

JPMC Conference Tour 2017

# Unlocking potential

GREAT  
PORTLAND  
ESTATES



# Agenda



## Introduction

**Nick Sanderson**, Finance Director

## Portfolio Management

**Steven Mew**, Portfolio Director

## Development

**Andrew White**, Development Director

## Leasing Update

**Marc Wilder**, Leasing Director

## 160 Old Street Marketing

**Simon Rowley**, Leasing Manager

## Site Viewing

**Kat Norton/Miles Wilkinson**, Development/Project Manager

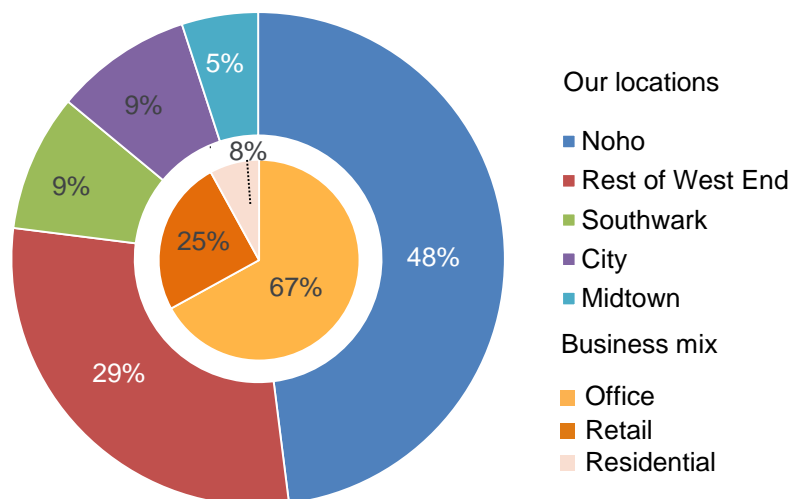
# Our Strategy is Clear



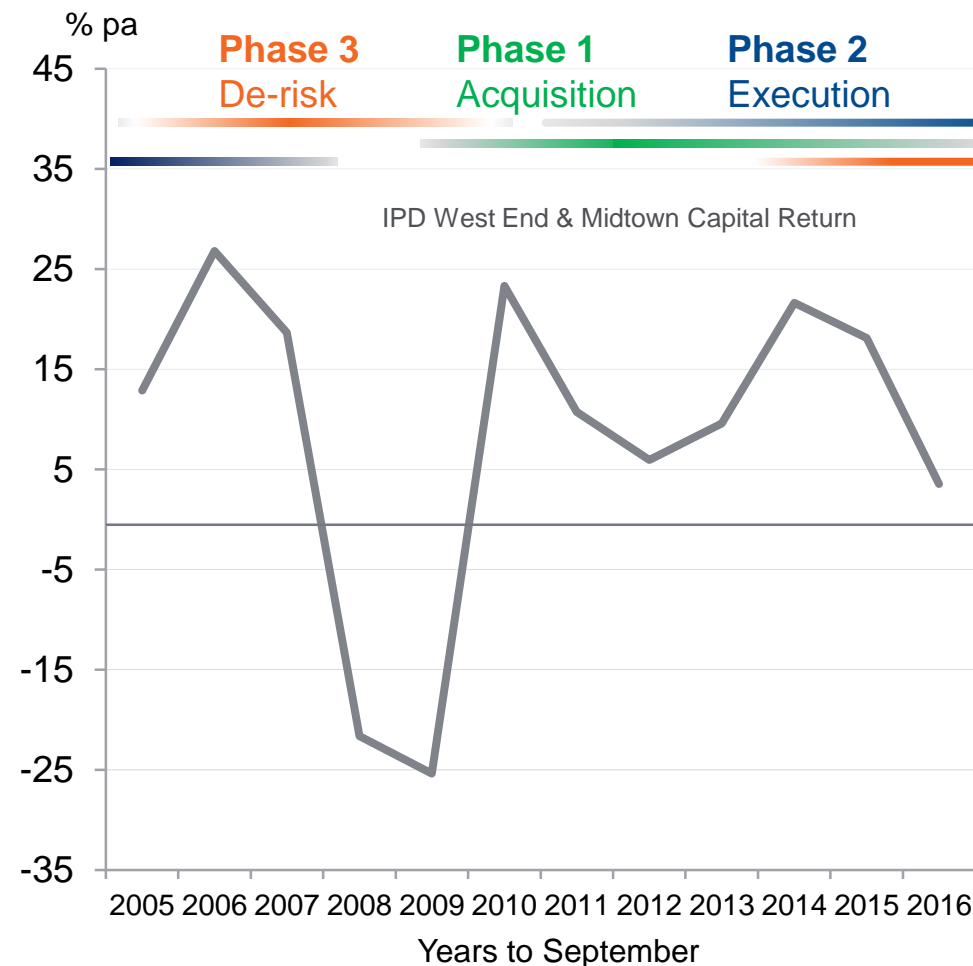
## Strategy

100% central London	West End focus (77%)
Reposition properties	Low rents (£46.20 psf)
Flex operational risk	Execution phase
Low financial leverage	16.0% LTV <sup>1</sup>
Superior total returns	180.7% TPR <sup>2</sup> (Benchmark 136.8%)

## Portfolio characteristics - £3.75 billion<sup>3</sup>



## Cycle read is key



1. Pro forma for sale of 73/89 Oxford St, W1 2. Ten years to 30 Sept 2016  
 3. At 30 Sept 2016 – including share of joint ventures

# Where Next?

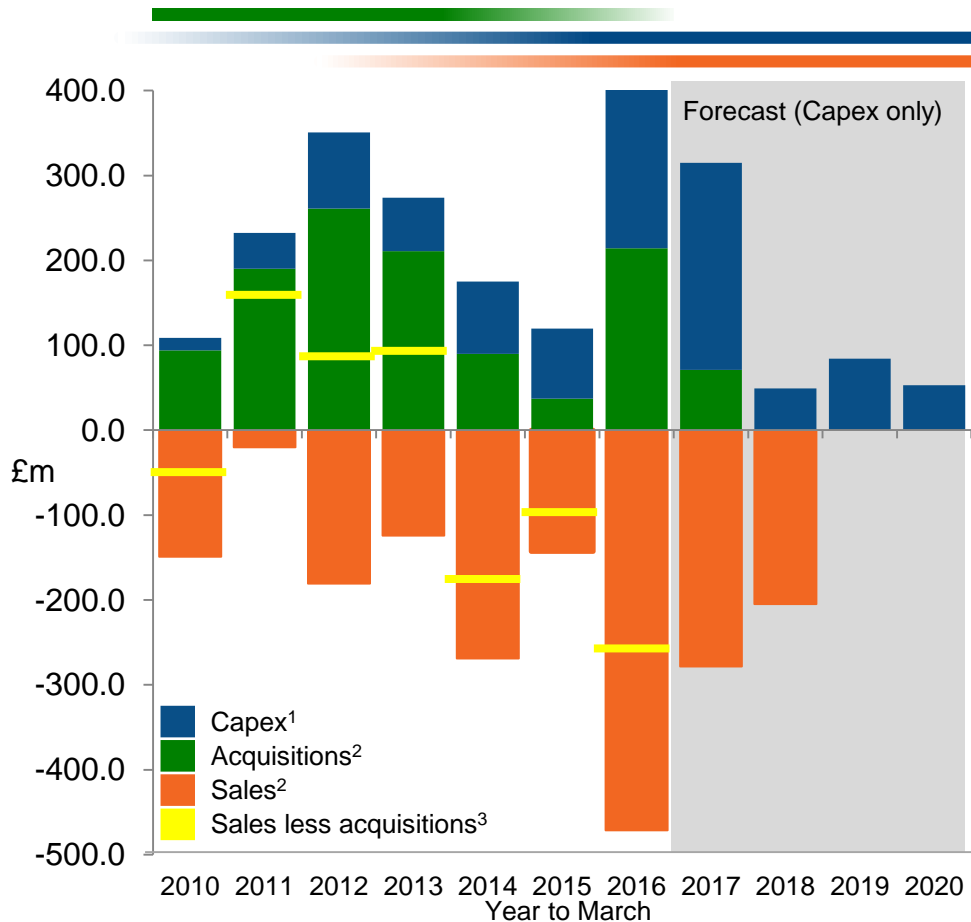
Developing / refurbishing / crystallising reversion & profit



**Phase 1:**  
Acquisition

**Phase 2:**  
Execution

**Phase 3:**  
De-risk



## Net sellers

- Crystallising surpluses

## Highly selective acquisitions

- Angles to exploit
- Market dislocation

## Deliver developments

- £132.3m capex committed schemes<sup>4</sup>
- Further pre-lets
- Prepare near term & pipeline

## Add value through asset management

- Refurbishment (0.4m sq ft)
- Capture reversion (29.1%)

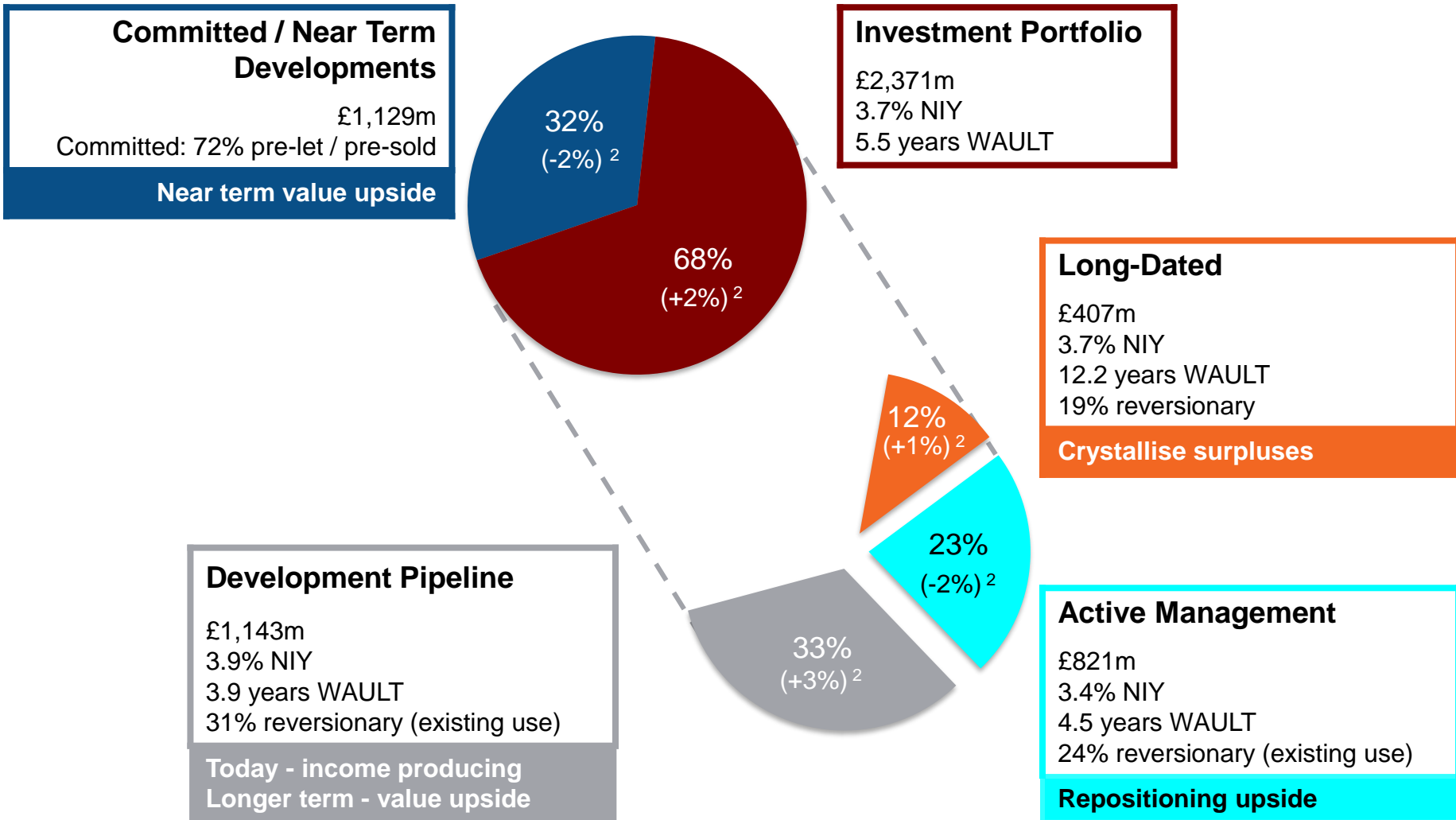
**Well positioned**

1. Capex = incurred / committed / near term 2. Only includes exchanged or completed sales 3. At year end

4. Includes £3.2m capex on recently completed schemes

# Opportunity

Long term organic growth<sup>1</sup>



1. Portfolio breakdown by value; pro forma for sales since 30 Sept 2016 2. Change since March 2016

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# Portfolio Management

## Initial observations



### Experience to date:

- At GPE for 3 months
- Visited every building
- Top 20 tenant meetings
- Key messages hold true:
  - Focus
  - Financial discipline
  - Optionality
- Great toy cupboard

# Portfolio Management Summary



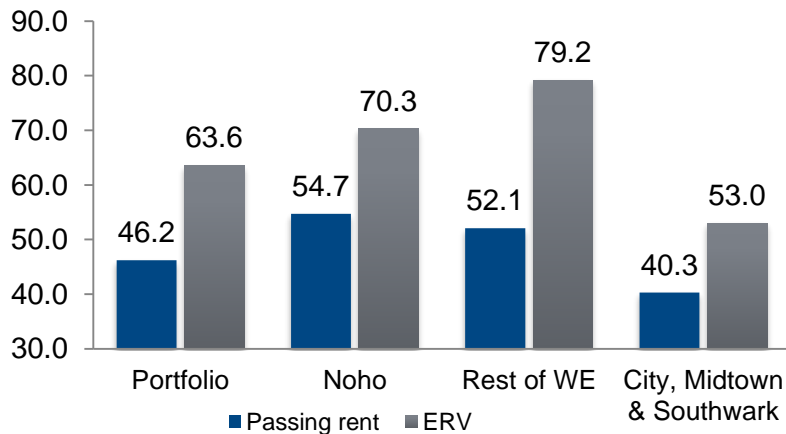
## GPE Portfolio: £3.75bn

- 100% central London
- 61 buildings, 391 tenants
- Vacancy rate: 3.1%
- WAULT: 5.4 years
- 29.1% reversionary

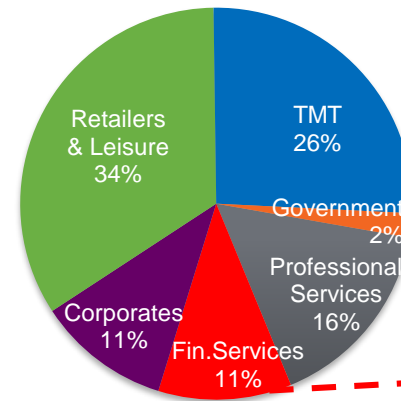
## City, Midtown & Southwark: £902.5m

- 11 buildings, 100 tenants
- 23% of portfolio
- 11 of top 20 tenants
- Vacancy rate: 3.3%
- WAULT: 4.9 years
- 31.7% reversionary

## Office reversion by location (£ psf)<sup>2</sup>

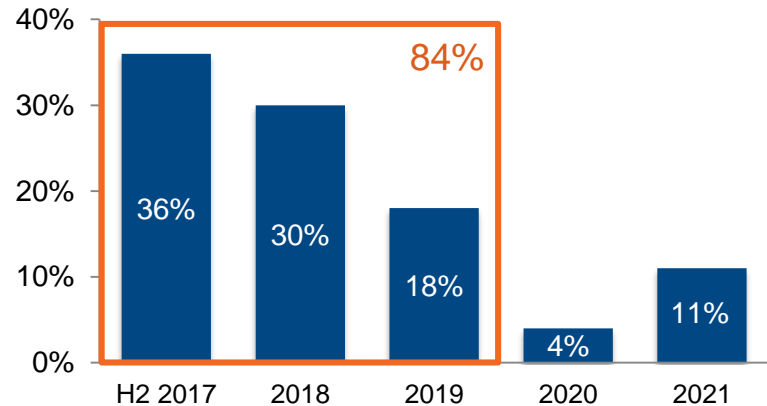


## Diverse tenant mix (whole portfolio)



Investment banking, securities trading and insurance – 1%

## City, Midtown & Southwark reversionary profile<sup>1</sup>



1. At 100% 2. Includes GPE share of JV properties, ERV existing use.

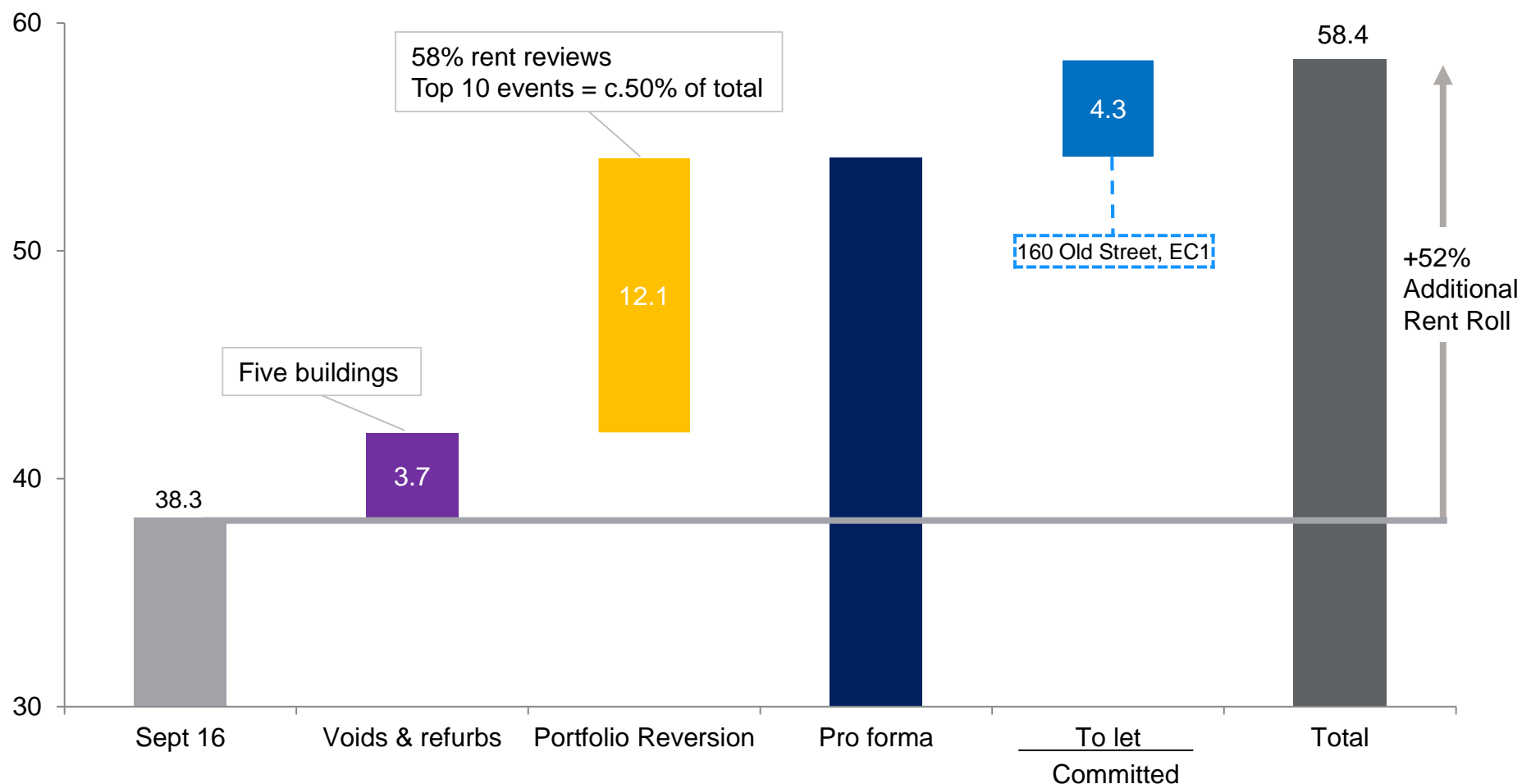


# Portfolio management

City, Midtown & Southwark  
Significant organic growth opportunity



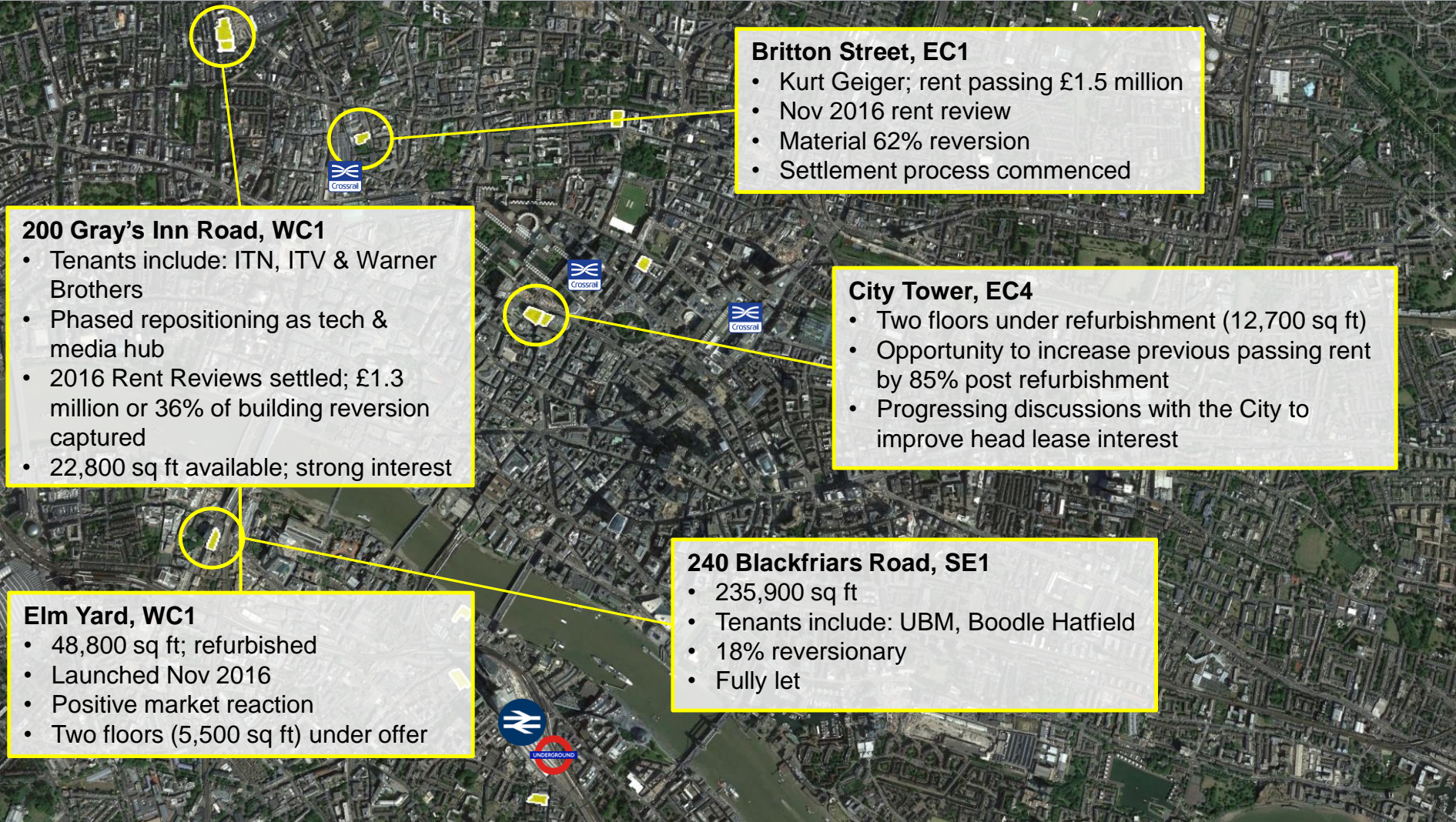
## £m, Potential Additional Rent Roll<sup>1</sup>



1. Includes share of JVs, net of current rent roll from space

# Portfolio Management

## City, Midtown & Southwark opportunities



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# Development Pipeline

Programme de-risked and crystallising performance



	Projects	Existing area Sq ft	New build area Sq ft
Committed	5	659,100 <sup>1</sup>	659,100
Near Term	2	79,400	311,800
Pipeline	14	1,095,800	1,412,200
<b>Development Programme Total</b>	<b>21</b>	<b>1,843,300</b>	<b>2,383,100</b>

- Committed Projects: Delivery De-risked
  - Delivery 95% capex secured
  - Pre-letting / forward sale
- Increasing pipeline

**More potential for the future**

# Development Pipeline

Flexibility and optionality

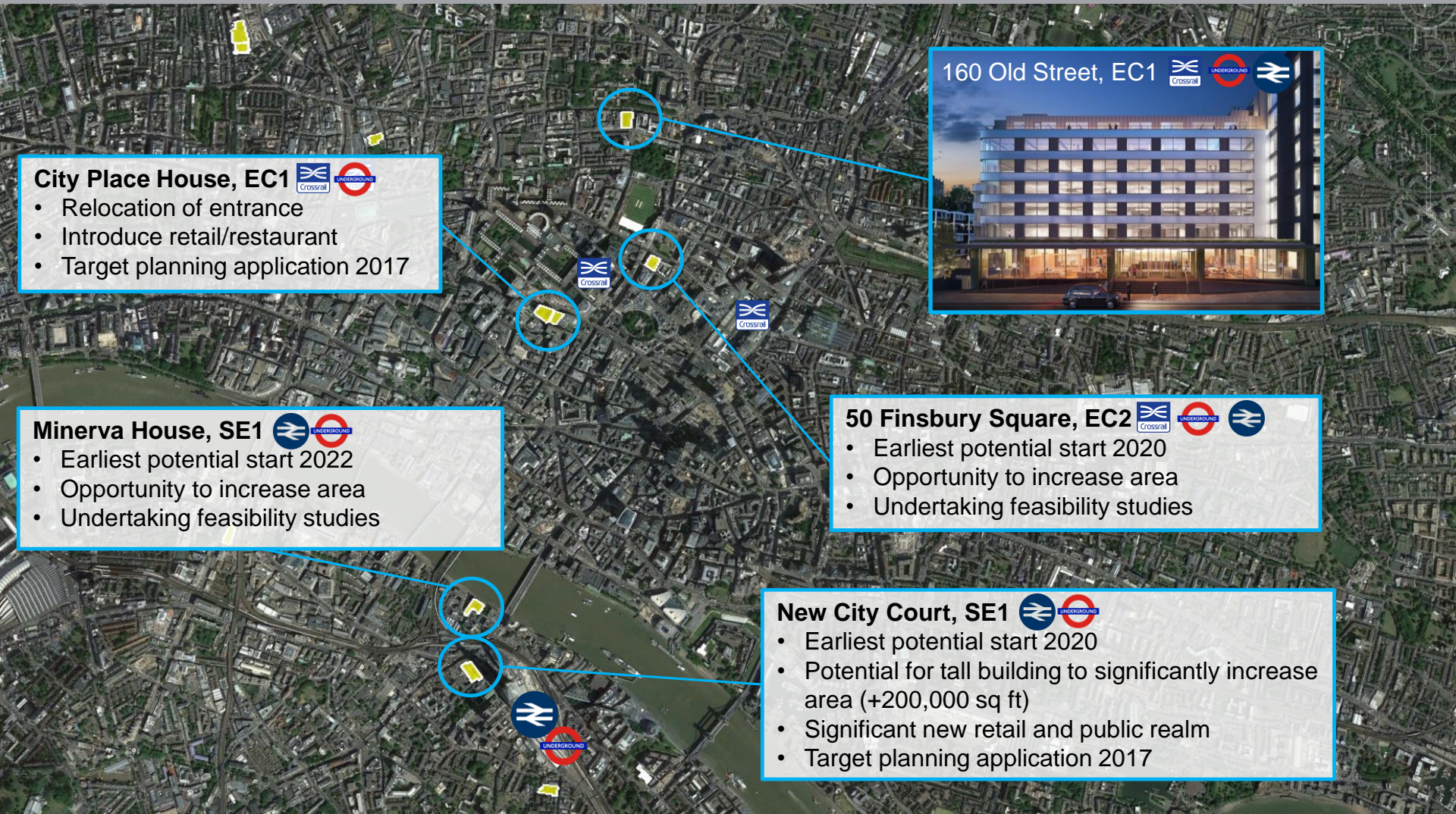




Opportunity Area	Development	Income Status	Existing Area	Target Development Area (sq. ft.)	Earliest Start	Planning Application
Crossrail	City Place House, EC2	100%				
	50 Finsbury Sq, EC2	100%				
	52/54 Broadwick St, W1	100%	417,200	472,100	2018-22	2018-20
	31/34 Alfred Place, W1	67%				
	Elm House, WC1	0%				
London Bridge Quarter <sup>1</sup>	New City Court, SE1	100%	203,000	423,700	2021-22	2017-18
	Minerva House, SE1	100%				
Prime West End Retail	Mount Royal, W1	100%				
	Kingsland / Carrington House, W1	100%	141,900	153,500	2022-23	2017-18
	95/96 New Bond St, W1	100%				
Core West End	35 Portman Square, W1	85%				
	Jermyn St Estate, SW1	81%	260,300	280,800	2021-22	2017-18
	French Railways House & 50 Jermyn St, SW1	100%				
Other	40/48 Broadway, SW1	100%	73,400	82,100	2018	2018
Pipeline Total			1,095,800	1,412,200		

1. London Bridge Quarter – regeneration area

# Development Pipeline

## City, Midtown & Southwark opportunities





**City Place House, EC1**  




- Relocation of entrance
- Introduce retail/restaurant
- Target planning application 2017

**160 Old Street, EC1**   



**Minerva House, SE1**  

- Earliest potential start 2022
- Opportunity to increase area
- Undertaking feasibility studies

**50 Finsbury Square, EC2**   

- Earliest potential start 2020
- Opportunity to increase area
- Undertaking feasibility studies

**New City Court, SE1**  

- Earliest potential start 2020
- Potential for tall building to significantly increase area (+200,000 sq ft)
- Significant new retail and public realm
- Target planning application 2017

# 160 Old St, EC1

## Project Update

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- Bought by GRP JV in March 2013
  - £15 million (our share)
  - 97,800 sq ft
  - £307 psf
  - 6.9% NIY
- Tired building with short term income (Royal Mail)
- 0.83 acre site in a rapidly changing location



# 160 Old St, EC1

## Project Update

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- Wholesale refurbishment
- On target PC Q1 2018
- 160,600 sq ft (64% increase)
  - Office: 155,300 sq ft
  - Retail: 5,300 sq ft
- Tailored to local occupier demand

GPE profit on cost	12.2%
Ungearred IRR	10.6%
Yield on cost	6.3%



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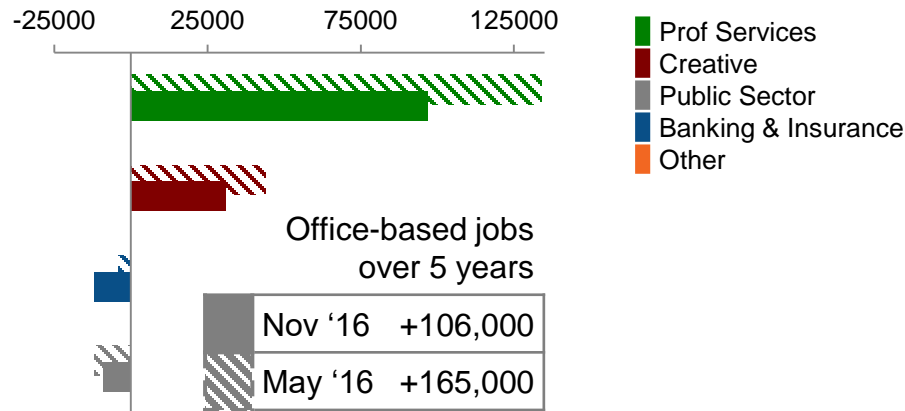
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# Job Creation & Demand Holding Up

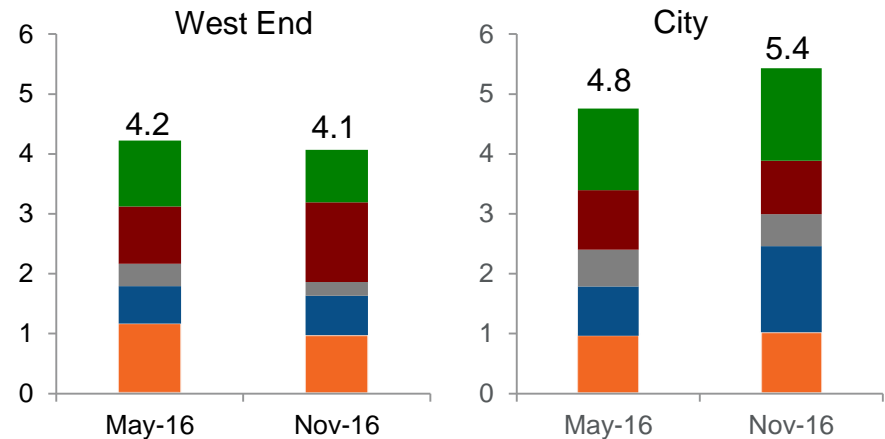
Take up & leasing at long run average



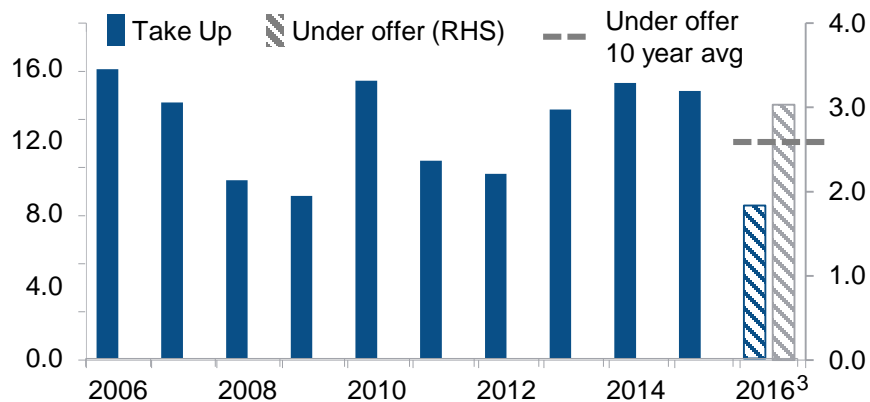
## Net London Office Job Creation<sup>1</sup>



## Active Demand (Q3 2016), m sq ft<sup>2</sup>



## Central London Take Up & Under Offer, m sq ft<sup>3</sup>





## The occupational market today

- The market still feels busy
- Grade A vacancy remains low
- Pre-lettings continue
- Tenants focusing on:
  - Rent free periods
  - Lease flexibility
  - Value for money

# Development Leasing Successes

## Summary, Financial Year to Date



Property	Tenant	Rent (£m)	Sq ft	£ psf	Length of lease (years)
	<b>EQT</b>	£1.30	14,600	£89.00	15 <sup>2</sup>
	<b>BCG</b> <small>THE BOSTON CONSULTING GROUP</small>	£1.28	14,600	n/d <sup>1</sup>	10
	<b>JAGEX</b>	£1.14	10,570	£107.50	10
	<b>THE IVY COLLECTION</b>	£0.66	7,950	£82.50	20
	<b>Money Super Market</b> <small>com</small>	£2.72	33,150	£82.00 - £84.00 <sup>2</sup>	15 <sup>3</sup>

**£7.1 million; broadly in line with ERV**

**Good leasing momentum maintained post referendum; further £1.9 million currently under offer**

# 160 Old St, EC1

## Leasing Update

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- On target PC Q1 18
- Marketing suite completed Nov 2016
- Avg. office ERV £53.35 psf<sup>1</sup> (£67.50 psf on best)
- Total occupational cost c.£85 psf<sup>1</sup> v c.£115 psf @ Kings Cross
- Ability to occupy lower elements of the building for sub £50 psf
- Good early leasing interest

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