strong valuation performance since purchase



GPE profit on cost	17.8% <sup>1</sup>
Ungeared IRR	12.3%
Yield on cost	6.6%

1. Pre-tax on residential sales

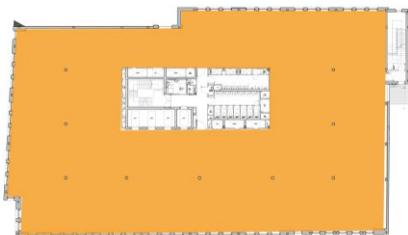
41

## Committed Project

### St Lawrence House, 26/34 Broadwick St, W1



- Opportunity to pre-let
- Full works commenced
- High quality new building
- Demolition underway
- Anticipated completion Q3 2016
- 91,900 sq ft
  - Offices 81,400 sq ft
  - 14,100 sq ft floors (1<sup>st</sup> to 4<sup>th</sup> average)
  - Retail / restaurant 10,500 sq ft



- Central Soho location
- Growing demand / Low supply
- ↑ growth potential
- ↑ valuation post planning

GPE profit on cost	12.9%
Ungeared IRR	10.9%
Yield on cost	5.3%

42

## Development Near Term and Pipeline



	Planning Status	New build area (sq ft)	Start	Ownership
<b>Near Term</b>				
48/50 Broadwick St, W1	Consented	6,500	2014	100%
Tasman House, 59/63 Wells St, W1	Design	38,100	2015	100%
84/86 Great Portland St, W1	Design	22,200	2015	100%
90/92 Great Portland St, W1	Consented	8,400	2015	100%
73/89 Oxford St and 1 Dean St, W1	Consented	88,100	2015	100%
148 Old Street, EC1	Application	151,700	2015	GRP
Oxford House, 76 Oxford Street, W1	Consented	91,200	2016	100%
Hanover Square, W1	Consented	207,200	2016	GHS
Near Term Total		<b>613,400</b>		<b>90% Planning application / permission</b>
<b>Pipeline</b>				
Mortimer House, 37/41 Mortimer St & 39/41 Wells St, W1	Design	25,000	2015	100%
Elm House, 13/16 Elm Street, WC1	Design	85,000	2015	GRP
52/54 Broadwick St & 10/16 Dufours Place, W1	Design	47,000	2016	100%
City Place House, 55 Basinghall St, EC2	Design	177,100	2016+	GSP
New City Court, 20 St Thomas St, 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, 179/180 Piccadilly & 50 Jermyn St, SW1	Design	75,000	2022	100%
Mount Royal, 508/540 Oxford St, W1	Design	92,100	2022	GVP
Kingsland/Carrington House, 122/130 Regent Street, W1	Design	51,400	2022	100%
Minerva House, 5 Montague Close, SE1	Design	120,000	2022	100%
Pipeline Total		<b>1,060,300</b>		<b>1,673,700 62% West End; 29% Planning permission</b>

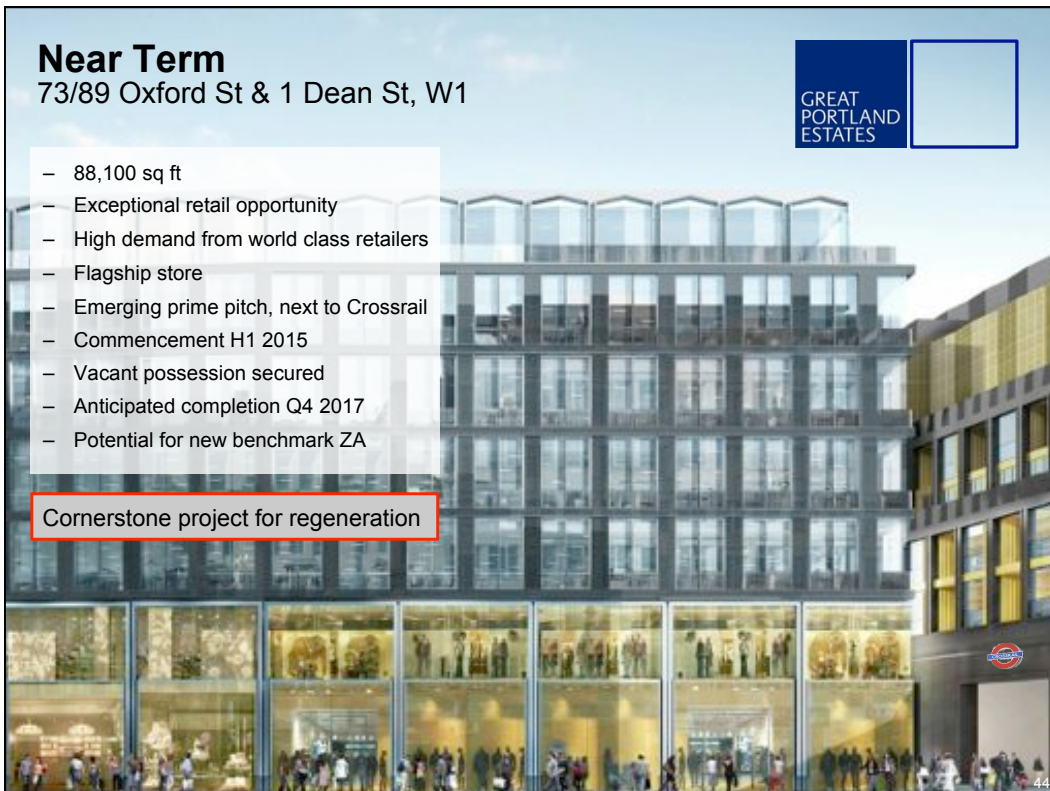
43

## Near Term 73/89 Oxford St & 1 Dean St, W1



- 88,100 sq ft
- Exceptional retail opportunity
- High demand from world class retailers
- Flagship store
- Emerging prime pitch, next to Crossrail
- Commencement H1 2015
- Vacant possession secured
- Anticipated completion Q4 2017
- Potential for new benchmark ZA

Cornerstone project for regeneration



44

## Near Term

Oxford House, 76 Oxford Street, W1

GREAT  
PORTLAND  
ESTATES

- Opposite Crossrail
- 91,200 sq ft
- Major refurbishment potential
  - 58m retail frontage
- Revised planning application H1 2015
- 33,200 sq ft retail ↑88%

Growth prospects ↑



45

## Near Term

Hanover Square, W1

GREAT  
PORTLAND  
ESTATES



### 2011 Consent



Improve Design



### Design Review



New Urban Realm



Capture Retail Potential



- Full design review
  - Market appropriate
  - Maximise site potential
- Revised planning application
- CBRE Sept 14 ERV
  - Retail £525 ZA
  - Office £105 psf
- Early start on-site possible

Exceptional West End core opportunity

46



## Near Term 148 Old St, EC1

GREAT  
PORTLAND  
ESTATES

- Design concluded
  - Planning application submitted
  - 151,700 sq ft (+55%)
  - Quality↑; Quantity↑
- Vacant possession May 2015
- Target completion Q4 2016
- £48.00 ERV
- Emerging London location
- Pre-let opportunity

47

## Development Outlook

More to come

GREAT  
PORTLAND  
ESTATES



### Developments activity higher than ever

- Highly profitable completions

### Committed projects

- Capturing rental growth
- Supportive market

### Near Term & Pipeline

- Major opportunity
- Correctly positioned in market
- Growing pipeline

### Managing development risk / returns

- Sale: pre-commencement / forward sale
- Joint venture
- Pre-let
- Speculative

Organic growth delivering returns for shareholders

48

# 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**

# Opportunity

## Strategy: Consistent and clear

- Repositioning: rental and capital growth
- Central London only: West End bias (79% today)
- Recycling in tune with the cycle

## Delivering the strategy

- Execution phase
- Leasing well
- Strong returns across portfolio

## Market supporting strategy

- London's growth = demand for GPE space
- Supply to remain tight
- Investment market liquid

## More to come

- Significant reversions: beat ERVs
- Asset management to exploit: ERVs higher
- 2.2m sq ft development programme
  - 54% of portfolio, into 2020s
- £0.5bn near-term capex: strong returns
- 86% within 800m of Crossrail





## Outlook

### GPE delivering

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

### Confident outlook

GREAT  
PORTLAND  
ESTATES



51

Interim Results 2014

# Unlocking potential

GREAT  
PORTLAND  
ESTATES



# 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.

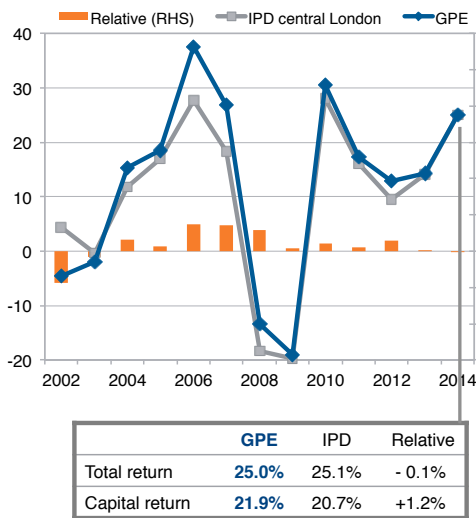
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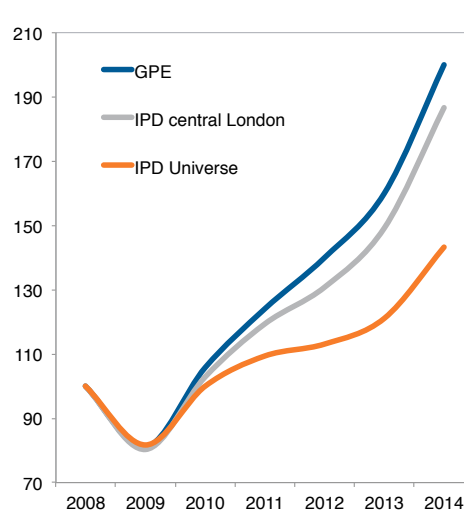
# Relative returns vs IPD



TPR % pa, Years to 30 Sept



Relative TPR over 6 years (%), years to 30 Sept



Source: IPD

## Balance Sheet

Proportionally Consolidated for Joint Ventures



£m	Group	JVs	Total	March 14
Investment property	2,152.6	711.5	2,864.1	2,678.1
Trading property at valuation	118.7	-	118.7	-
Other assets	15.6	0.9	16.5	46.3
Net debt	(648.0)	(98.9)	(746.9)	(687.1)
Other liabilities	(77.4)	(14.2)	(91.6)	(105.4)
<b>Net assets</b>	<b>1,561.5</b>	<b>599.3</b>	<b>2,160.8</b>	<b>1,931.9</b>
<b>EPRA net assets per share</b>	<b>462p</b>	<b>174p</b>	<b>636p</b>	<b>569p</b>

55

## Income Statement

Proportionally Consolidated for Joint Ventures

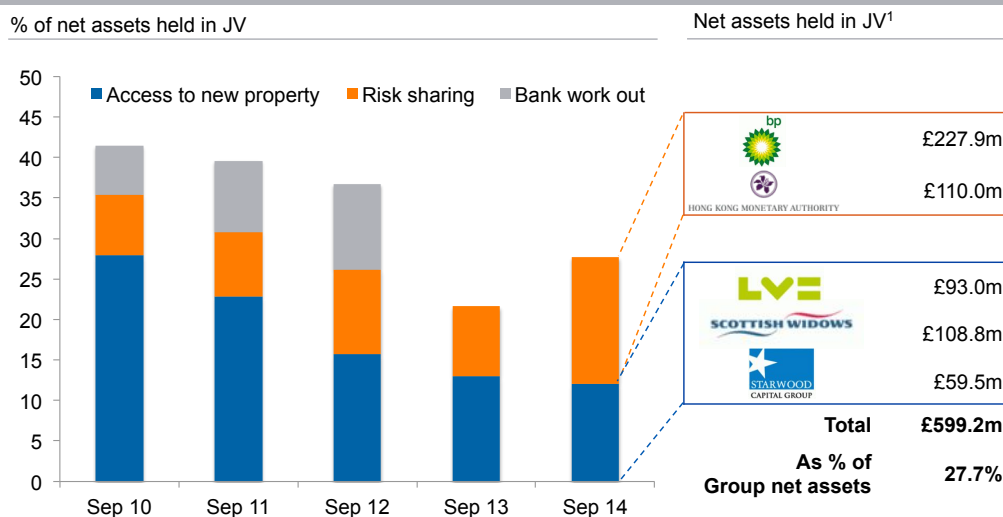


£m	Group	JVs	Total	Sept 13
Rental income	33.8	12.3	46.1	44.9
Fees from Joint Ventures	2.0	-	2.0	3.7
Property and Administration costs	(14.4)	(2.0)	(16.4)	(17.4)
Trading properties cost of sale	(1.9)	-	(1.9)	-
Finance income / (costs)	7.7	(8.2)	(0.5)	(32.0)
Profit / (loss) before surplus on investment property	27.2	2.1	29.3	(0.8)
Surplus on investment property	168.6	48.6	217.2	147.7
Reported profit before tax	195.8	50.7	246.5	146.9
<b>EPRA PBT</b>				
Profit / (loss) before surplus on investment property	27.2	2.1	29.3	(0.8)
Less: fair value movement on debt and derivatives	(10.3)	0.1	(10.2)	15.6
Less: Trading properties cost of sale	1.9	-	1.9	-
Less: Convertible bond issue costs	-	-	-	3.3
	<b>18.8</b>	<b>2.2</b>	<b>21.0</b>	<b>18.1</b>

56

## Joint Venture Business

### Contribution to Group



1. Active joint ventures only – excludes GCP, net assets of £0.1m

57

## Debt Analysis

### Low cost, conservative leverage



	Pro Forma <sup>1</sup>	September 2014	March 2014
Net debt excluding JVs (£m)	538.6	648.0	586.1
<i>Net gearing</i>	24.9%	30.0%	30.3%
Total net debt including 50% JV non-recourse debt (£m)	637.5	746.9	687.1
<i>Loan-to-property value</i>	22.0%	25.1%	25.7%
Interest cover <sup>2</sup>		7.1x	4.3x
Weighted average cost of debt <sup>3</sup>		4.1%	3.9%
Weighted average interest rate <sup>4</sup>		3.6%	3.5%
% of debt fixed / hedged		92%	98%
Cash & undrawn facilities	£508m	£450m	£508m

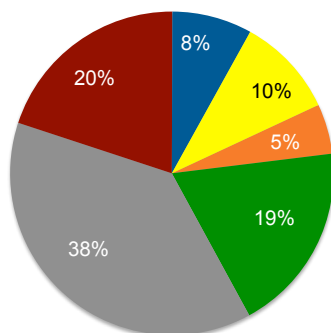
1. Pro forma for new RCF, sale of 12/14 New Fetter Lane, EC4 and sale of remaining 12.5% interest in 100 Bishopsgate, EC2  
 2. For 12 month period and calculated in accordance with unsecured debt covenants 3. For the period (including costs) 4. As at balance sheet date (excluding costs)

58

## Sources of Debt<sup>1</sup>

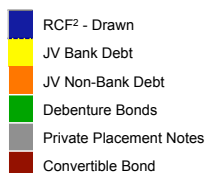


Diversity of Sources: Drawn<sup>3</sup> (£754m)

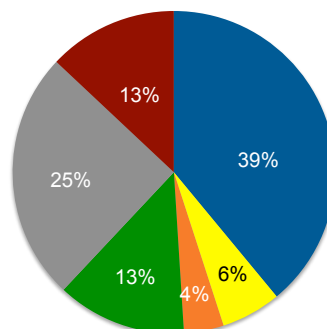


Non Bank: 82%

Unsecured: 66%



Diversity of Sources: Facilities<sup>4</sup> (£1,144m)



Non Bank: 55%

Unsecured: 77%

1. JV facilities amount shown at GPE share. Excludes £3.7m Brookfield loan 2. Revolving credit facilities 3. Based on drawn position at 30 September 2014  
4. Pro forma for new RCF

59

## New £450m Group Revolving Credit Facility Key Terms



- Structure: Unsecured revolving credit facility
- Tenor: 5+1+1 years<sup>1</sup>
- Margin: 105-165bp<sup>2</sup>
- Utilisation fee: 10-35bp<sup>3</sup>
- Commitment fee: 35% of margin
- Financial covenants: No change<sup>4</sup>
  - Gearing Ratio (net debt/net equity) < 1.25x
  - Inner Borrowing (unencumbered asset value/unsecured borrowings) > 1.66x
  - Interest Cover > 1.35x
- Bank group: RBS, Santander, HSBC, Lloyds Banking Group, Credit Agricole CIB, Wells Fargo, Bank of China

Note 1: two extension options of 12 months each, exercisable at the end of the first and second years, subject to bank consent

Note 2: dependent on Gearing Ratio

Note 3: dependent on drawn amount

Note 4: same as private placement notes and replaced Group revolving credit facilities

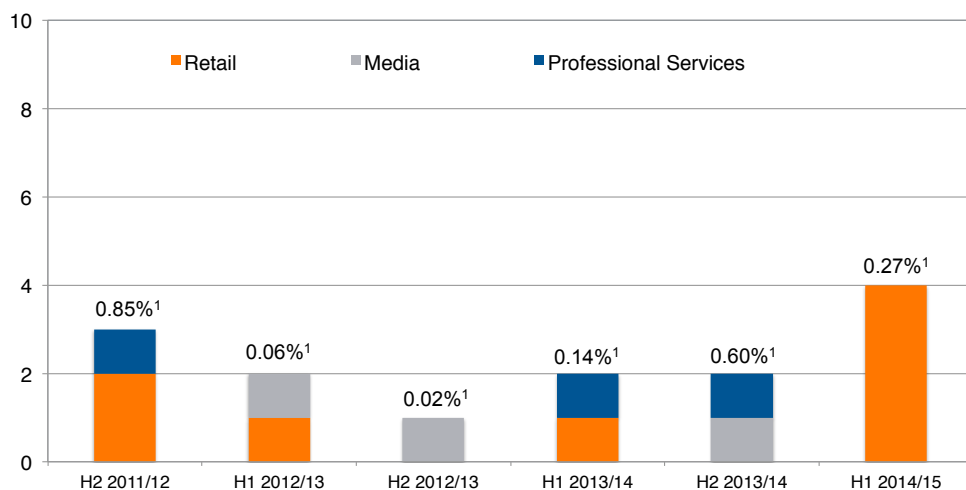
60

## Tenant Delinquencies

Six month periods



### Number of delinquencies



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

61

## EPRA Performance Measures



Measure	Sept 2014	Mar 2014
EPRA net assets	£2,194.3m	£1,961.3m
EPRA net assets per share	636p	569p
EPRA triple net assets	£2,119.0m	£1,898.3m
EPRA triple net assets per share	614p	550p
	Sept 2014	Sept 2013
EPRA earnings	£21.0m	£18.1m
Diluted EPRA earnings per share	5.9p	5.3p

62



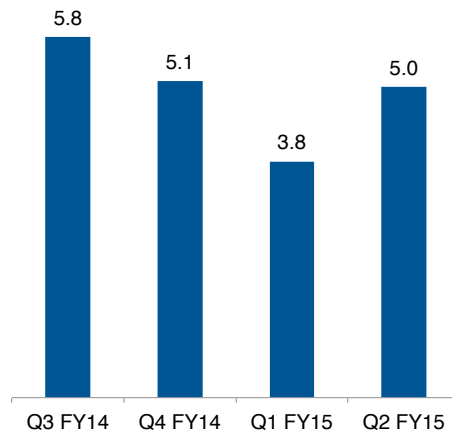
# The Valuation

Including share of Joint Ventures



Quarterly Valuation Movement for Total Portfolio

To 30 September 2014	Movement %	
	£m	6 months
North of Oxford St	1,307.9	5.6%
Rest of West End	612.6	10.3%
<b>Total West End</b>	<b>1,920.5</b>	<b>7.1%</b>
<b>Total City, Midtown &amp; Southwark</b>	<b>527.2</b>	<b>11.9%</b>
<b>Investment Portfolio</b>	<b>2,447.7</b>	<b>8.1%</b>
Development properties	513.5	13.0%
<b>Properties held throughout period</b>	<b>2,961.2</b>	<b>8.9%</b>
Acquisitions	21.6	(0.1)%
<b>Total Portfolio</b>	<b>2,982.8</b>	<b>8.8%</b>

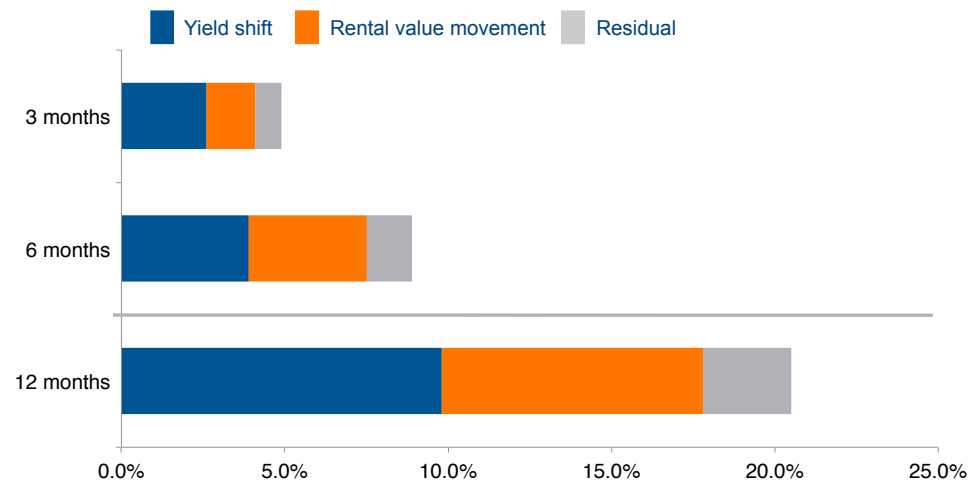


# The Valuation<sup>1</sup>

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 +/-			
		%	3 month	6 month	12 month
<b>North of Oxford Street</b>					
Offices	2.4%	4.5%	-4	-7	-34
Retail	3.6%	4.3%	-18	-38	-73
<b>Rest of West End</b>					
Offices	2.6%	4.5%	-10	-16	-52
Retail	3.1%	4.2%	-12	-19	-38
<b>Total West End</b>	2.7%	4.4%	-9	-15	-44
<b>City, Midtown and Southwark</b>	3.2%	5.1%	-22	-31	-65
<b>Total let Portfolio</b>	2.8% (3.7% ex rent free)	4.6%	-12	-18	-48

1. Includes rent frees on contracted leases

65

## The Valuation

Including share of Joint Ventures



	Value £m	6 months to			
		Sept 2014 £m	Change %	3 months %	12 months %
North of Oxford St	1,307.9	69.5	5.6%	3.5%	17.0%
Rest of West End	612.6	57.3	10.3%	6.1%	19.8%
<b>Total West End</b>	<b>1,920.5</b>	<b>126.8</b>	<b>7.1%</b>	<b>4.3%</b>	<b>17.9%</b>
<b>City, Midtown and Southwark</b>	<b>527.2</b>	<b>56.1</b>	<b>11.9%</b>	<b>6.1%</b>	<b>22.8%</b>
<b>Investment portfolio</b>	<b>2,447.7</b>	<b>182.9</b>	<b>8.1%</b>	<b>4.7%</b>	<b>18.9%</b>
Development properties	513.5	59.0	13.0%	6.3%	28.2%
<b>Properties held throughout the period</b>	<b>2,961.2</b>	<b>241.9</b>	<b>8.9%</b>	<b>5.0%</b>	<b>20.4%</b>
Acquisitions	21.6	-	(0.1)%	(0.1)%	(0.1)%
<b>Total portfolio</b>	<b>2,982.8</b>	<b>241.9</b>	<b>8.8%</b>	<b>4.9%</b>	<b>20.3%</b>

66

## The Valuation

Wholly Owned



	Value £m	6 months to			
		Sept 2014 £m	Change %	3 months %	12 months %
North of Oxford St	1,086.5	59.3	5.8%	3.7%	16.9%
Rest of West End	454.5	44.9	11.0%	5.6%	22.9%
<b>Total West End</b>	<b>1,541.0</b>	<b>104.2</b>	<b>7.3%</b>	<b>4.3%</b>	<b>18.6%</b>
<b>City, Midtown and Southwark</b>	<b>209.2</b>	<b>26.9</b>	<b>14.7%</b>	<b>9.0%</b>	<b>24.1%</b>
<b>Investment portfolio</b>	<b>1,750.2</b>	<b>131.1</b>	<b>8.1%</b>	<b>4.8%</b>	<b>19.3%</b>
Development properties	513.5	59.0	13.0%	6.3%	28.2%
<b>Properties held throughout the period</b>	<b>2,263.7</b>	<b>190.1</b>	<b>9.2%</b>	<b>5.2%</b>	<b>21.2%</b>
Acquisitions	7.6	(0.3)	(4.0)%	(4.0)%	(4.0)%
<b>Total portfolio</b>	<b>2,271.3</b>	<b>189.8</b>	<b>9.1%</b>	<b>5.1%</b>	<b>21.1%</b>

67

## The Valuation

Joint Ventures (100%)



	Value £m	6 months to			
		Sept 2014 £m	Change %	3 months %	12 months %
North of Oxford St	442.7	20.4	4.8%	2.6%	17.5%
Rest of West End	316.2	24.8	8.5%	7.3%	11.8%
<b>Total West End</b>	<b>758.9</b>	<b>45.2</b>	<b>6.3%</b>	<b>4.5%</b>	<b>15.1%</b>
<b>City, Midtown and Southwark</b>	<b>636.0</b>	<b>58.5</b>	<b>10.1%</b>	<b>4.3%</b>	<b>22.0%</b>
<b>Investment portfolio</b>	<b>1,394.9</b>	<b>103.7</b>	<b>8.0%</b>	<b>4.4%</b>	<b>18.1%</b>
Development properties	-	-	-	-	-
<b>Properties held throughout the period</b>	<b>1,394.9</b>	<b>103.7</b>	<b>8.0%</b>	<b>4.4%</b>	<b>18.1%</b>
Acquisitions	28.0	0.6	2.2%	2.2%	2.2%
<b>Total portfolio</b>	<b>1,422.9</b>	<b>104.3</b>	<b>7.9%</b>	<b>4.4%</b>	<b>17.8%</b>

68

# The Valuation<sup>1</sup>

## ERV and Reversionary Potential



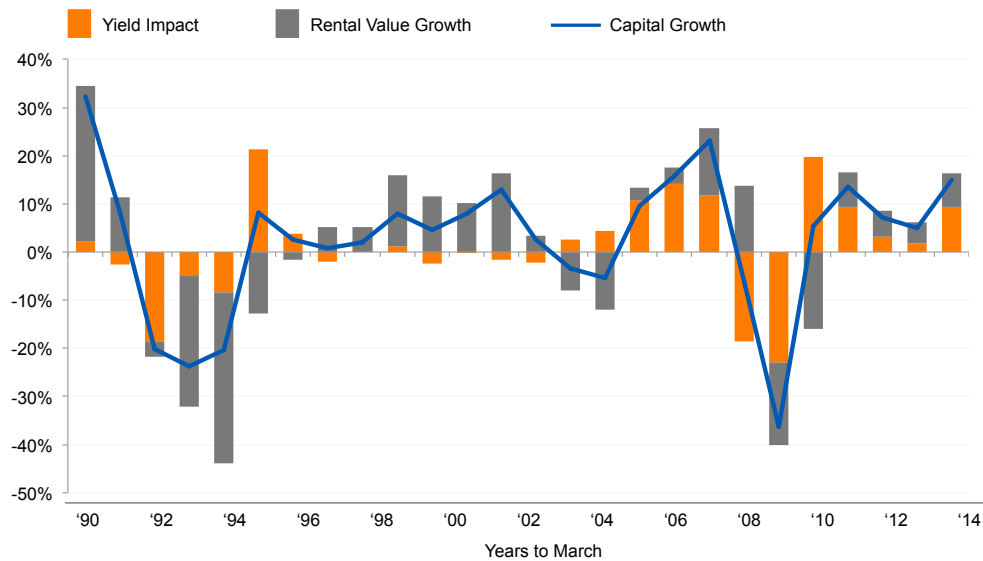
To 30 September 2014	Movement in ERV				Average Office Rent Passing £ per sq ft	Average Office ERV £ per sq ft	Reversionary Potential %
	6 months		3 months %	12 months %			
	%	£m					
<b>North of Oxford St</b>							
Offices	2.1%	1.0	0.7%	6.5%	54.70	63.30	15.8%
Retail	2.9%	0.5	1.1%	11.0%			19.5%
<b>Rest of West End</b>							
Offices	4.0%	0.7	1.8%	12.6%	39.50	59.20	32.3%
Retail	4.2%	0.5	3.3%	9.9%			27.5%
<b>Total West End</b>	<b>2.8%</b>	<b>2.7</b>	<b>1.2%</b>	<b>8.7%</b>	<b>50.50</b>	<b>62.20</b>	<b>20.3%</b>
<b>City, Midtown &amp; Southwark</b>							
Offices	5.3%	2.1	2.5%	6.1%	35.00	47.20	23.6%
Retail	2.2%	-	2.2%	2.2%			
<b>Total City, Midtown &amp; Southwark</b>	<b>5.3%</b>	<b>2.1</b>	<b>2.4%</b>	<b>6.1%</b>			<b>23.3%</b>
<b>Total Let Portfolio</b>	<b>3.6%</b>	<b>4.8</b>	<b>1.5%</b>	<b>8.0%</b>	<b>44.15</b>	<b>56.40</b>	<b>21.0%</b>

1. Including share of Joint Ventures

69

# The Cycles So Far

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



Source: IPD March Annual Data

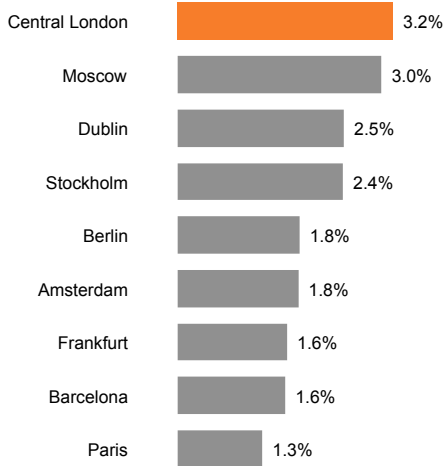
70

# Europe's Fastest Growing City

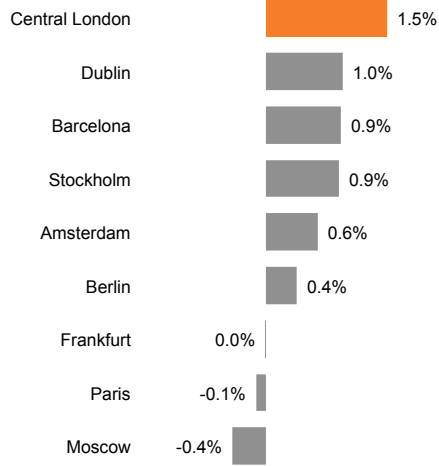
Annualised growth (2014-2020)



## GDP Growth (% pa)

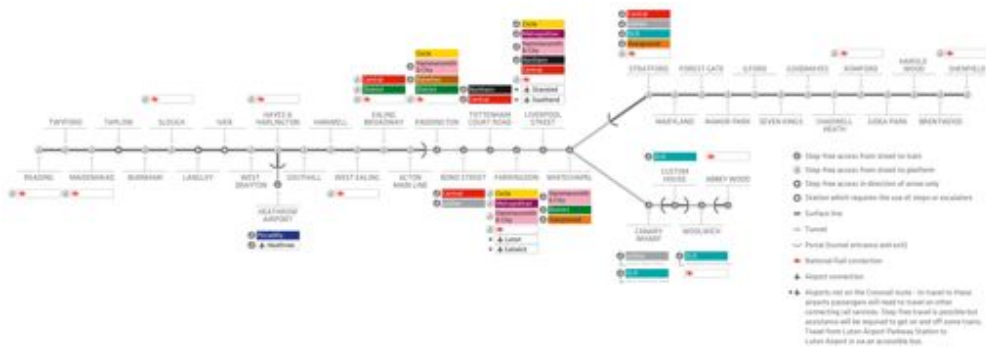


## Employment Growth (% pa)



Source: Oxford Economics

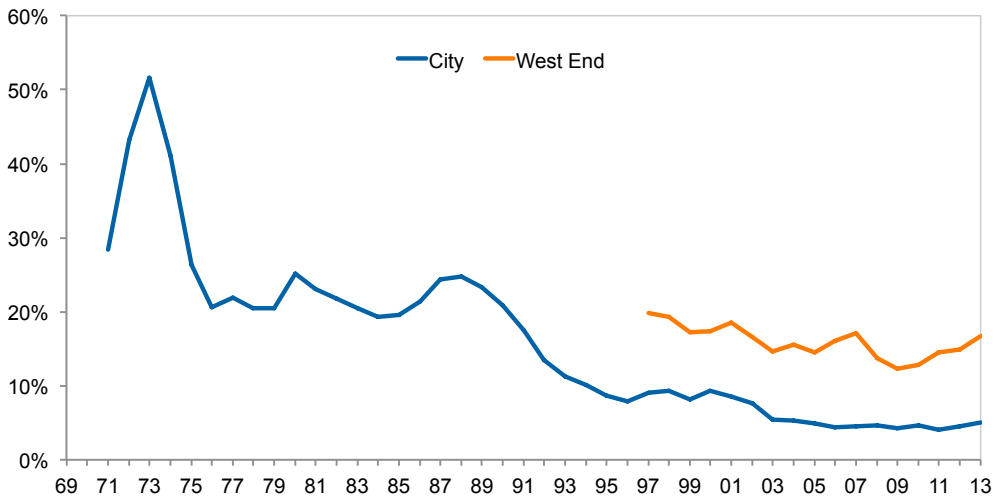
# Crossrail



# Office Rent as a % of Salary Costs



Rent as % of salary

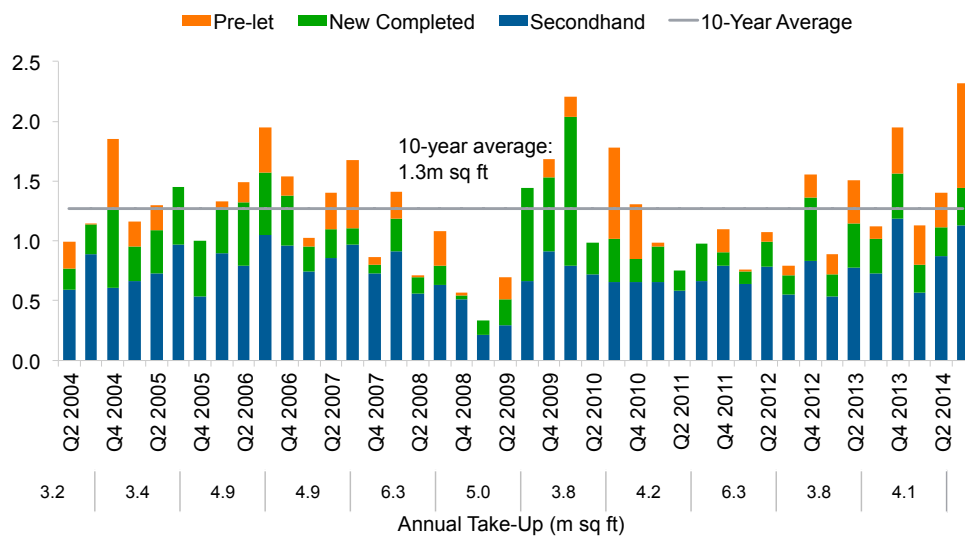


Source: ONS, PMA

# City Take-Up



Million sq ft

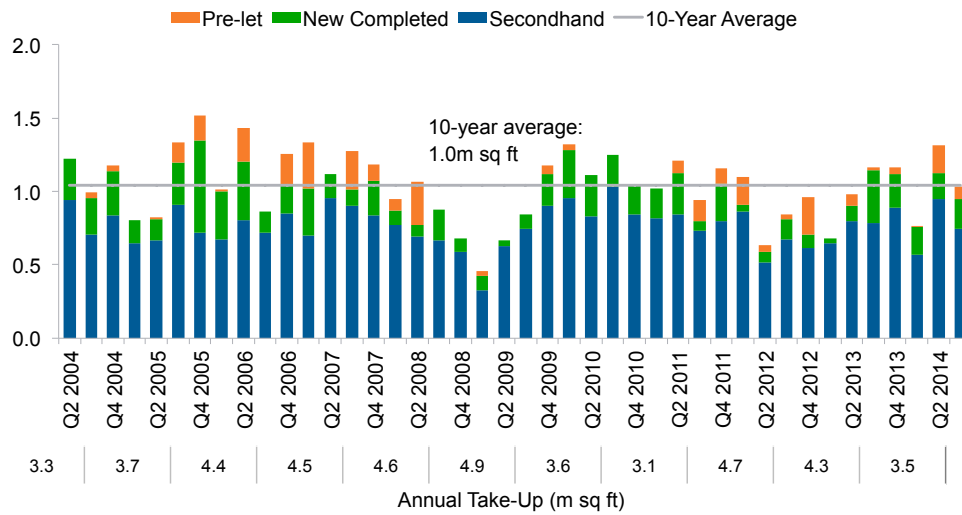


Source: CBRE

# West End Take-Up



Million sq ft



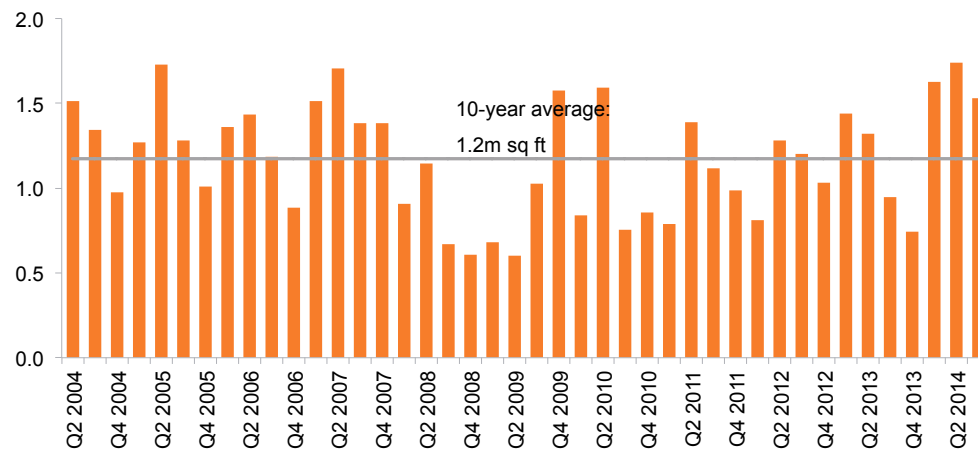
Source: CBRE

75

# City Office Under Offer



Million sq ft



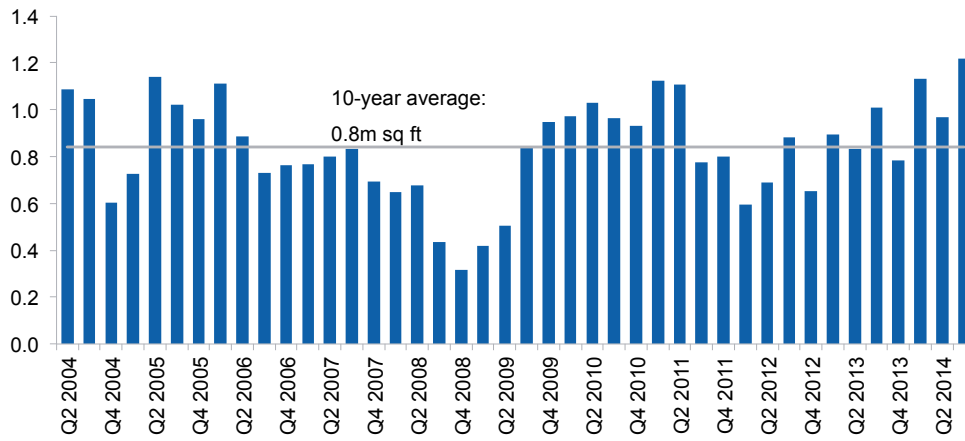
Source: CBRE

76

# West End Office Under Offer



Million sq ft



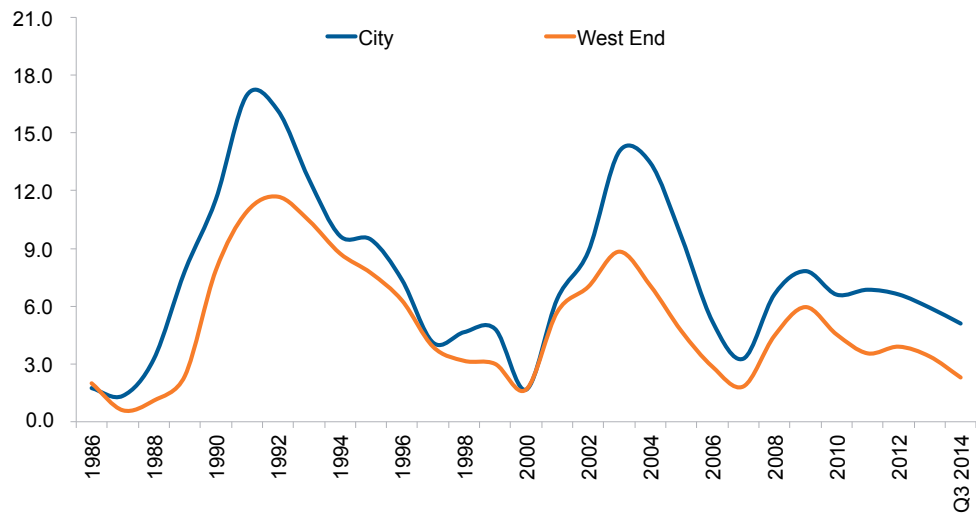
Source: CBRE

77

# Void Rate: Ready to Occupy Space



%



Source: CBRE

78



## City Active Requirements >10,000 sq ft



000 sq ft	May 2011	Nov 2011	May 2012	Nov 2012	May 2013	Nov 2013	May 2014	Nov 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	841	0%	13%	-11%
Financial Services	1,447	955	1,139	1,197	894	1,232	1,041	435	-65%	-16%	-58%
Manufacturing & Corporates	192	181	137	67	55	175	90	55	-69%	-49%	-39%
Miscellaneous	266	440	350	441	423	666	497	127	-81%	-25%	-74%
Marketing & Media	42	89	133	61	71	124	233	493	298%	88%	112%
IT & Technology	261	206	257	234	554	422	204	109	-74%	-52%	-47%
Government	94	205	259	92	25	70	480	430	514%	586%	-10%
Insurance	1,095	922	926	831	568	417	475	456	9%	14%	-4%
<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>	<b>2,946</b>	<b>-25%</b>	<b>1%</b>	<b>-26%</b>

Source: Knight Frank

79

## 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	Nov 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	20	-90%	-81%	-50%
Financial Services	198	331	358	368	616	261	409	367	41%	57%	-10%
Manufacturing & Corporates	256	100	155	485	445	154	319	177	15%	107%	-45%
Miscellaneous	469	315	432	373	210	330	262	225	-32%	-21%	-14%
Marketing & Media	206	82	782	810	145	163	218	360	121%	34%	65%
IT & Technology	218	175	95	172	276	207	125	130	-37%	-40%	4%
Government	270	84	109	64	83	130	17	0	-100%	-87%	-100%
<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>	<b>1,279</b>	<b>-12%</b>	<b>-4%</b>	<b>-8%</b>

Source: Knight Frank

80

# Equity Demand and Supply

Central London Investment & Development Property



## Equity Demand<sup>1</sup>

£bn	May 2010	Nov 2010	May 2011	Nov 2011	May 2012	Nov 2012	May 2013	Nov 2013	May 2014	Nov 2014
Private	5.0	5.0	3.5	5.0	5.0	5.0	6.0	6.5	6.5	6.5
UK REITs	3.0	3.0	3.0	2.0	2.0	2.0	2.5	2.5	2.0	1.0
Sovereign	2.0	7.0	7.0	5.5	6.0	6.5	7.5	8.5	11.5	17.0
UK Funds	2.0	2.0	1.0	0.8	0.75	1.0	1.0	1.5	2.0	2.5
US Opp Funds	2.0	3.0	4.0	3.0	4.0	4.5	4.5	4.5	4.5	5.5
German Funds	1.5	1.5	0.5	0.5	0.75	1.5	1.0	1.5	1.3	1.5
	<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>	<b>34.0</b>

## Asset Supply<sup>2</sup>

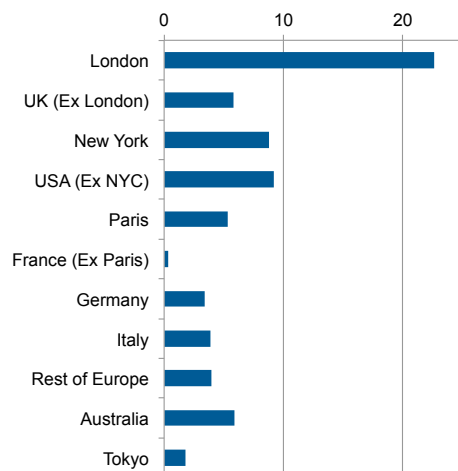
	Nov 13	Nov 14	% change
City	£1.2bn	£1.8bn	+50%
West End	£1.1bn	£1.5bn	+36%
	<b>£2.3bn</b>	<b>£3.3bn</b>	<b>+43%</b>

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

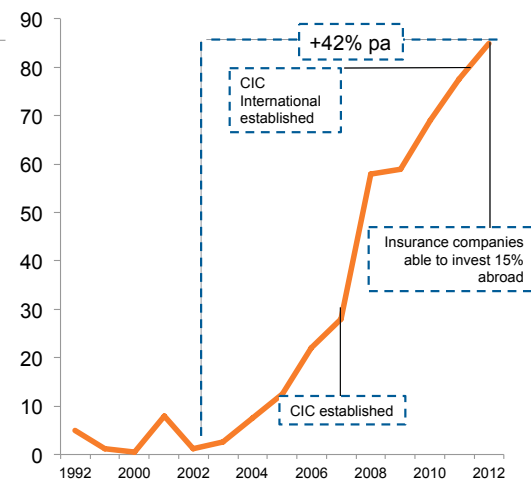
# Sovereign Wealth Fund Investments



## Real Estate by location, 2008–Q2 2014 (€bn)<sup>1</sup>



## China's Outward Capital Flows (\$bn)<sup>1</sup>

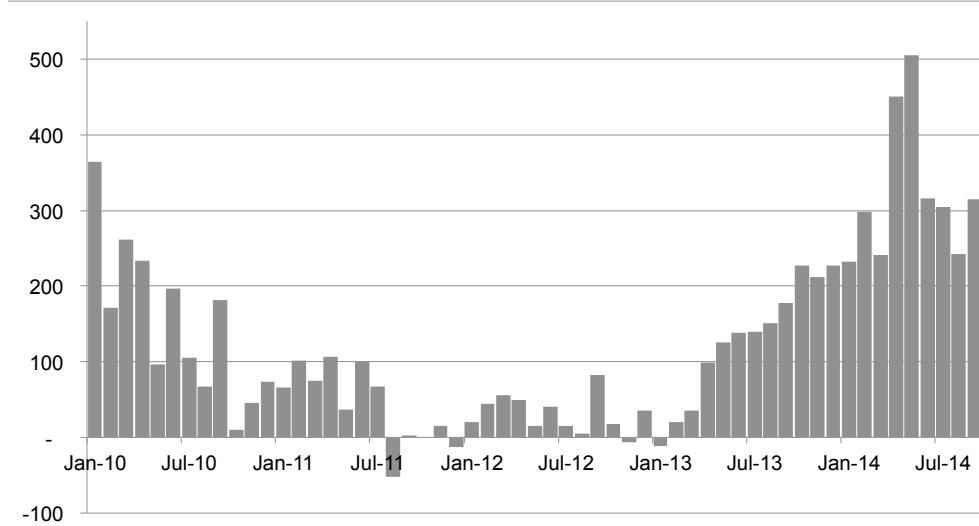


1. Source: RCAnalytics

## Retail Fund Inflows Into UK property funds



£m



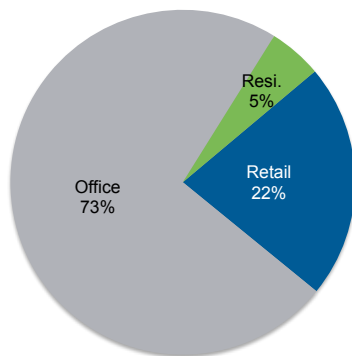
Source: IMA

83

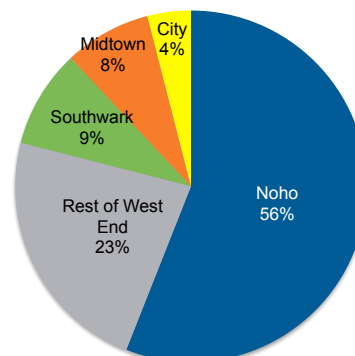
## GPE Portfolio Mix<sup>1</sup> At 30 September 2014



GPE Portfolio (By value £m)



GPE Portfolio (By value £m)



1. Includes share of Joint Ventures

84

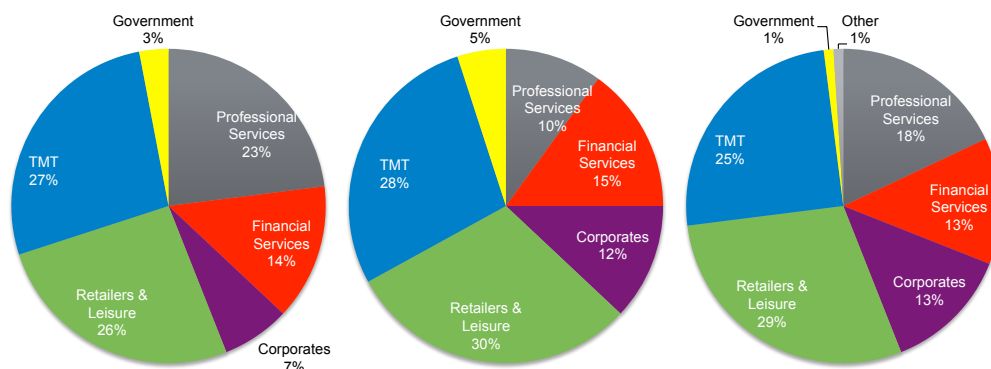
## GPE Tenants<sup>1</sup> By Sector



30 Sept 2004

30 Sept 2009

30 Sept 2014



1. Includes share of Joint Ventures

85

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



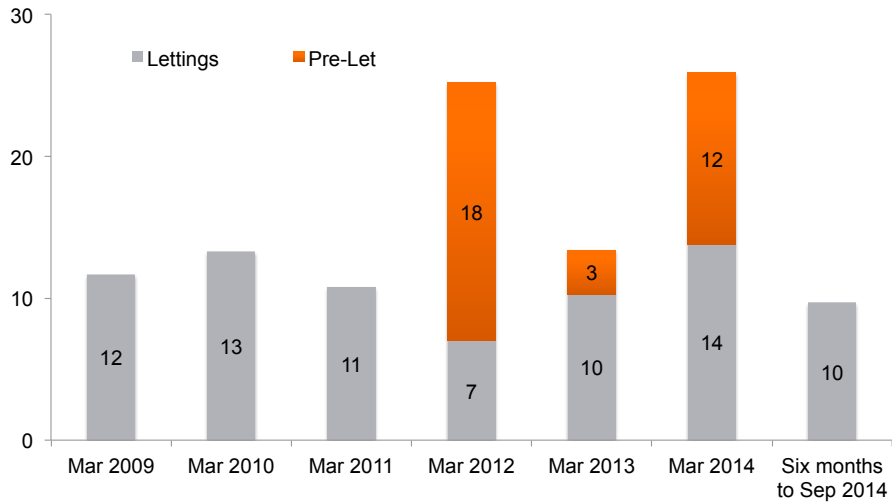
	6 months to	
	30 Sept 2014	31 March 2014
At beginning of period	£21.0m	£17.0m
Asset management	(£2.7m)	£0.9m
Disposals / acquisitions	-	(£1.0m)
ERV movement	£2.7m	£4.1m
At end of period	£21.0m	£21.0m

1. Includes share of Joint Ventures

86

## GPE recent leasing history<sup>1</sup>

Years to March (£m)



1. Joint Ventures at 100%

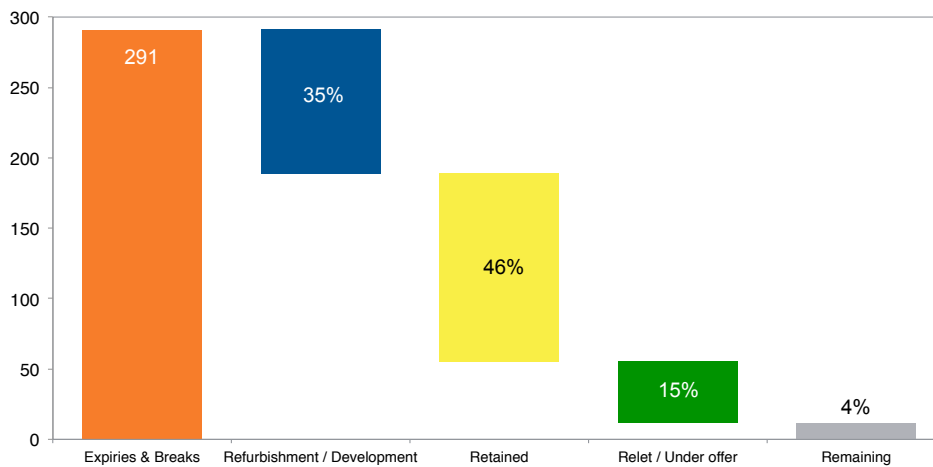
87

## Asset Management

Tenant retention, 12 months to September 2014<sup>1</sup>



Area (000 sq ft)



1. Joint Ventures at 100%

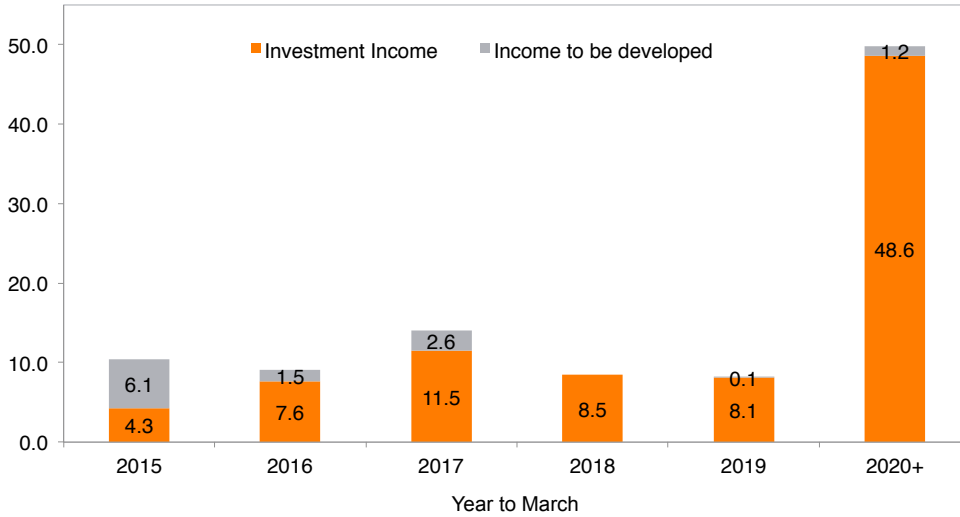
88

# Asset Management

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



% by total rental income subject to lease expiry or break



1. Includes share of Joint Ventures

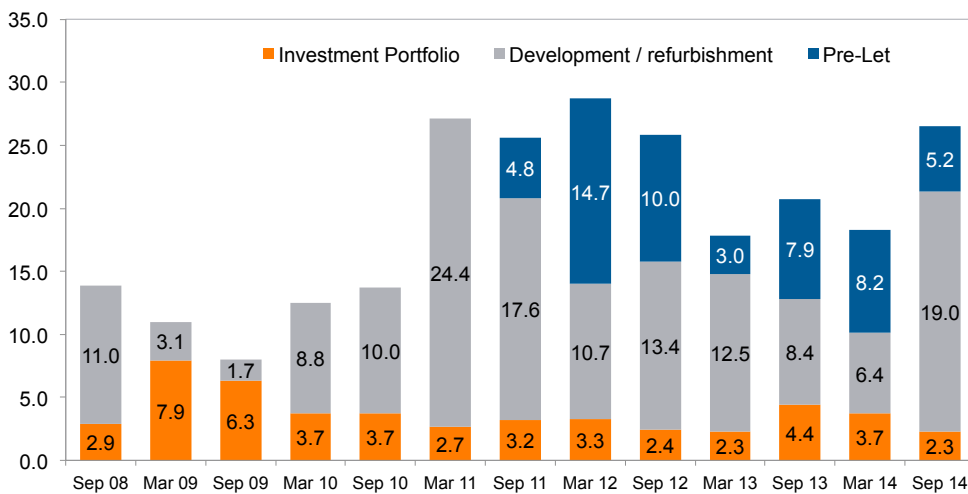
89

# Asset Management

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



% by rental value



1. Includes share of Joint Ventures

90

## Development Scheme Review

Completions since May 2009



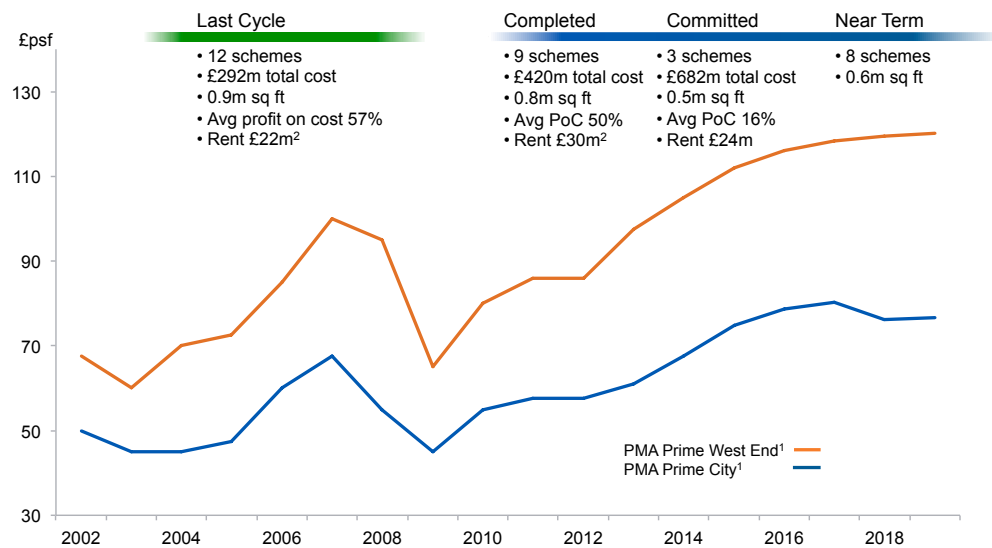
	PC	New build area sq ft	Cost £m <sup>1</sup>	Profit on cost £m <sup>1</sup>	Yield on cost <sup>2</sup>	Rent £m pa <sup>1,2</sup>	WAULT	% let at PC <sup>3</sup>
184/190 Oxford St, W1	Apr 2011	26,400	28.7	7.1	SOLD	SOLD	SOLD	100%
23 Newman St, W1 (Residential)	Oct 2011	24,900	26.4	0.8	SOLD	SOLD	SOLD	-
24 Britton St, EC1	Nov 2011	51,300	19.3	6.4	8.2%	1.6	11.9	100%
160 Great Portland St, W1	May 2012	92,900	63.3	26.8	8.2%	4.8	17.6	100%
33 Margaret St, W1	Dec 2012	103,700	65.5	52.1	8.5%	7.3	17.6	97%
95 Wigmore St, W1 (GWP)	Jul 2013	112,200	54.8	34.1	7.4%	4.0	10.6	92%
City Tower / Sky Light, 40 Basinghall St, EC2 (GSP)	Sep 2013	138,200	35.6	11.8	5.4%	3.1	5.0	24%
240 Blackfriars Road, SE1 (GRP)	Apr 2014	236,700	67.6	38.3	8.4%	5.4	13.1	57%
Walmar House, 288/300 Regent St, W1	Oct 2014	60,300	58.8	31.3	7.4%	4.2	13.8	12%
		846,600	420.0	208.7	7.2%	30.4	14.4	
			As at completion 50%					

1. GPE share 2. Rent / yield on costs for assets held only 3. Based on ERV of property

91

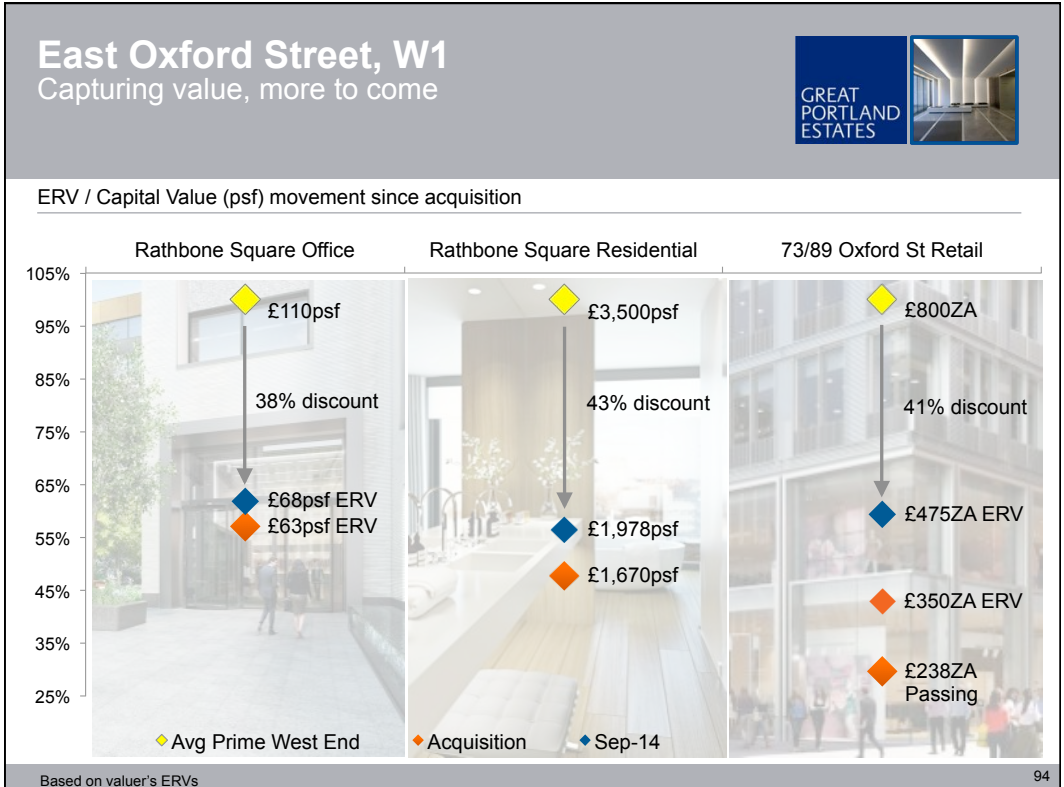
## Development Programme

Delivering into a rising market



Source: PMA / GPE 1. 95<sup>th</sup> percentile 2. Excludes rents for pre-sold properties

92





## Near Term

84/86 Great Portland St, W1



- 22,200 sq ft West End office
- 5,500 sq ft residential
- Self-contained building, own entrance
- Rare product
- High demand: media / technology
- Pre-let opportunity
- GPE creative planning / development
- Land use swap

## Near Term

Tasman House, 59/63 Wells St, W1



- High quality West End office / retail development
- Low supply West End market
- Area  $\uparrow$  50%
- VP achieved
- Previous rent £33.00 psf
- Office ERV c£70.25
- Land use swap Great Portland St
- Planning application 2014

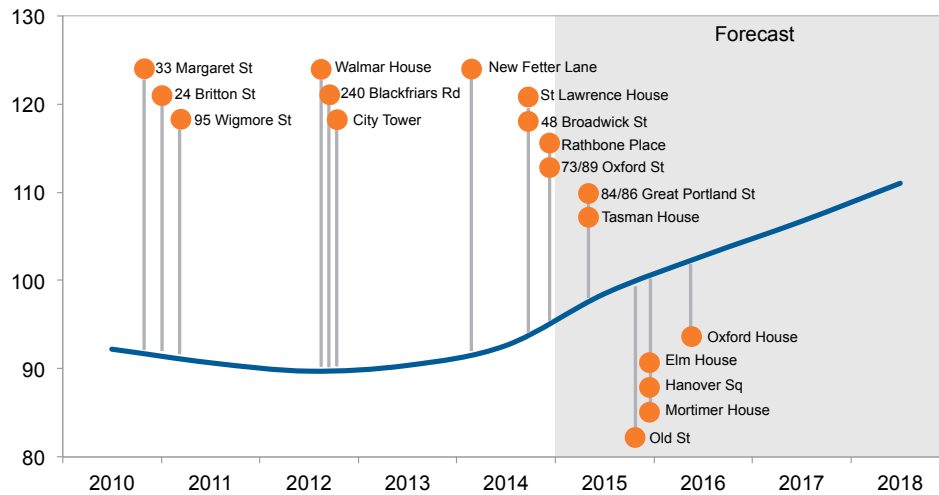
**Existing portfolio opportunity**

# Delivering the Developments

## Managing Construction Costs: Inflation



Average Construction Inflation<sup>1</sup>



Appropriate inflation allowance

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

# 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 16; Asset Management 33; Investment Management 4; Finance 25<sup>1</sup>

1. Includes IT, Insurance, HR & Company Secretarial