

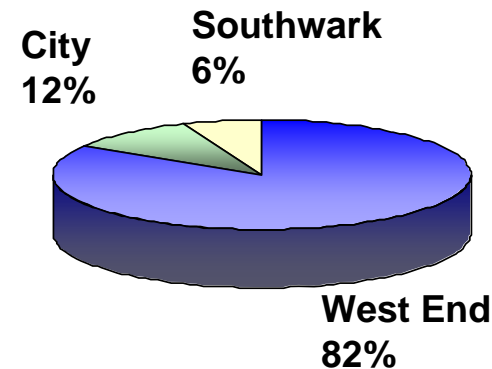
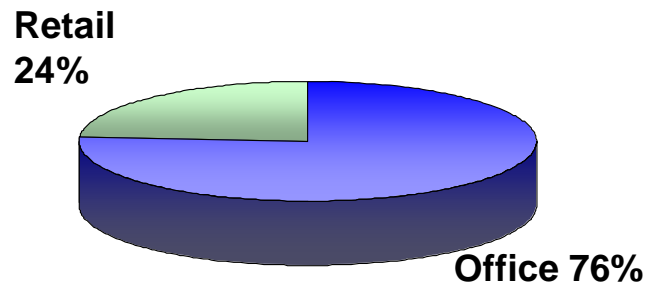
London Office Market Correction or Collapse?

GPE Snapshot

As at 30 June 2008



- FTSE 250 constituent
- Central London investment and development
- Managing approx £2.0 billion (June '08), our share £1.5 billion
- Repositioning assets up rental value curve



- Low office rents (£35.50 per sq ft)
- Low office ERV's (£47.60 per sq ft), 32% reversionary
- Low voids (3%)
- Big pipeline (2.8m sq ft) covering 43% of portfolio
- Low current development commitments (£15m)
- Low group gearing <34% LTV

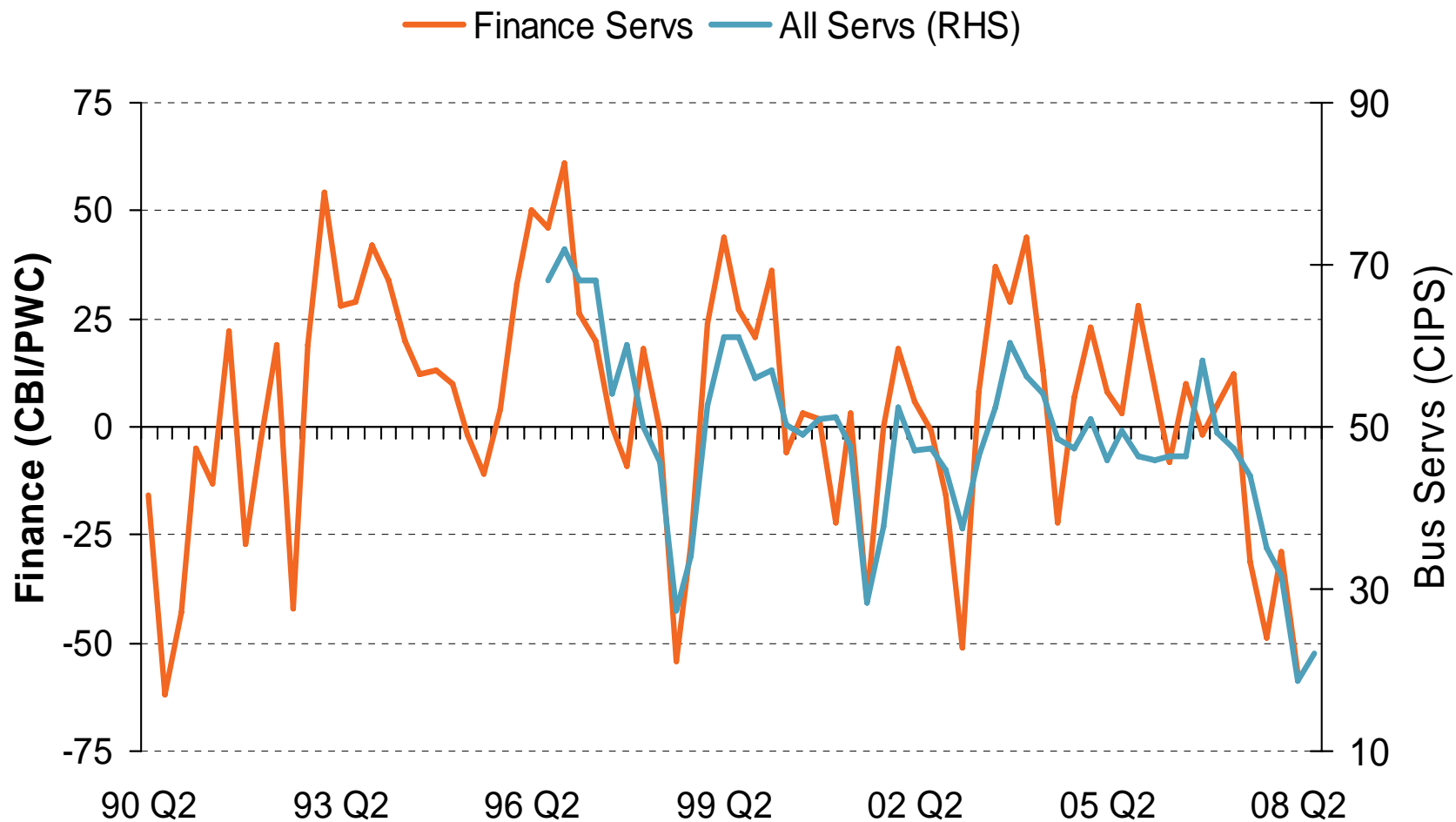
Correction or Collapse?

In Context

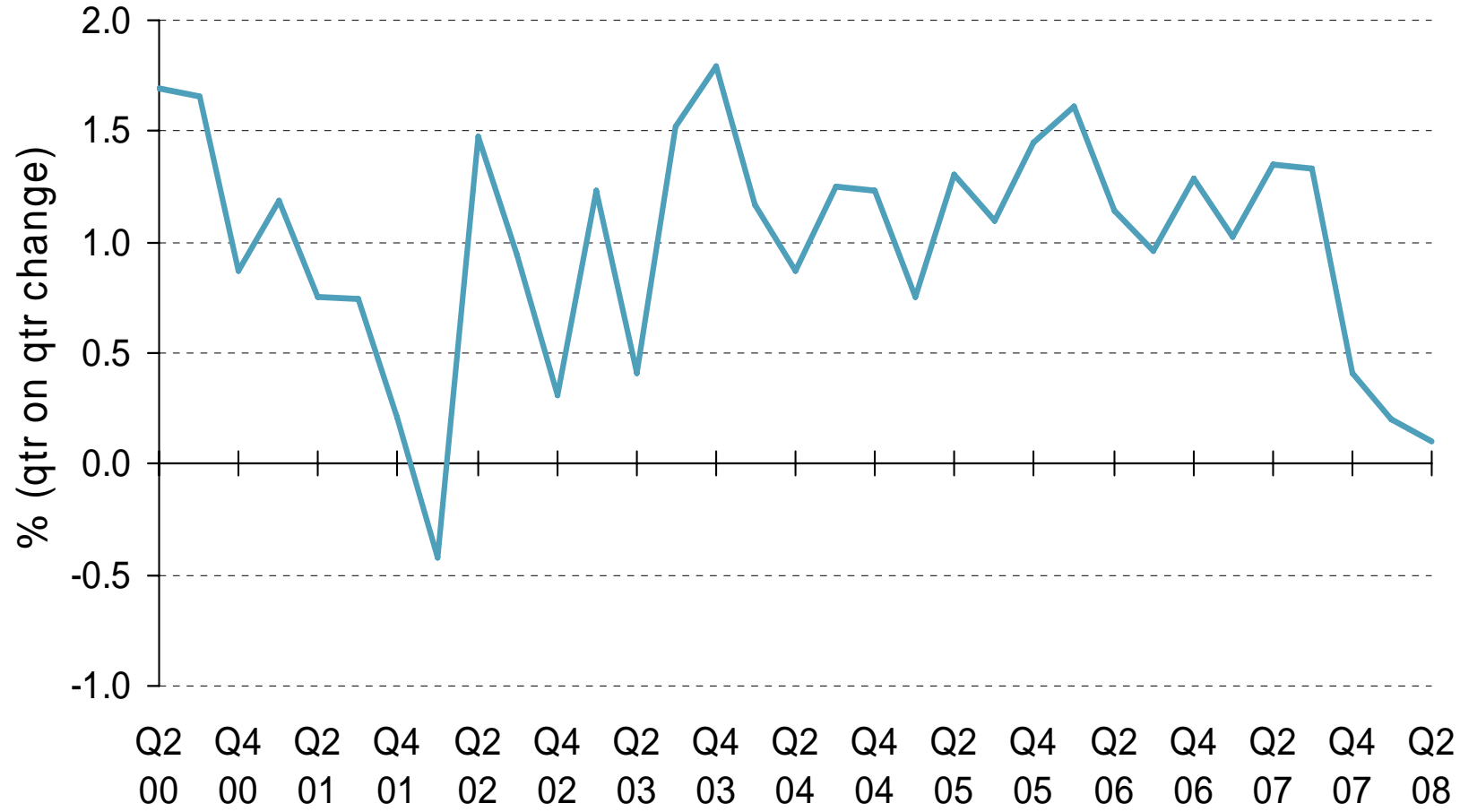


| | | Office rental declines from peak | |
|-------------|--------------------------------|----------------------------------|------|
| | | West End | City |
| 1991 - 1993 | Prime | ↓53% | ↓68% |
| | Average | ↓67% | ↓77% |
| 2001 - 2003 | Prime | ↓27% | ↓29% |
| | Average | ↓22% | ↓31% |
| 2008 - 2010 | <i>Correction or collapse?</i> | ? | ? |

UK Business Confidence Dips

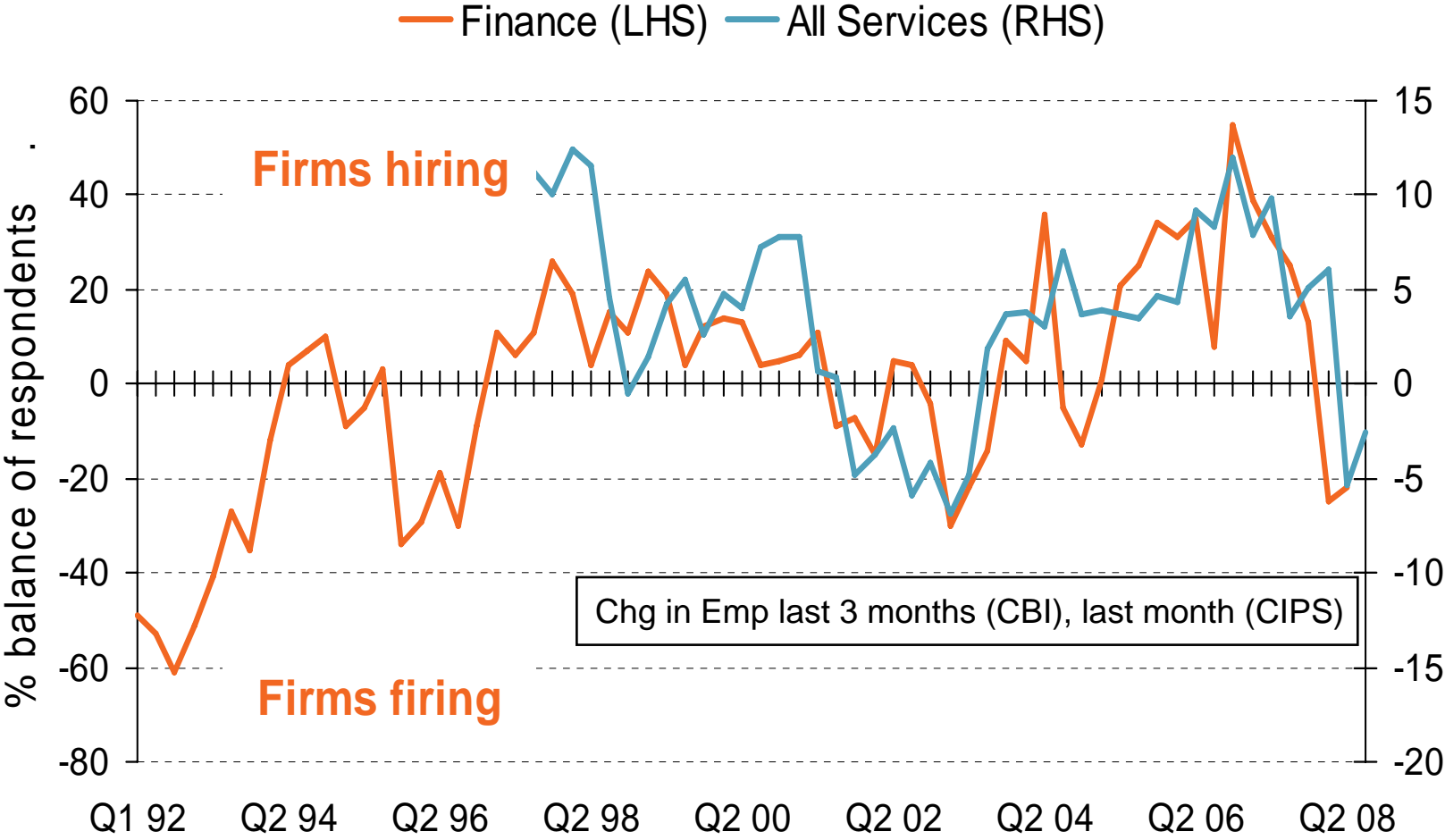


UK F&BS Output Slowed Sharply



Source: ONS

UK Job Growth



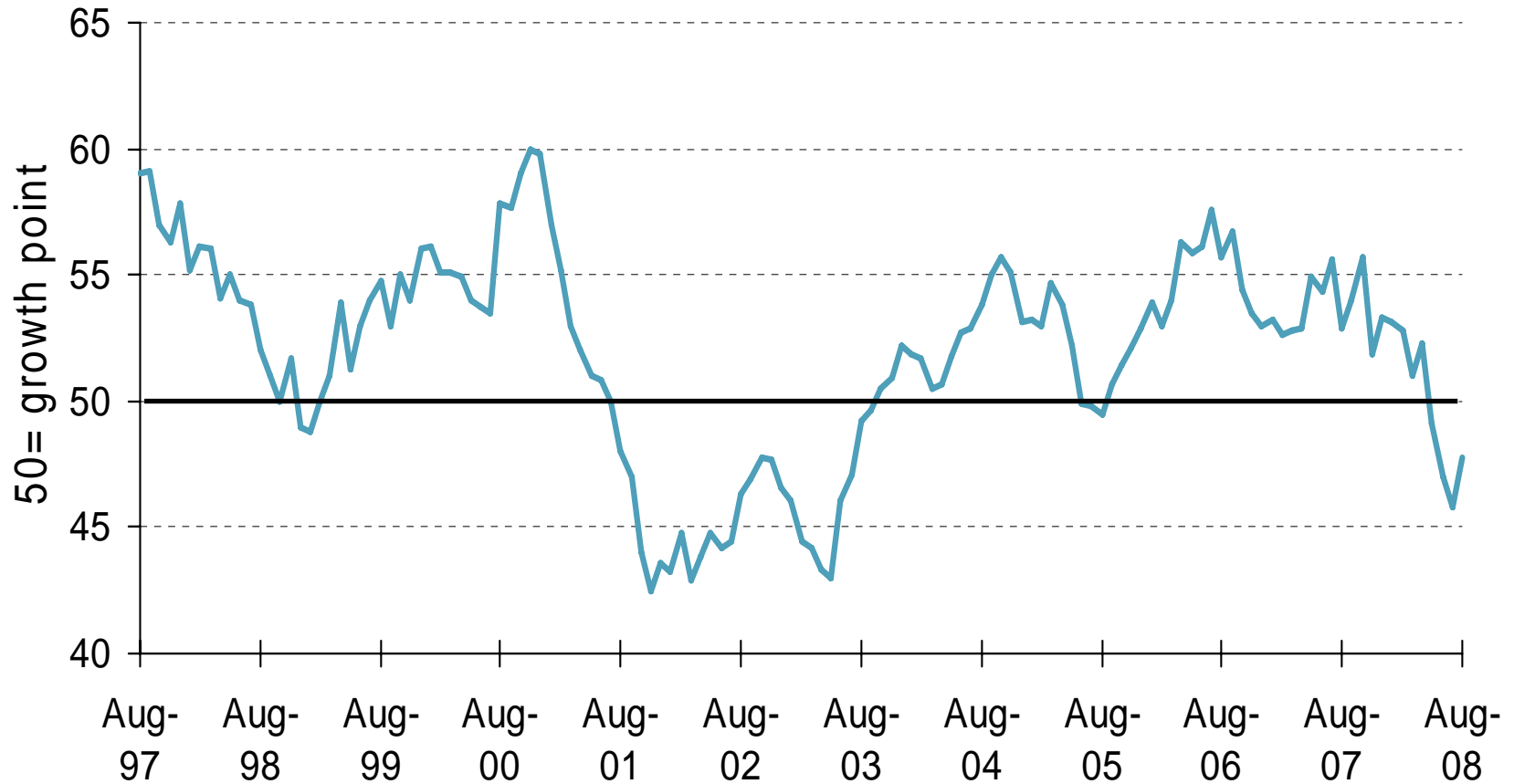
Source: Finance; CBI/PWC, All Services; CIPS

The London Economy: Jobs

(All sectors)



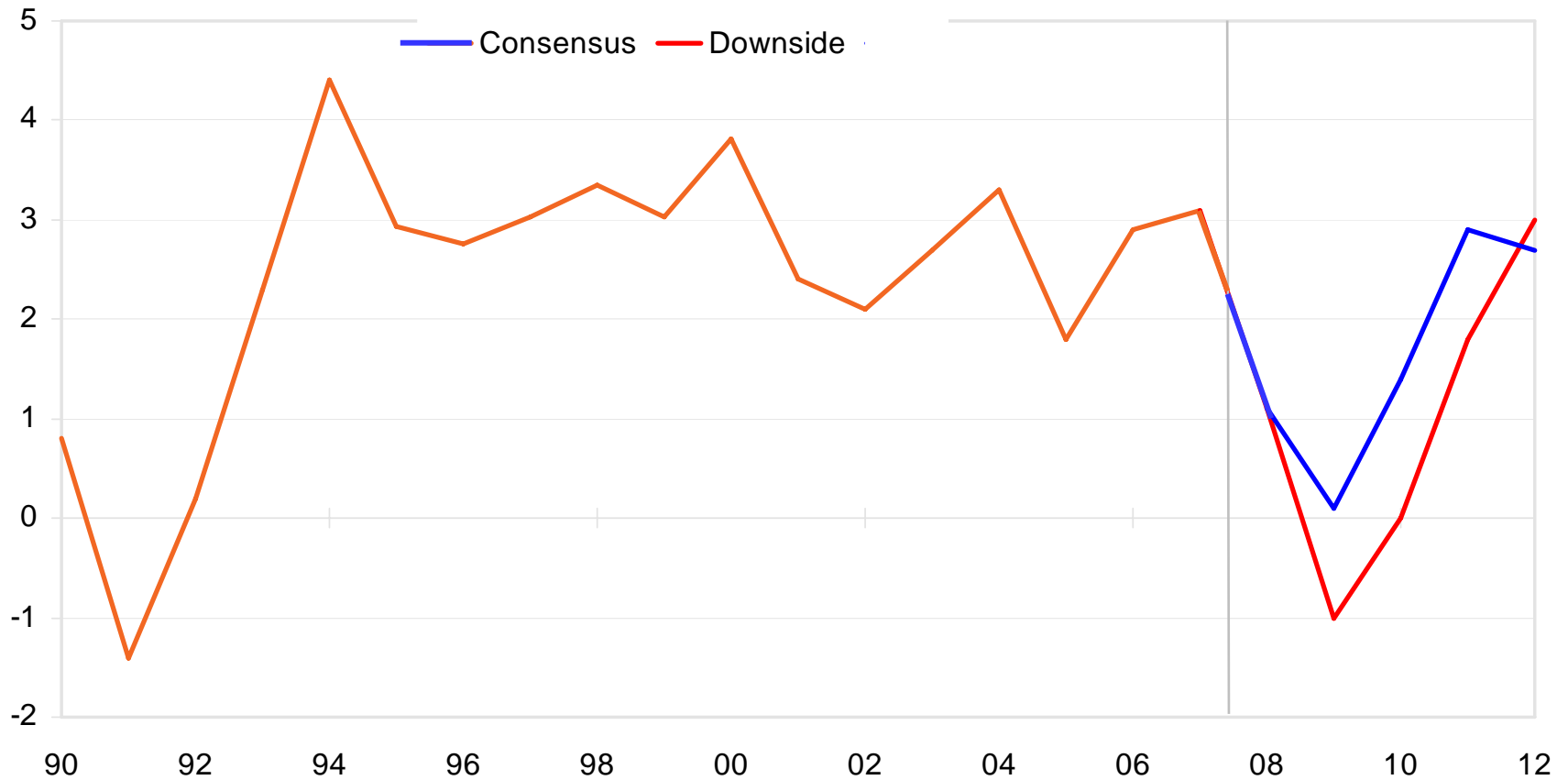
Q. Is the level of employment at your company higher, the same or lower this month than one month ago?



UK GDP



% pa



Source: ONS, Forecasts: PMA

Key Market Messages



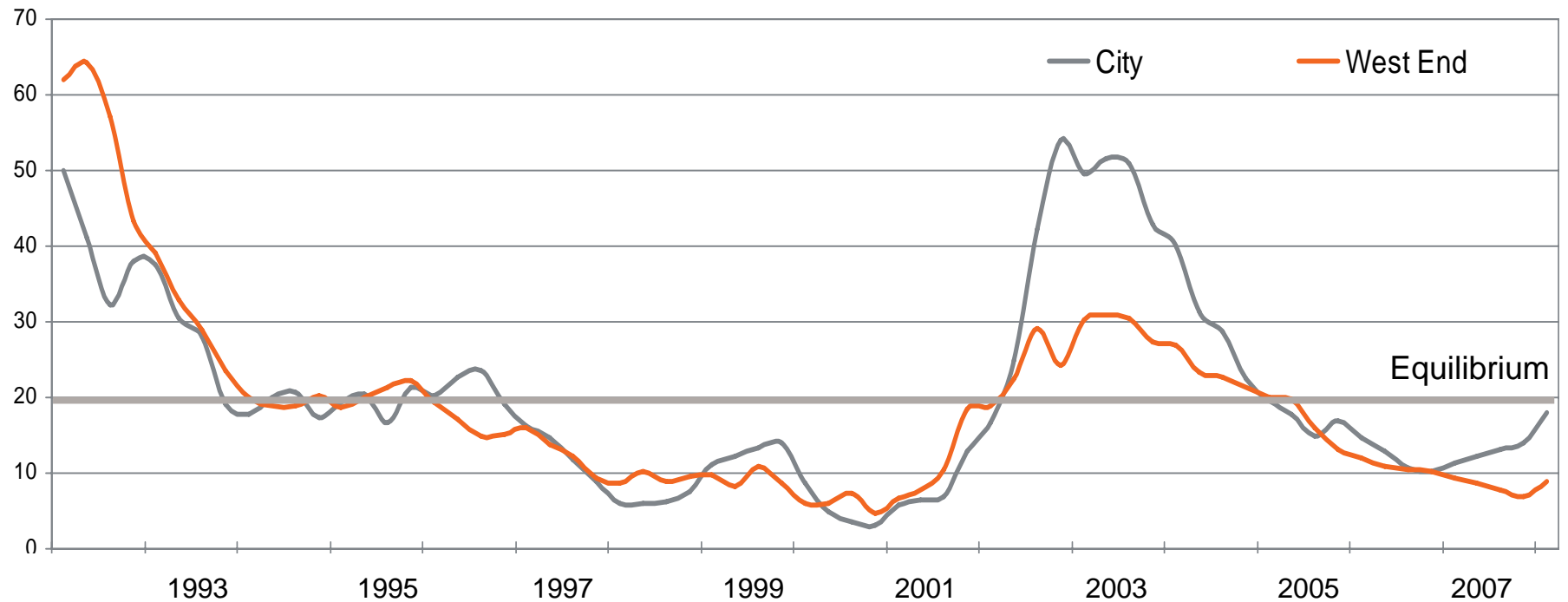
1. Slowing economy: Downward pressure on occupational markets
2. Significant difference across London markets
3. West End: Supply very low - level of tenant demand is key

Central London Office Market

Market Balance to March 2008



Months supply, at current take-up levels

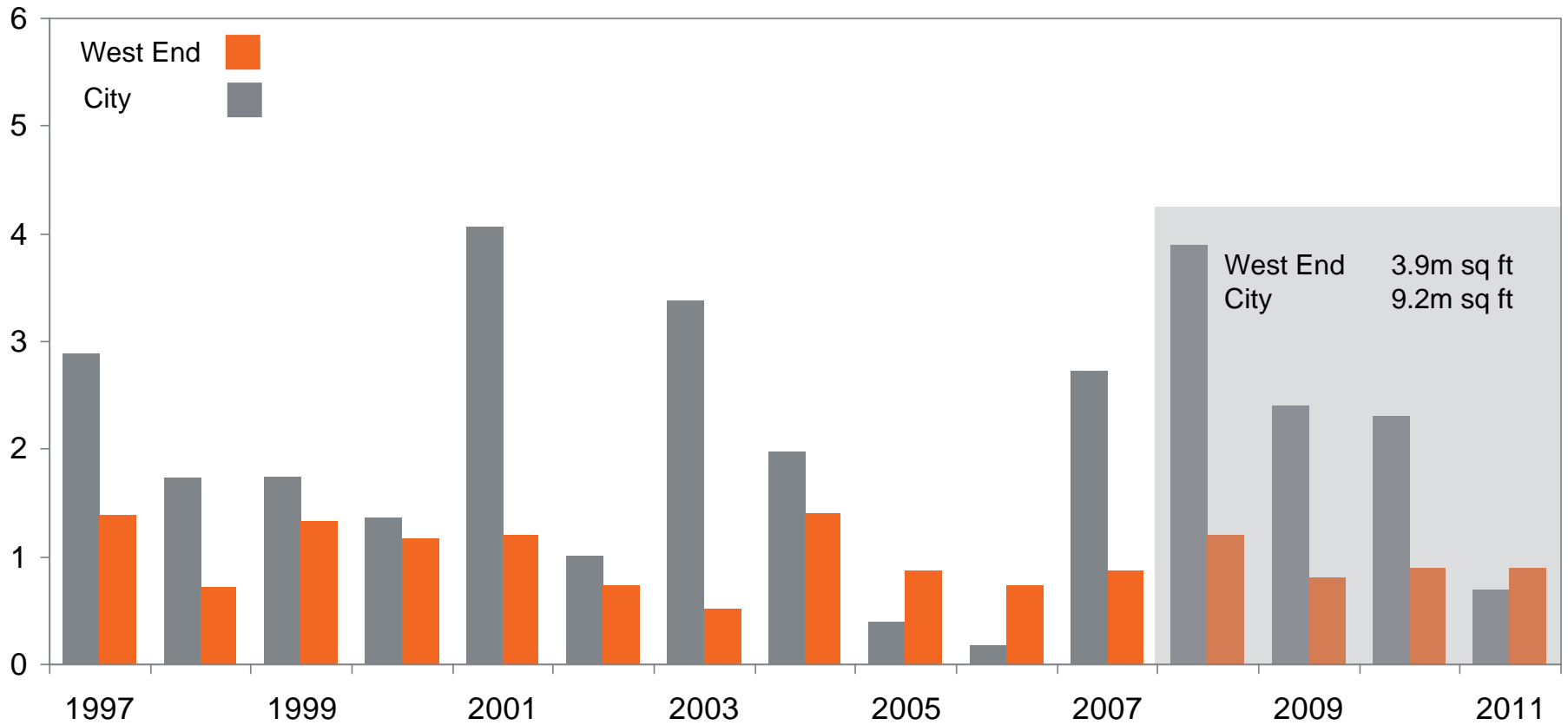


Development Completions

City and West End



Million sq ft



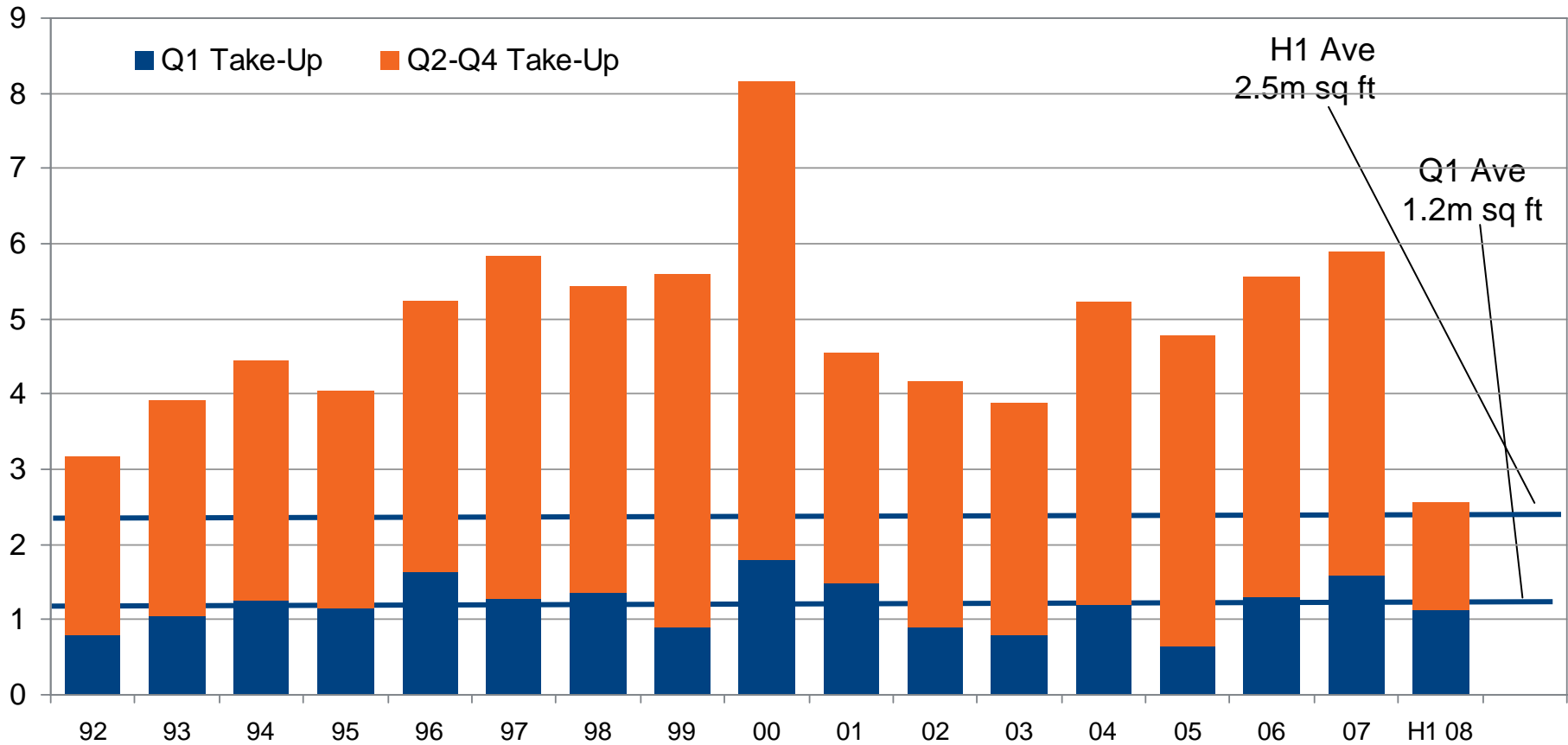
Source: PMA / Knight Frank

West End Office Take-Up

1992 - 2008



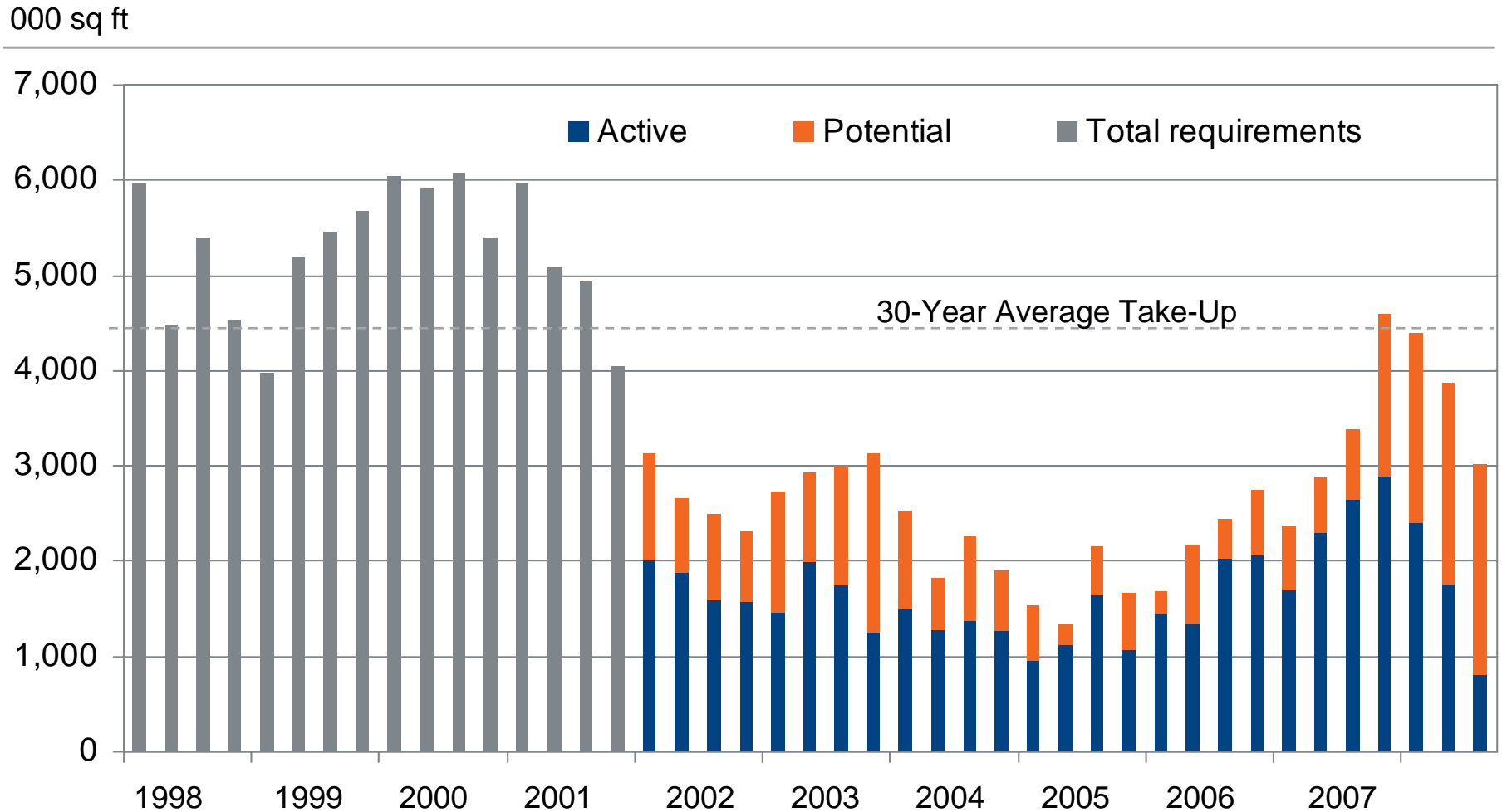
Million sq ft



Source: Knight Frank

West End Requirements

>10,000 sq ft

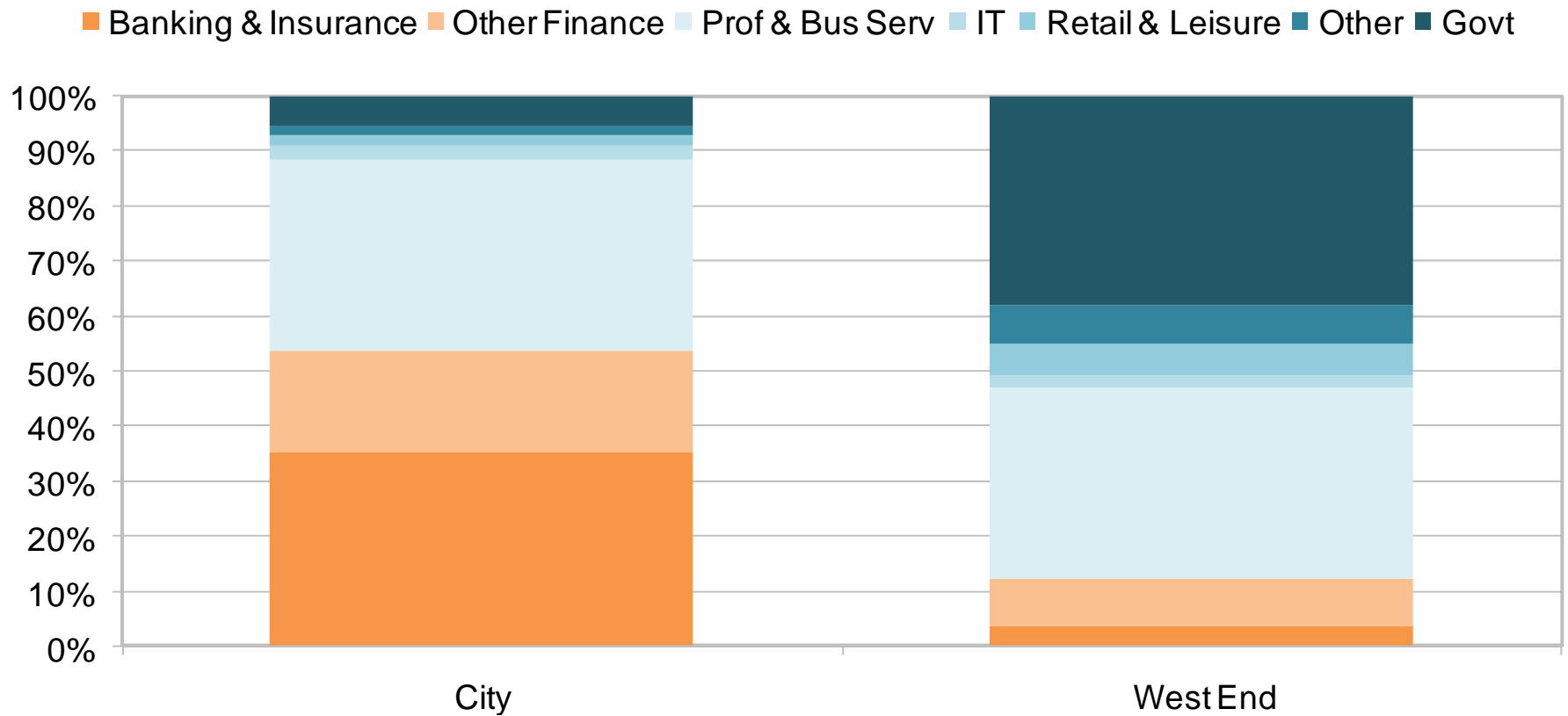


Source: Knight Frank

Occupancy by Sector



2008, %



'Other' includes manufacturing, distribution, primary & utilities

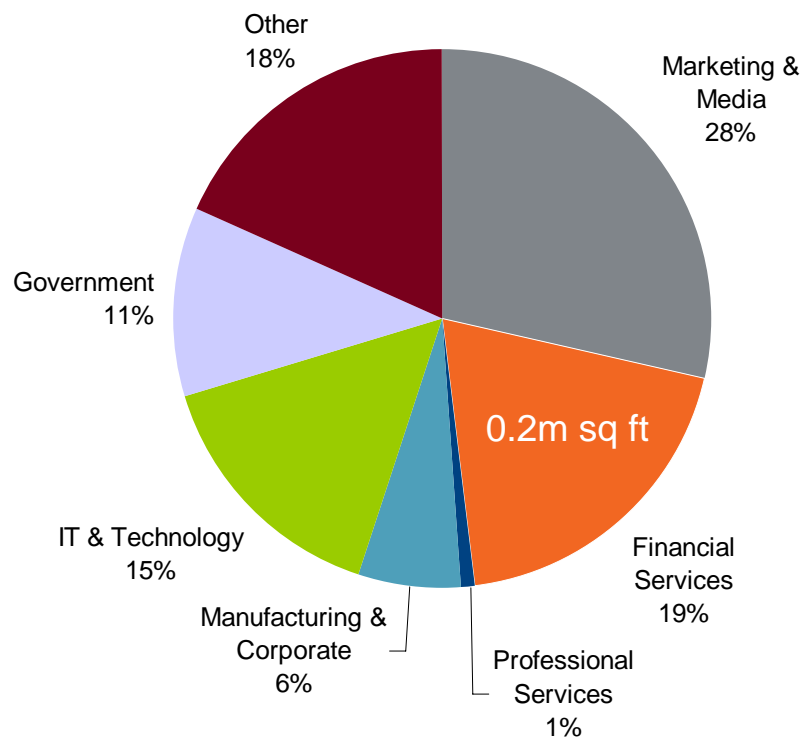
Source: EGI Office database

West End Requirements

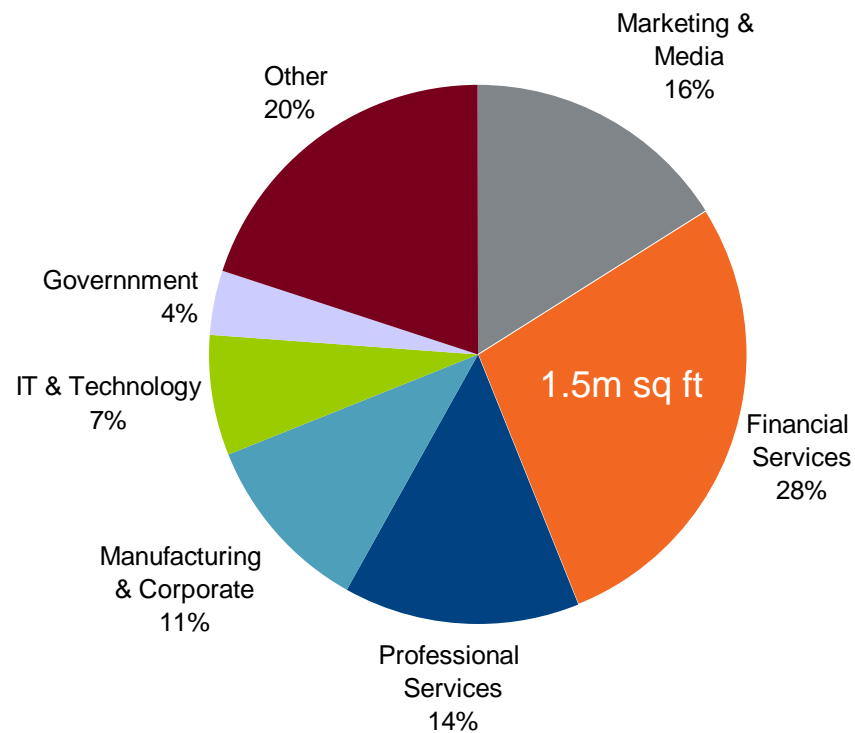
Broad base of Occupational Demand



Demand as at September 2008



Office take-up, year to March 2008



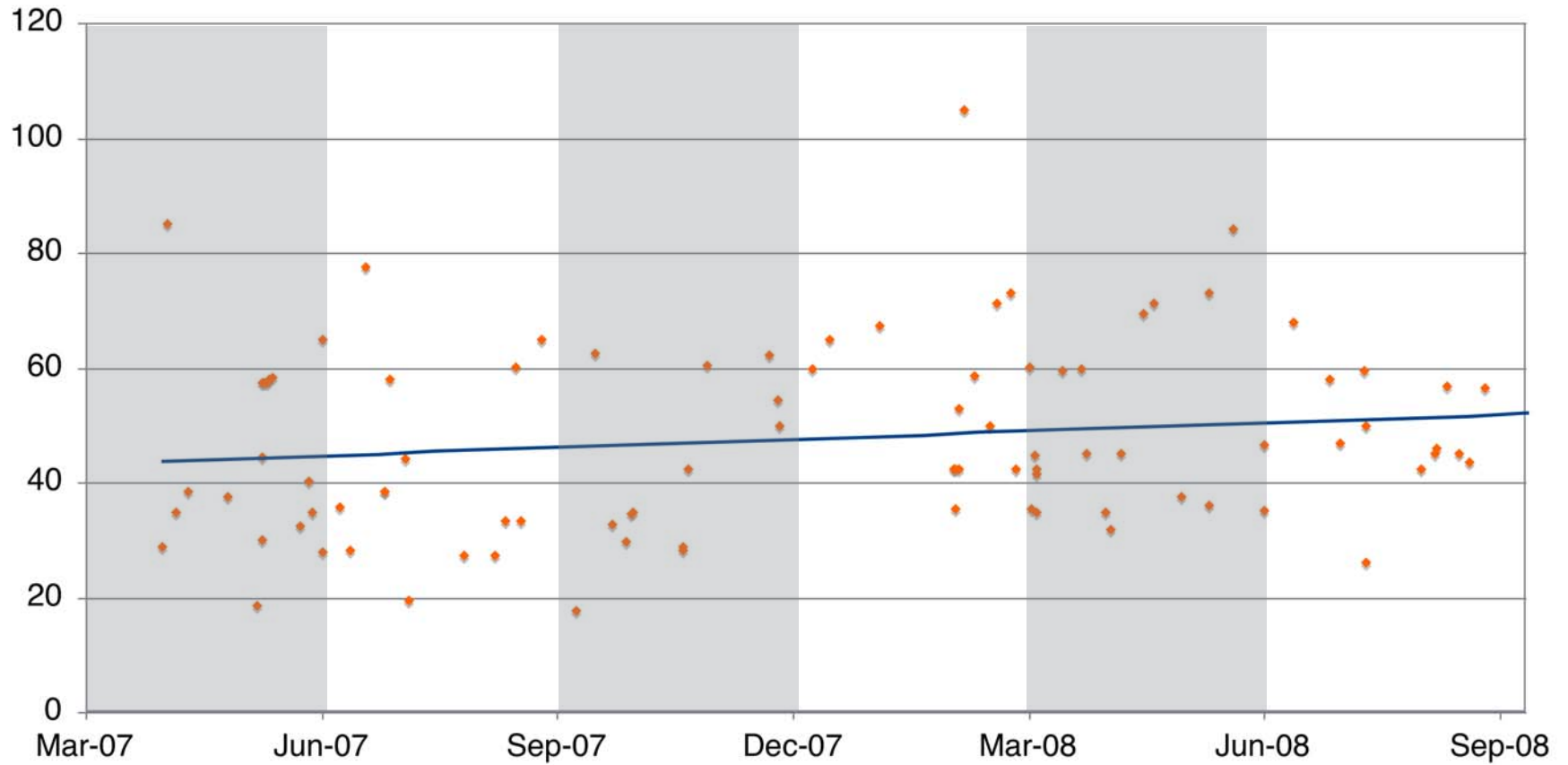
Source: Knight Frank

Asset Management

Office Leasing Activity
Since 31 March 2007



Rent (£ per sq ft)



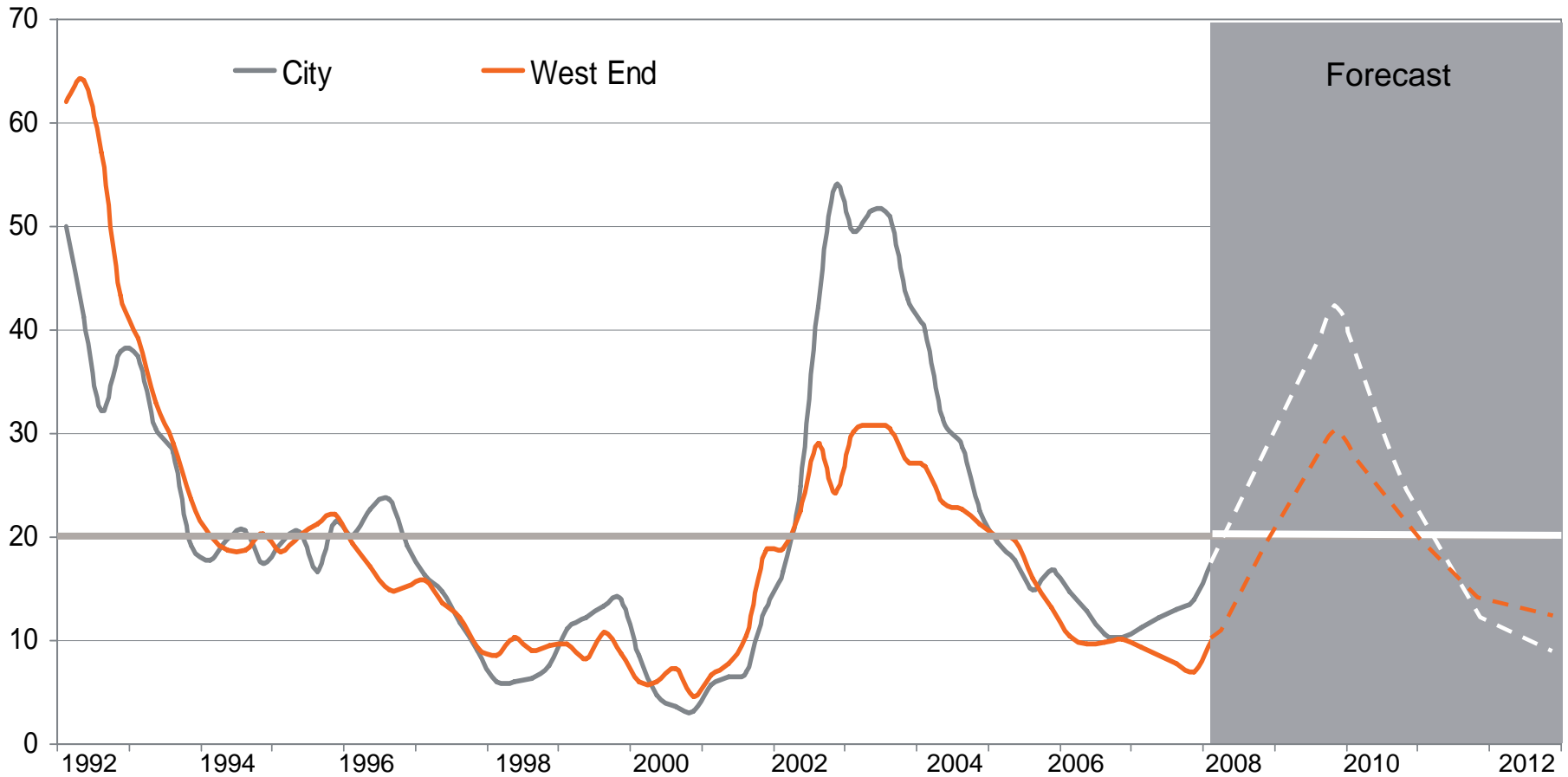
Date Transacted

Central London Office Market

Market Balance



Months supply



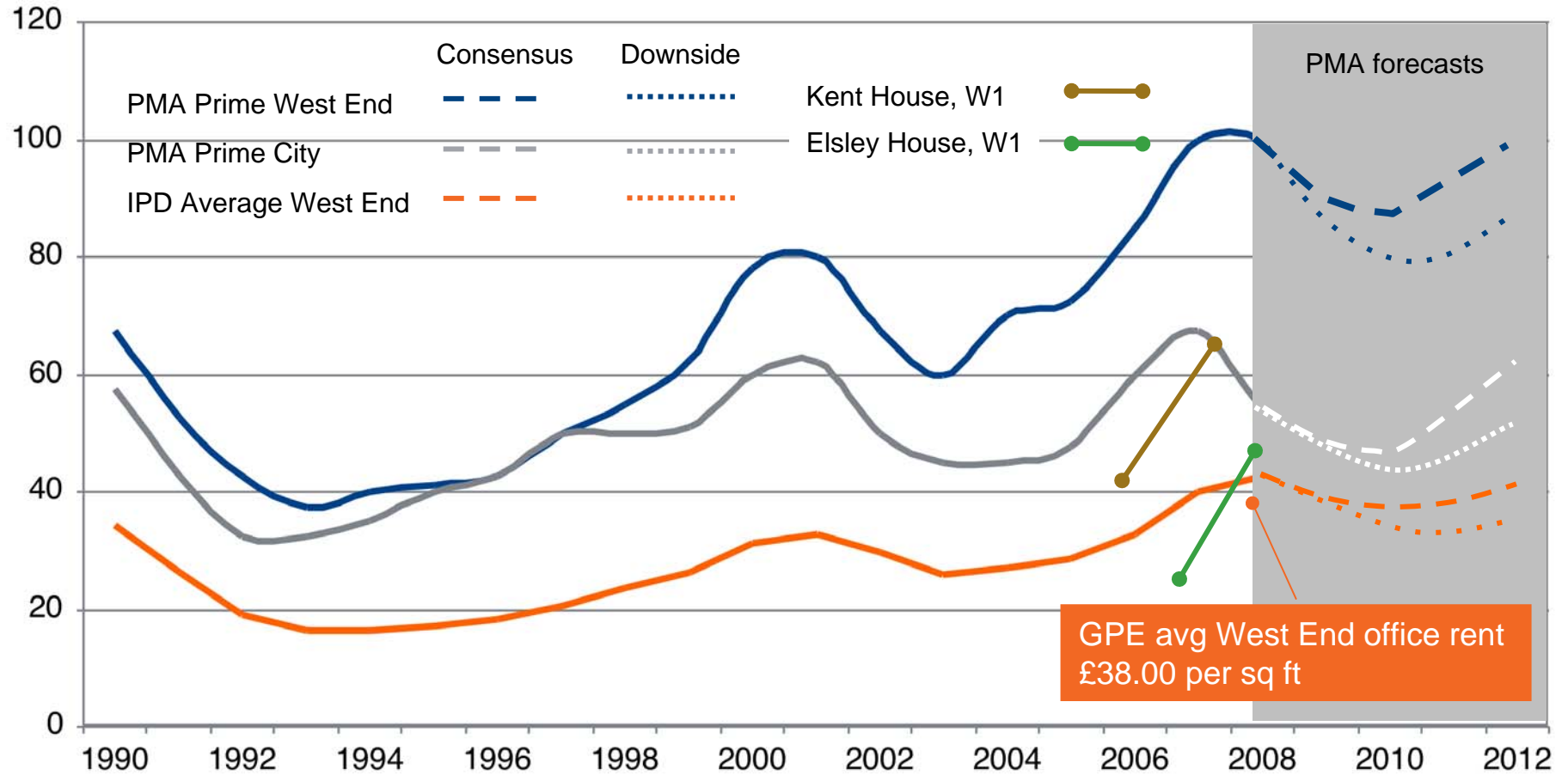
Source: PMA

Central London Office Market

Rent Forecasts



£ per sq ft



Source: PMA / GPE

Correction or Collapse?



Office rental declines from peak

| | | West End | City |
|-------------|---------|----------|------|
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PMA Autumn projections

| | | | |
|-------------|-----------|---------|---------|
| 2008 - 2010 | Consensus | ↓10-15% | ↓30-35% |
| | Downside | ↓20-30% | ↓40+% |

Sold...

208/222 Regent Street, W1



- April 2005 – Bought (£53.7 million)
- April 2005 – Lease re-gearred with Crown Estate
- 2006/2007 – Retail refurbishment & re-letting
- June 2008 – Sold (£96.6 million)
 - Net initial yield – 4.26%
 - March '09 yield – 4.03%
 - Equivalent yield – 4.75%
 - Return of equity – 91%
 - IRR – 27% p.a.

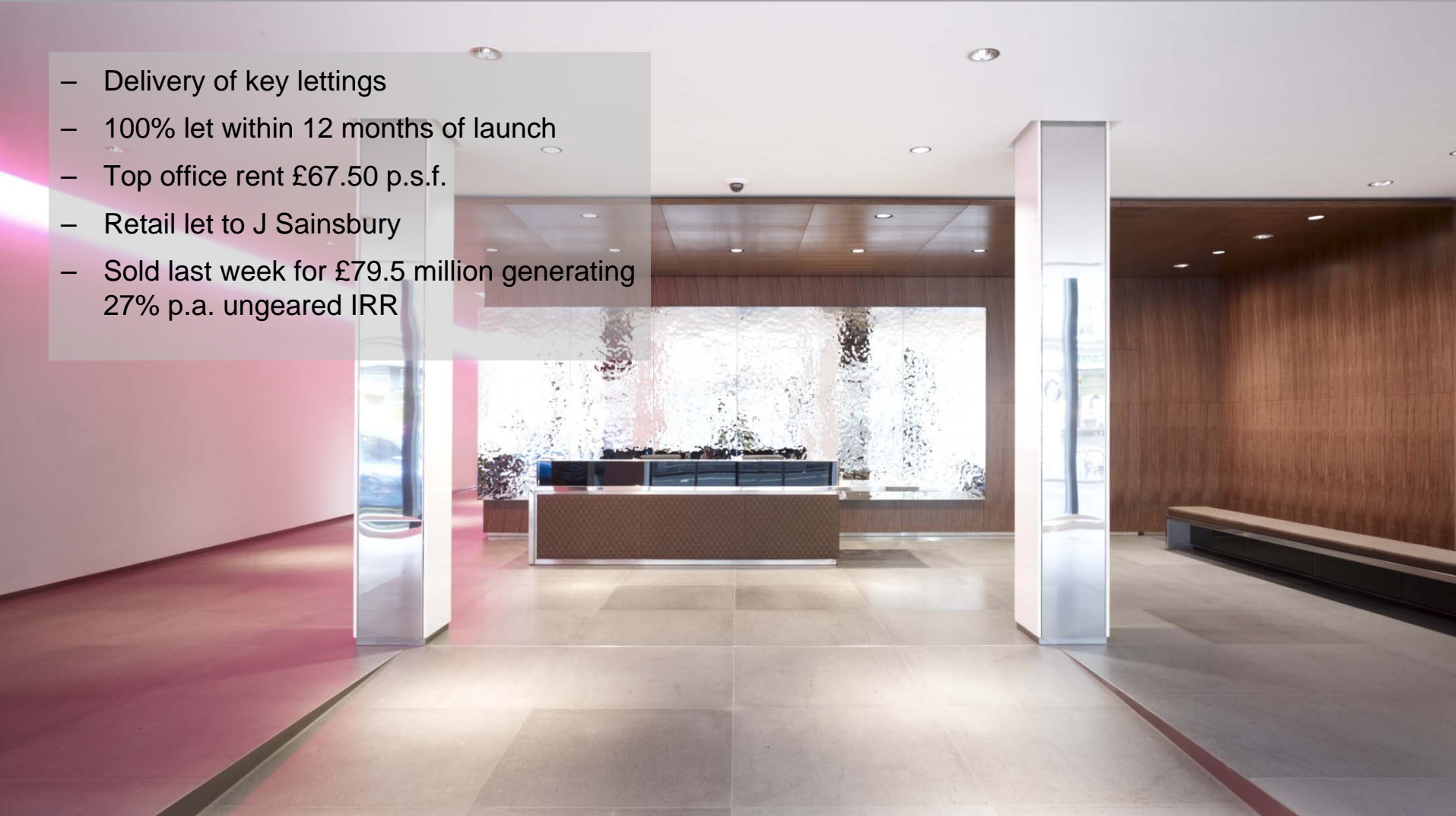
Sold...

180 Great Portland Street, W1

GREAT
PORTLAND
ESTATES



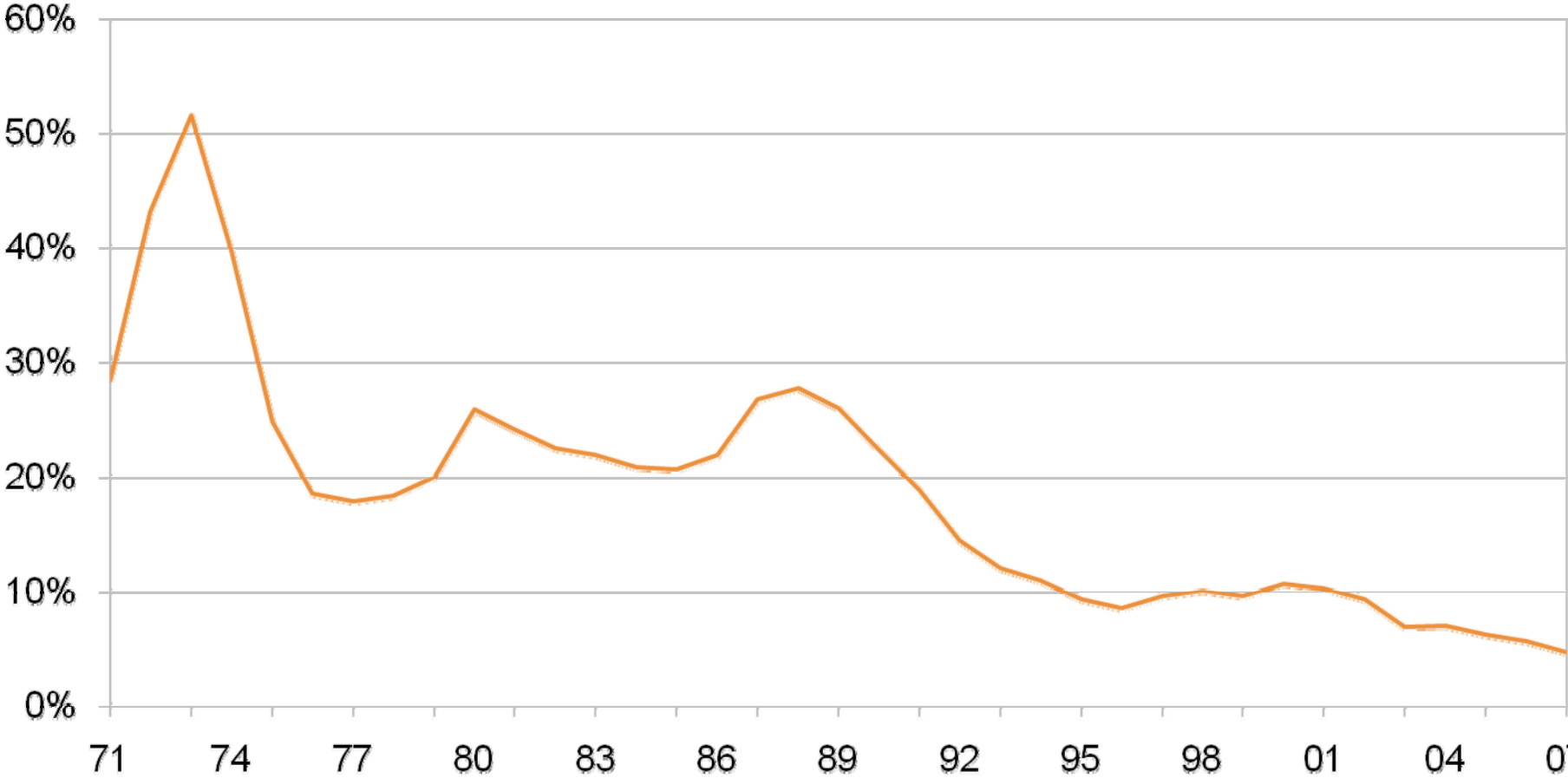
- Delivery of key lettings
- 100% let within 12 months of launch
- Top office rent £67.50 p.s.f.
- Retail let to J Sainsbury
- Sold last week for £79.5 million generating 27% p.a. ungeared IRR



London Office Rent as a % of Salary Costs



Rent as % of salary



Source: ONS



- Technical recession (at least) looking likely
- Downward pressure on occupational markets
- But differences across London – West End more resilient
- Investment market – deleveraging will lead to most “opportunity rich” environment for a generation
- GPE well positioned - 82% in central West End
 - low leverage; £320m of liquid resources

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