

GREAT  
PORTLAND  
ESTATES

Half Year Results Presentation 2010

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# Unlocking potential



# Agenda



## Introduction

**Toby Courtauld**  
Chief Executive

Financial Results

**Timon Drakesmith**, Finance Director

Market  
Valuation  
Acquisitions & Disposals

**Toby Courtauld**, Chief Executive

Asset Management  
Development Update

**Neil Thompson**, Portfolio Director

Outlook

**Toby Courtauld**, Chief Executive

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# Strong Performance



## 1. Investment successes

- £118m<sup>1</sup> new acquisitions completed in H1
- A further £45m announced yesterday
- £320m<sup>1</sup> since £166m Rights Issue
  - 86% off-market
  - 17.9% net increase in value<sup>3</sup>
  - 7.8 months average hold period<sup>3</sup>
- Recycling continues
  - £43m sold since March
  - 5.6% above March book value

## 3. Asset management driving rents

- £5.7m<sup>1</sup> in 48 new lettings<sup>2</sup>
- Retention rate 70%, two years ago 30%
- Low void rate maintained at 3.4%
- Further £1.1m<sup>1</sup> now under offer, 22 lettings
- 5.1% rental value growth in H1

## 2. Development programme enhanced

- 4 schemes committed (May 2010: 2)
- 7 further schemes could start by Dec 2011
- 1.84m sq ft (May 2010: 1.56m sq ft)
- Further 1.1m sq ft in pipeline
- Total programme 2.95m sq ft, 51% of existing assets

## 4. Opportunity

- Development programme – well timed
- Portfolio rich with asset management angles
- Enhanced through astute acquisitions
- Low gearing – 29.3%
- Exceptional team – 9 new hires since January

# Headline Results



To September 2010	6 months	Q2	Q1	12 months
Property Valuation*	<b>+7.3%</b>	+2.6%	+4.6%	+24.7%
Portfolio ERV movement*	<b>+5.1%</b>	+2.6%	+2.3%	+7.2%
Total Property Return	<b>+10.1%</b>	+4.6%	+5.2%	+30.6%
NAV	<b>+11.0%</b>	+6.4%	+4.2%	+39.6%

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

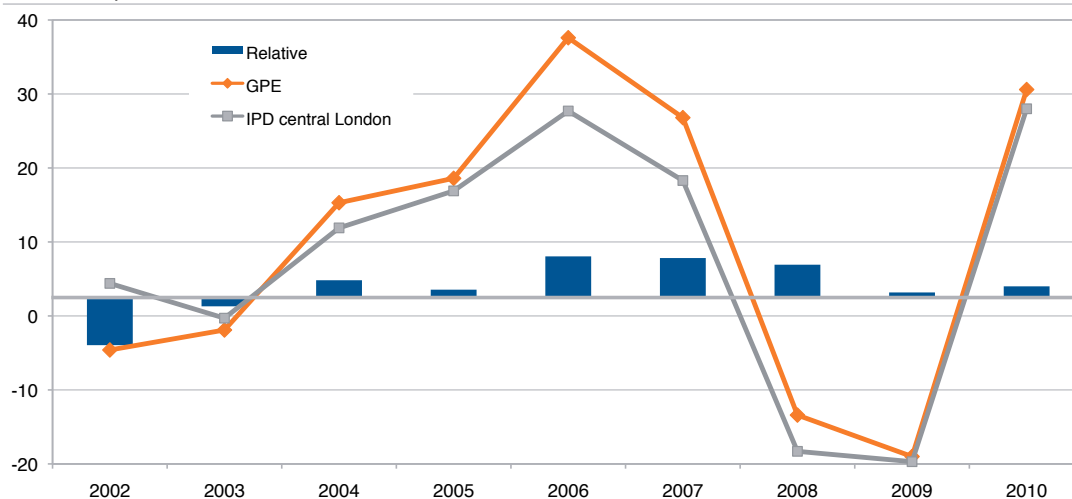
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# Total Property Return

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 10</b>	<b>March 10</b>	<b>Change</b>
Portfolio value <sup>1</sup>	£1,455m	£1,248m	7.3% <sup>2</sup>
NAV per share	314p	283p	11.0%
REIT NNAV per share	316p	291p	8.6%
<b>Income Statement</b>	<b>Sept 10</b>	<b>Sept 09</b>	<b>Change (%)</b>
Adjusted PBT	£15.0m	£13.5m	11.1%
EPS	4.8p	5.4p	(11.1)%
Dividend per share	3.1p	3.0p	3.3%

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

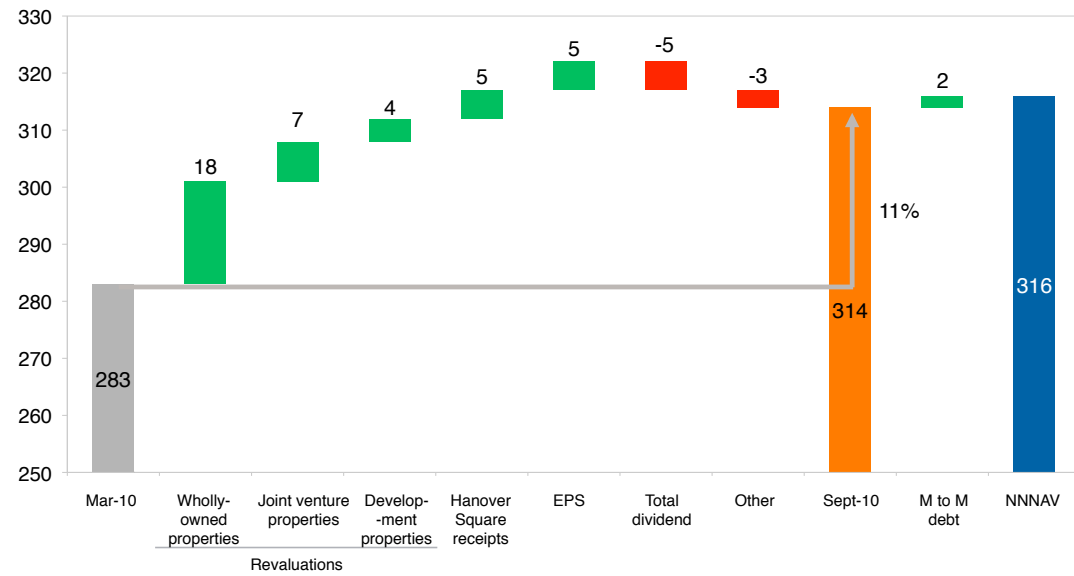
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# Adjusted NAV per share<sup>1</sup>

Movement since 31 Mar 2010



Pence



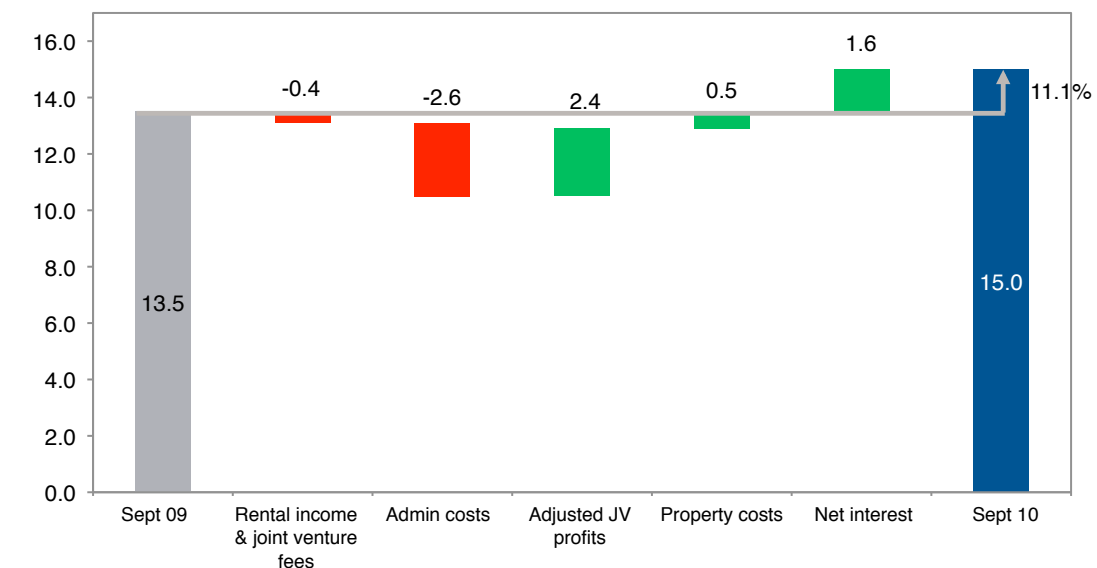
<sup>1</sup> Adjusted per EPRA guidance

# Adjusted Profit Before Tax

6 months to Sept 2010



£m



## Debt Analysis

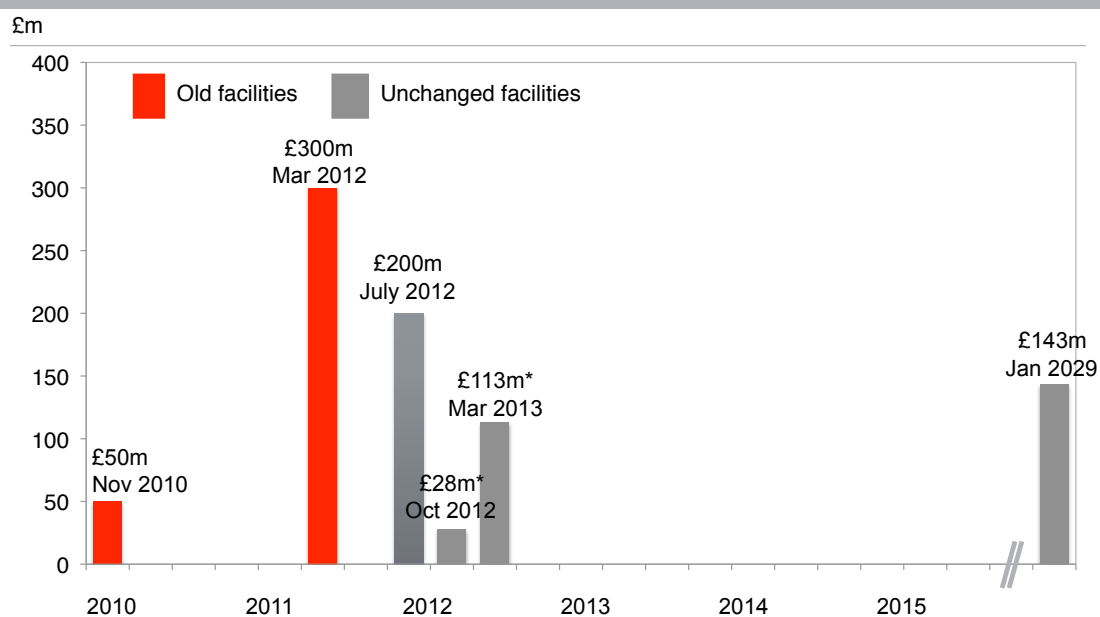


	Sept 2010	March 2010
Net debt excluding JVs (£m)	285.1	232.6
<i>Net gearing</i>	<i>29.3%</i>	<i>26.5%</i>
Total net debt including 50% JV non-recourse debt (£m)	451.0	359.2
<i>Loan-to-property value</i>	<i>31.0%</i>	<i>28.8%</i>
<i>Total net gearing</i>	<i>46.3%</i>	<i>41.0%</i>
	Sept 2010	March 2010
Interest cover	4.1x	3.4x
Weighted average interest rate	4.1%	4.9%
% of debt fixed / capped	65%	61%
Cash & undrawn facilities (£m)	447	477

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## Recent refinancing

### Debt maturity profile

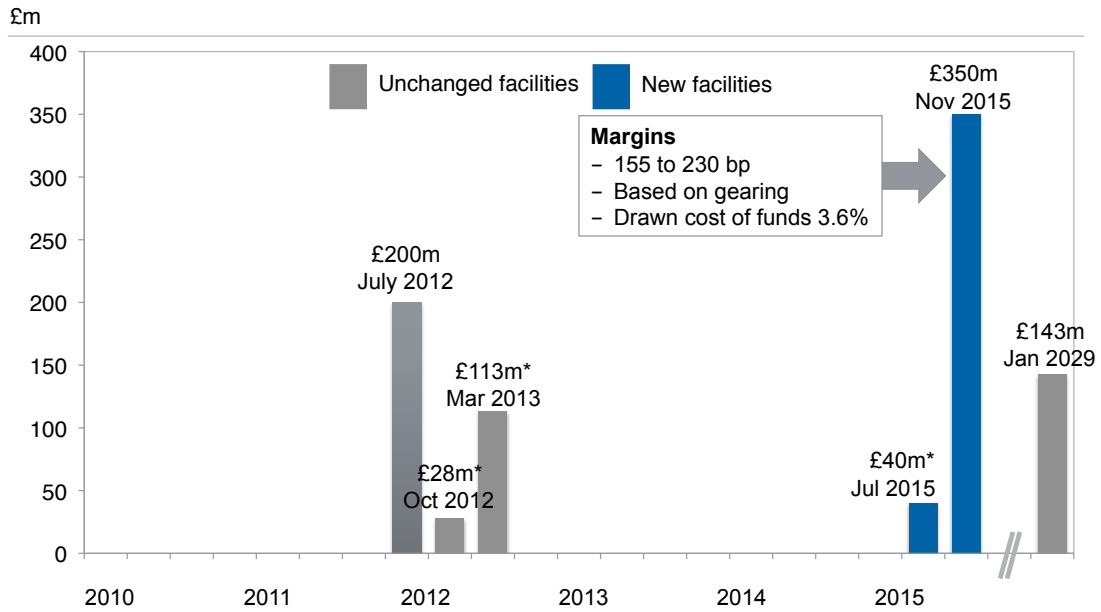


\* JV facilities amount shown at GPE share

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# Recent refinancing

Debt maturity profile



\* JV facilities amount shown at GPE share

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# Balance Sheet Capacity

Net Debt



## Illustrative increase in net debt

GPE level (£m)	Sept 2010	Illustrative increase	Fully drawn Bank facilities
Net assets	972	0	972
Net debt	285	+447	732
<i>Gearing<sup>1</sup></i>	29.3%	+46.0%	75.3%

Mix of development and acquisitions  
Within available firepower  
Gearing lower if asset values rise

<sup>1</sup> Pro forma gearing based on constant property values

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## Key Financial Messages



### Encouraging financial results

- Solid increase in portfolio value and NAV from March 2010
- Higher PBT driven by acquisitions, JVs and lower interest costs
- New financial facilities for additional investment
- Strong financial position

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## Market Messages



### Investment market rate of growth slowed, as expected

#### Yields to remain flat

- Investor demand > asset supply
- Positive yield gap

#### *But*

- Low nominal yields
- Economic sentiment more fragile

### Rental growth is key – 3 to 4 year view: positive

- Supply side tight
- Return of sustainable economic growth = trend rate of tenant demand

#### *But*

- Significant economic uncertainties

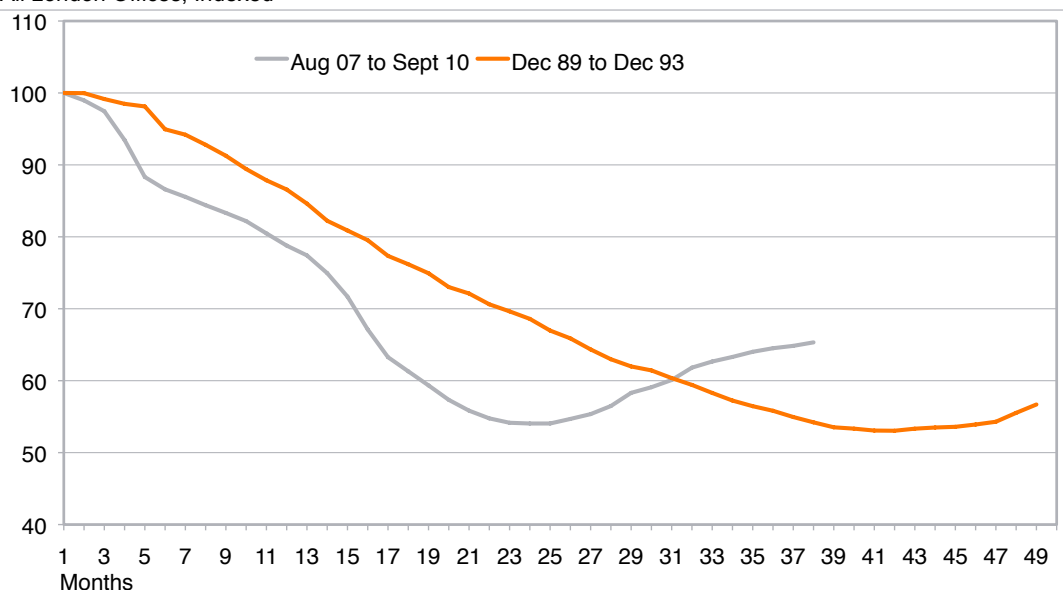
### Use conditions to our advantage

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## Capital Growth Index



All London Offices, Indexed



Source: PMA, IPD Monthly Digest

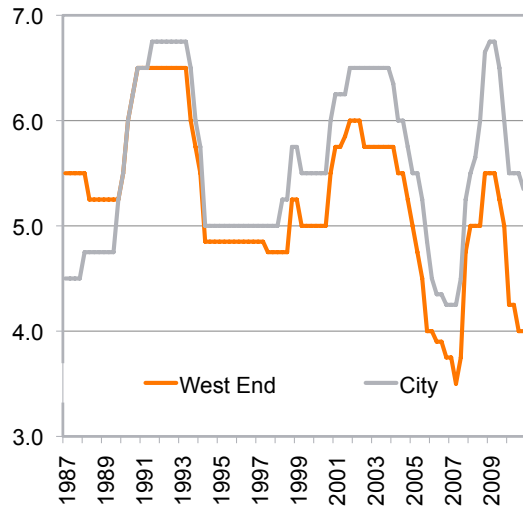
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# Yields and why they've fallen

Weight of money – no sign of abating



Central London Prime Yields (%)



Investment Demand and Supply (£bn)

Equity Demand	Nov	May
Private	5.0	5.0
UK REITs	3.0	3.0
Sovereign	7.0	2.0
UK Funds	2.0	2.0
US Opp Funds	3.0	2.0
German	1.5	1.5
	<b>21.5</b>	<b>15.5 at least</b>

Asset Supply	Nov	May	Jan 2010
City	1.5	4.0	0.7
West End	1.7	3.0	0.7
	<b>3.2</b>	<b>7.0</b>	<b>1.4</b>

May to Nov supply decline includes £2.5bn withdrawn

Source: GPE, CB Richard Ellis

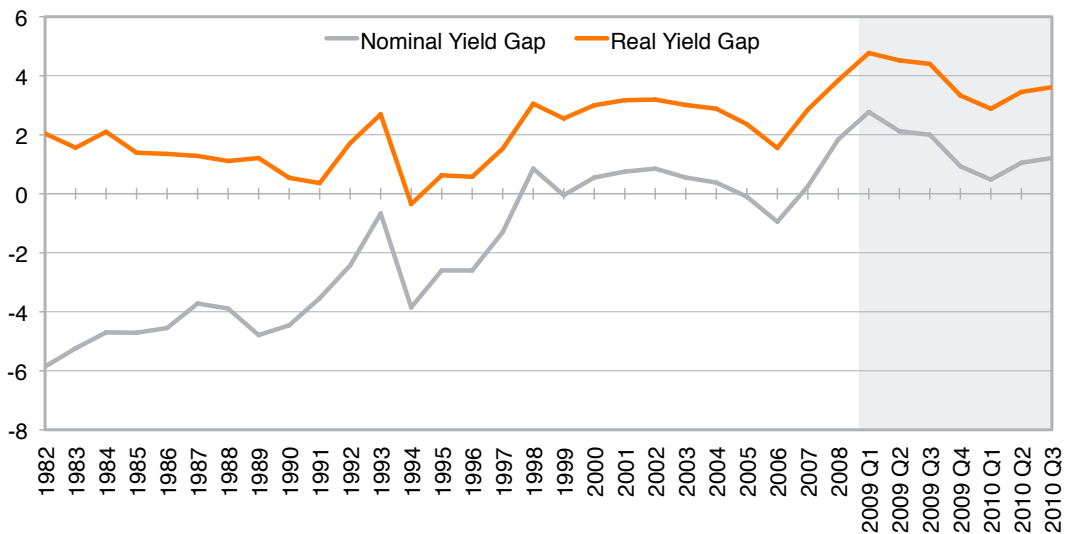
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# Significant yield gap remains

Prime West End yield gap over 10 year gilts



% Yield Gap



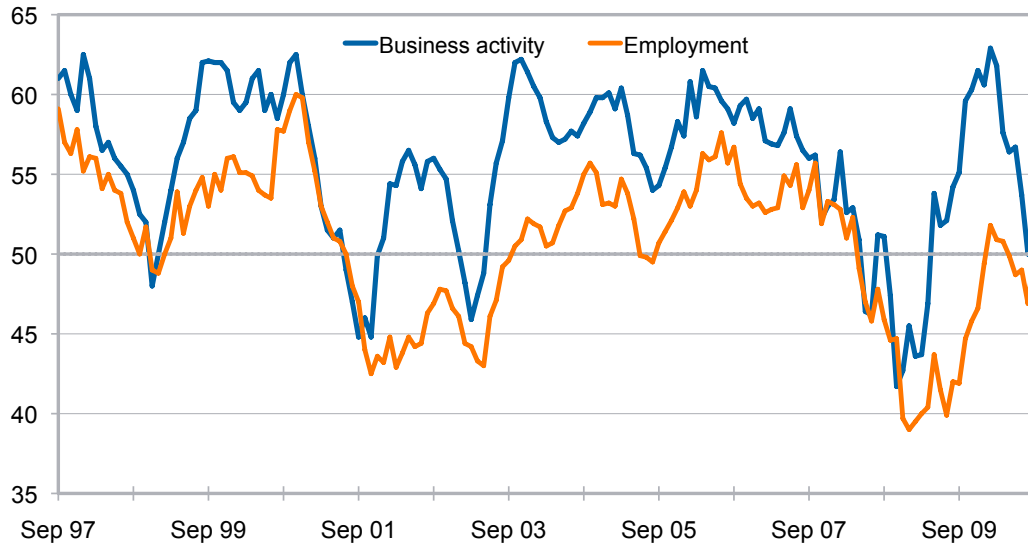
Source: PMA

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# The London Economy



Change in London business activity and employment (50% = growth point)



Source: PMI London Report

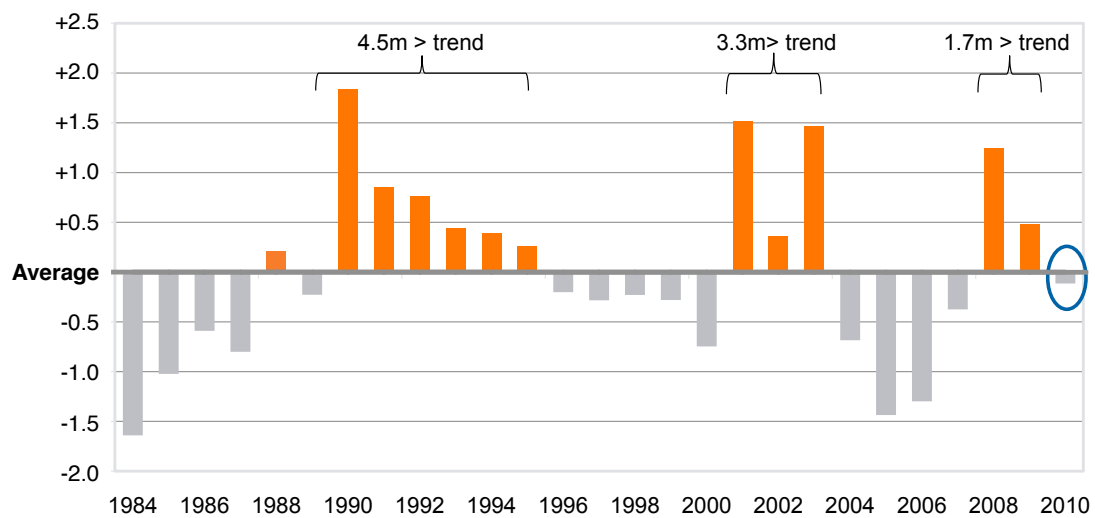
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# West End Tenant Release

Relative to 25 year trend



M sq ft per annum



Source: CB Richard Ellis

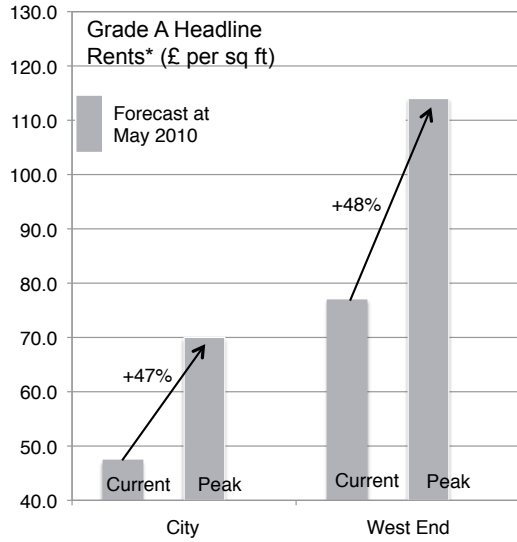
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# Rent Forecasts

## Central London Office Market



### Agency forecasts for next peak



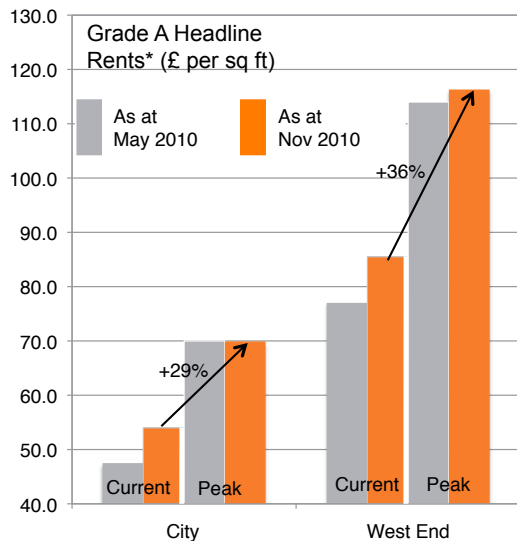
Source: PMA / GPE, \*10 year term, 10,000 sq ft in West End, 20,000 sq ft in City. PMA Prime Rents to 95<sup>th</sup> percentile.

# Rent Forecasts

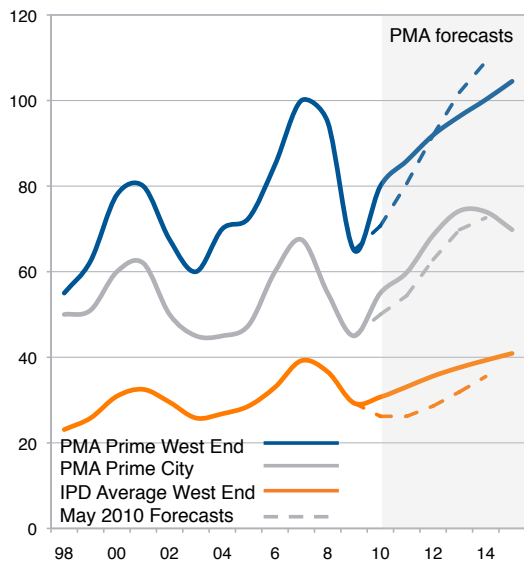
## Central London Office Market



### Agency forecasts for next peak



### Headline rents (£ per sq ft)



Source: PMA / GPE, \*10 year term, 10,000 sq ft in West End, 20,000 sq ft in City. PMA Prime Rents to 95<sup>th</sup> percentile.

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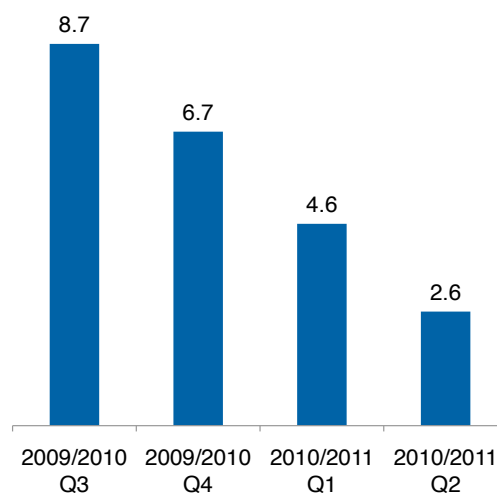
# The Valuation

Including share of Joint Ventures



To 30 Sept 2010	£m	Movement
		%
		6 months
North of Oxford St	665.7	7.6%
Rest of West End	376.0	6.5%
<b>Total West End</b>	<b>1,041.7</b>	<b>7.2%</b>
<b>Total City &amp; Southwark</b>	<b>222.1</b>	<b>4.2%</b>
<b>Investment Portfolio</b>	<b>1,263.8</b>	<b>7.1%</b>
Development properties	68.0	21.1%
<b>Properties held throughout period</b>	<b>1,331.8</b>	<b>7.3%</b>
Acquisitions	123.7	1.7%
<b>Total Portfolio</b>	<b>1,455.5</b>	<b>6.8%</b>

Quarterly like-for-like valuation movement



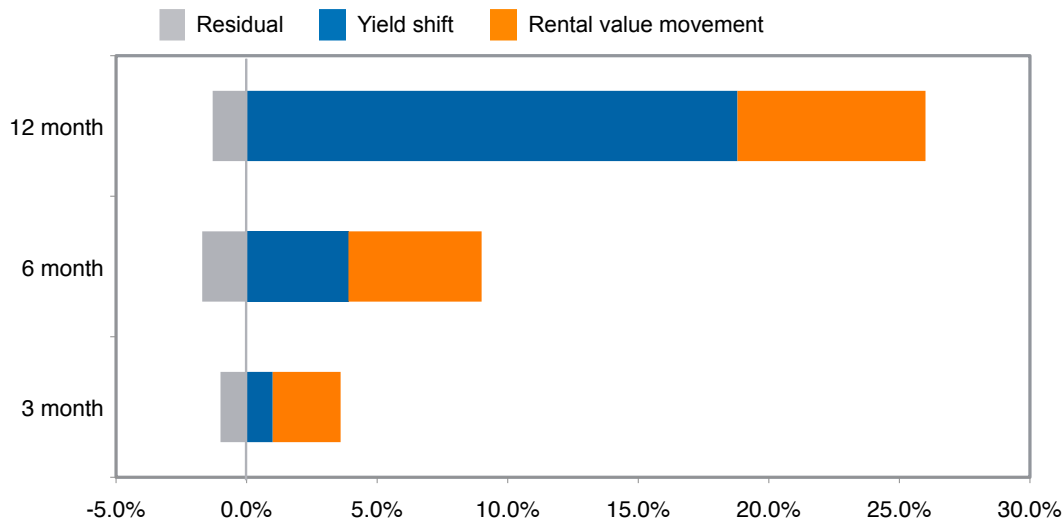
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# The Valuation<sup>1</sup>

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



% movement



<sup>1</sup> Including share of Joint Ventures    <sup>2</sup> Excludes development properties

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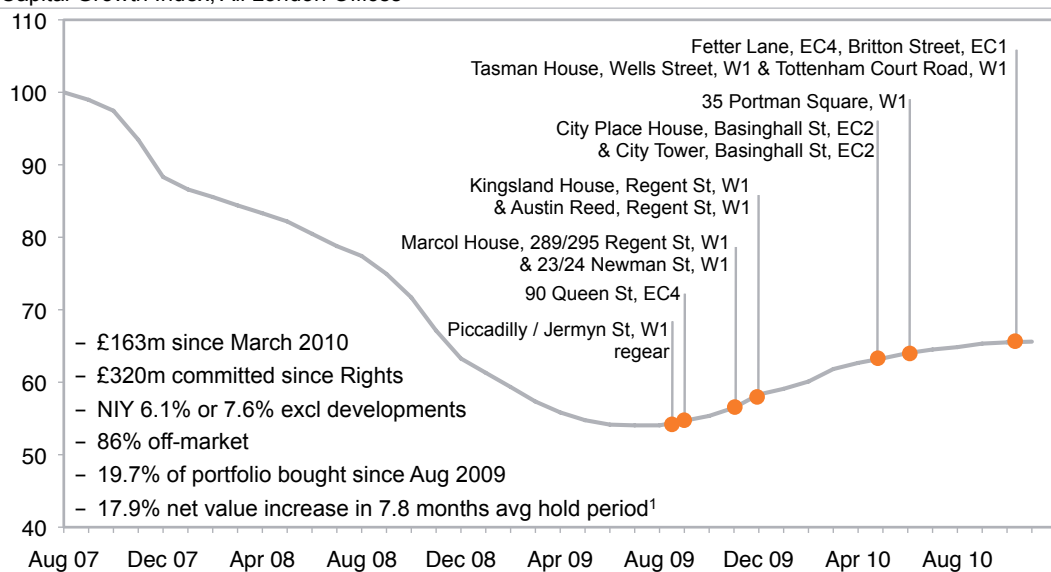
**Toby Courtauld**, Chief Executive

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# Acquisition Summary



## Capital Growth Index, All London Offices



Source: PMA, IPD Monthly Digest 1. Excluding acquisitions announced 9/11/2010

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# Acquisitions

## Great Star Partnership



- 50:50 JV completed July 2010
- £129m cost, £416 per sq ft
- NIY 7.4%
- Major repositioning opportunity

### Since purchase:

- Worked up refurbishment options
- Refinanced loan - Lower cost / more flexible
- Tower vacancy 17.1% to 15.7%
- Running yield (post rent frees):
  - 7.4% to gross assets;
  - 13.5% to equity (pre-amortisation)
- City Tower rents £31 per sq ft
- Mark rents to higher quality market
- Significant upside to come

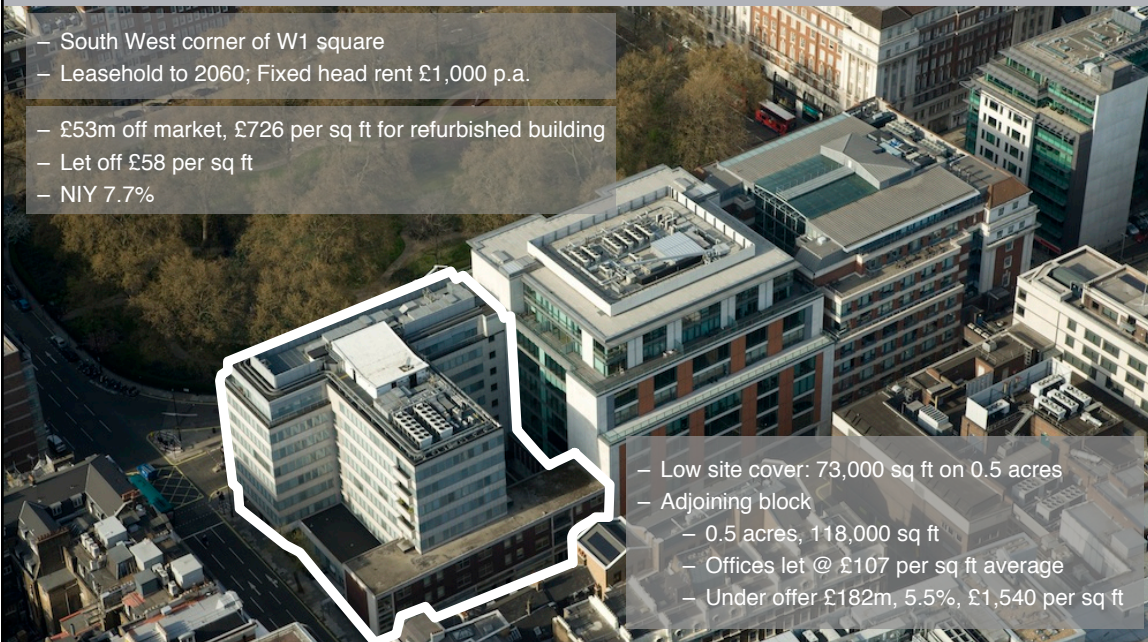
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## Acquisitions

35 Portman Square, W1



- South West corner of W1 square
- Leasehold to 2060; Fixed head rent £1,000 p.a.
- £53m off market, £726 per sq ft for refurbished building
- Let off £58 per sq ft
- NIY 7.7%



- Low site cover: 73,000 sq ft on 0.5 acres
- Adjoining block
  - 0.5 acres, 118,000 sq ft
  - Offices let @ £107 per sq ft average
  - Under offer £182m, 5.5%, £1,540 per sq ft

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## Acquisitions

Great Capital Partnership



Britton Street, EC1



Tottenham Court Road, W1



Fetter Lane, EC4



Tasman House, W1

- 4 properties from GCP
  - 12/14 New Fetter Lane & 43 Fetter Lane, EC4
  - 24/25 Britton Street, EC1
  - Tasman House, Wells Street, W1
  - 183/190 Tottenham Court Road, W1
- Allows Fetter Lane redevelopment
- Britton Street pre-let, refurbishment
- £45.05m
  - £318 per sq ft
  - £198 per sq ft on net developable area
  - 3.5% NIY
  - 6.1% H2 2011
- Tasman House / Tottenham Court Road
  - Future refurbishments
  - 7.0% / 7.2% NIY

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# Where next for acquisitions?



## More of the same – specialist approach

- Beneath replacement cost
- Attractive running yields
- Angles to reposition
- Central London

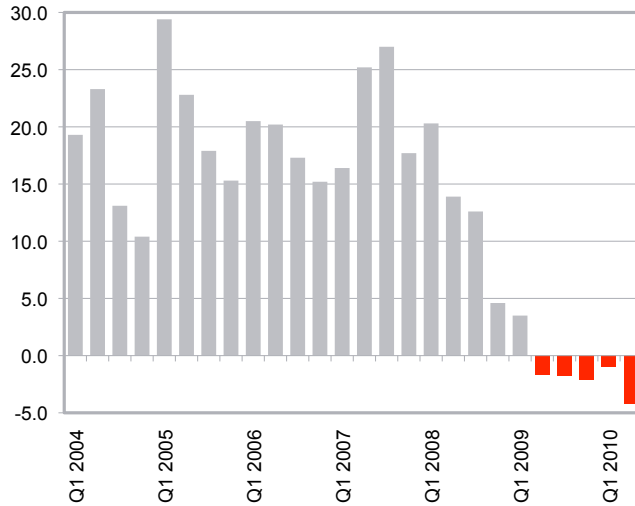
**Selective value**  
£447m committed firepower

**Banks – a JV opportunity**

**More to come**

**Selective recycling**

Quarterly changes in lending to commercial property (%)



Source: Bank of England

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# Asset Management

Letting Activity  
Market deals since 31<sup>st</sup> March 2010



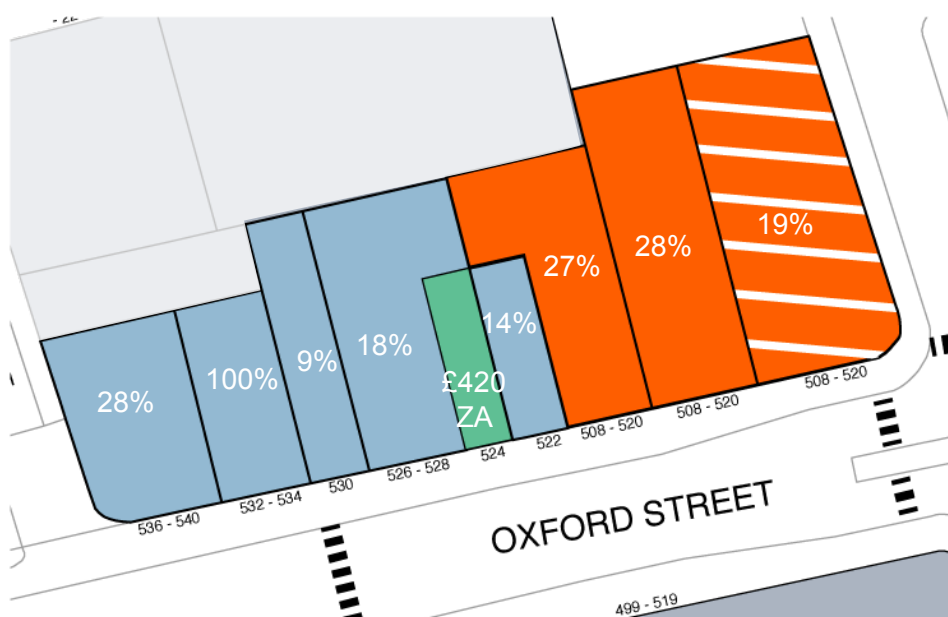
- 48 new leases<sup>1</sup>
- £6.8m new rent (£5.7m GPE share)
- 10.14% above March 2010 ERV

Key Letting Deals	Tenant	Term	Rent p.a. <sup>2</sup>
24 Britton Street, EC1	Kurt Geiger	15 years	£1,525,000
184 Oxford Street, W1	Aldo	10 years	£920,000
Kent House, Market Place, W1	Lyle & Scott	10 years	£443,500
524 Oxford Street, W1	Holland and Barrett	10 years	£217,500
			<b>£3,106,000</b>

<sup>1</sup> Pro-forma position excludes short term lettings ahead of developments / refurbishments. <sup>2</sup> GPE Share

# Asset Management

Mount Royal, Oxford St, W1



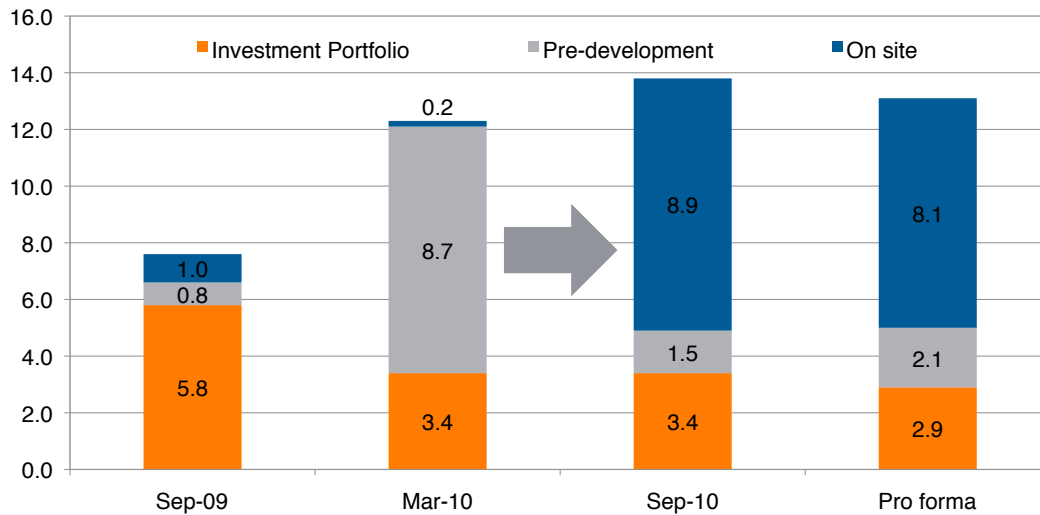
Rent stated is contracted Zone A rate passing, unless stated

# Asset Management

Void rate, % by rental value



% by rental value



# Asset Management Strategy



## Key to driving out-performance

### Letting Activity

- Detailed market knowledge
- Deals ahead of ERV

### Low Voids

### Tenant retention

- 70% retention
- WAULT 5.3 years

### Development preparation

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# Development Update



- Central London supply
- Near term programme
- Near term development case studies
- Pipeline

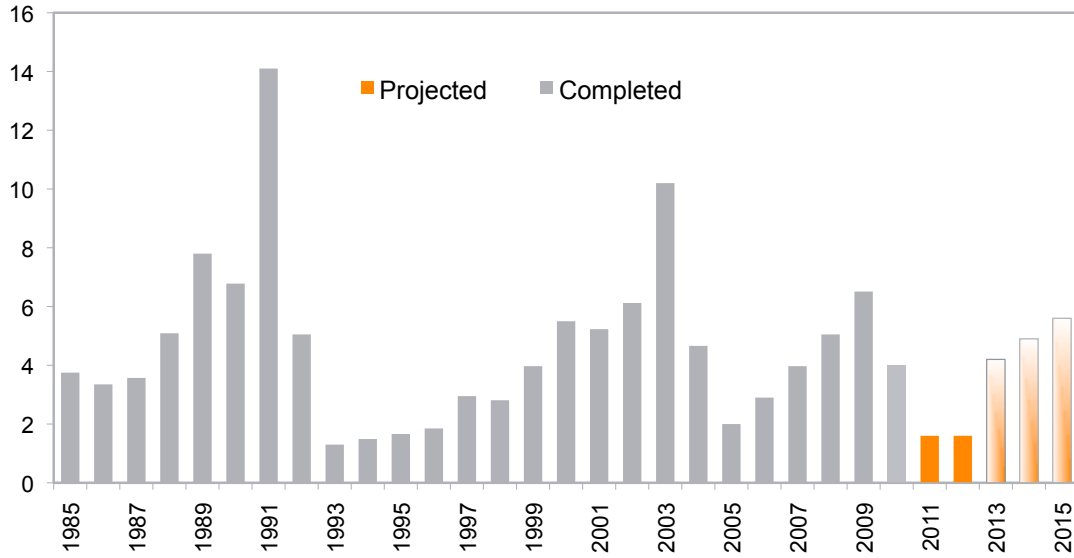
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# Development

## Central London Office Potential Completions



Million sq ft



Source: CB Richard Ellis

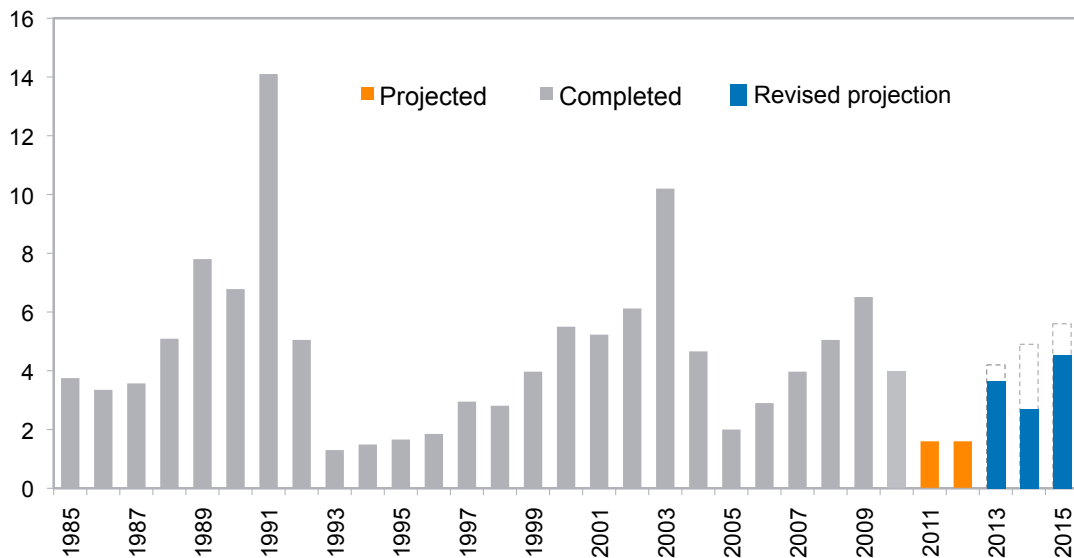
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# Development

## Central London Office Potential Completions



Million sq ft



Source: CB Richard Ellis

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## Development Near Term Programme



	Earliest Start	Planning Status	Anticipated Finish	New building area <sup>1</sup>	Cost £m <sup>2</sup>	ERV <sup>3</sup>
<b>Committed</b>						
184/190 Oxford St, W1		On site	Mar 11	26,100	2.2	£1.7m
24/25 Britton Street, EC1		On site	Jul 11	51,300	7.1	£1.6m
23/24 Newman Street, W1		On site	Oct 11	25,200	11.1	£0.2m
Marcol House, 289/295 Regent St, W1		On site	Aug 12	102,700	56.0	£6.6m
				<b>205,300</b>	<b>76.4</b>	<b>£10.1m</b>
<b>2011</b>						
28 Saville Row, W1	Nov 10	Consented	May 11	15,300	3.7	£0.8m
Walmar House, 300 Regent St, W1	Jun 11	Consented	Dec 12	59,800	11.6	£1.5m
City Tower, Basinghall Street, EC2	Jan 11	Design	Mar 13	144,800	28.3	£3.0m
240 Blackfriars Road, SE1	Feb 11	Consented	Jun 13	236,400	62.4	£5.2m
79/97 Wigmore Street, W1	Jun 11	Phase One On site	Jul 13	111,800	34.5	£3.0m
12/14 & 43 Fetter Lane, EC4	Mar 11	Consented	Jul 13	139,200	83.2	£7.2m
100 Bishopsgate, EC3	Jun 11	Consented <sup>4</sup>	May 14	925,400	300.3	£27.6m
				<b>1,632,700</b>	<b>524.0</b>	<b>£48.3m</b>
<b>Total of near term projects</b>				<b>1,838,000</b>	<b>600.4</b>	<b>£58.4m</b>

1. Areas are in sq ft and at 100%. 2. For those held in JV, cost is shown at 50% and excludes book value.  
3. Taken from CBRE valuation, Sept 2010, shown at 50% for JV assets 4. Planning consent for 815,000 sq ft

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## West End Development Marcol House, 289/295 Regent St, W1 184/190 Oxford Street, W1



Marcol House, 289/295 Regent St, W1



184/190 Oxford Street, W1

- Practical completion summer 2012
- Revised planning achieved
- GPE anticipated profit £34.0m / 40%

- Pre-let to Aldo
- £920,000 pa (£516 ZA)
- GPE anticipated profit £6.5m / 23.0%
- Completion March 2011

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## West End Development

79-97 Wigmore Street, W1  
Walmar House, 300 Regent St, W1

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79-97 Wigmore Street, W1



Walmar House, 300 Regent Street, W1

- Phase One: residential started
- Phase Two: demolition March 2011
- Completion summer 2013
- CBRE ERV £65 per sq ft
- Opportunity to increase performance

- Grade A refurbishment
- Commencement June 2011
- Prime location close to Oxford Circus
- Opportunity to grow
- Completion Q4 2012

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## City Development

100 Bishopsgate, EC3

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- Revised building design 925,000 sq ft (+13.5%)
- Enhanced profitability
- Floor efficiency 80%
- Build cost £438 per sq ft
- Break-even rent <£50 per sq ft
- Demolition Q2 2011
- Tenant handover Q2 2014



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## City Development

24/25 Britton Street, EC1  
City Tower, Basinghall Street, EC2

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24/25 Britton Street, EC1

- Acquisition from GCP
- 47,754 sq ft pre-let to Kurt Geiger, 15 year lease
- £1,525,000 pa
- Anticipated profit £4.5m / 24.5%
- Completion July 2011



City Tower, Basinghall Street, EC2

- Asset repositioning
- Low planning risk
- Passing rent £31 per sq ft
- ERV on completion £47.50 per sq ft
- Practical Completion Q4 2012
- Opportunity for growth

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## City Development

12/14 Fetter Lane, EC4

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- Planning consent secured
- Vacant possession Q1 2011
- Completion mid 2013
- Headlease regear with City Corporation
  - 154 years
  - Zero premium
  - Ground rent 6% per annum
- Low supply sub-market

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## Development Longer Term Pipeline



	Planning Status	New build area (sq ft)	Start	Ownership
Jermyn Street Estate, SW1	Design	137,464	2012	GCP
Park Crescent, W1	Design	96,350	2012	GCP
90/92 Great Portland Street	Design	8,375	2012	100%
Buchanan House, 24/31 Holborn, EC1	Consented	74,000	2012	100%
78/88 Great Portland St, W1	Design	41,070	2012	100%
Bramah House, 65/71 Bermondsey St	Design	20,000	2013	100%
14/20 & 22/28 Shand St, SE1	Design	50,000	2013	100%
Hanover Square, W1	Design	206,862	2014	100%
St Lawrence House, 26/34 Broadwick St, W1	Design	85,000	2014	GCP
79/89 Oxford St, W1	Design	35,000	2014	100%
Kingsland/Carrington House, 122/130 Regent Street, W1	Design	51,400	2015	GCP
40/48 Broadway, SW1	Consented	82,066	2015+	GVP
Portman Square, W1	Design	72,966	2016	100%
103/113 Regent Street, W1	Design	65,000	2016	GRP
Mount Royal, 508/520 Oxford St, W1	Design	88,352	2020	GVP
		1,113,905		

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	Planning Status	New build area (sq ft)	Start	Ownership
Jermyn Street Estate, SW1	Design	137,464	2012	GCP
Park Crescent, W1	Design	96,350	2012	GCP
90/92 Great Portland Street	Design	8,375	2012	100%
Buchanan House, 24/31 Holborn, EC1	Consented	74,000	2012	100%
78/88 Great Portland St, W1	Design	41,070	2012	100%
Bramah House, 65/71 Bermondsey St	Design	20,000	2013	100%
14/20 & 22/28 Shand St, SE1	Design	50,000	2013	100%
<b>Hanover Square, W1</b>	<b>Design</b>	<b>206,862</b>	<b>2014</b>	<b>100%</b>
St Lawrence House, 26/34 Broadwick St, W1	Design			
79/89 Oxford St, W1	Design			
Kingsland/Carrington House, 122/130 Regent Street, W1	Design			
40/48 Broadway, SW1	Consented			
Portman Square, W1	Design			
103/113 Regent Street, W1	Design			
Mount Royal, 508/520 Oxford St, W1	Design			



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## Development Longer Term Pipeline



	Planning Status	New build area (sq ft)	Start	Ownership
Jermyn Street Estate, SW1	Design	137,464	2012	GCP
Park Crescent, W1	Design	96,350	2012	GCP
90/92 Great Portland Street	Design	8,375	2012	100%
Buchanan House, 24/31 Holborn, EC1	Consented	74,000	2012	100%
78/88 Great Portland St, W1	Design	41,070	2012	100%
Bramah House, 65/71 Bermondsey St	Design	20,000	2012	100%
14/20 & 22/28 Shand St, SE1	Design	50,000	2012	100%
Hanover Square, W1	Design	206,862	2012	100%
St Lawrence House, 26/34 Broadwick St, W1	Design	85,000	2012	100%
<b>79/89 Oxford St, W1</b>	<b>Design</b>	<b>35,000</b>	<b>2014</b>	<b>100%</b>
Kingsland/Carrington House, 122/130 Regent Street, W1	Design	51,400	2015	GCP
40/48 Broadway, SW1	Consented	82,066	2015+	GVP
Portman Square, W1	Design	72,966	2016	100%
103/113 Regent Street, W1	Design	65,000	2016	GRP
Mount Royal, 508/520 Oxford St, W1	Design	88,352	2020	GVP
		<b>1,113,905</b>		



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## Development Longer Term Pipeline



	Planning Status	New build area (sq ft)	Start	Ownership
Jermyn Street Estate, SW1	Design	137,464	2012	GCP
Park Crescent, W1	Design	96,350	2012	GCP
90/92 Great Portland Street	Design	8,375	2012	100%
Buchanan House, 24/31 Holborn, EC1	Consented	74,000	2012	100%
78/88 Great Portland St, W1	Design	41,070	2012	100%
Bramah House, 65/71 Bermondsey St	Design	20,000	2012	100%
14/20 & 22/28 Shand St, SE1	Design			
Hanover Square, W1	Design			
St Lawrence House, 26/34 Broadwick St, W1	Design			
79/89 Oxford St, W1	Design			
Kingsland/Carrington House, 122/130 Regent Street, W1	Design			
40/48 Broadway, SW1	Consented			
Portman Square, W1	Design			
<b>103/113 Regent Street, W1</b>	<b>Design</b>	<b>65,000</b>	<b>2016</b>	<b>GRP</b>
Mount Royal, 508/520 Oxford St, W1	Design	88,352	2020	GVP
		<b>1,113,905</b>		



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## Development

### Longer Term Pipeline



	Planning Status	New build area (sq ft)	Start	Ownership
Jermyn Street Estate, SW1	Design	137,46		
Park Crescent, W1	Design	96,35		
90/92 Great Portland Street	Design	8,37		
Buchanan House, 24/31 Holborn, EC1	Consented	74,00		
78/88 Great Portland St, W1	Design	41,07		
Bramah House, 65/71 Bermondsey St	Design	20,00		
14/20 & 22/28 Shand St, SE1	Design	50,00		
Hanover Square, W1	Design	206,86		
St Lawrence House, 26/34 Broadwick St, W1	Design	85,00		
79/89 Oxford St, W1	Design	35,00		
Kingsland/Carrington House, 122/130 Regent Street, W1	Design	51,40		
40/48 Broadway, SW1	Consented	82,06		
<b>Portman Square, W1</b>	<b>Design</b>	<b>72,966</b>	<b>2016</b>	<b>100%</b>
103/113 Regent Street, W1	Design	65,000	2016	GRP
Mount Royal, 508/520 Oxford St, W1	Design	88,352	2020	GVP
		1,113,905		



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## Developments

### Summary



- Portfolio positioned for growth
- Low gearing, Bank facilities and JVs allow development
- Increasing development activity / enlarged team
- Delivery early in the occupier cycle
- Unrivalled near term programme; well timed
- Exceptional pipeline

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# Agenda



## Introduction

**Toby Courtauld**, Chief Executive

## Financial Results

**Timon Drakesmith**, Finance Director

## Market Valuation Acquisitions & disposals

**Toby Courtauld**, Chief Executive

## Asset Management Development Update

**Neil Thompson**, Portfolio Director

## Outlook

**Toby Courtauld**  
Chief Executive

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# Outlook



**Investment market supported – further growth needs rents to rise**

**London's occupational market: assuming economic growth, favours landlords**

### **GPE well placed**

- Central portfolio, off low rents, rich with opportunity
- High quality development programme – significant surpluses
- Low gearing – deliver programme, continue acquisition strategy
- Team working well - strength in depth

**Confident outlook**

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# Unlocking potential



## 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.

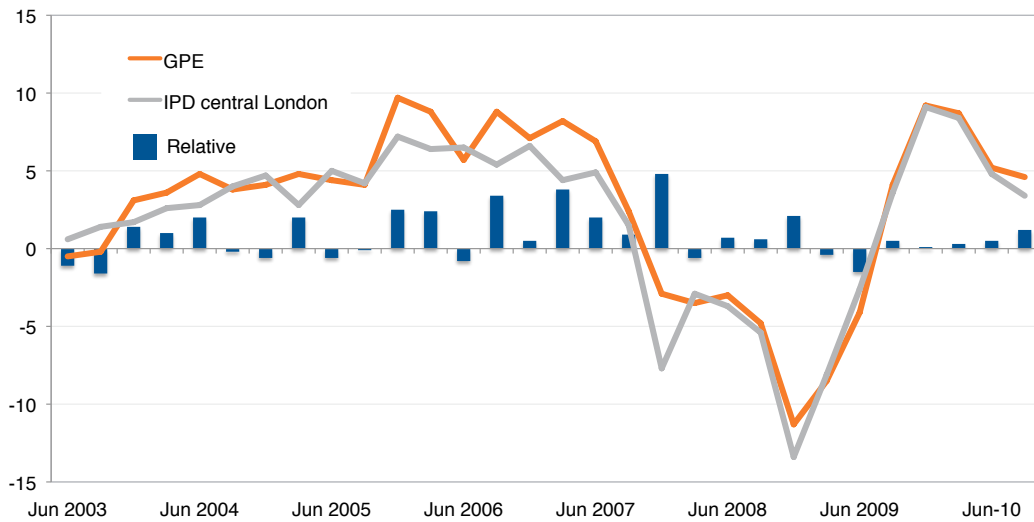
Any forward-looking statements made by or on behalf of Great Portland Estates plc ("GPE") speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. GPE does not undertake to update forward-looking statements to reflect any changes in GPE's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this presentation relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.

# Total Property Return vs IPD Central London Index



Quarters, June 2003 – Sep 2010 (%)



Source: IPD

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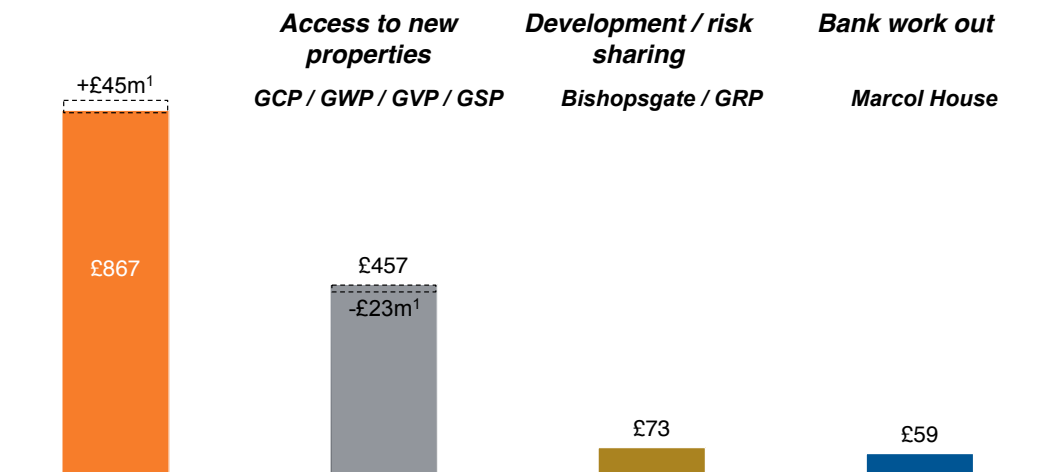
# Portfolio Balance Wholly Owned and JV property assets



Portfolio Valuation, Sept 2010

Wholly Owned 60%

Joint Ventures (GPE share) 40%



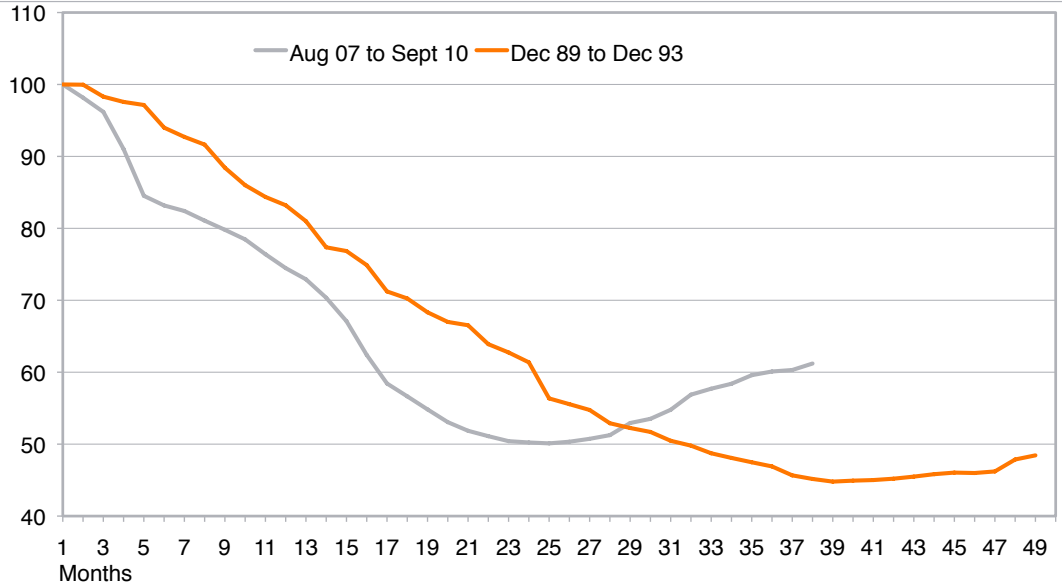
1 Purchase of four assets from GCP

58

# Capital Growth Index



## City Offices, Indexed



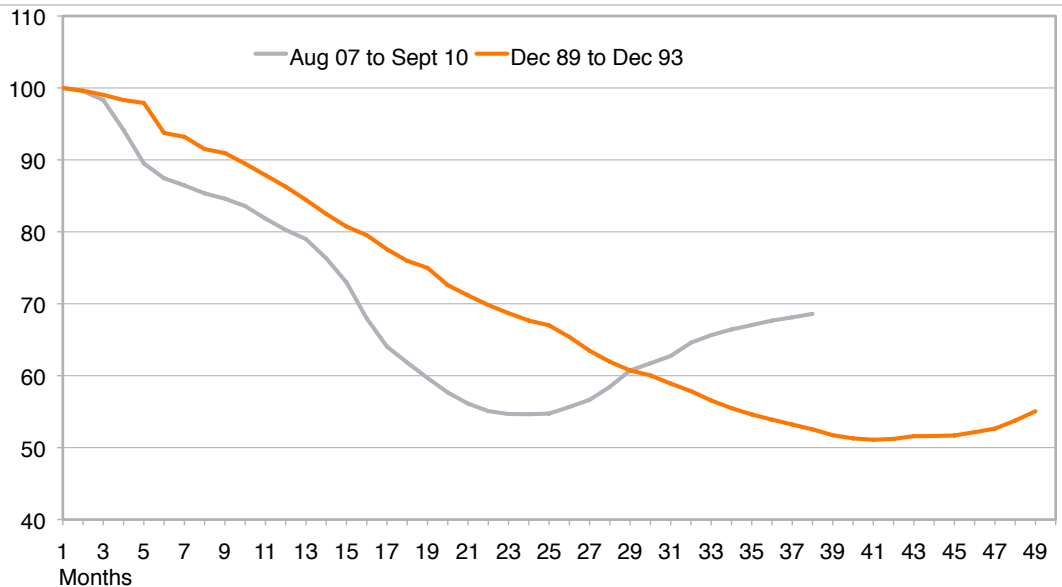
Source: PMA, IPD Monthly Digest

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# Capital Growth Index



## West End & Midtown Offices, Indexed



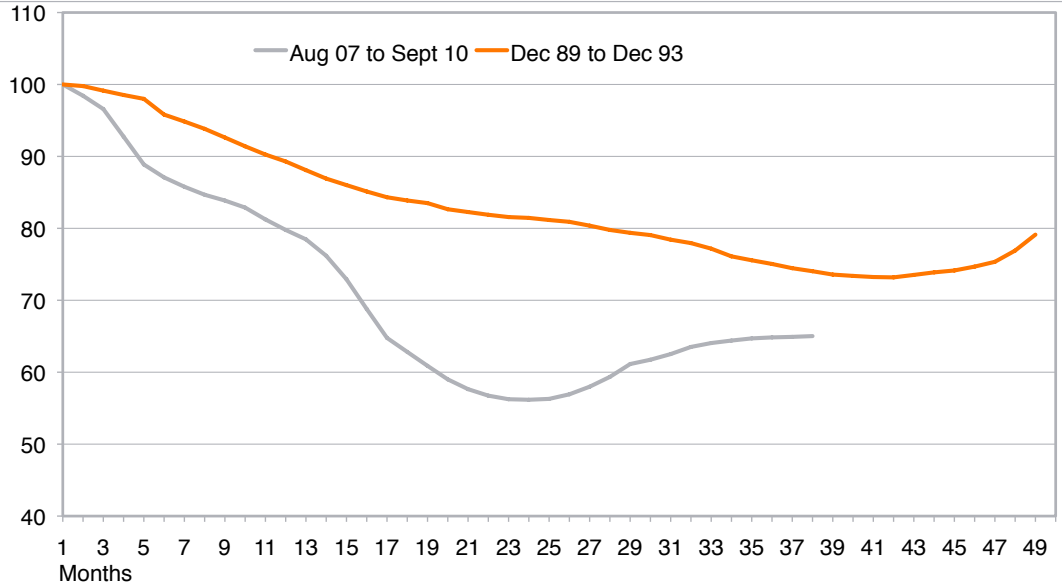
Source: PMA, IPD Monthly Digest

60

# Capital Growth Index



All Property, Indexed

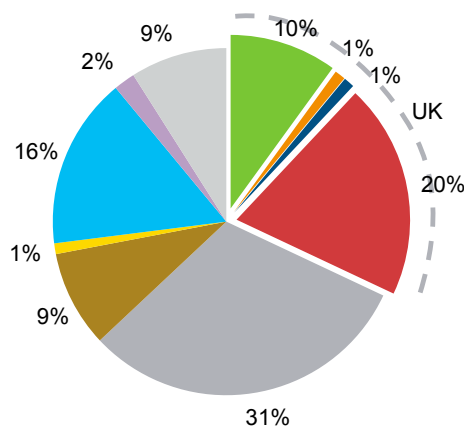


Source: PMA, IPD Monthly Digest

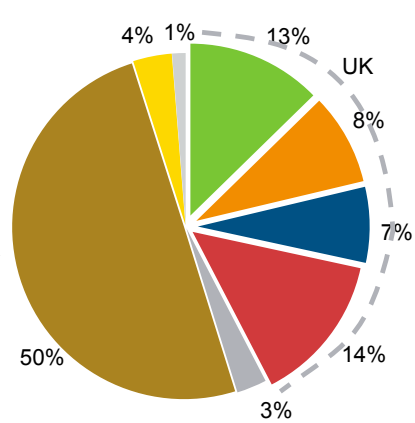
# Property Transactions by Purchaser



City



West End



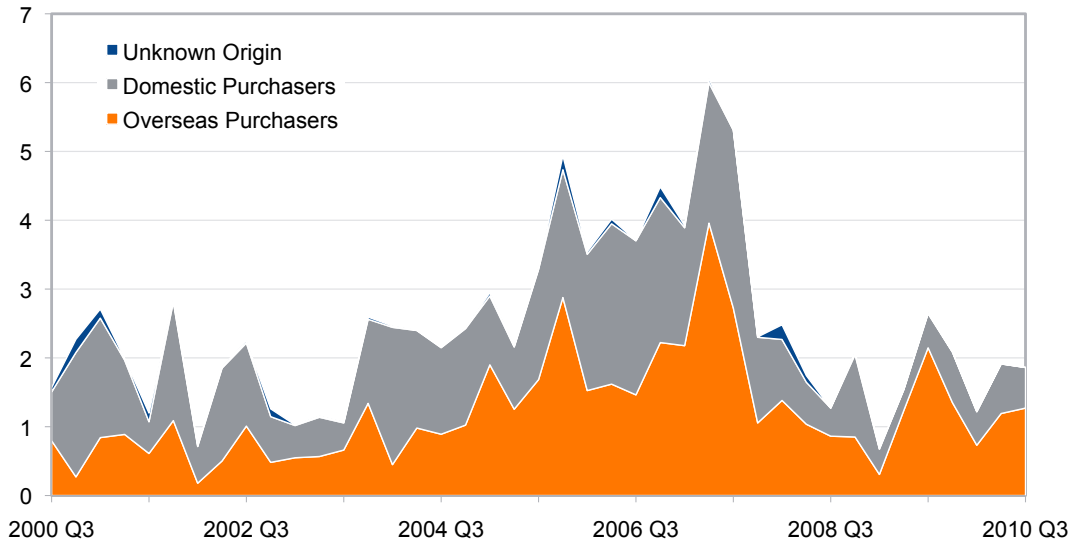
Source: CB Richard Ellis.



# Central London Capital Transactions



£ billion



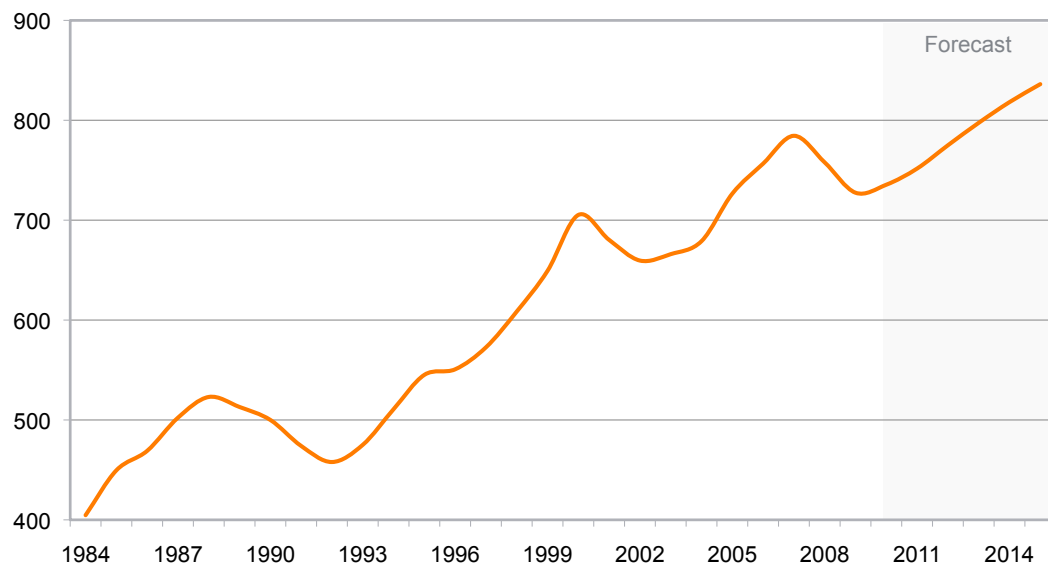
Source: CB Richard Ellis

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# Central London Finance & Business Services Employment



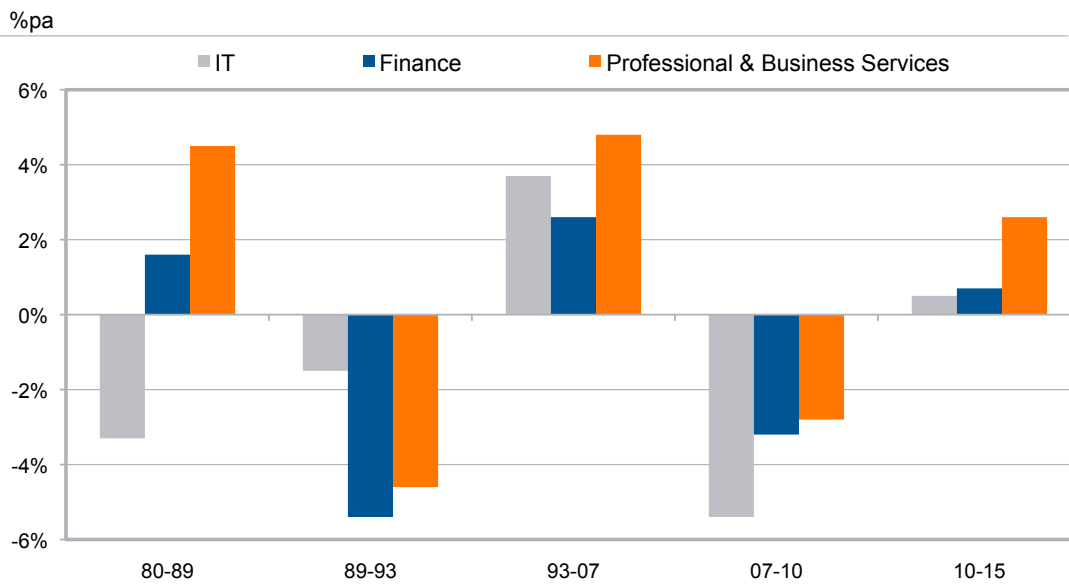
Employment, 000s



Source: CB Richard Ellis, Experian Business Strategies

64

# Central London Employment Change



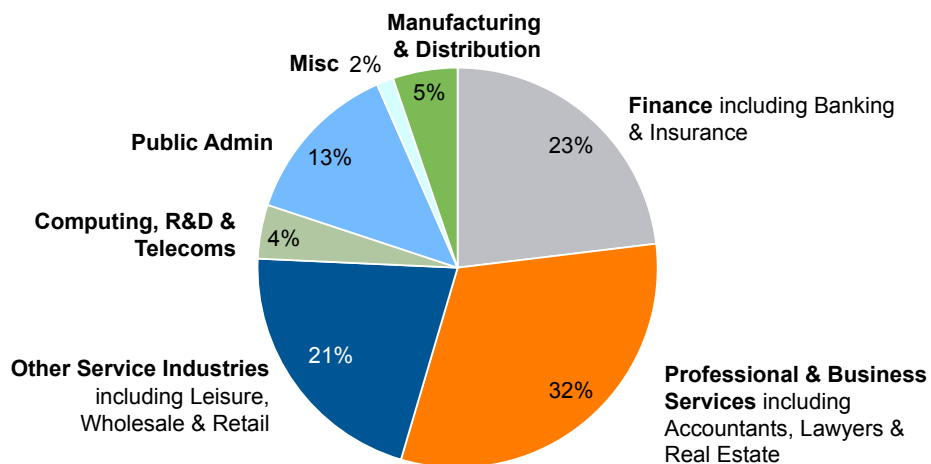
Source: ONS, OEF, PMA

65

# Central London Employment Structure



By sector



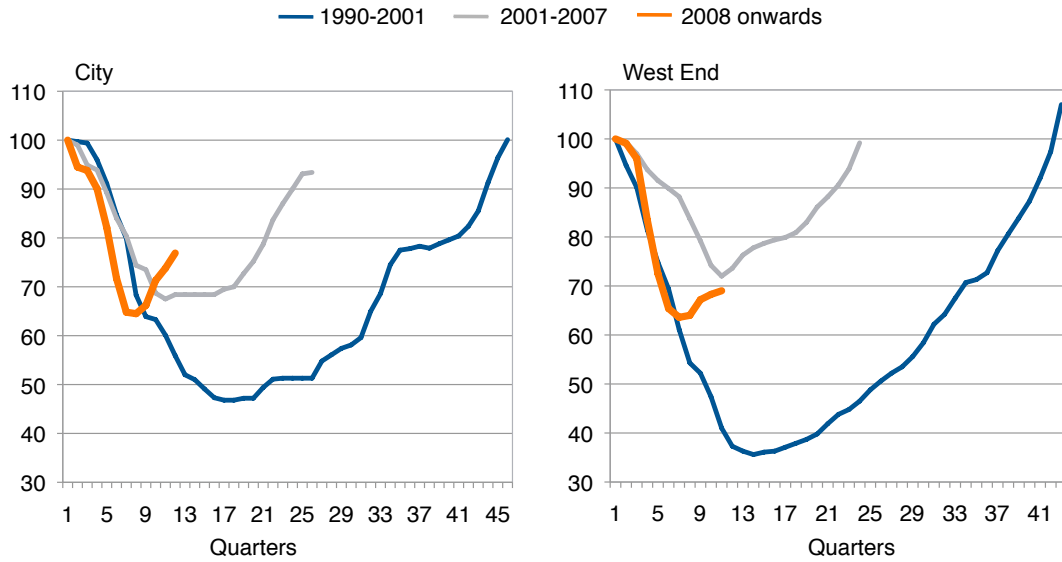
Source: ONS, OEF, PMA. Latest data: 2007

66

# Rent Cycles



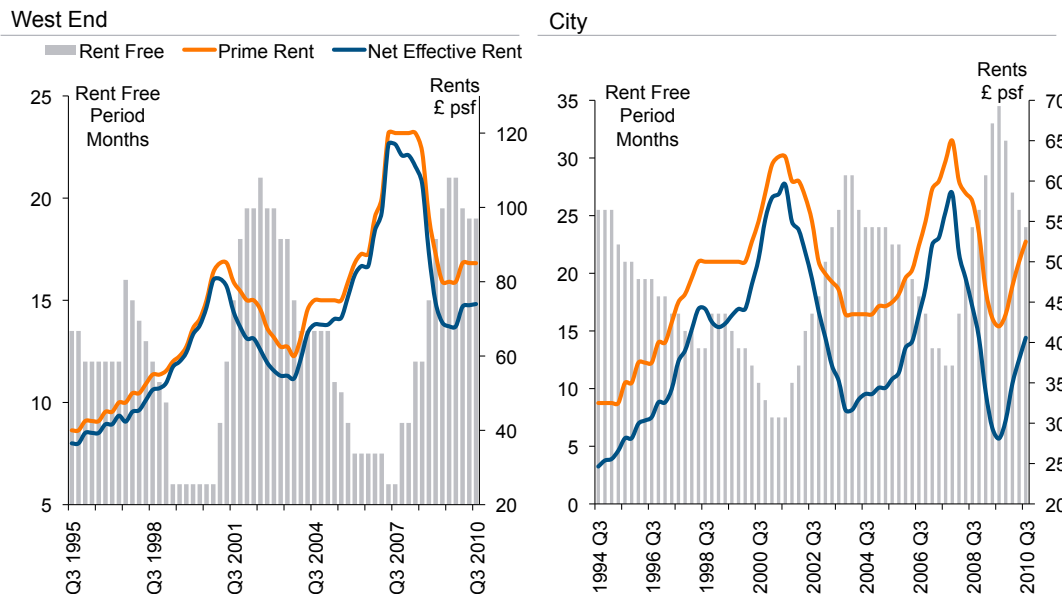
Index, 1<sup>st</sup> quarter = 100



Source: CB Richard Ellis

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# Top Prime Rents vs Rent Free Periods



Source: CB Richard Ellis Notes: The net effective rent is calculated using a DCF over 10 years @7% and assumes a 3 month fitting out period.

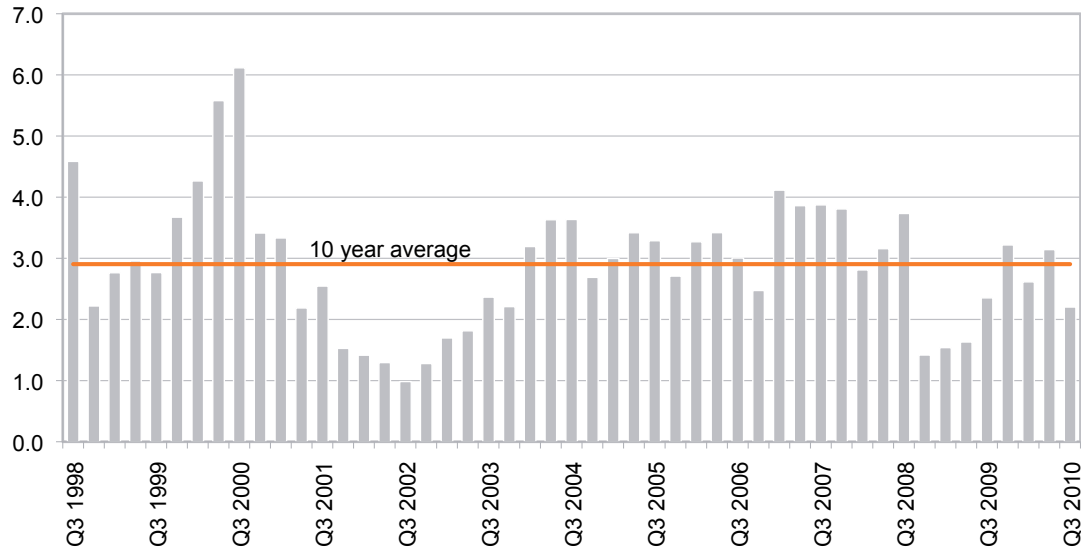
68

# Central London Offices

Under Offer



Million sq ft



Source: CB Richard Ellis

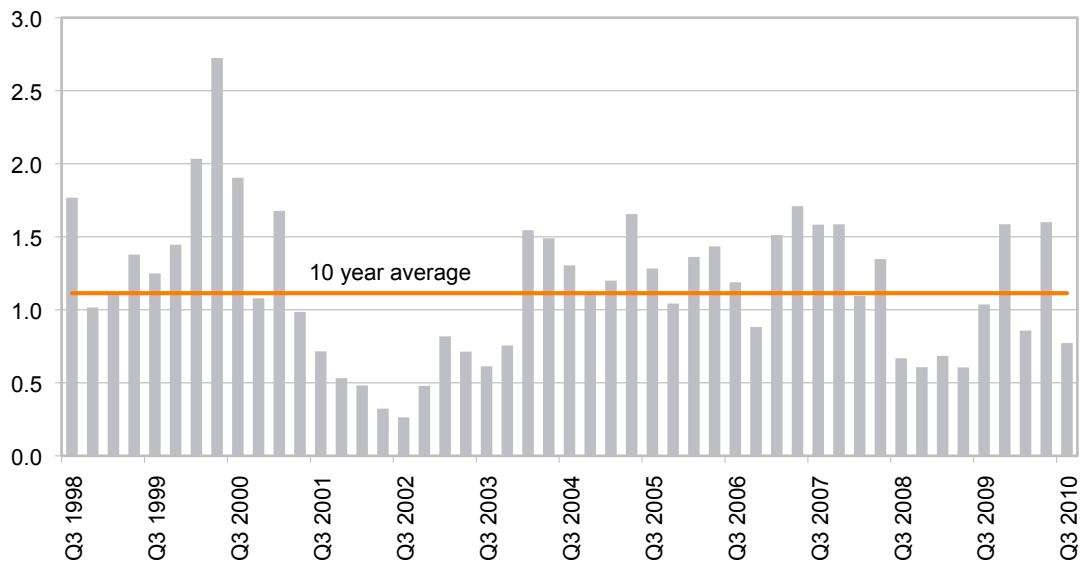
69

# City Offices

Under Offer



Million sq ft



Source: CB Richard Ellis

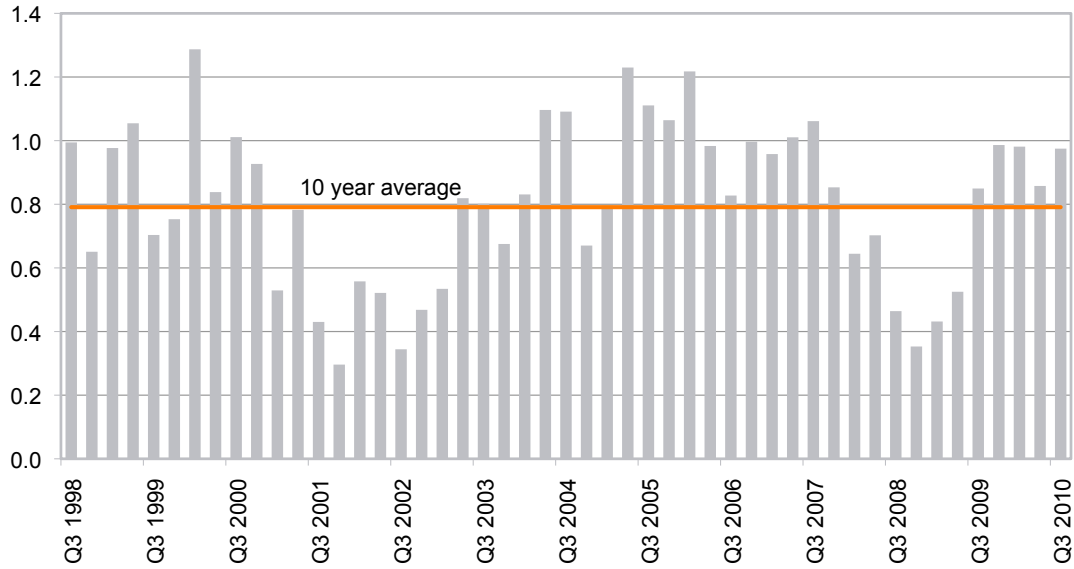
70

# West End Offices

## Under Offer



Million sq ft



Source: CB Richard Ellis

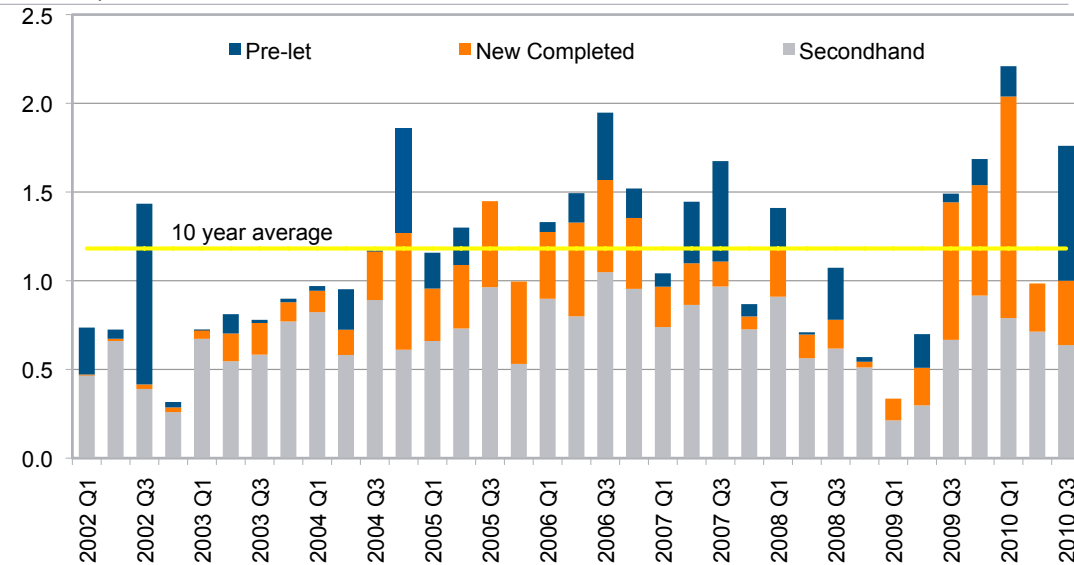
71

# City Offices

## Take-up



Million sq ft



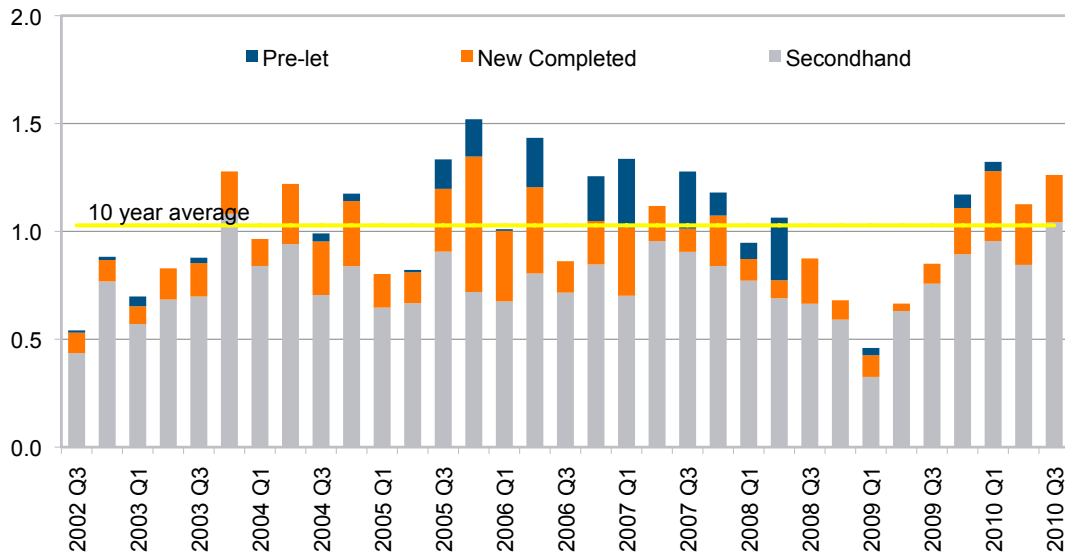
Source: CB Richard Ellis

72

## West End Offices Take-up



Million sq ft



Source: CB Richard Ellis

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## City Active Requirements >10,000 sq ft



000 sq ft	Nov 2008	May 2009	Nov 2009	May 2010	Nov 2010	Change		
						12 months	1 <sup>st</sup> 6 months	2 <sup>nd</sup> 6 months
Professional Services	930	730	742	1,165	455	-39%	57%	-61%
Financial Services	1,060	1,316	1,565	854	1,038	-34%	-45%	22%
Manufacturing & Corporates	85	105	75	57	42	-44%	-24%	-26%
Miscellaneous	336	381	425	513	217	-49%	21%	-58%
Marketing & Media	494	458	74	505	424	473%	582%	-16%
IT & Technology	177	93	141	117	210	49%	-17%	79%
Government	677	147	-	22	94	-	-	327%
Insurance	223	333	616	497	570	-7%	-19%	15%
<b>Total</b>	<b>3,982</b>	<b>3,563</b>	<b>3,638</b>	<b>3,730</b>	<b>3,050</b>	<b>-16%</b>	<b>3%</b>	<b>-18%</b>

Source: Knight Frank

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## West End Active Requirements

>10,000 sq ft



000 sq ft	Nov 2008	May 2009	Nov 2009	May 2010	Sep 2010	Change		
						12 months	1st 6 months	2nd 6 months
Professional Services	40	35	85	77	100	18%	-9%	30%
Financial Services	157	166	272	402	283	4%	48%	-30%
Manufacturing & Corporates	59	145	260	124	262	1%	-52%	111%
Miscellaneous	142	108	684	362	485	-29%	-47%	34%
Marketing & Media	213	145	315	155	225	-29%	-51%	45%
IT & Technology	65	15	60	195	130	117%	225%	-33%
Government	146	205	397	568	422	6%	43%	-26%
<b>Total</b>	<b>822</b>	<b>819</b>	<b>2,073</b>	<b>1,883</b>	<b>1,907</b>	<b>-8%</b>	<b>-9%</b>	<b>1%</b>

Source: Knight Frank

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## The Valuation

Wholly Owned



	Value £m	6 months to			
		Sept 2010 £m	Change %	3 months %	12 months %
North of Oxford St	489.1	35.9	7.9%	3.1%	28.5%
Rest of West End	168.4	10.9	6.9%	2.7%	19.8%
<b>Total West End</b>	<b>657.5</b>	<b>46.8</b>	<b>7.7%</b>	<b>3.0%</b>	<b>26.1%</b>
<b>City and Southwark</b>	<b>153.9</b>	<b>7.3</b>	<b>5.0%</b>	<b>1.5%</b>	<b>22.8%</b>
<b>Investment portfolio</b>	<b>811.4</b>	<b>54.1</b>	<b>7.1%</b>	<b>2.7%</b>	<b>25.5%</b>
Development properties	-	-	-	-	-
<b>Properties held throughout the year</b>	<b>811.4</b>	<b>54.1</b>	<b>7.1%</b>	<b>2.7%</b>	<b>25.5%</b>
Acquisitions	55.5	1.7	3.1%	2.2%	3.1%
<b>Total portfolio</b>	<b>866.9</b>	<b>55.8</b>	<b>6.9%</b>	<b>2.7%</b>	<b>23.8%</b>

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## The Valuation

### Joint Ventures



	6 months to				
	Value £m	Sept 2010 £m	Change %	3 months %	12 months %
North of Oxford St	353.2	22.3	6.7%	1.4%	23.7%
Rest of West End	415.3	23.9	6.1%	3.0%	19.1%
<b>Total West End</b>	<b>768.5</b>	<b>46.2</b>	<b>6.4%</b>	<b>2.3%</b>	<b>21.2%</b>
<b>City and Southwark</b>	<b>136.4</b>	<b>3.4</b>	<b>2.6%</b>	<b>0.9%</b>	<b>6.6%</b>
<b>Investment portfolio</b>	<b>904.9</b>	<b>49.6</b>	<b>5.8%</b>	<b>2.0%</b>	<b>18.7%</b>
Development properties	76.6	13.7	21.7%	5.0%	69.0%
<b>Properties held throughout the year</b>	<b>981.5</b>	<b>63.3</b>	<b>6.9%</b>	<b>2.3%</b>	<b>21.6%</b>
Acquisitions	136.3	0.8	0.6%	4.1%	0.6%
<b>Total portfolio</b>	<b>1,117.8</b>	<b>64.1</b>	<b>6.1%</b>	<b>2.5%</b>	<b>18.5%</b>

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## The Valuation<sup>1</sup>

### ERV and Reversionary Potential



To 30 September	Movement in ERV				Average Office Rent Passing	Average Office ERV	Reversionary Potential
	6 months		3 months %	12 months %	£ per sq ft	£ per sq ft	%
	%	£m					
<b>North of Oxford St</b>							
Offices	10.0	2.8	3.4	14.5	40.50	42.90	(1.1)
Retail	3.8	0.3	2.6	1.0			20.6
<b>Rest of West End</b>							
Offices	1.0	0.1	5.1	0.2	35.20	33.30	(5.4)
Retail	0.5	0.1	0.5	1.0			5.3
<b>Total West End</b>	<b>5.9</b>	<b>3.3</b>	<b>3.1</b>	<b>6.9</b>	<b>38.80</b>	<b>35.30</b>	<b>2.9</b>
<b>City &amp; Southwark</b>							
Offices	2.7	0.4	0.9	9.3	30.40	32.50	9.0
Retail	-	-	0.5	0.7			
<b>Total City &amp; Southwark</b>	<b>2.4</b>	<b>0.4</b>	<b>0.8</b>	<b>8.4</b>			<b>10.6</b>
<b>Total Let Portfolio</b>	<b>5.1</b>	<b>3.7</b>	<b>2.6</b>	<b>7.2</b>	<b>35.70</b>	<b>37.30</b>	<b>4.8</b>

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

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# The Valuation<sup>1</sup>

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



30 September 2010	Initial Yield %	True Equivalent Yield			
		%	Basis Point +/- like-for-like		
			3 months	6 months	12 months
<b>North of Oxford Street</b>					
Offices	4.6	5.3	(5)	(8)	(107)
Retail	4.6	5.1	(3)	(16)	(95)
<b>Rest Of West End</b>					
Offices	4.4	4.8	(8)	(38)	(126)
Retail	4.1	4.8	(3)	(28)	(84)
<b>Total West End</b>	<b>4.5</b>	<b>5.1</b>	<b>(5)</b>	<b>(19)</b>	<b>(105)</b>
<b>City &amp; Southwark</b>	<b>5.8</b>	<b>6.3</b>	<b>(14)</b>	<b>(32)</b>	<b>(66)</b>
<b>Total Let Portfolio</b>	<b>4.8 / 5.0<sup>3</sup></b>	<b>5.3</b>	<b>(6)</b>	<b>(21)</b>	<b>(98)</b>

1 Including share of Joint Ventures

2 Excludes development properties

3 Initial yield post expiry of rent free periods under contracted leases

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# Acquisition Summary



Transaction Type	Examples	£m <sup>2</sup>
Asset management plays	90 Queen St, EC4	45.8
	Austin Reed, Regent St, W1	13.5 <sup>1</sup>
	Kingsland House, Regent St, W1	4.0 <sup>1</sup>
	City Place House, Basinghall St, EC2	47.0
	35 Portman Square, W1	53.0
	Tasman House, Wells St, W1	12.9
	183/190 Tottenham Court Road, W1	4.5
Redevelopment plays	Marcol House, 289/295 Regent St, W1 & 23/24 Newman St, W1	10.0
	Development costs including new debt	78.1 <sup>3</sup>
	12/14 New Fetter Lane & 43 Fetter Lane, EC4	15.8
Major refurbishment plays	Piccadilly / Jermyn St, W1	6.0 <sup>1</sup>
	City Tower, Basinghall St, EC2	17.5 <sup>1</sup>
	24/25 Britton St, EC1	11.9

Transaction Summary	£m
Transacted / Committed	320.0 <i>86% off market</i>
Under review	838.0

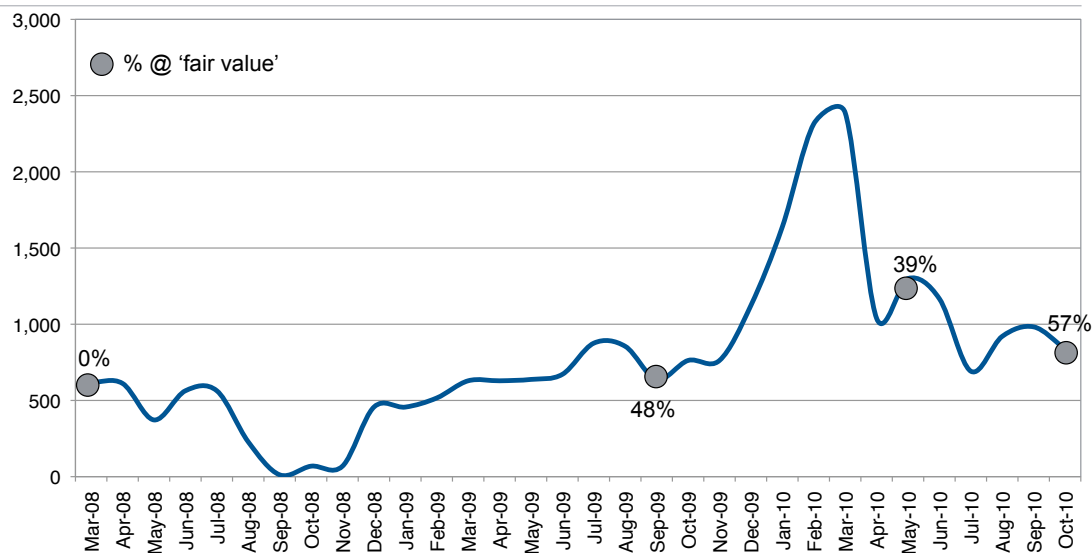
1. GPE 50% share 2. Values are before acquisition costs 3. Expected Capex at acquisition date

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# Where next for acquisitions?



Deals under review (£m)



# Key disposals



	Date sold	Price	Relative to Mar 10	NIY	Price (£ psf)
38/40 Eastcastle St, W1	June 2010	£5.6m	+0.0%	5.3%	£500
Foley St, W1	June 2010	£14.5m	+15.0%	3.6%	£722
<b>First half total</b>		<b>£20.1m</b>		<b>4.1%</b>	<b>£642</b>
GCP property disposal	Nov 2010	£22.5m	+5.1%	3.5%	£318
<b>Since 31 March 2010</b>		<b>£42.6m</b>	<b>+5.6%</b>	<b>3.8%</b>	<b>£380</b>

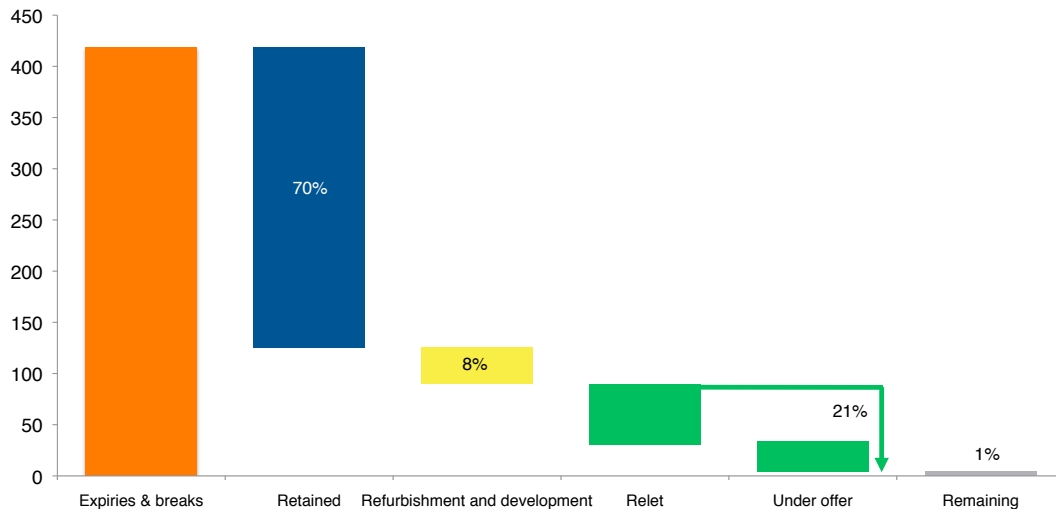


# Asset Management

Tenant retention, Year to September 2010



Area (000 sq ft)

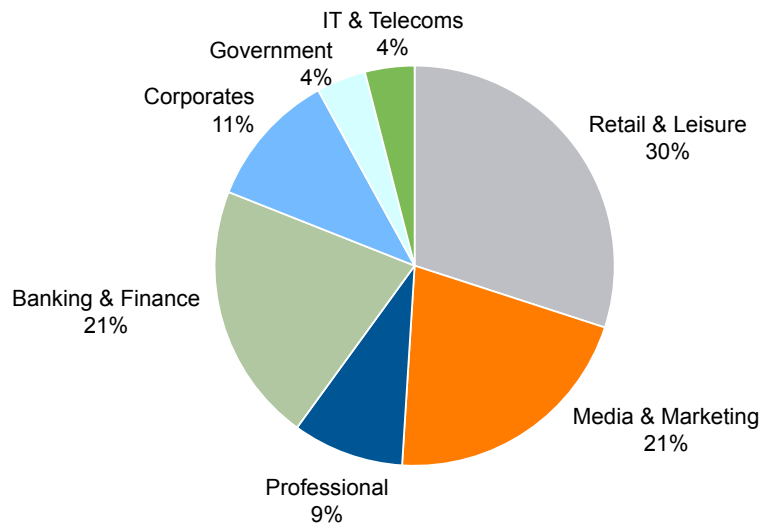


# Asset Management

GPE Occupiers



Weighted, including share of Joint Ventures



## Asset Management

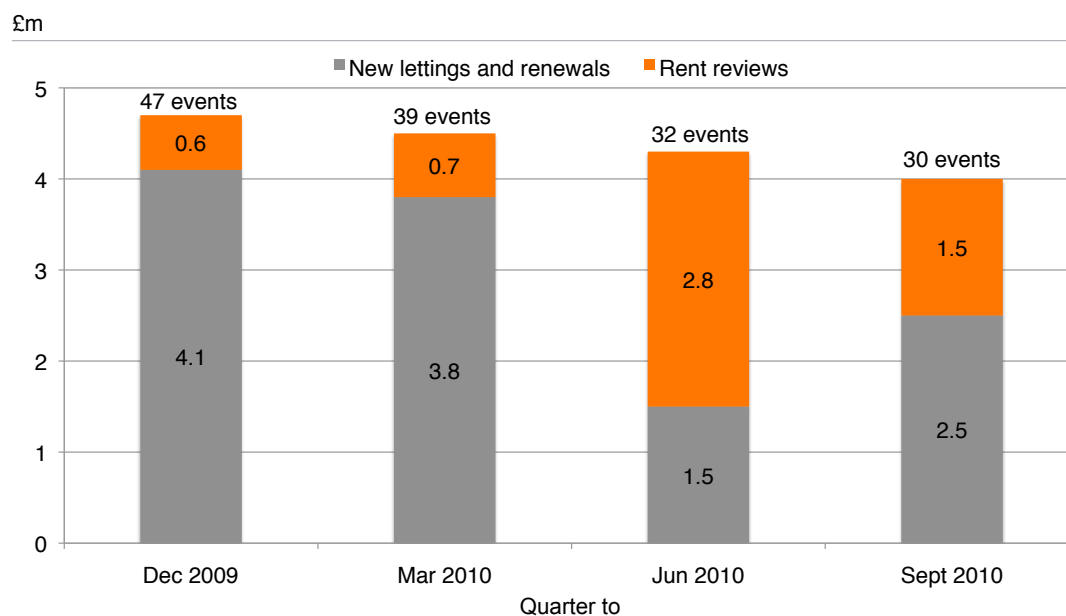
### Movement in Reversions<sup>1</sup>



	6 months to	
	31 March 2010	30 Sept 2010
At beginning of period	£1.3m	£0.8m
Asset management	£0.1m	£1.1m
Disposals / acquisitions	(£2.7m)	(£1.1m)
ERV movement	£2.1m	£2.8m
At end of period	£0.8m	£3.6m

## Asset Management

### New lettings, Renewals and Rent Reviews<sup>1</sup>

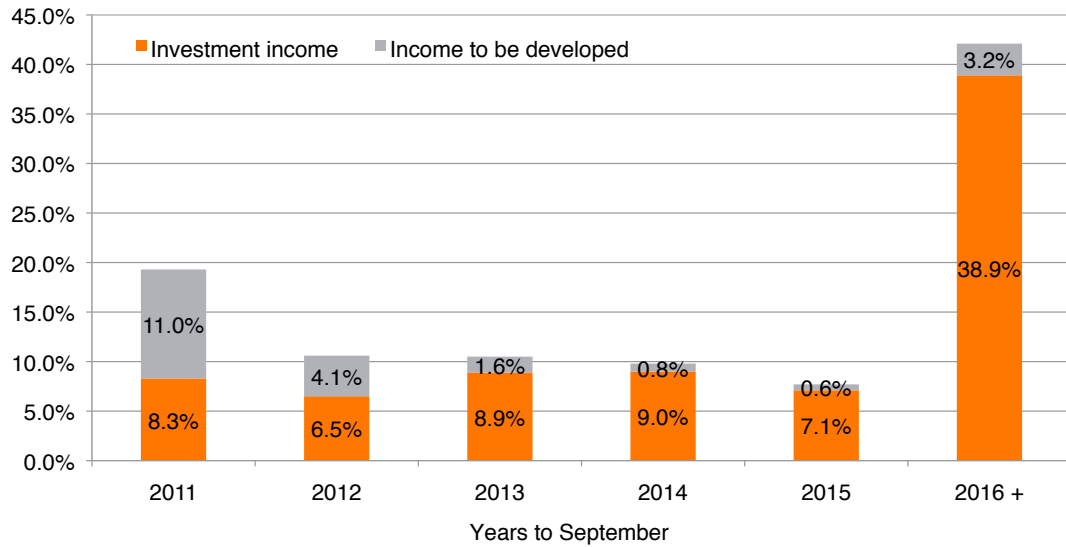


# Asset Management

Vacant possession / expiry profile<sup>1</sup>



% of total rental income subject to lease expiry or break



1 GPE share

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# Development

240 Blackfriars Road, SE1



- Revised planning application for 19 storey, 236,000 sq ft building – Q4 2010
- Sub-structure works – Q1 2011
- Completion – Q3 2013

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