

Investor Conference - 7 February 2014

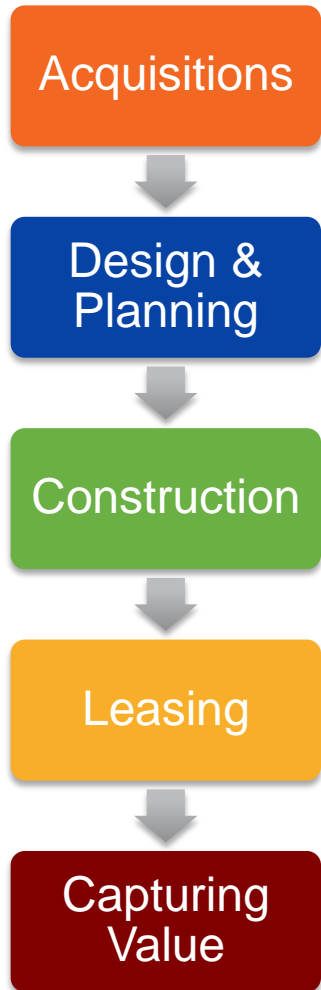
Unlocking potential

GREAT
PORTLAND
ESTATES

Exploiting the Development Cycle

Unlocking Potential

Exploiting the Development Cycle



Exploiting the Development Cycle

Agenda



Introduction

Toby Courtauld, Chief Executive

Buying the Raw Material

Ben Chambers, Investment Director

Creating the Development Opportunities

Andrew White, Head of Development

Meeting Occupier Needs

Mark Ridley, Chief Executive, Savills UK

Navigating the Planning Environment

Hugh Bullock, Senior Partner, Gerald Eve

Rathbone Place Scheme Design

Ken Shuttleworth, Founding Partner, Make

Delivering the Developments

James Pellatt, Head of Projects

Delivering into the Occupational Cycle

Marc Wilder, Head of Leasing

Capturing Value

Neil Thompson, Portfolio Director

Outlook

Toby Courtauld, Chief Executive

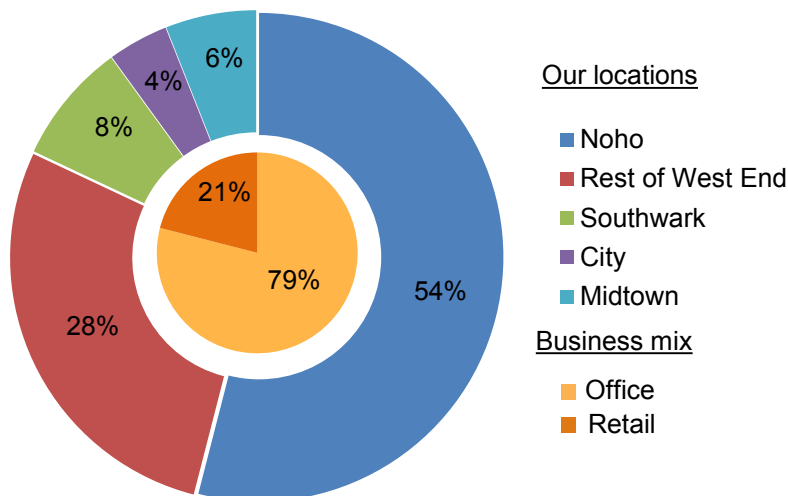
Our Strategy is Clear



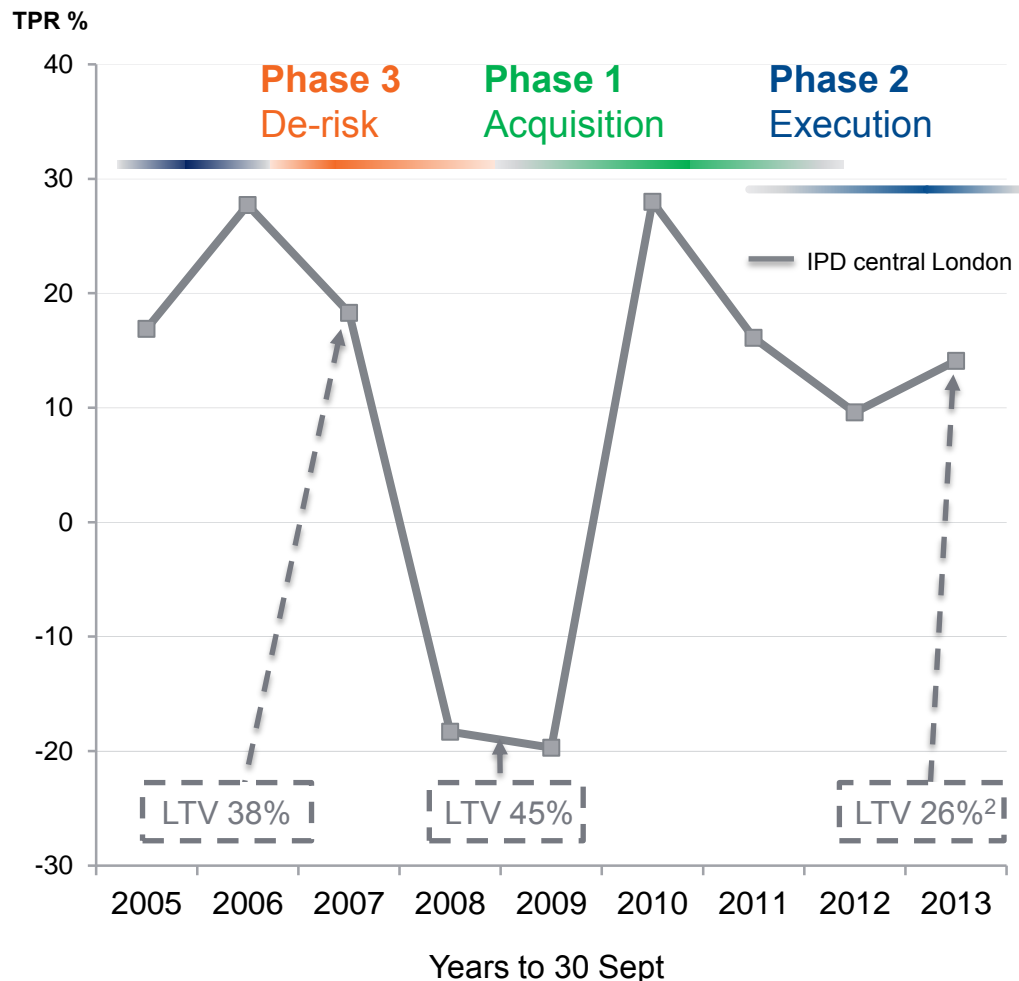
Strategy

- 100% central London, West End focus (80%)
- Asset repositioning off low rents (£41.80 psf)
- Flex operational risk through the cycle
- Low financial risk through the cycle

Portfolio characteristics¹



Reading the Cycle is Key

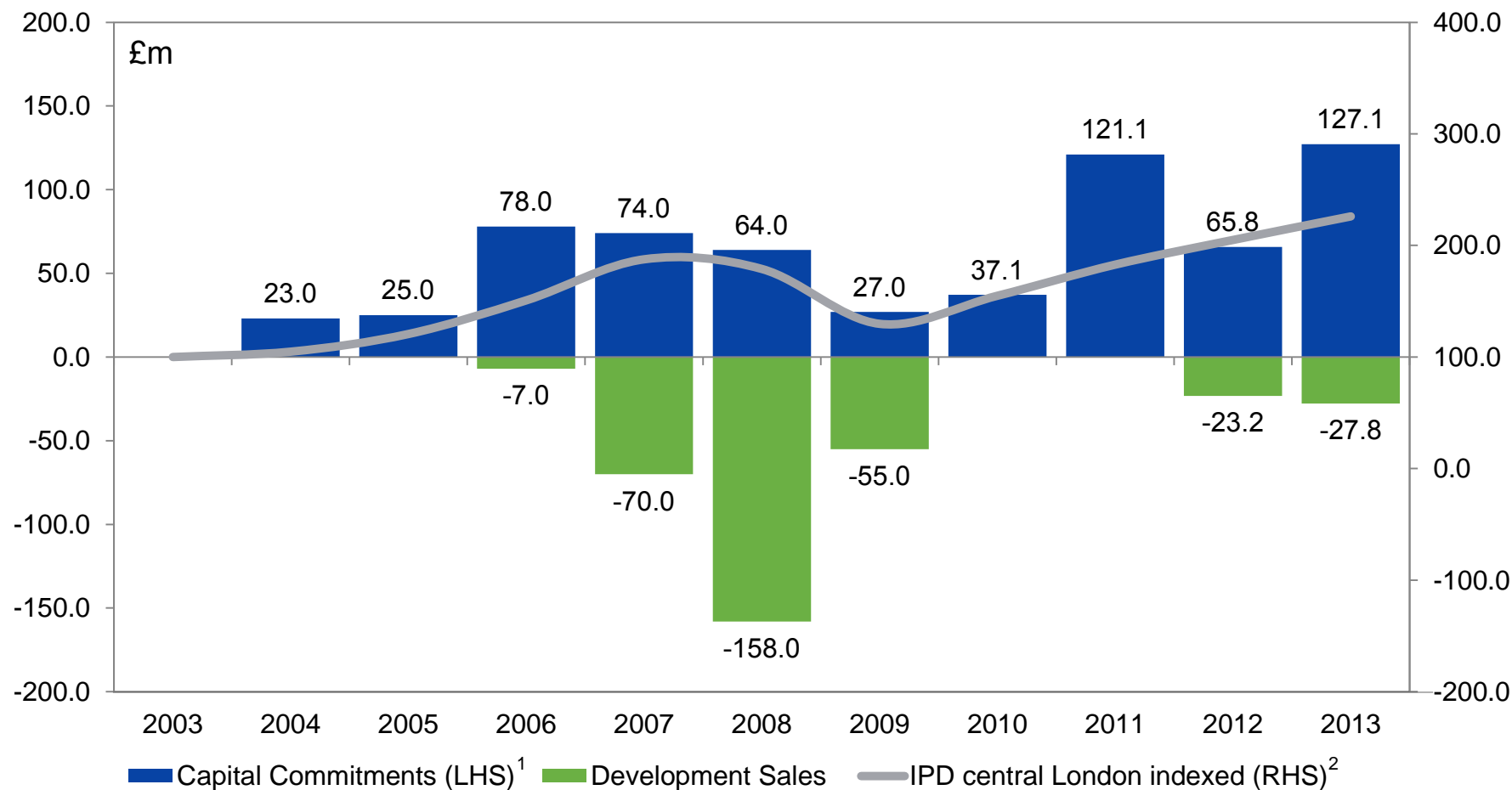


Reading the Development Cycle

Capex & Sales in Development Portfolio



Years to 31 March³

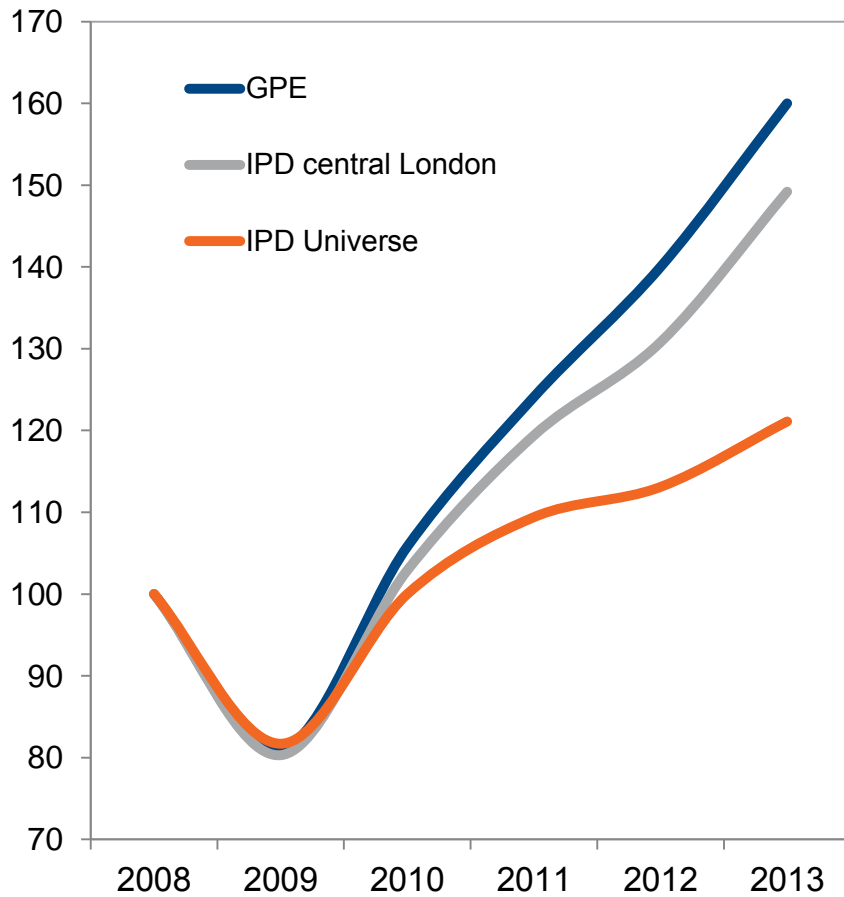


1. Completed, committed and near term schemes - includes capex, land value for committed schemes and Dec 13 valuation for uncommitted schemes at proposed commitment date
 2. Source: IPD, Indexed to 2003 3. 2014 YTD + forecast capex

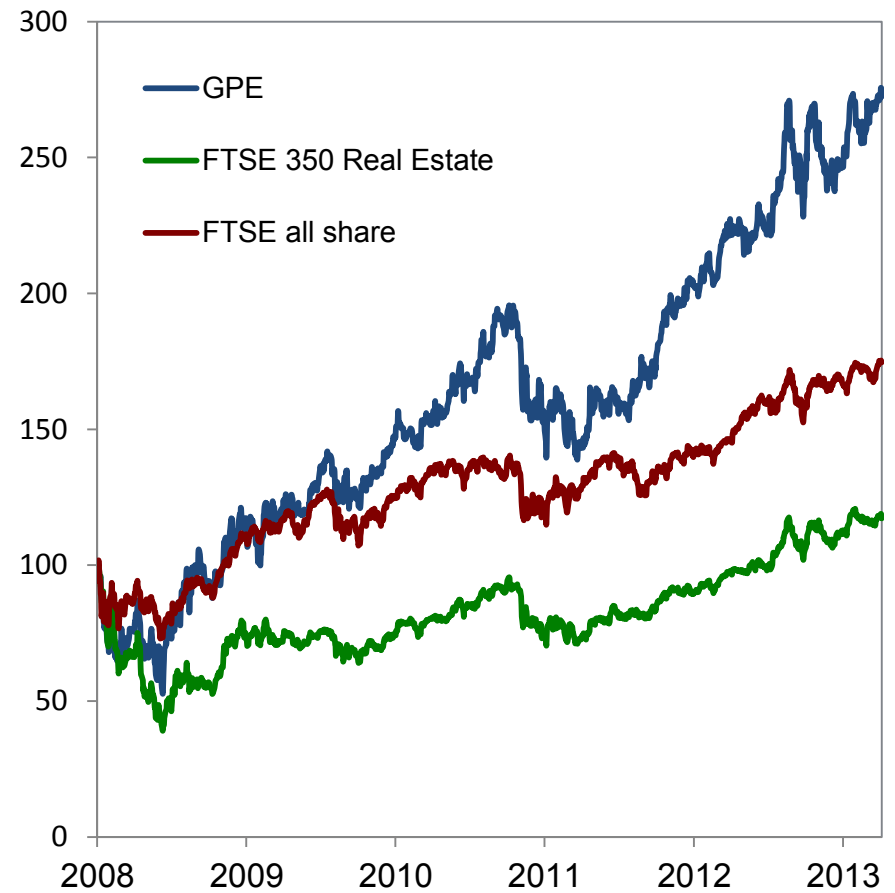
Outperforming



Relative TPR over 5 years (%), years to 30 Sept¹



Relative TSR over 5 years (%), years to 30 Sept





Strong growth in capital values in quarter driving NAV uplift

- Portfolio valuation¹ up 5.8%, capital return² of 6.3%
- EPRA NAV³ per share of 527 pence, up 8.2%

Letting ahead of ERV

- 29 new lettings (£5.3 million p.a.); market lettings 6.6% > ERV
- Vacancy rate lower at 4.0%, reversionary potential of 18.8%

Development programme delivering material surpluses

- 3 committed schemes (439,400 sq ft), 66% pre-let, expected profit on cost increased to 43.3%
- Good progress across 4 near-term schemes (600,700 sq ft), including resolution to grant planning at Rathbone Place, W1 (414,000 sq ft)
- Total development programme of 2.3 million sq ft (50% of the existing portfolio)

Disciplined capital recycling

- Disposals £256.5 million (our share: £155.5 million), average 10.3% premium to book value
- Sale of 50% interest in the Hanover Square Estate for £101.0 million - new JV with HKMA
- Sale of 20 St James's Street, SW1 for £54.5 million; net initial yield of 2.1%

Excellent financial position

- Pro forma⁴ LTV of 26.3%
- Pro forma⁴ financial firepower of £534.7 million, weighted average interest rate only 3.5%

Reading the Development Cycle

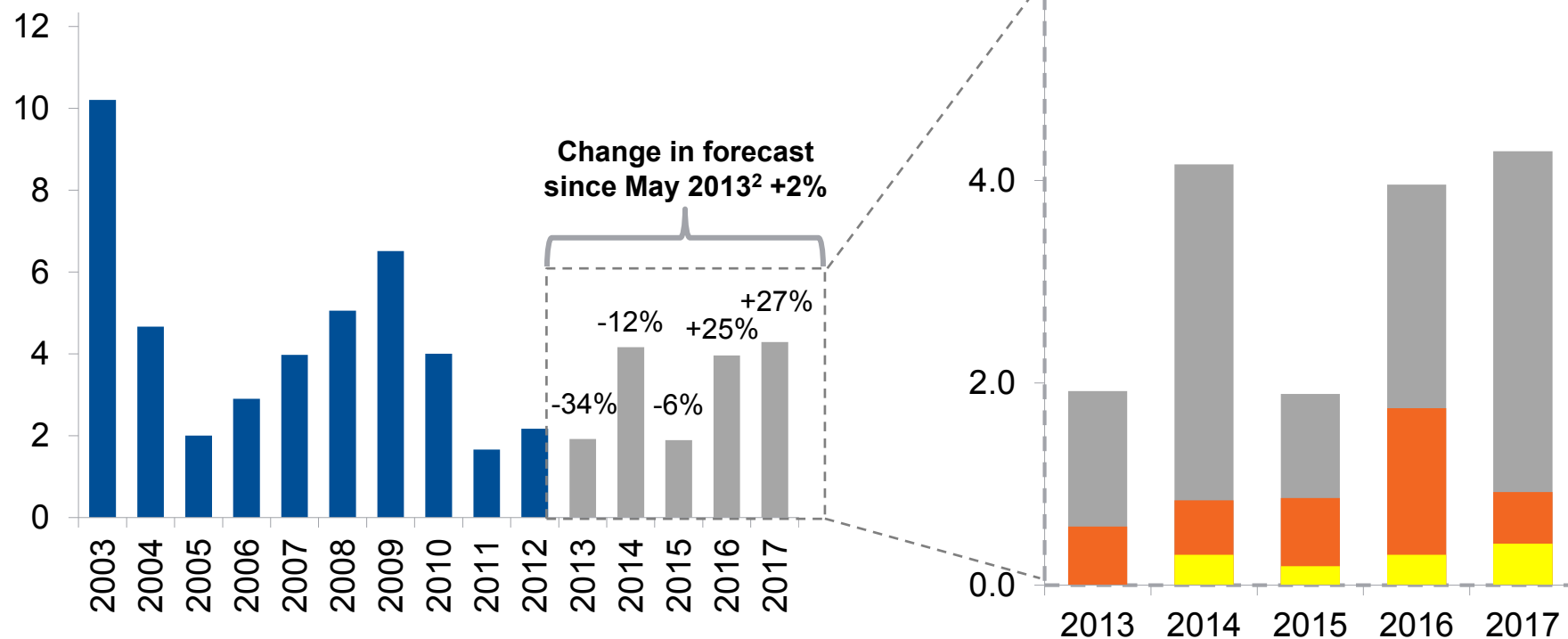
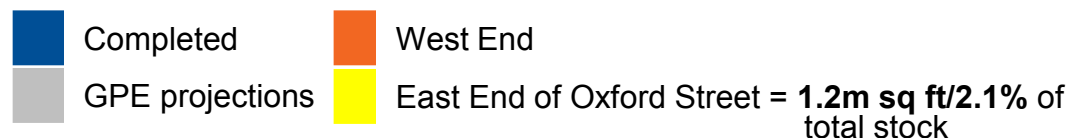
Limited Supply



Central London Office Potential Completions¹, Million sq ft

Core Grade A vacancy rates

	May 13	Sep 13
City	4.3%	3.1%
West End	2.4%	1.7%



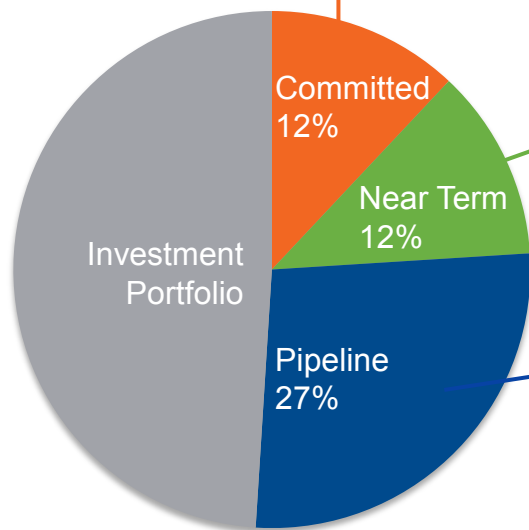
Our Development Programme



Committed	Sq ft ¹
Walmar House, W1	60,300
240 Blackfriars Road, SE1 (GRP)	236,600
12/14 New Fetter Lane, EC4	142,500

Near Term – Next 12 months	Sq ft ¹
Rathbone Place, W1	414,000
48/50 Broadwick St, W1	6,500
St Lawrence House, W1	92,100
73/89 Oxford St and 1 Dean St, W1	88,100

Pipeline	Sq ft ¹	Start ²
Tasman House, W1	37,800	2014
84/86 Great Portland St, W1	21,100	2014
Mortimer House, W1	25,000	2015
78/82 Great Portland St, W1	18,600	2015
52/54 Broadwick St & 10/16 Dufours Place, W1	47,000	2016
90/92 Great Portland St, W1	8,400	2015
Kingsland/Carrington House, W1	51,400	2015
148 Old Street, EC1	111,700	2015
Oxford House, W1	89,500	2016
Hanover Square, W1	208,000	2016
103/113 Regent Street, W1	65,000	2016+
35 Portman Square, W1	73,000	2021
40/48 Broadway & 1/11 Carteret St, SW1	82,100	2022
Jermyn St Estate, SW1	132,500	2022
French Railways House & 50 Jermyn St, SW1	75,000	2022
Mount Royal, W1	92,100	2022
Minerva House, SE1	120,000	2022



Programme 2.3m Sq Ft, 51% total portfolio, 88% West End³

Reading the Cycle

54% purchased since May 2009
86% within 800m of a Crossrail station



Opportunity Area

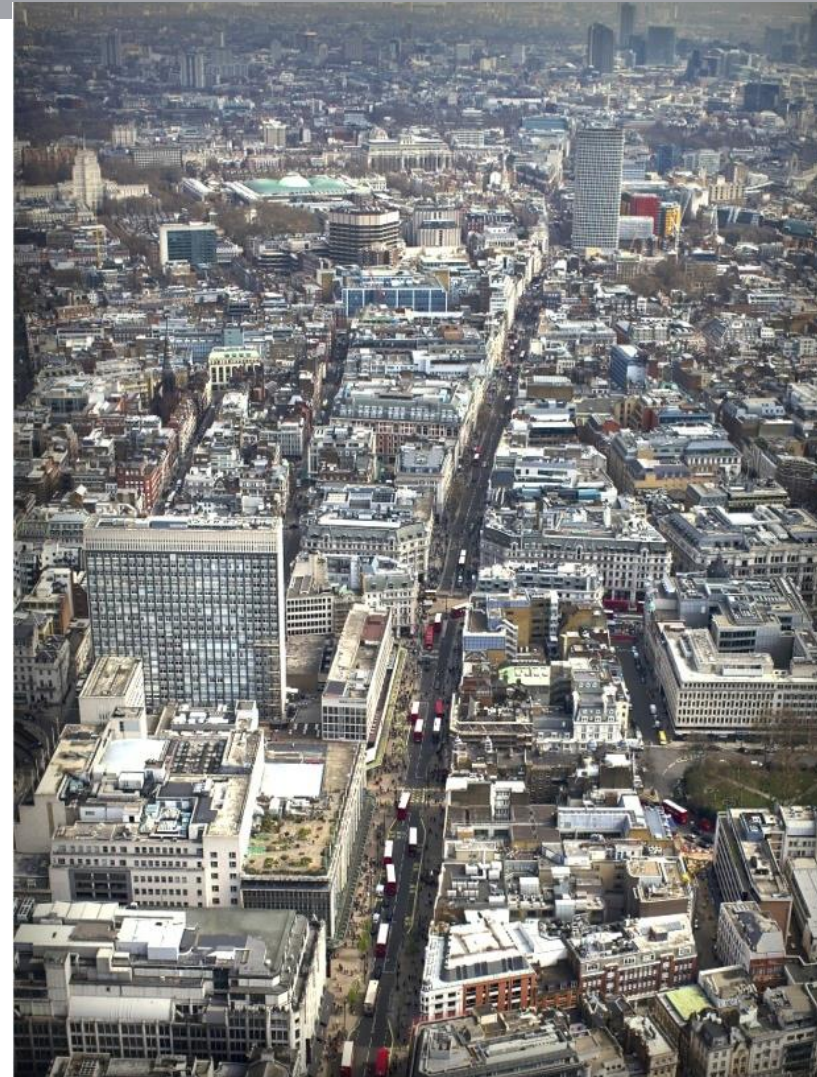
East End of Oxford Street



- Oxford Street: busiest retail street in Europe
- 1.5 miles long: 4.3 million sq ft of retailer accommodation
- 200 million visits per year: £5.0 billion annual turnover
- Average spend per visit £111.80
- 83% of the UK's 'affluent urbanites' live within Oxford Street catchment
- The retail offer deteriorates as you travel east
- Oxford Street west more than 2x the footfall of the east

Major improvement is coming:

- Infrastructure transformation
 - New Crossrail Station/tickethalls
 - London Underground station upgrade
 - Street scape
- Improved building stock



Opportunity Area

Transport: Crossrail

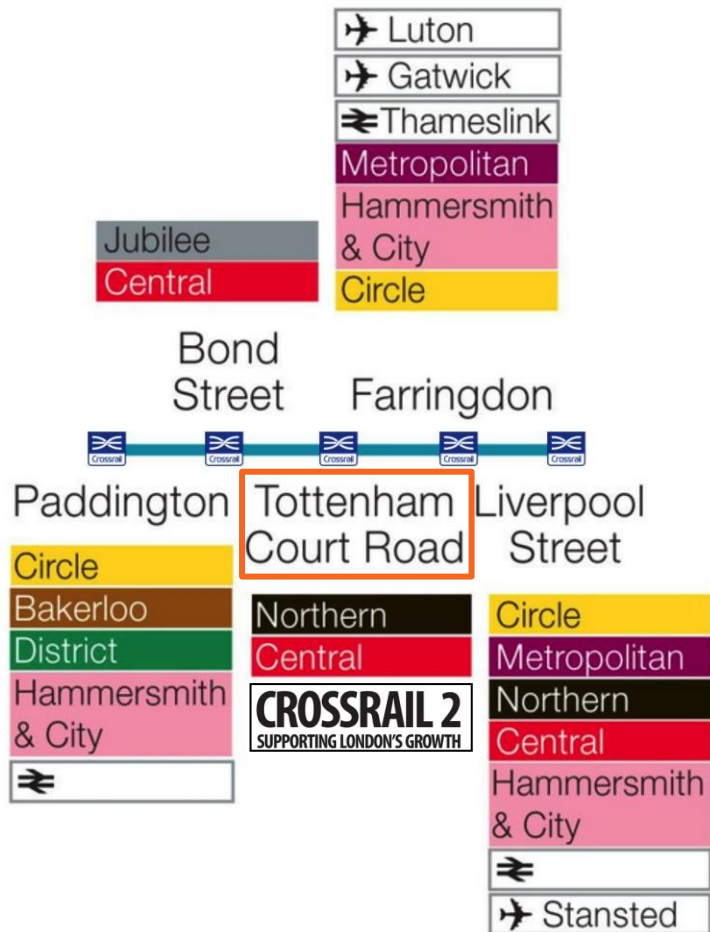


- Europe's largest construction project: cost £14.8bn
 - Tunnels almost complete
- Increasing London's rail capacity by 10%
- Another 1.5m people will be within 45 minutes of central London
- New Station at Tottenham Court Road to serve Crossrail & the underground
 - c£1 billion development
 - Dedicated ticket hall at Dean Street
 - Transformational journey times:

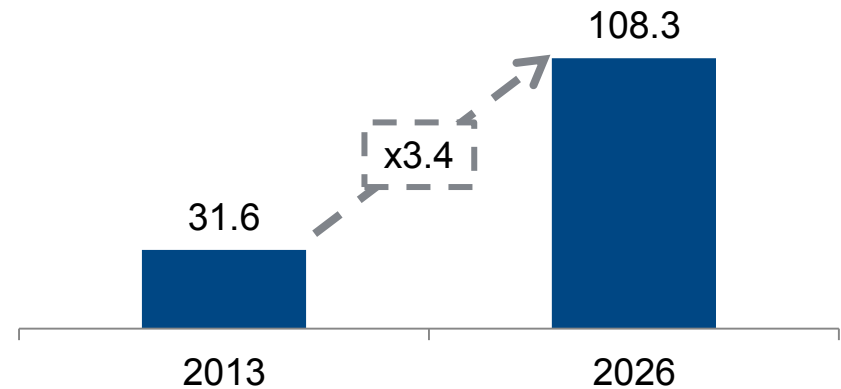
	Journey time from TCR to:	
	Canary Wharf	Heathrow
Now	21 mins	53 mins
Crossrail	12 mins	28 mins

Opportunity Area

Transport: Crossrail



Tottenham Court Road Station¹
 Million passengers p.a. Tube & Crossrail



- 2026: 38,000 passengers per hour / 306,000 per day
- New Dean Street entrance: 33% of total traffic
- Surpassing Oxford Circus in visitor numbers and connectivity
- Forms the only interchange between Crossrail 1 & 2

Location is key: Access to transport

Opportunity Area

East End of Oxford Street



- Improved infrastructure and the removal of Crossrail uncertainty a catalyst for investment
- Anchor retailers in place
- Estimated 320,000 – 430,000 sq ft of new A1 retail development¹
- GPE has one of the largest development opportunities in the vicinity c.600,000 sq ft

1. Source: GVA/New West End Company

Our Integrated Team



Executive Committee

Chief Executive
Toby Courtauld

Portfolio Director
Neil Thompson

Investment Director
Ben Chambers

Finance Director
Nick Sanderson

Senior Management

Head of Projects
James Pellatt

Head of Leasing
Marc Wilder

Head of Asset
Management
James Mitchell

Head of Development
Andrew White

Head of
Corporate Finance
Martin Leighton

Head of
Investment Management
Hugh Morgan

Head of Sustainability
Janine Cole

Company Secretary
Desna Martin

Head of
Financial Reporting & IR
Stephen Burrows

Wider GPE Team

Dev & PM 10; Asset Management 31; Marketing & Leasing 2; Finance 15; Investment 3; Co Sec & Admin 16

Exploiting the Development Cycle

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Buying the Raw Material



Acquisitions



Design & Planning



Construction



Leasing



Capturing Value

- Our Approach
- Our Track Record
- Generating Value
- East End of Oxford Street
- Outlook

Buying the Raw Material

Our Approach



Disciplined approach

- Complex properties in attractive locations
- Low rents
- Short to medium-term income
- Beneath replacement cost
- Off-market
- Development potential



35 Portman Sq, W1



Oxford House, W1



St Lawrence House, W1



90 Queen St, EC4



73/89 Oxford St, W1



148 Old St, EC1

Optionality

Buying the Raw Material

Our Approach

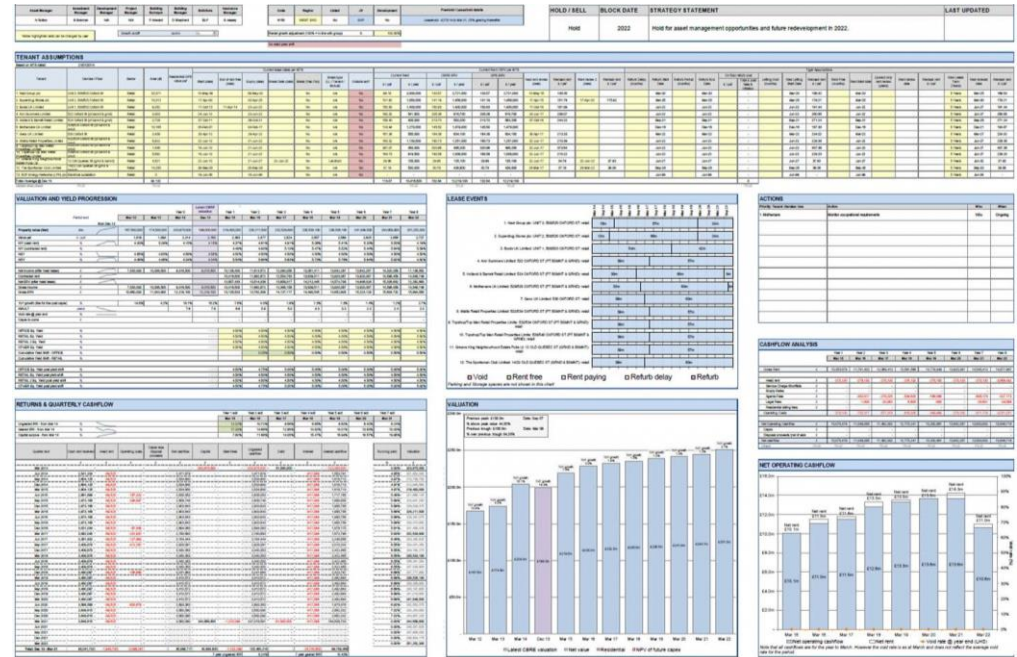


Disciplined approach

- Complex properties in attractive locations
- Low rents
- Short to medium-term income
- Beneath replacement cost
- Off-market
- Development potential

Robust Financial Analysis

- Detailed business planning
- Appropriate returns
- Continual assessment of every asset



Buying the Raw Material

Our Approach



- Fast execution
- Strong track record
- Real-time market intelligence
- Executive Committee and Board challenge

GPE Expertise

Investment	Development	Asset Management	Leasing	Financial Mgmt & Other
Tenure & Tenancies	Planning	VP Strategy	Rents & Voids	Corporate metrics
Existing asset quality	Dev potential	Income & voids	Fit for purpose	Macro backdrop
Location	Obsolescence	Tenant liaison	Market trends	Structuring
Financial analysis	Construction costs	Service charge	Marketing	Sustainability
Internal approvals	Programme	Rent collection		Covenant analysis
Business planning	Buildability			
Negotiation & Execution	Third party issues			

A competitive advantage which is difficult to replicate

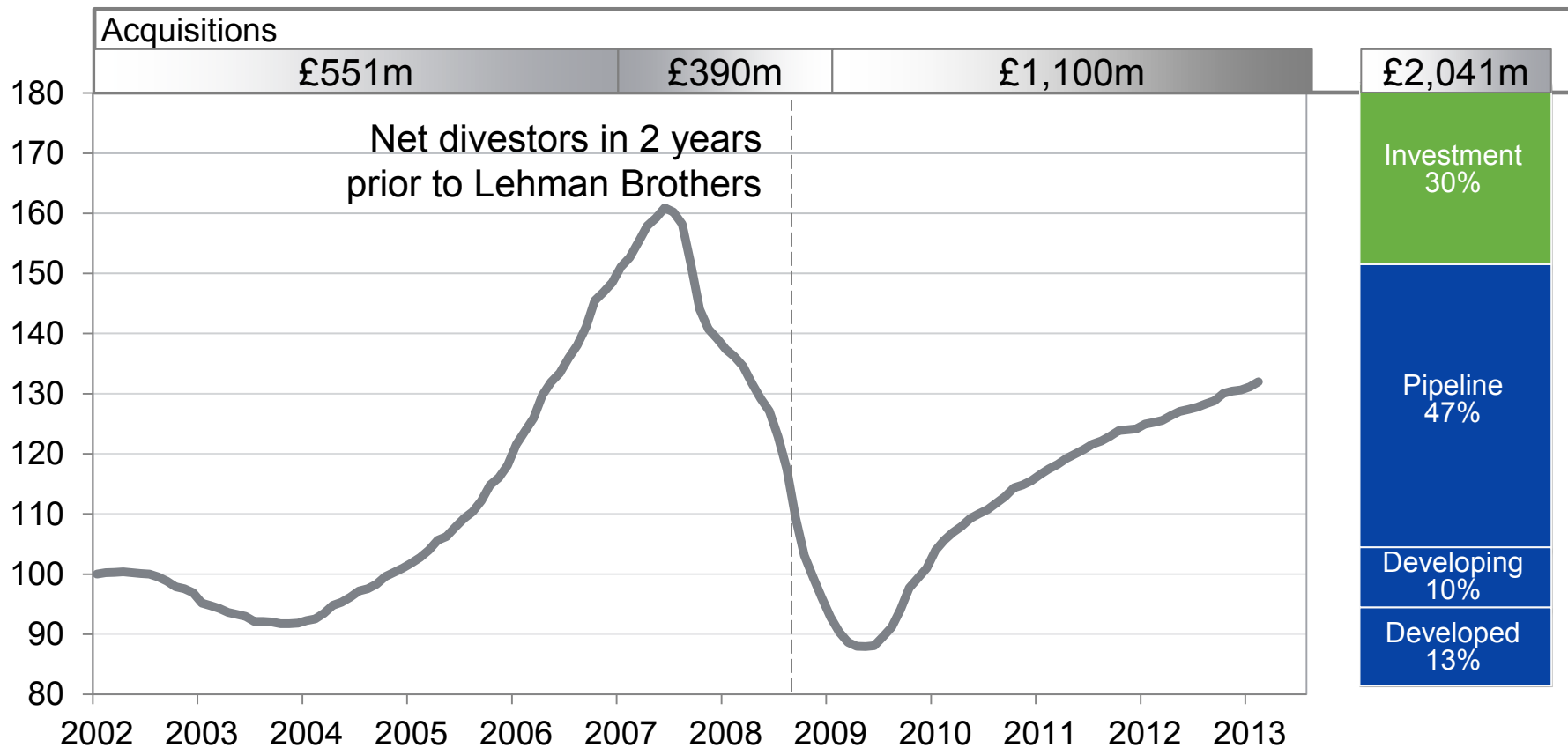
Buying the Raw Material

Our Track Record

Timing and Feeding the Pipeline



West End and Midtown Capital Value Index¹



70% of acquisitions with a development angle

Buying the Raw Material

Hanover Square

Generating value through site assembly



8,000 sq ft

1. Original asset

64 New Bond Street
14/18 Brook Street



2/3/4 Acquired Aug - Oct 2006

18/19 Hanover Square
20 Hanover Square
65/71 New Bond Street



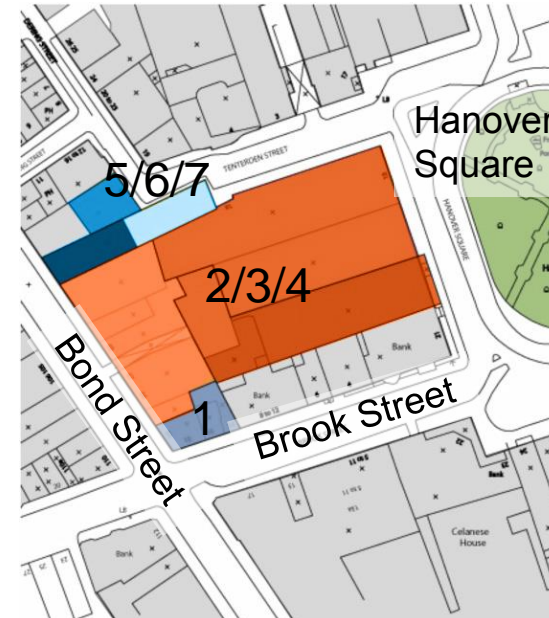
208,000 sq ft¹

5/6/7 Acquired 2007/2008

1 Tenterden Street,
72 New Bond Street
18 Dering Street

1.3 acre Prime West End Site assembled through:

- Six acquisitions
- Two swaps
- Six vendors
- Total cost c£90 million net



Buying the Raw Material

73/89 Oxford Street

Generating value through structuring

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- Two ownerships, one building
- 2/3 GPE, 1/3 Family Trust
- Value through redevelopment
- Family Trust not willing vendors
- 10 year pursuit culminated in 2010:
 - Freehold sold to Family Trust
 - 250 year leaseback to GPE
- c50% capital value increase to both parties

Buying the Raw Material

East End of Oxford Street



73/89 Oxford St, W1

Purchase Date: 2011

Price: £36.7m

Sq ft: 82,191



Rathbone Place, W1

Purchase Date: 2011

Price: £120.0m

Sq ft: 414,000 consented¹



Oxford House, W1

Purchase Date: 2013

Price: £90.0m

Sq ft: 79,000



St Lawrence House, W1

Purchase Date: 2012

Price: £46.6m

Sq ft: 72,393

£293 million, c.650,000 sq ft

Buying the Raw Material

Investment Market



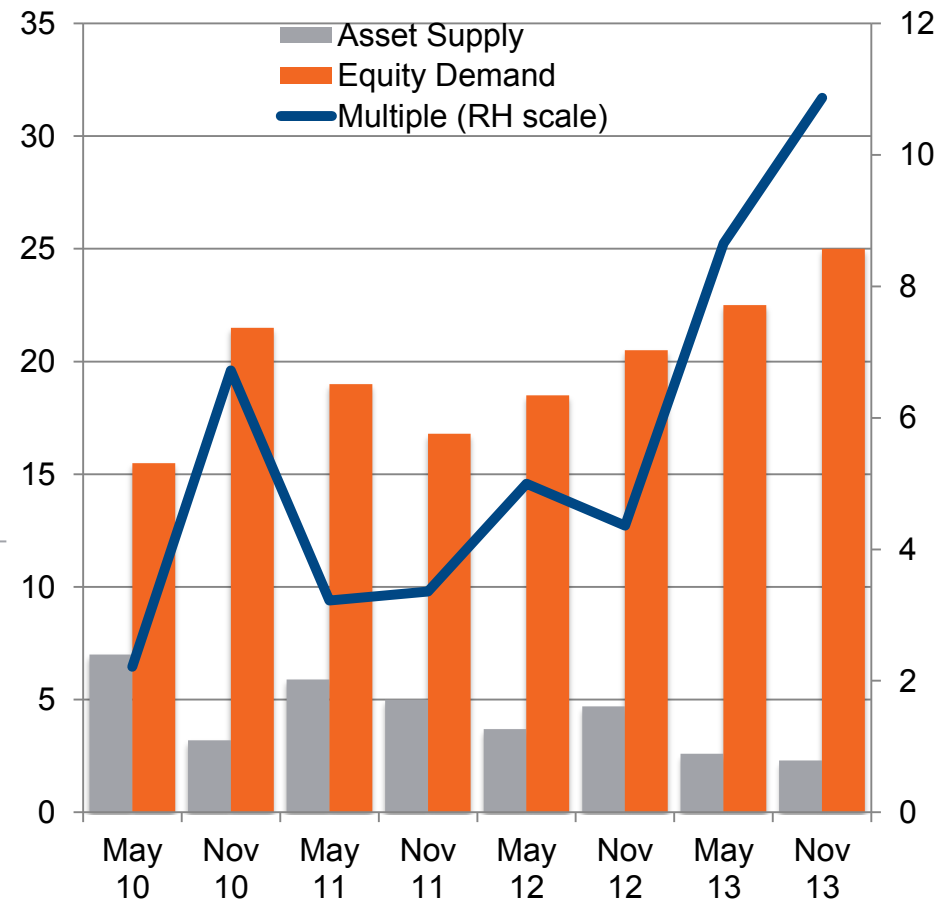
Demand

- Current equity c.£25bn¹
- Strong overseas interest
- Resurgent domestic investors
- Falling return expectations
- 2013 central London turnover
 - £20bn of office transactions¹
 - c.250 deals¹
 - c.200 purchasers¹

Supply

- Current supply c£2bn²
- Long term investors
- Residential conversion reducing stock
- Supply response?

Demand Increasing relative to Supply



Buying the Raw Material

Investment Market



Yields	Short term	Medium term
Prime		
Secondary		

GPE Outlook in next 12 months

Acquisitions

- Selective acquisitions for value
- Bolt-on acquisitions
- c.£600m under review

Sales

- Selective sales where price justifies disposal
e.g. 90 Queen St, EC4; 20 St James's St, SW1

Expect to be net sellers in 2014

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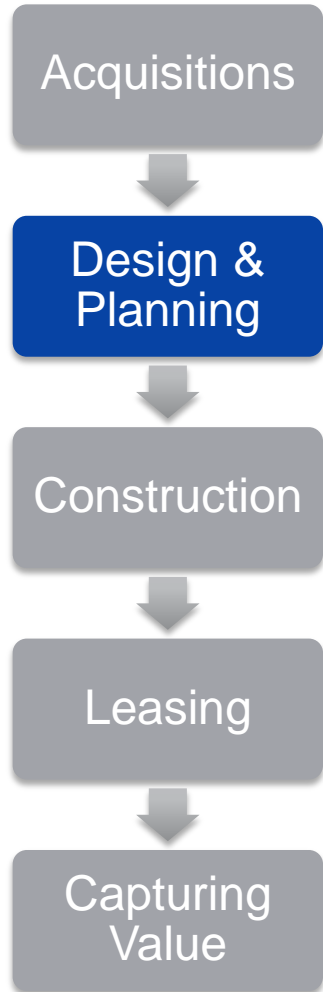
Capturing Value

Neil Thompson, Portfolio Director

Outlook

Toby Courtauld, Chief Executive

Creating the Development Opportunities



- Our Approach
- Meeting Tenant Needs
- Financial Analysis
- Navigating the Barriers to Development
- Preparing the Pipeline
- The East End of Oxford Street

Creating the Development Opportunities

Our Approach



Wigmore St, W1 - Transformation of raw material requires expertise



Dedicated in-house team

Development Management

Andrew White David Farries
Piers Blewitt Simon Fox
Warwick Hunter James Shipton

Louise Manuel (Financial analysis)

Project Management

James Pellatt Helen Hare
Martin Quinn Mashood Ashraf
Miles Wilkinson

Building Surveyors:
Ian Cartwright Paul Howard

>250 years of development experience

Creating the Development Opportunities

Meeting Tenant Needs



What tenants want:

- Buildings to attract and retain the best talent
- Specification / high quality finishes
- Flexible space for future-proofing
- Increased occupational density

Creating the Development Opportunities

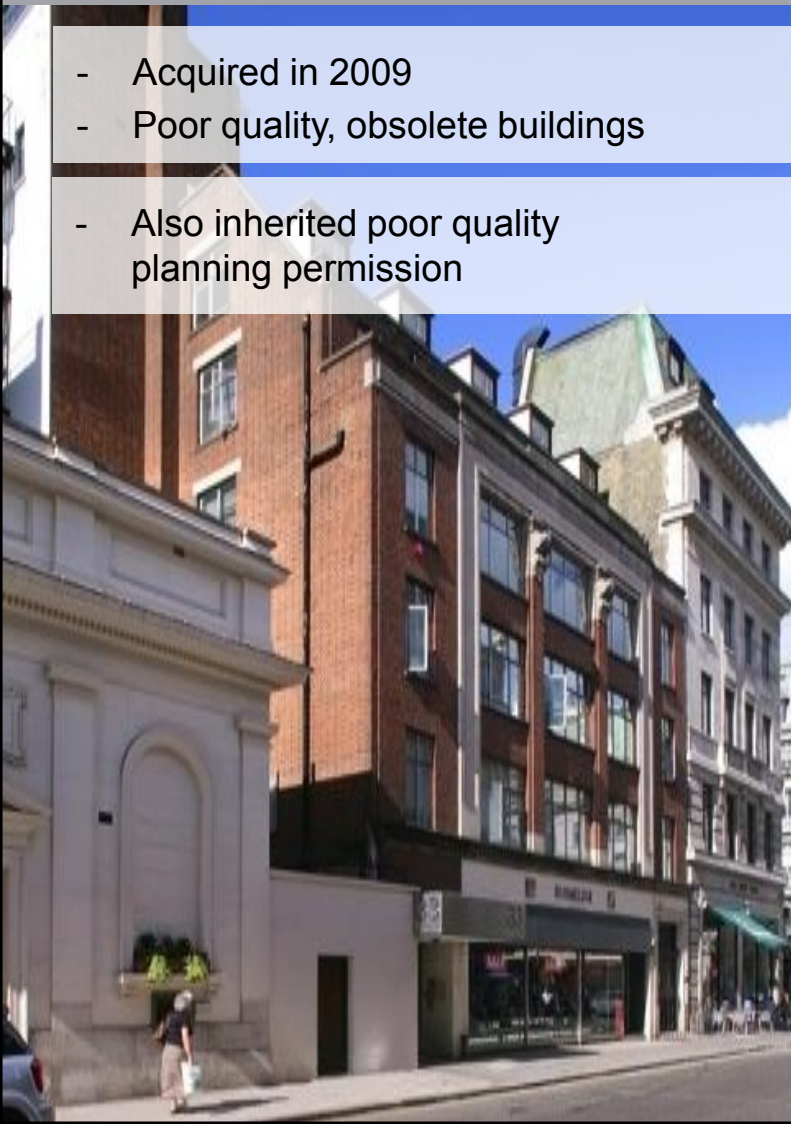
Meeting Tenant Needs

33 Margaret St, W1

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- Acquired in 2009
 - Poor quality, obsolete buildings
-
- Also inherited poor quality planning permission



Creating the Development Opportunities

Meeting Tenant Needs
33 Margaret St, W1

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- Redesigned to increase efficiency and improve light levels
- Savills pre-let

Creating the Development Opportunities

Financial Returns - Rigorous Analysis

A screenshot of a complex financial spreadsheet, likely an Excel model. The spreadsheet is organized into several sections, with the top section titled 'VALUES' and the bottom section titled 'COSTS'. The data is presented in a grid format with multiple columns and rows, showing various financial metrics and calculations. The spreadsheet is color-coded with red and blue headers, and the data cells contain numerical values and formulas. The overall layout is dense and detailed, typical of a professional financial analysis tool.

Robust performance analysis

- Weekly Executive Committee / Team Meeting
- Development review – five times a year
- Board approval – 3 stages of appraisal
- Post completion review

Key Metrics

- IRR (unlevered) %
- Profit on cost %
- Yield on cost %

Creating the Development Opportunities

Navigating the Barriers to Development



- Planning
- Vacant possession
- Neighbourly matters

Creating the Development Opportunities

Navigating the Barriers to Development
Planning: 240 Blackfriars Road, SE1



- The planning process does not end with consent
- 240 Blackfriars Road consent: Oct 2007
- 11 further amendments including:
 - Addition of two storeys
 - Creation of a double height reception
 - Amendments for UBM pre-let
- Continued refinement to improve product and value

IRR	33.3%
Profit on cost	57.7%
Yield on cost	8.6%



Creating the Development Opportunities

Navigating the Barriers to Development
Vacant Possession: Walmar House, W1



- 7 out of 25 tenants within Landlord and Tenant Act 1954
- Varied approaches:
 - Early agreement
 - Lease regear
 - Statutory process
- Vacant possession achieved in timely manner at reasonable cost



IRR	21.0%
Profit on cost	35.2%
Yield on cost	6.7%

Creating the Development Opportunities

Navigating the Barriers to Development

Neighbourly Matters: 12/14 New Fetter Lane, EC4

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Complex process: Early engagement

- Rights of Light agreements
- Party Wall awards
- Crane oversailing agreements
- Construction management plans
- Neighbourly action plan
- Long term approach

IRR	21.7%
Profit on cost	38.9%
Yield on cost	8.1%



Creating the Development Opportunities

Preparing the Pipeline



	Planning Status	New build area (sq ft)	Start
Near Term			
Rathbone Place, W1	Consented	414,000	2014
48/50 Broadwick St, W1	Consented	6,500	2014
St Lawrence House, 26/34 Broadwick St, W1	Application	92,100	2014
73/89 Oxford St and 1 Dean St, W1	Consented	88,100	2015
Pipeline			
Tasman House, 59/63 Wells St, W1	Design	36,100	2014
84/86 Great Portland St, W1	Design	21,100	2014
Mortimer House, Mortimer St & 39/41 Wells St, W1	Design	25,000	2015
78/82 Great Portland St, W1	Application	18,600	2015
52/54 Broadwick St & 10/16 Dufours Place, W1	Design	47,000	2016
90/92 Great Portland St, W1	Consented	8,400	2015
Kingsland/Carrington House, 122/130 Regent Street, W1	Design	51,400	2015
148 Old Street, EC1	Design	111,700	2015
Oxford House, 76 Oxford Street, W1	Consented	89,500	2016
Hanover Square, W1	Consented	208,000	2016
103/113 Regent Street, W1	Design	65,000	2016+
35 Portman Square, W1	Design	73,000	2021
40/48 Broadway & 1/11 Carteret St, SW1	Consented	82,100	2022
Jermyn St Estate, SW1	Design	132,500	2022
French Railways House & 50 Jermyn St, SW1	Design	75,000	2022
Mount Royal, 508/540 Oxford St, W1	Design	92,100	2022
Minerva House, 5 Montague Close, SE1	Design	120,000	2022
		1,857,200	

Creating the Development Opportunities

Preparing the Pipeline

Tasman House, W1 – Concept Stage



- Currently used as a family court
- Vacant possession 2014
- Estimated completed area: 36,100 sq ft
- New ground floor retail and Grade A offices
- Pre-application discussions with WCC



Creating the Development Opportunities

Preparing the Pipeline

148 Old St, EC1 – Concept Stage

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- Tired and poorly configured office space
- Vacant possession 2015
- Opportunity to increase area
- New ground floor retail on Old Street
- New Grade A offices with potential to move reception to Bunhill Row



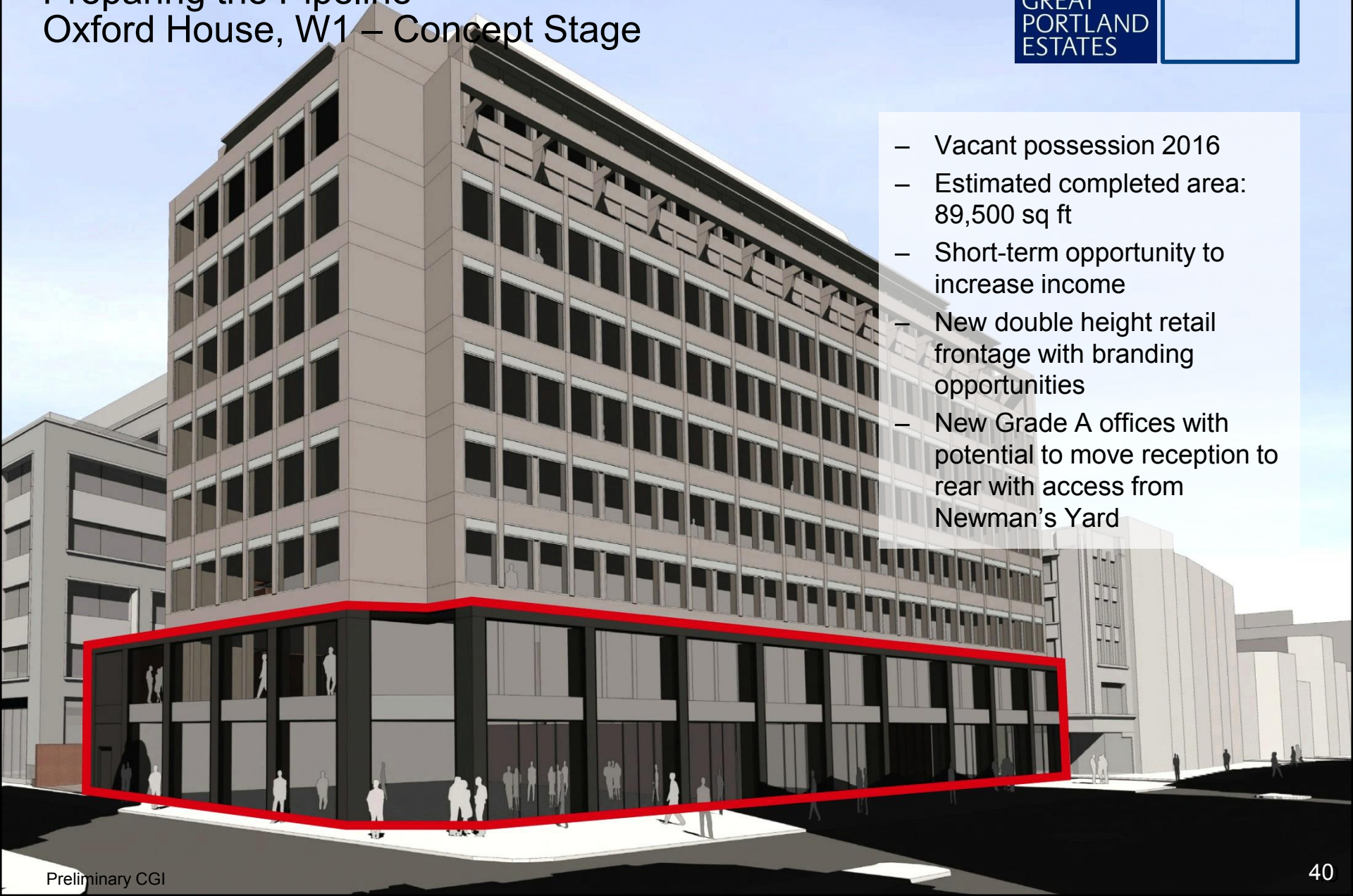
Creating the Development Opportunities

Preparing the Pipeline

Oxford House, W1 – Concept Stage

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- Vacant possession 2016
- Estimated completed area: 89,500 sq ft
- Short-term opportunity to increase income
- New double height retail frontage with branding opportunities
- New Grade A offices with potential to move reception to rear with access from Newman's Yard



Creating the Development Opportunities

East End of Oxford Street



73 / 89 Oxford St, W1

VP: Q1 2015

Planning: Consented

Next steps:

- Progress detailed design
- Procurement

Estimated completion:
Q2 2017



Rathbone Place, W1

VP: Achieved

Planning: Consented

Next steps:

- Construction procurement
- Commence demolition
Q1 2014
- Finalise neighbourly
matters

Estimated completion:
Q3 2016



Oxford House, W1

VP: From Q1 2016

Planning: Q4 2014

Next steps:

- Manage short-term
income
- Progress design

Estimated completion:
Q4 2017



St Lawrence House, W1

VP: Q2 2014

Planning: Q1 2014

Next steps:

- Commence Q2 2014

Estimated completion:
Q1 2016

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MEETING OCCUPIERS NEEDS - THE TENANT'S PERSPECTIVE

Mark Ridley, Chief Executive, Savills UK



savills

7 corleasavills
6
6



AGENDA

1. Why Relocate?
2. Key Occupational Considerations
3. Why 33 MS
4. Why Savills pre- let
5. Office supply outlook
6. Residential supply outlook

1. WHY RELOCATE?



- Two locations in Mayfair
- Poor standard of accommodation
- No growth potential

- Poor profile
- Inefficiencies and duplication

1. WHY LOCATION & WEST END?



- UK listed plc
- Global HQ at the centre of London Estate
- 800 staff already in the West End
- Vibrancy and Profile



2. SAVILLS KEY OCCUPATIONAL CONSIDERATIONS



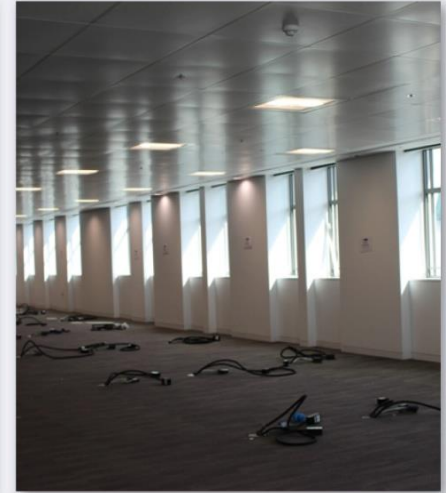
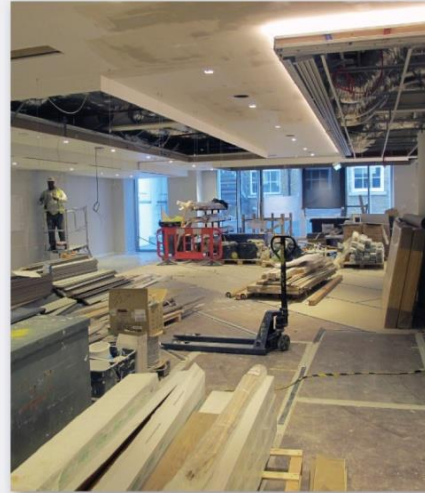
- Deliverability of Product
- Size and specification
- Floorplate and flexibility
- Micro location and Profile
- Cost and efficiency
- Reputation of Developer



3. WHY 33 MARGARET STREET?

‘Deliverability of Product’

- On-site with 9 months to completion
- Fully funded and on programme
- Expertise of entire Development team

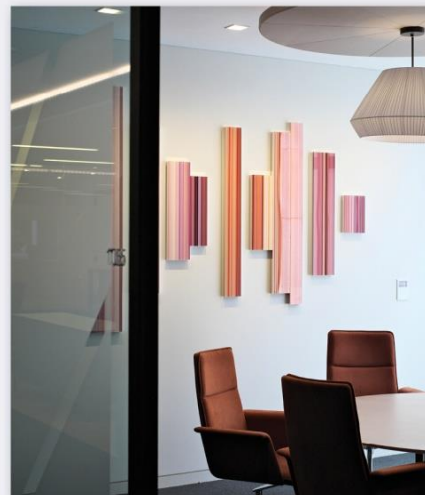
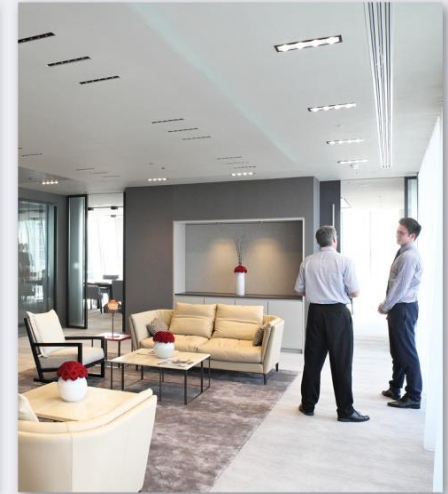


3. WHY 33 MARGARET STREET?



‘Size & Specification’

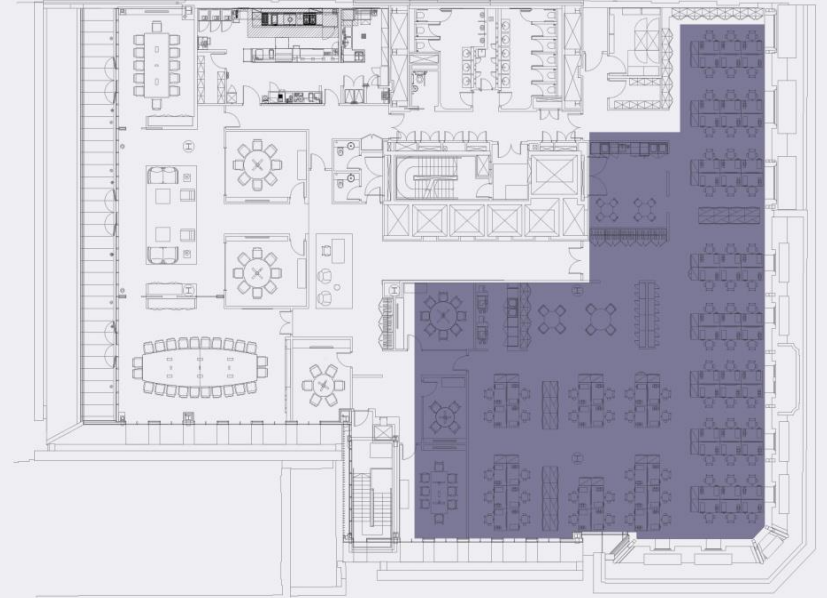
- Self contained HQ building
- Expansion space
- All the basics were right!
- Quality of finishes
- Green credentials and amenities
- Ability to influence specification



3. WHY 33 MARGARET STREET?

‘Floorplate & Flexibility’

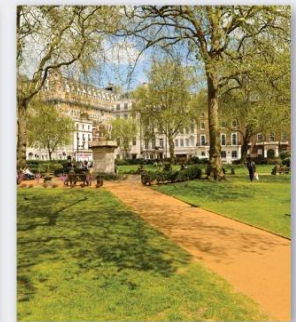
- Arranged over 7 floors
- Floorplates of 13,000 sq ft - large for West End
- Efficient occupational densities
- Good natural light
- Cost control for fit out
- Future flexibility
- Modern day working -
 - » “plug and play”,
 - » Google effect,
 - » Hot Desking,
 - » Hubs & Business Cafe



3. WHY 33 MARGARET STREET?

‘Micro-location & profile’

- Transport hubs
- Amenities
- Central West End
- Building Profile
- Street and Entrance profile
- Clients and Competitors



3. WHY 33 MARGARET STREET?

‘Cost & Efficiency’

- Not cheap, but good value!
- Building operational costs economical
- ‘Fit out’ dovetailed with main contract works
- Cost per desk in line with budget
- ‘Future proofing’ of occupational costs

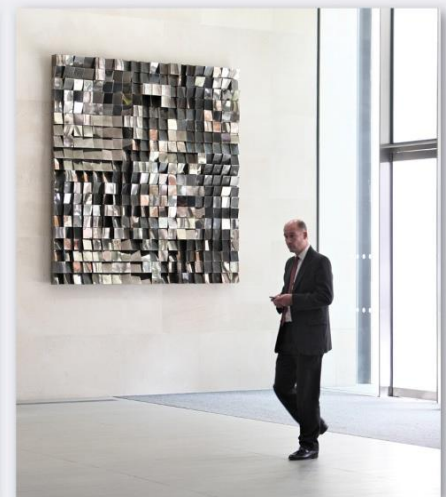


3. WHY 33 MARGARET STREET?



'Reputation of Developer'

- Long term home
- Open and engaged approach
- Design detail and warranties
- Understanding the occupier
- Delivering...



3. WHY 33 MARGARET STREET?



‘After only 7 months’

- Enormous increase in profile
- Improved staff morale
- Adjacencies and cross selling
- Pride in the working environment
- Staff retention
- Jealousy from our competitors!



SHORTLISTED FOR 2 AWARDS



4. WHY SAVILLS PRE LET

- Flexibility for expansion
- Amenities for an HQ
- Limited supply of comparable building
- Space audit to reduce filing etc.
- New working practices to be introduced
- Orderly exit from old buildings

5. OFFICE DEMAND AND SUPPLY TRENDS IN 2014

DEMAND

- Still more cost-conscious than in a normal recovery phase
- More banking activity
- Mid size tenants will be more active – shorter lead times, improving business confidence, and tightening supply
- More 10 year + leases signed, and shorter rent free periods agreed
- Tenants to remain footloose and increasing focused on access and staff



5. OFFICE DEMAND AND SUPPLY TRENDS IN 2014

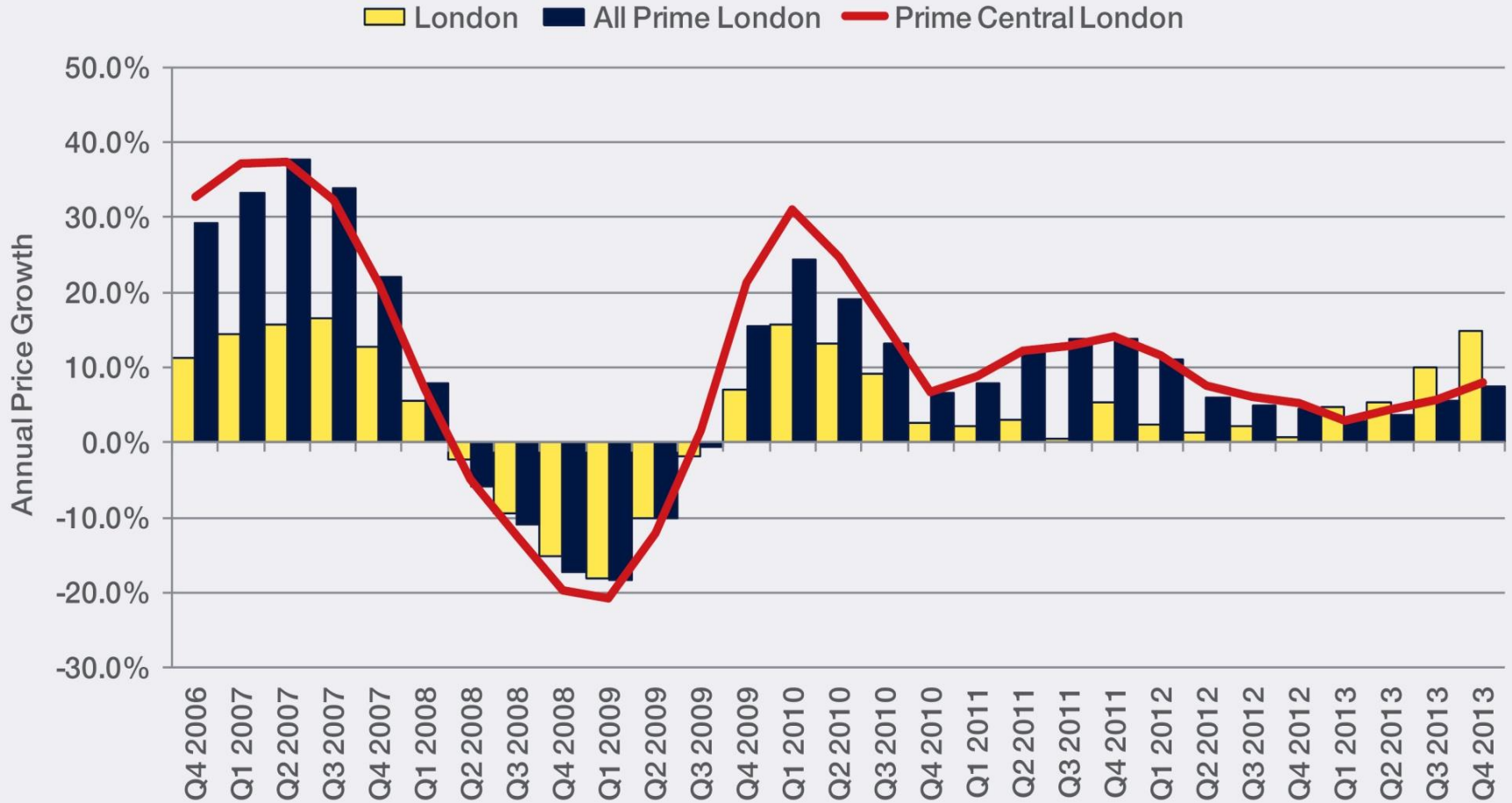
SUPPLY

- Still more loss of stock to residential
- West end vacancy rate to reach 3.5% and City 7.4%
- 2014 City average prime rents to increase 3.4%
- 2014 WE prime/top rental growth of 12.0%; Average prime rents to increase 5.2%
- City prime/top rents to reach £71.20 per sq ft by Q414
- WE prime/top rents to reach £120.40 per sq ft by Q414



6. RESIDENTIAL SUPPLY OUTLOOK

ANNUAL HOUSE PRICE GROWTH



6. RESIDENTIAL SUPPLY OUTLOOK

CENTRAL LONDON BY DISTRICT



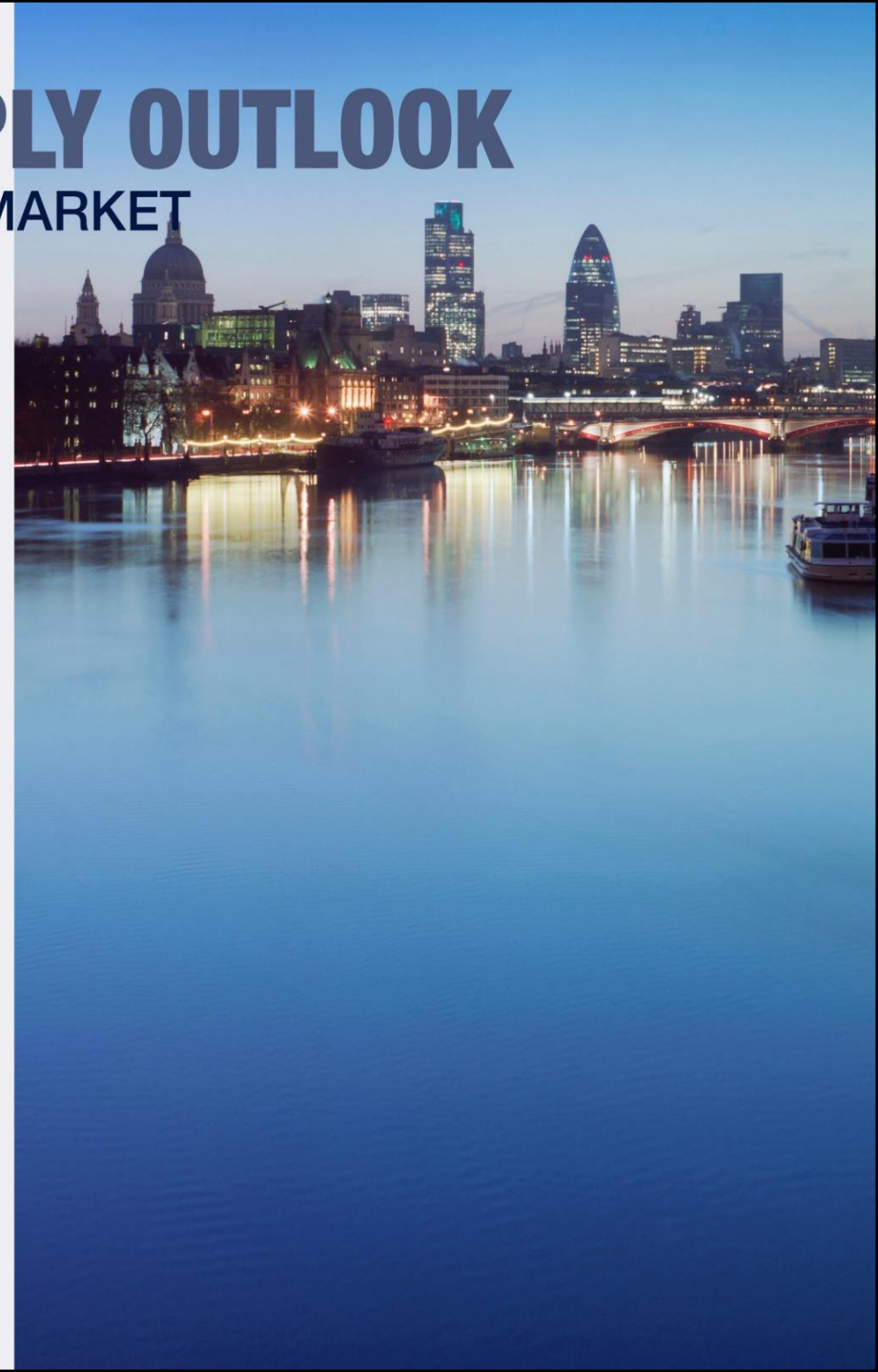
	Q on Q	Y on Y	Since Peak	£/sqft
Marylebone	5.90%	17.40%	30.10%	£1,500
Mayfair	3.60%	11.60%	45.20%	£2,264
Notting Hill	4.20%	9.20%	27.80%	£1,726
Kensington / Holland Park	4.30%	9.10%	32.20%	£1,847
South Kensington	4.10%	8.00%	28.50%	£1,731
Chelsea	2.00%	5.90%	37.30%	£2,078
Belgravia	1.70%	5.30%	35.00%	£2,329
Knightsbridge	1.80%	5.30%	47.40%	£2,451



6. RESIDENTIAL SUPPLY OUTLOOK

DRIVERS OF THE PRIME LONDON MARKET

- Time zone and language is convenient for global business
- London is key centre for finance and insurance
- Universities in central London attract students from all over the world
- Excellent private education system
- Robust legal system – safe haven for many countries
- Exchange rate play for some currencies
- Investment in infrastructure and transport such as Crossrail



6. RESIDENTIAL SUPPLY OUTLOOK

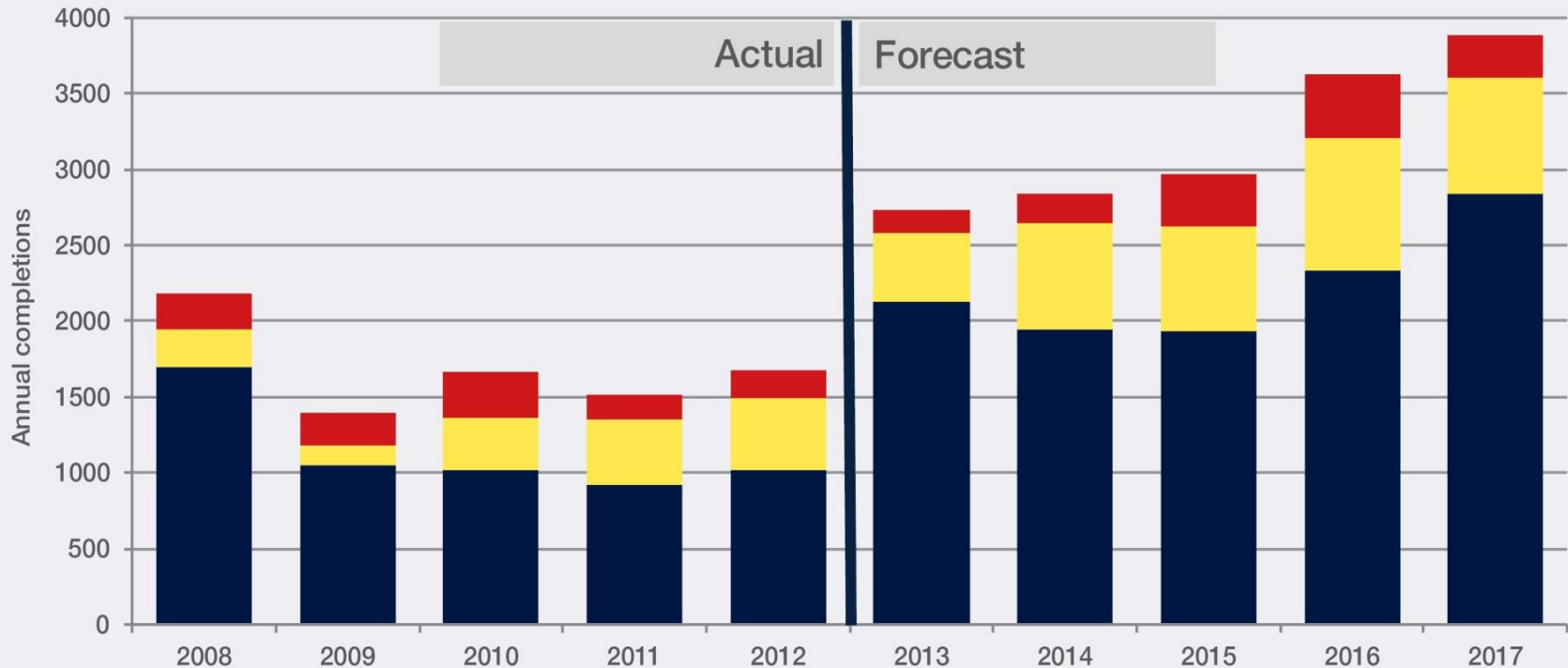


THE RISKS - NEW BUILD SUPPLY

Lower Prime
£1,000 - £1,500 per sq ft
South West Riverside, Fulham,
City Fringe, Midtown

Upper Prime
£1,500 - £2,000 per sq ft
South Bank, Fitzrovia,
Victoria











Super Prime
£2,000 per sq ft +
Knightsbridge, Belgravia, Mayfair,
Kensington and Chelsea

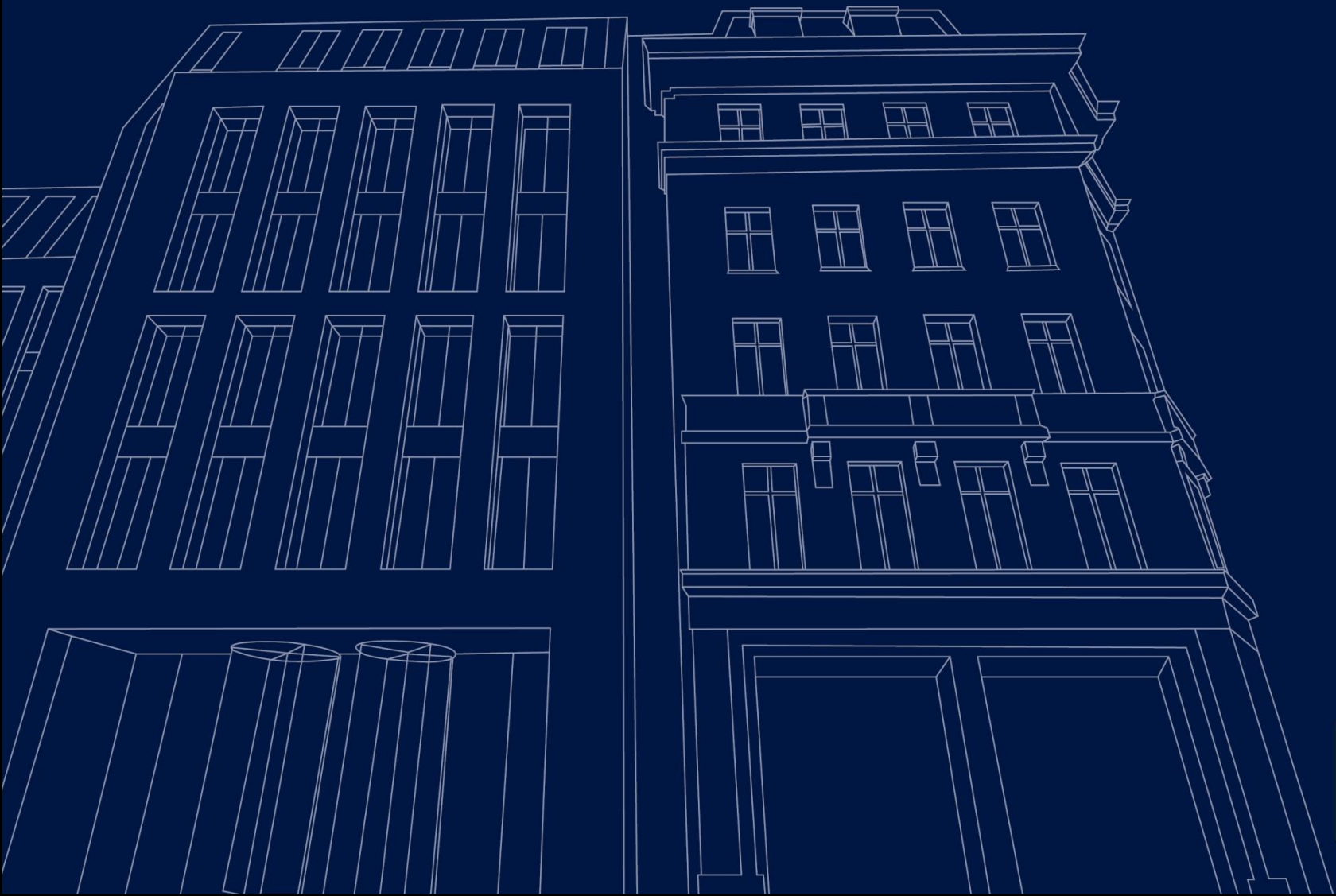


6. RESIDENTIAL SUPPLY OUTLOOK

PRIME LONDON FORECASTS



Assuming no further changes in the taxation of high value property	2014	2015	2016	2017	2018	5 years to end
Prime Central London	 3.00%	 -1.00%	 8.00%	 6.50%	 5.00%	23.10%
Other Prime London	 6.00%	 0.00%	 6.00%	 5.00%	 4.00%	22.70%



Exploiting the Development Cycle

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Andrew White, Head of Development

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Mark Ridley, Chief Executive, Savills UK

Navigating the Planning Environment

Hugh Bullock, Senior Partner,
Gerald Eve

Rathbone Place Scheme Design

Ken Shuttleworth, Founding Partner, Make

Delivering the Developments

James Pellatt, Head of Projects

Delivering into the Occupational Cycle

Marc Wilder, Head of Leasing

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Neil Thompson, Portfolio Director

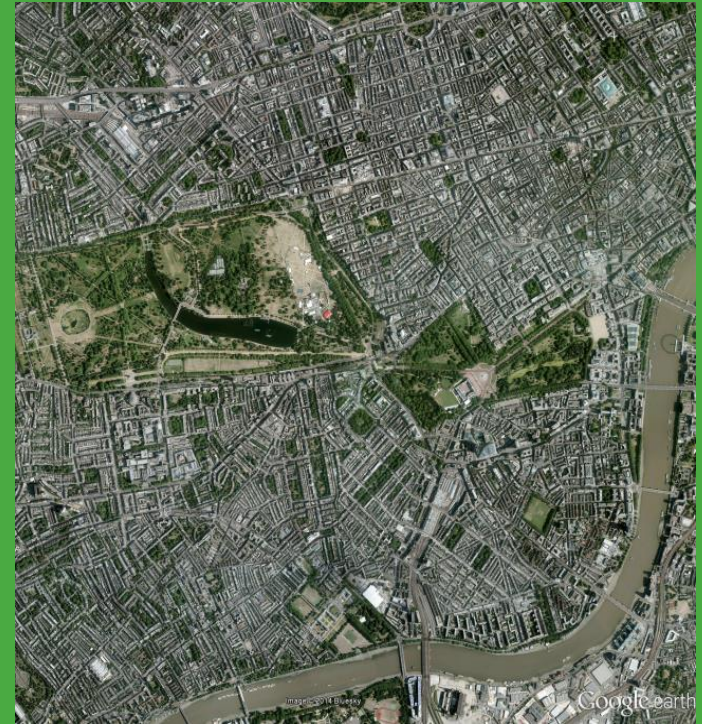
Outlook

Toby Courtauld, Chief Executive

Town Planning – Opportunity, Risk and Value

Prepared by
Hugh Bullock
Senior Partner, Gerald Eve LLP

7 February 2014



GERALDEVE

Decision Making

- Politics and Power
- Development Plan Policy:-
 - > London Plan (352 pages)
 - > WCC (822 pages)
- Complexity
- Understanding
- Third Parties



Opportunity

- Focus on West End
- Constrained and competitive land supply
- Highly complex policy framework
- Extensive heritage constraints
- Intricacies of land use policy:-
 - > mixed use
 - > affordable housing
- High value and international entrants
- Barriers to entry



Managing Risk

- Relationships, trust and experience
- Entry price to development
- Understanding complexities
- Alignment of multi-asset portfolio to planning policy objectives
- Placemaking
- Financial viability assessment
 - > Community Infrastructure Levy
 - > Affordable Housing
 - > Planning Obligations



Hanover Square Scheme

- Placemaking
- Crossrail 1 Bond Street East Station
- Political traction
- Open space v height
- Off-site residential and affordable housing
- Enhanced public realm public interest



GERALDEVE

73 - 89 Oxford Street

- Demolition of façade
- Height
- Trading mixed use
- Off-site residential
- Crossrail 1 entrance



Rathbone Place

- WCC key objective
- Absence of planning brief
- Mixed use solution
- Affordable housing solution
- Financial viability assessment
- Model engagement – BPF/WCC



GERALDEVE

KNOW THE RULES
AND HOW TO PLAY



GERALDEVE

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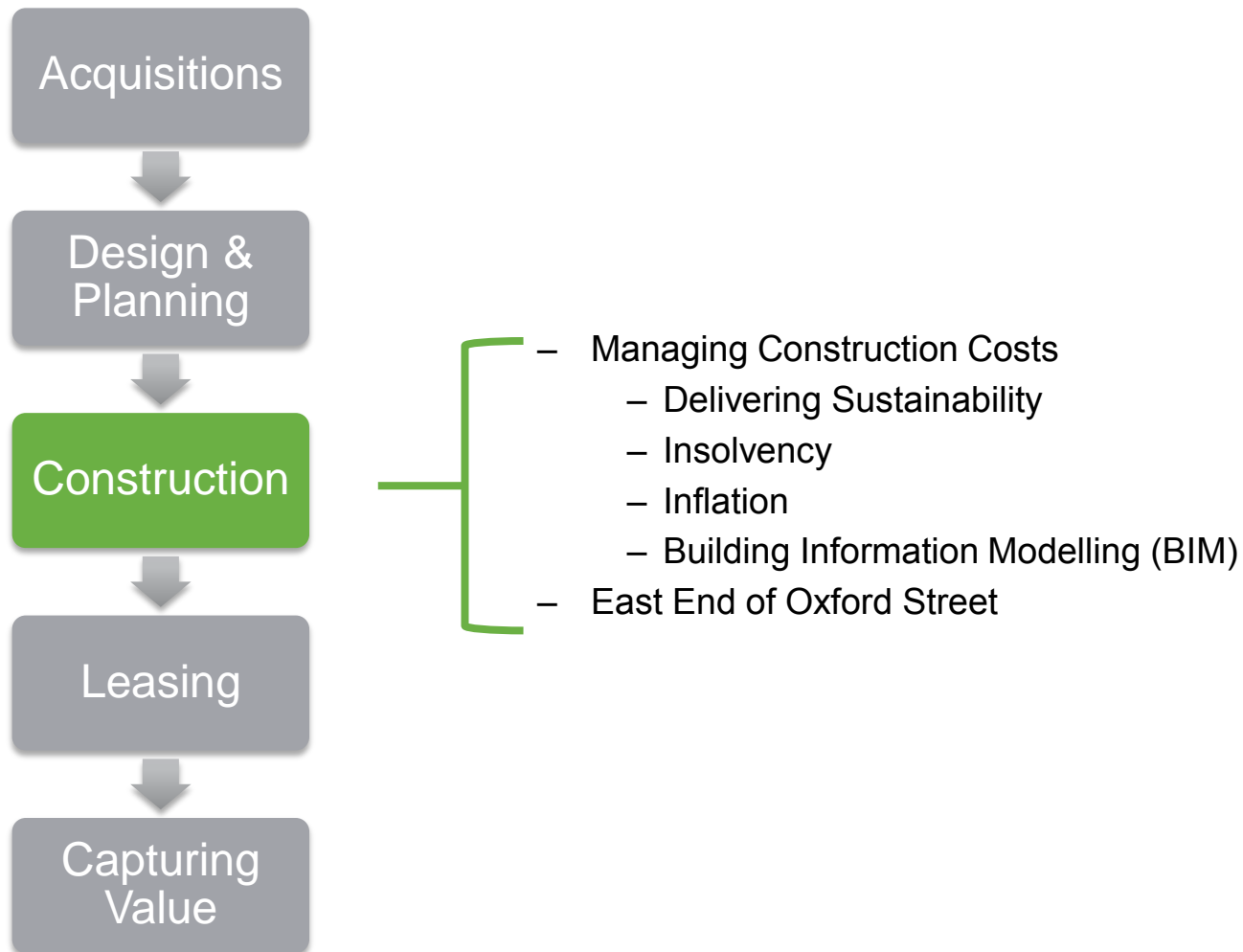
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Delivering the Developments

Changes in Regulation

Delivering Sustainability: Financial Impact



Year	Legislation	Effect	Financial Impact (£psf)
2013	Part L Building Regulations	Further 9% reduction in carbon emissions	<£2
2014	BREEAM 2014	Further 9% reduction in carbon emissions	<£2
2014	GLA Allowable Solutions	Further 15% reduction in carbon emissions	£2 - £4
2016	Zero Carbon Homes	Almost complete reduction in carbon emissions for housing.	>£4
2019	Zero Carbon Offices	Almost complete reduction in carbon emissions for remaining commercial buildings	>£4

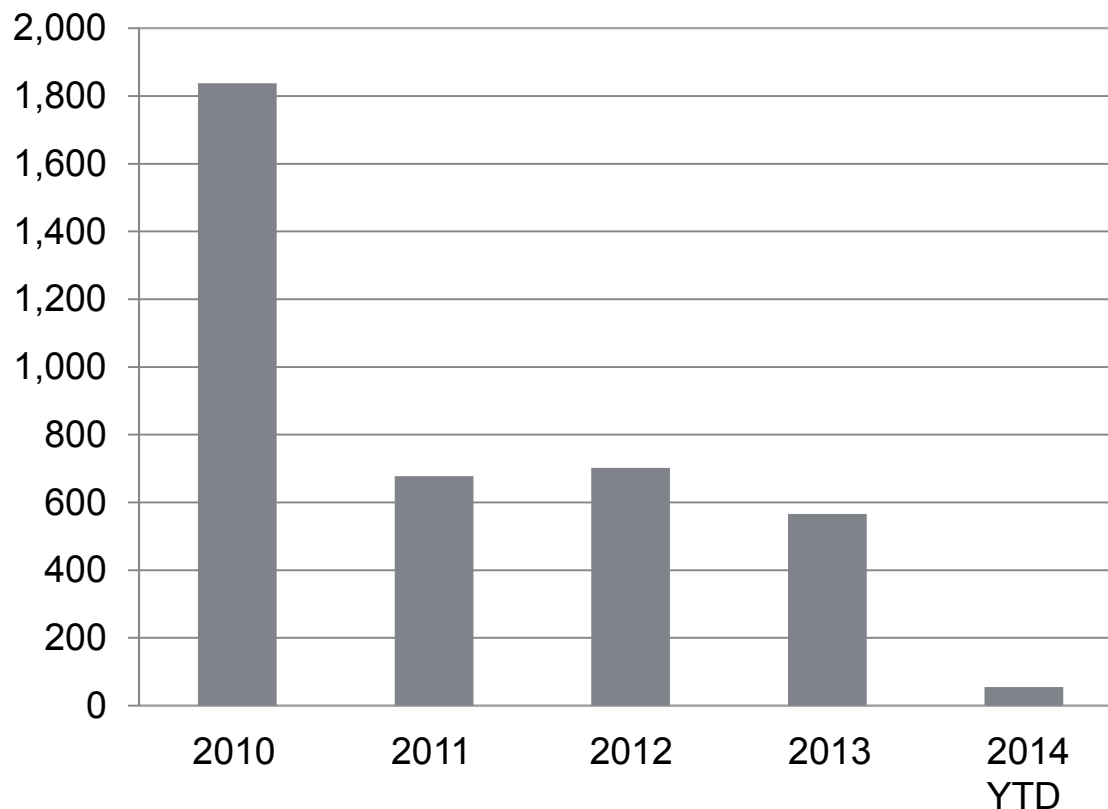
Pre-empting impact of regulatory change

Delivering the Developments

Managing Construction Costs: Insolvency



Construction Company Insolvency (£m turnover lost pa)



GPE Response

- Regular review of key sub-contractor accounts
- Regular discussion with sub-contractors
- Review of payment terms with main contractors to ensure prompt payment

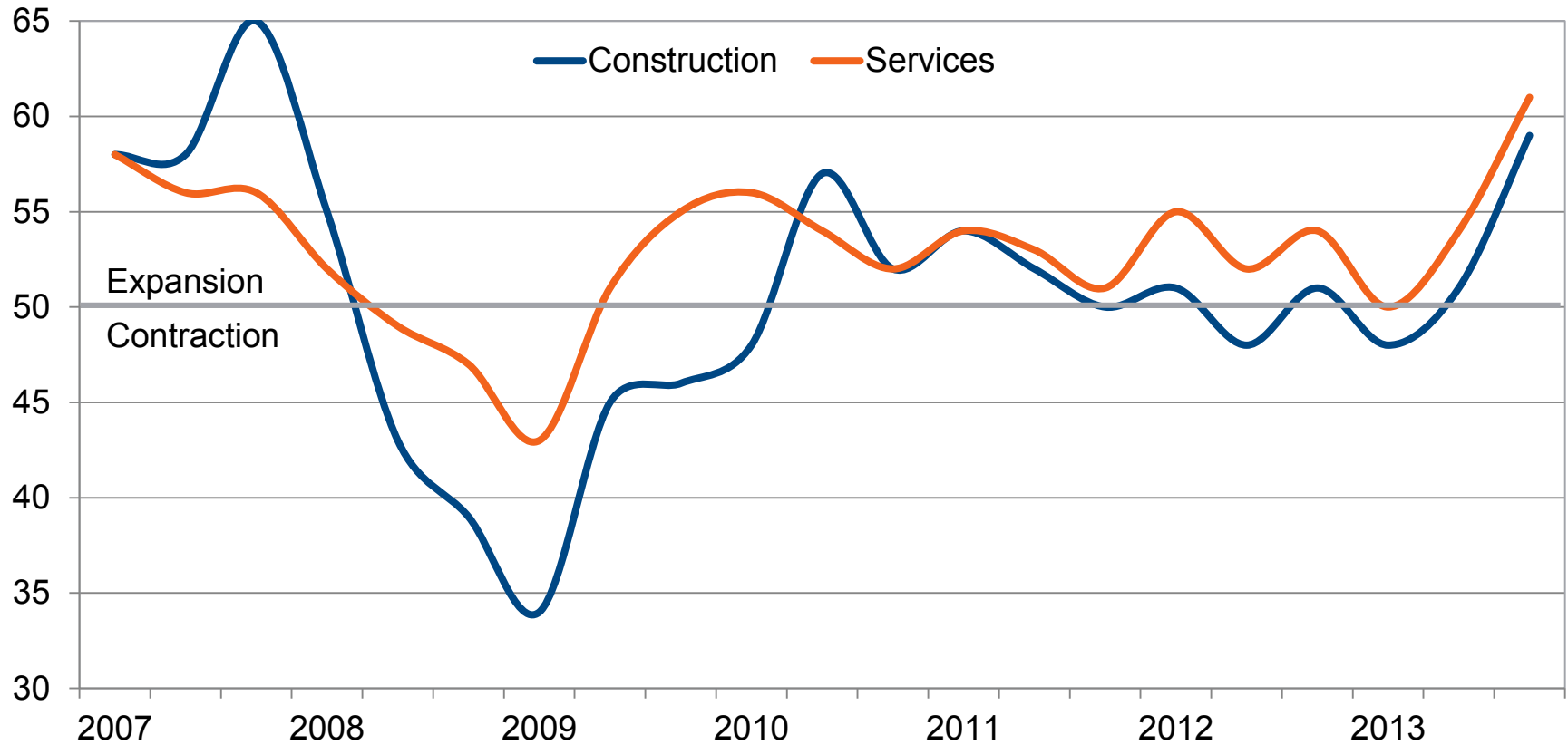
Risk of insolvency falling.
However, ~£4bn construction capacity removed from market since 2010

Delivering the Developments

Managing Construction Costs: Inflation
Contractor Confidence



Purchasing Managers' Index - At its highest since Sep 2008



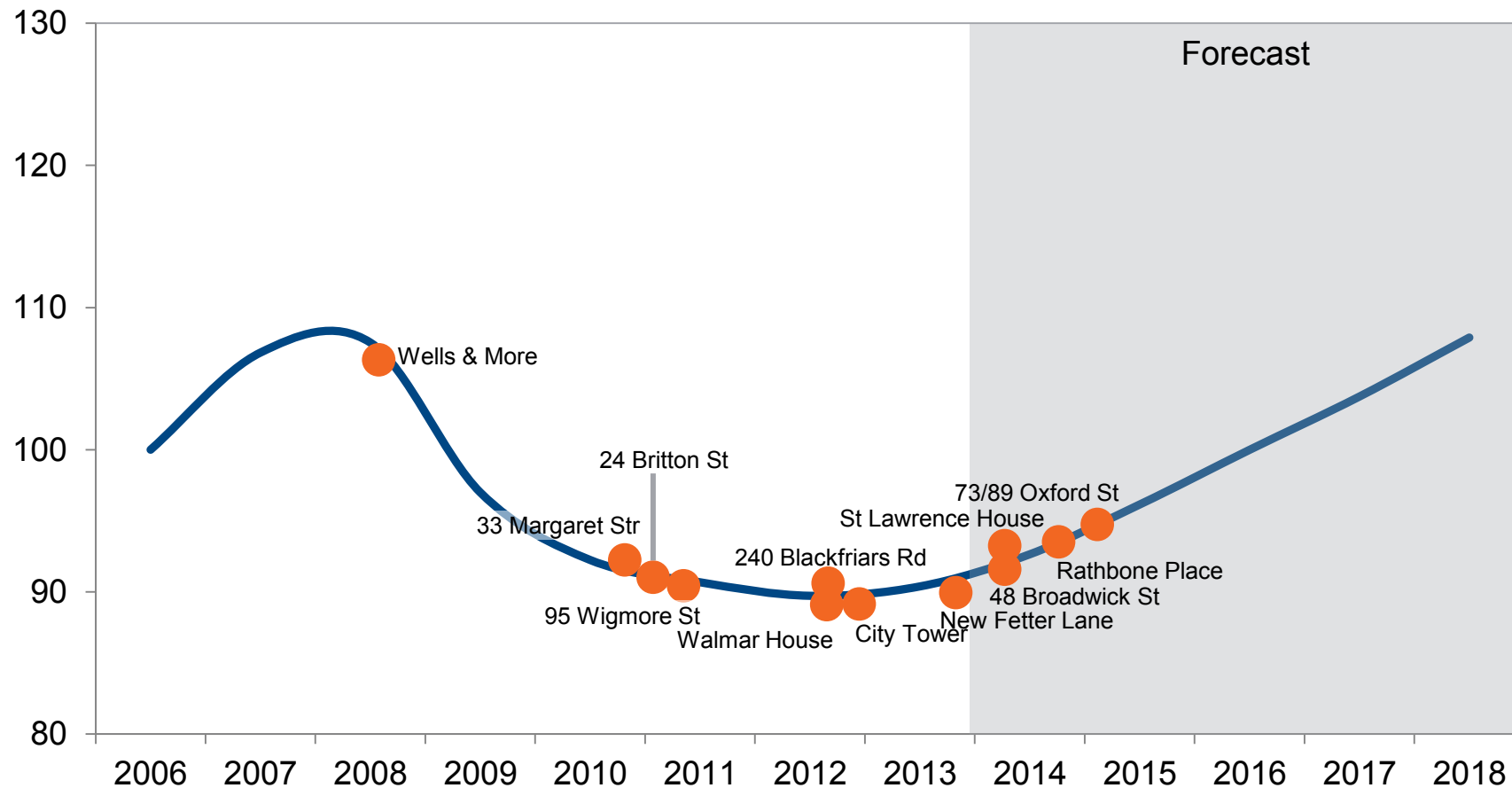
Growing contractor confidence

Delivering the Developments

Managing Construction Costs: Inflation



Average Construction Inflation¹



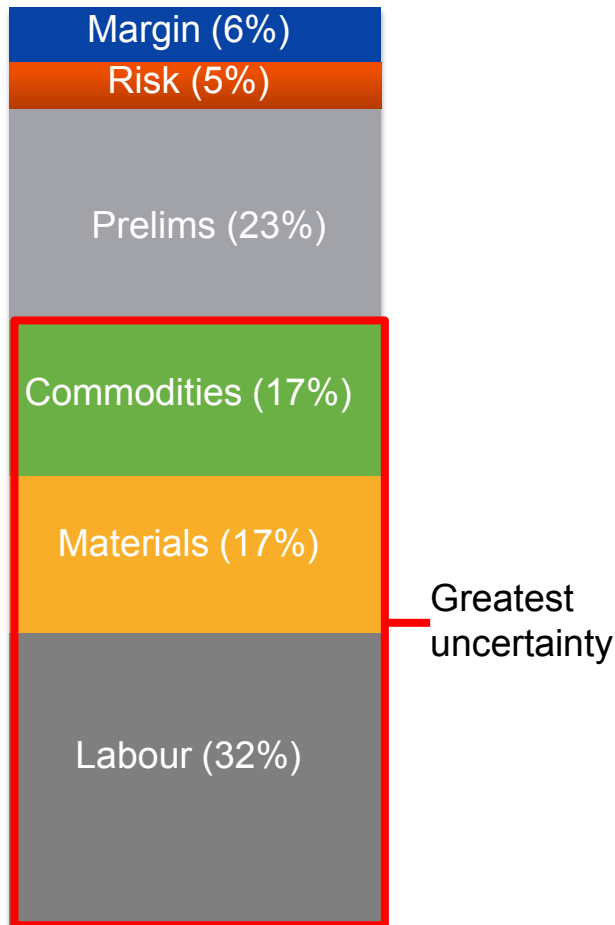
Appropriate inflation allowance contained in Near Term appraisals

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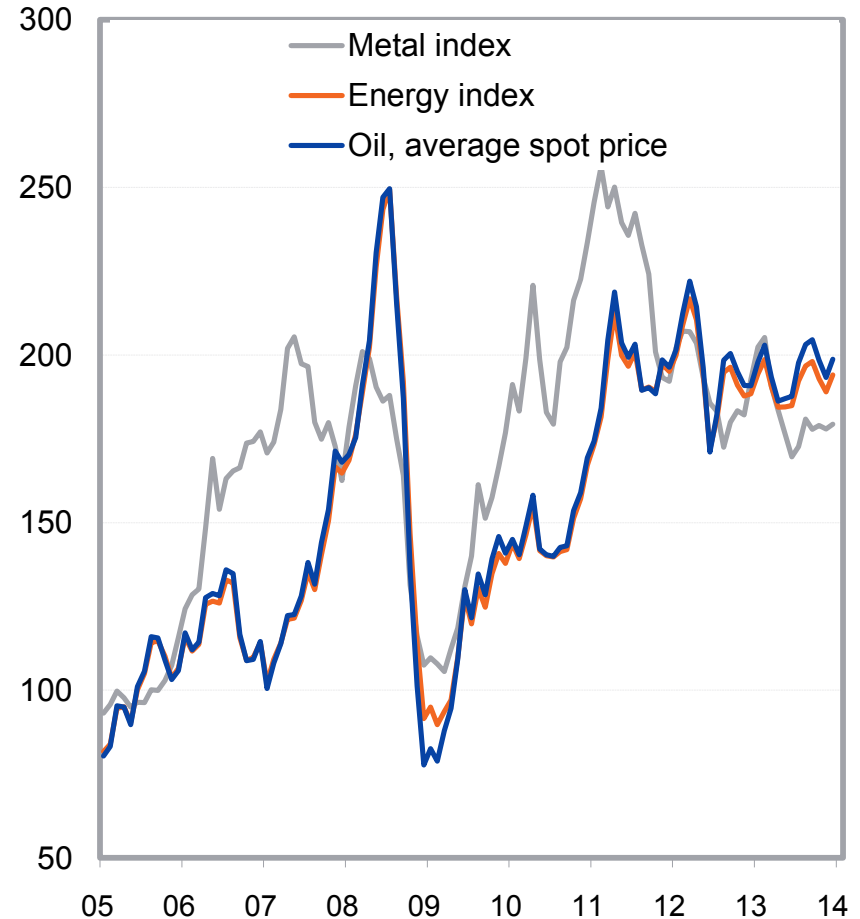
Managing Construction Costs: Inflation



Constituent Elements of a Construction Contract¹



Indexed Global Commodity Prices²

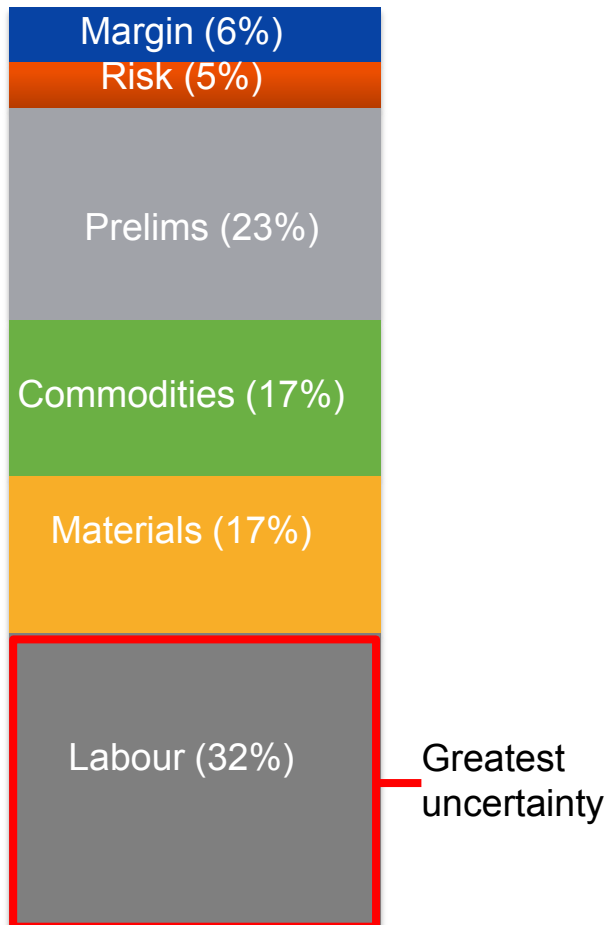


Delivering the Developments

Managing Construction Costs: Inflation



Constituent Elements of a Construction Contract¹



Labour likely to be primary cause of inflation in near term

GPE approach to managing construction inflation risk:

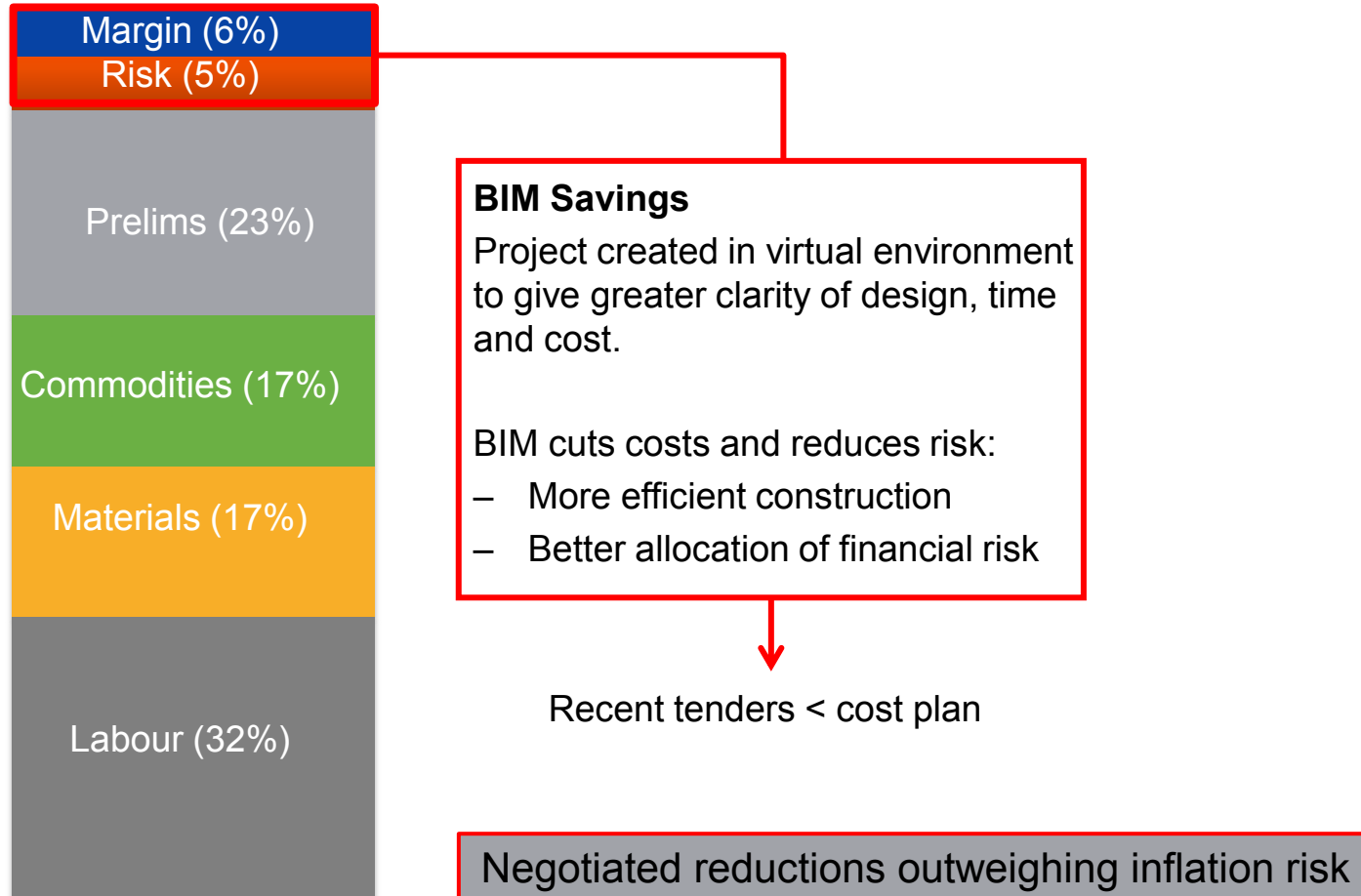
- Visible pipeline = long term relationships
 - Opportunity for repeat business
- Payment terms
- Greater certainty of outcome
 - Clarity around design
 - Building Information Modelling (BIM)

Delivering the Developments

Managing Construction Costs: Inflation



Constituent Elements of a Construction Contract¹



Delivering the Developments

East End of Oxford Street



73/89 Oxford St, W1

Contract Size: £25-50m
Procurement: H2 14
BIM: Yes

- Working with leasing team to deliver market relevant product
- Agreeing logistics strategy with WCC & Crossrail to ensure delivery



Rathbone Place, W1

Contract Size: £140m+
Procurement: H2 14
BIM: Yes

- Tendering main and sub-structure contractors
- Completing design and BIM model



Oxford House, W1

Contract Size: <£25m
Procurement: H2 16
BIM: N/A

- Feasibility study to improve retail
- Preparing planning application



St Lawrence House, W1

Contract Size: £25-50m
Procurement: H1 14
BIM: Yes

- Tendering main contractors

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**Delivering into the
Occupational Cycle**

Marc Wilder, Head of Leasing

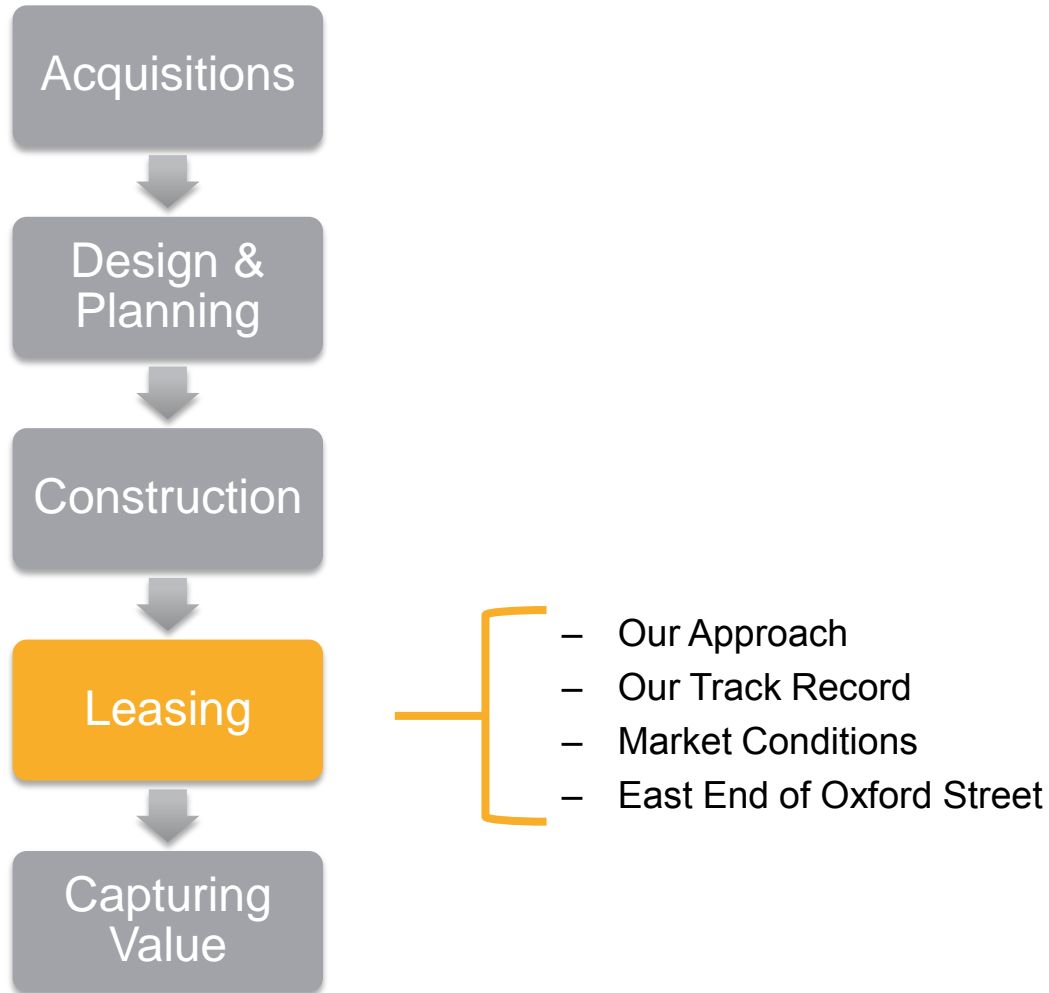
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Delivering into the Occupational Cycle



Delivering into the Occupational Cycle

Our Approach



Our Proposition

- Developing the right product for the right market
- Occupiers can influence design and specification
- Pragmatic approach to deals
- Reputation as a Developer
 - By clients and agents
 - Quality of product
 - Delivery
 - Repeat business
- Understanding current and future occupiers



Bird & Bird



Boodle
Hatfield.

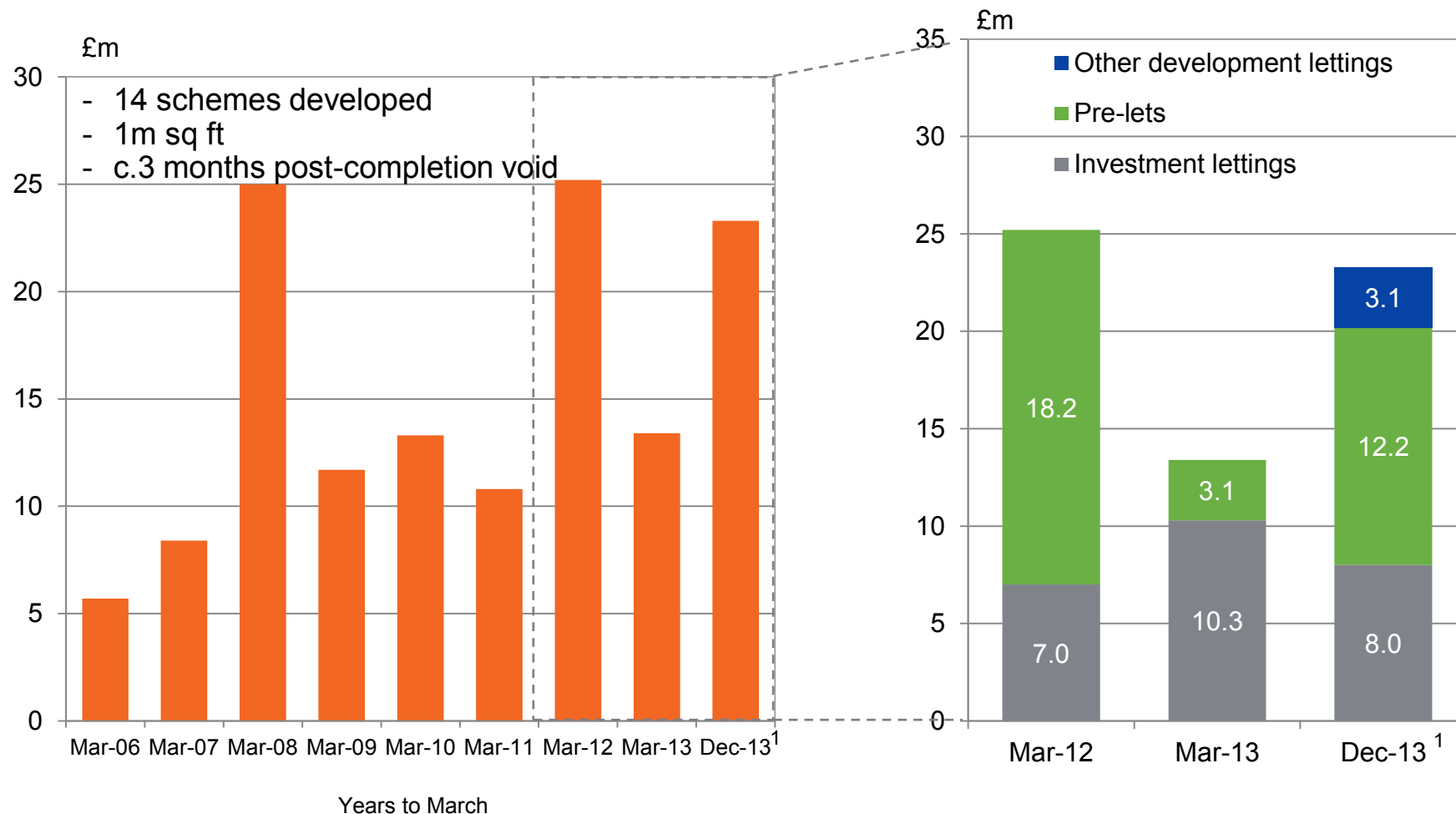
KURT GEIGER

Delivering into the Occupational Cycle

Our Track Record – Letting Successes



£137m New Lettings



Delivering into the Occupational Cycle

Our Track Record – Pre-Letting Successes



TOTAL PRE-LET RENT: £33.4m pa

Delivering into the Occupational Cycle

Strong Demand in London

Current Targets & Potential Opportunities



LANSDOWNE
PARTNERS LIMITED

BlueCrest
BlueCrest Capital Management Limited



SONY

HAVAS
M E D I A



CCTV
中国中央电视台



bestinvest



FUJITSU



BREVAN HOWARD
Asset Management LLP

GREY

amazon



Microsoft

OmnicomGroup



KORN/FERRY
INTERNATIONAL

eBay



DONG
energy



Mishcon de Reya



LinkedIn

ESTÉE LAUDER

CONDÉ NAST



HOUSE OF FRASER

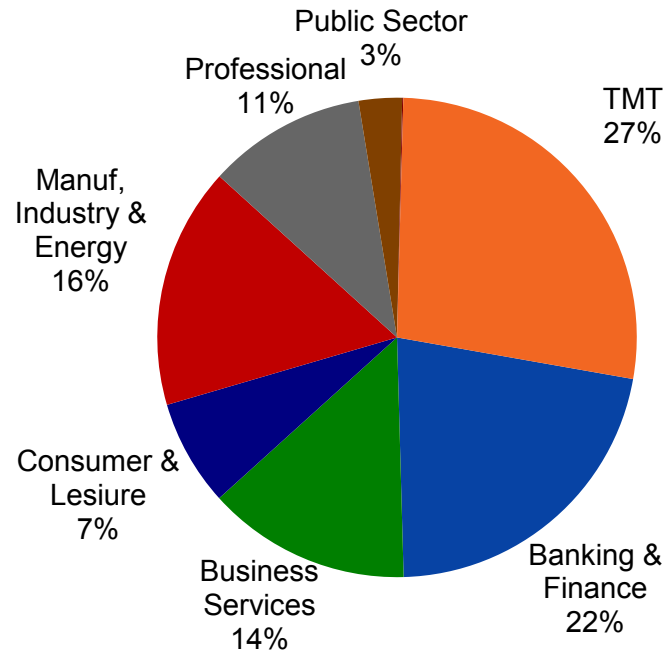
Delivering into the Occupational Cycle

Demand Profile

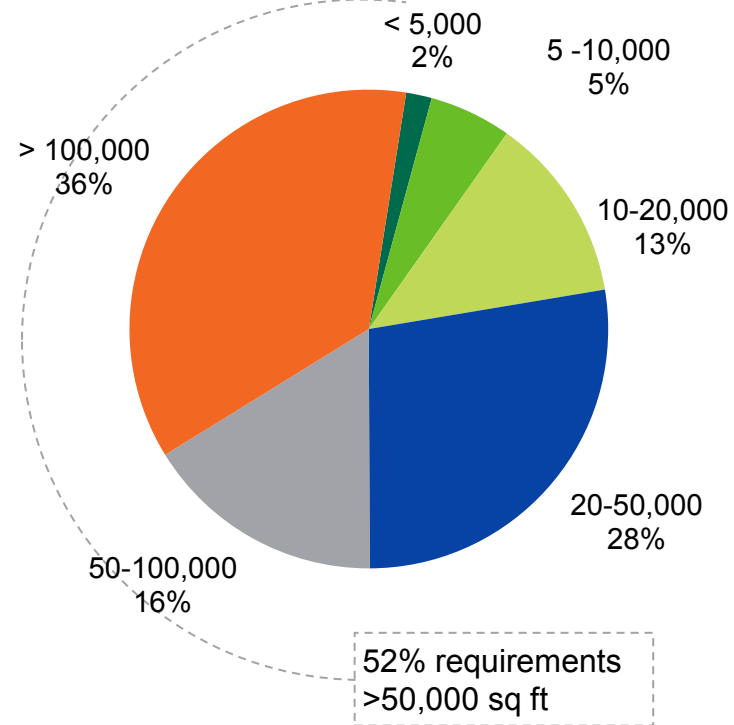


Current West End Active Demand (3.9m sq ft)

By Sector



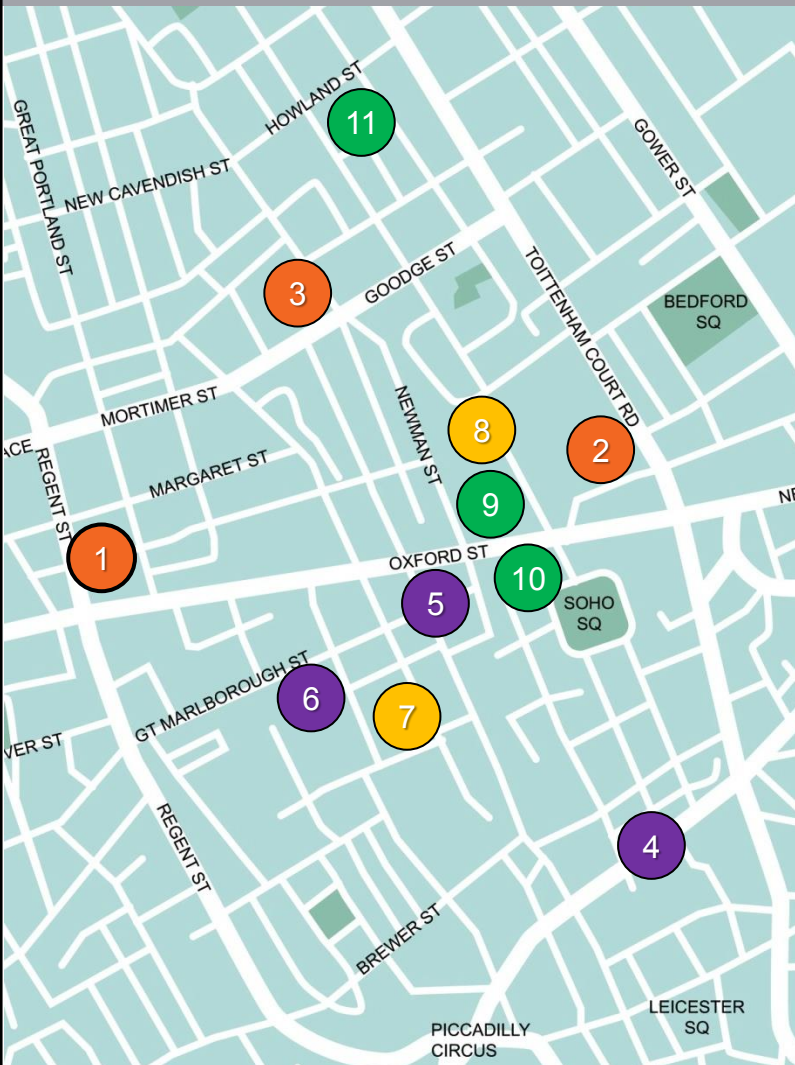
By Size Requirements



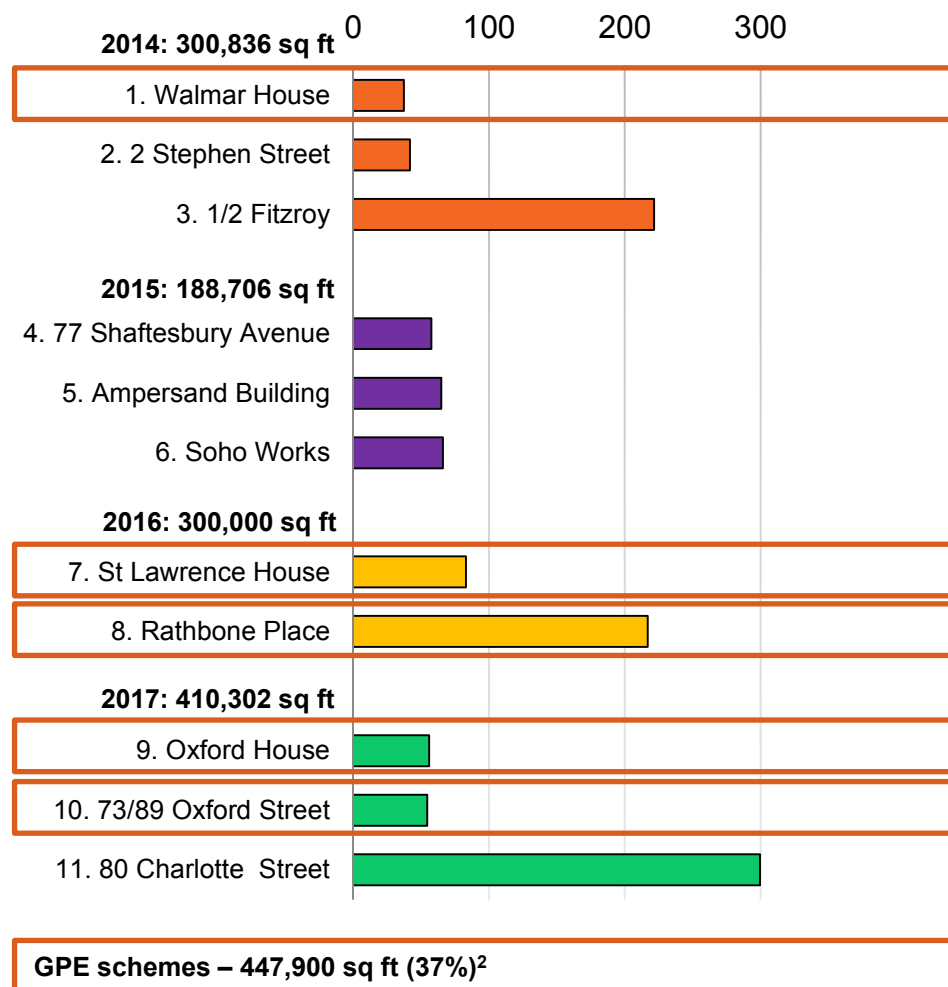
Significant demand for larger lot sizes across variety of sectors

Delivering into the Occupational Cycle

Office Supply - East End of Oxford Street



Anticipated Grade A Office Supply ('000 sq ft)¹



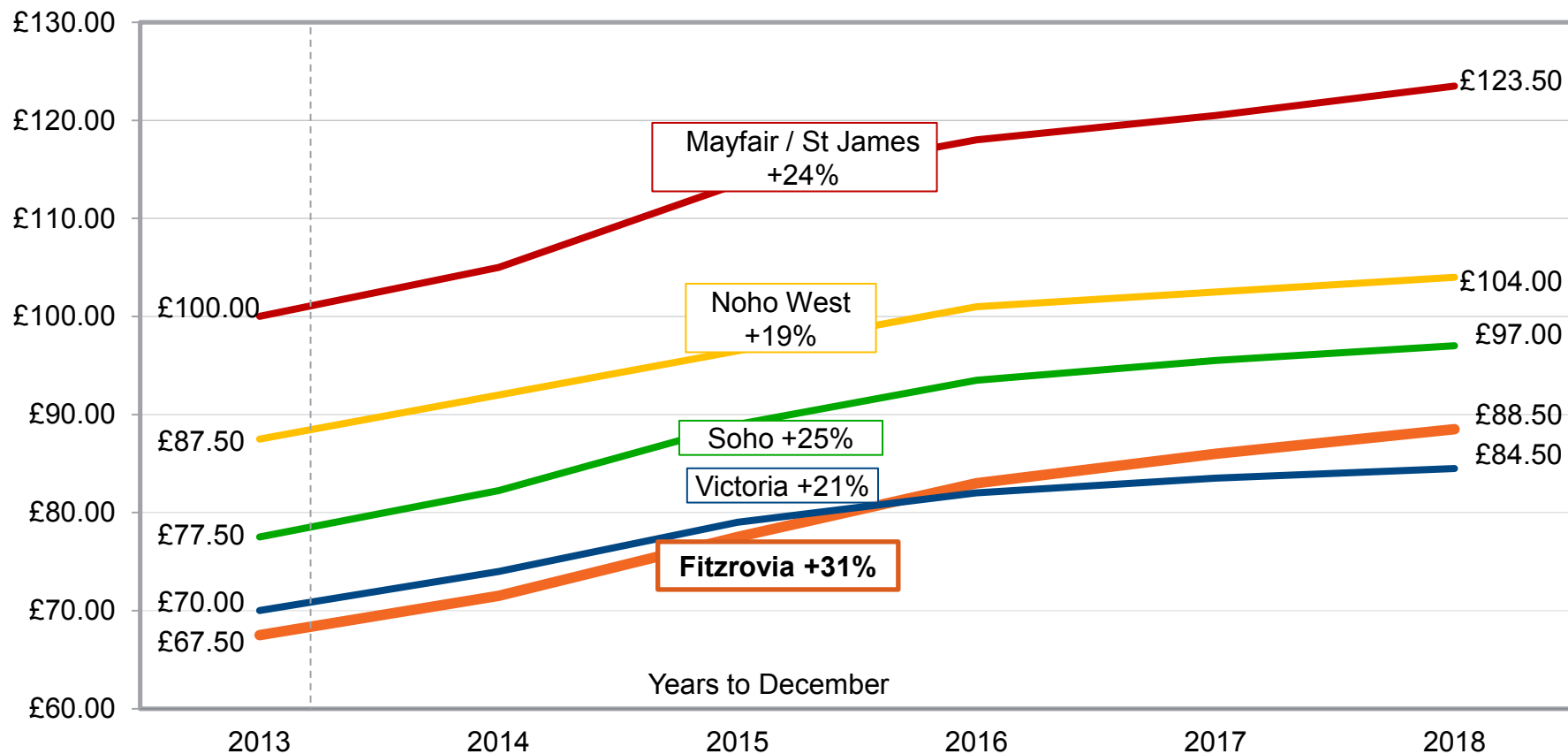
1. GPE estimates 2. office space only: 746,400 sq ft total including retail and residential

Delivering into the Occupational Cycle

West End Office Rental Growth Forecasts



Rental Growth Forecast (£ psf)

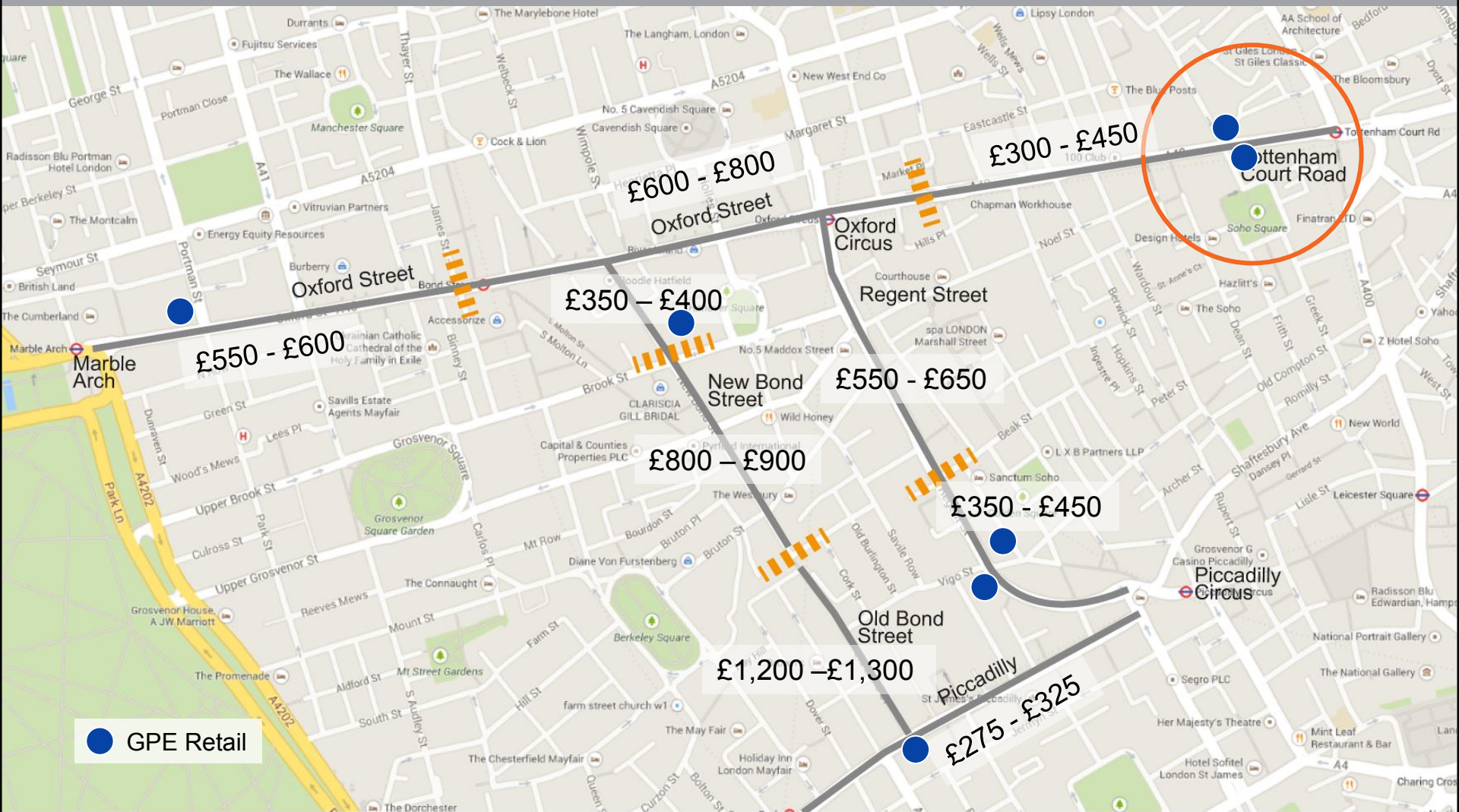


Fitzrovia set to outperform other sub-markets

Delivering into the Occupational Cycle

West End Retail

Relative Prime Zone A rents psf



● GPE Retail

Delivering into the Occupational Cycle

East End of Oxford Street

GREAT PORTLAND ESTATES

Rathbone Place

PRIMARK

Oxford House

ZARA

73/89 Oxford St

- Crossrail sites
- Other schemes

Delivering into the Occupational Cycle

We Have Seen It Before

Regeneration in the West: Mount Royal, W1



- Primark opened in April 2007 directly opposite Mount Royal
- Footfall increased by 22% in six months¹
- Active management of the tenant mix drove Zone A rents:

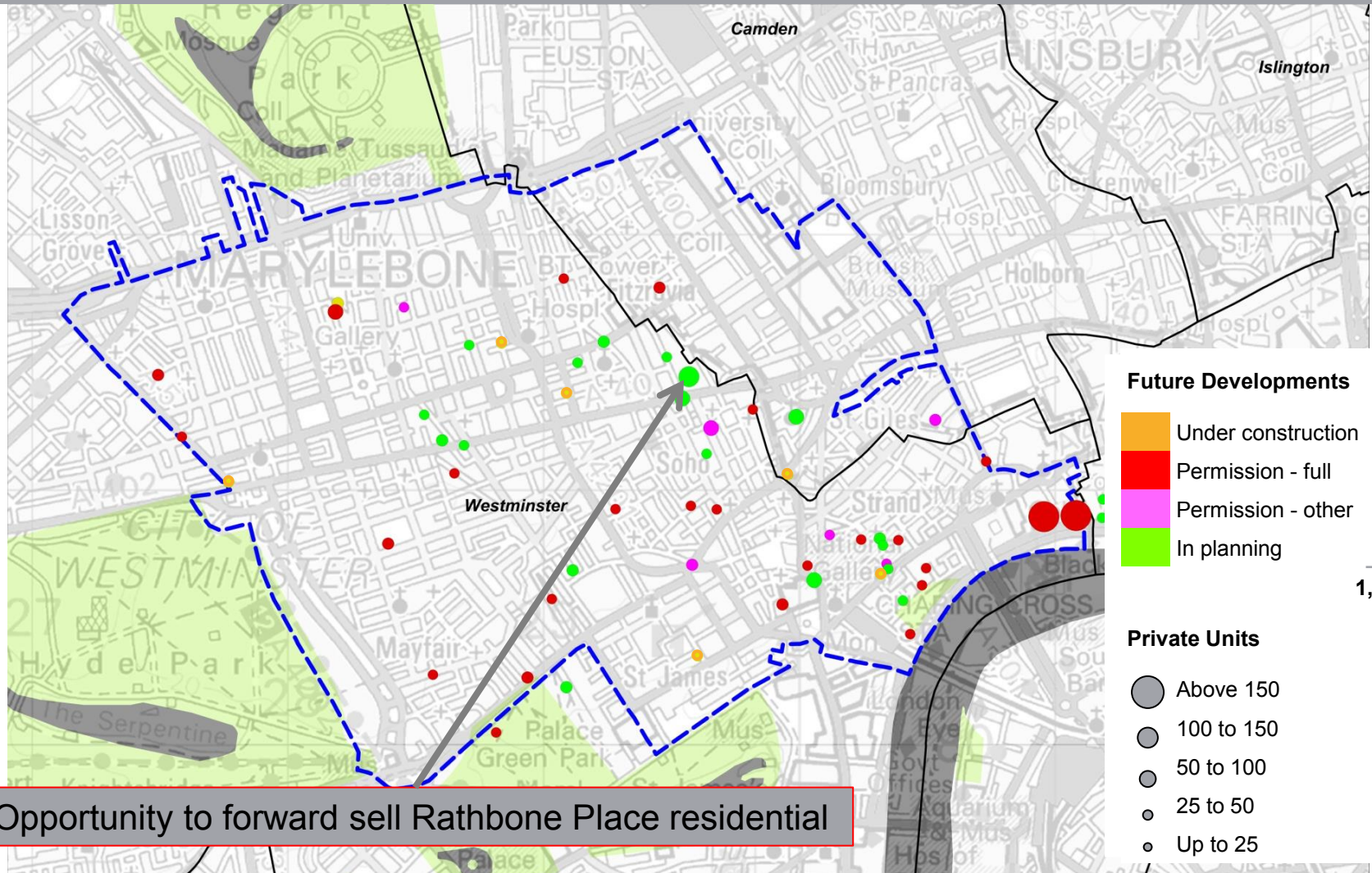
2010	→	Today
£295 psf		£585 psf



Delivering into the Occupational Cycle

Residential Market

Limited mid-market supply in the core



Delivering into the Occupational Cycle

East End of Oxford Street



73/89 Oxford St, W1

Office:
54,600 sq ft
£67.50 ERV

Retail:
33,500 sq ft
£450 ZA ERV



Rathbone Place, W1

Office:
217,000 sq ft
(34,000 sq ft floorplate)
£67.50 ERV

Retail:
42,000 sq ft (58% A3)
£60 sq ft Avg ERV

Residential:
155,000 sq ft
162 units



Oxford House, W1

Office:
56,000 sq ft
£63.00 ERV

Retail:
34,000 sq ft
£400 ZA ERV



St Lawrence House, W1

Office:
83,000 sq ft
£64.00 ERV

Retail / Restaurant:
11,000 sq ft
£150 ZA ERV

Opportunities to pre-let

Exploiting the Development Cycle

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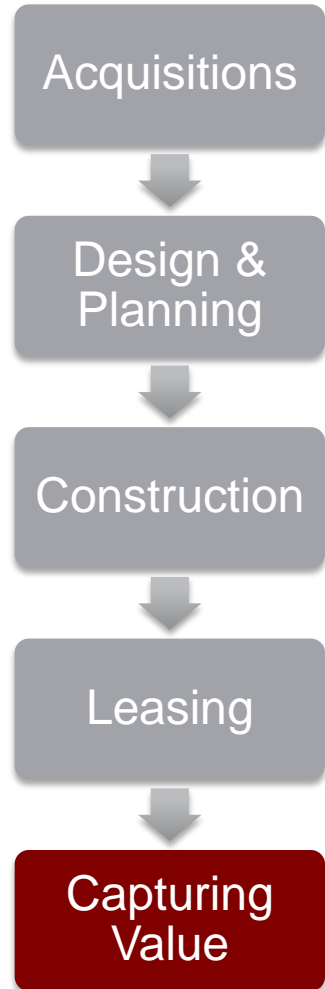
Capturing Value

Neil Thompson, Portfolio Director

Outlook

Toby Courtauld, Chief Executive

Capturing Value



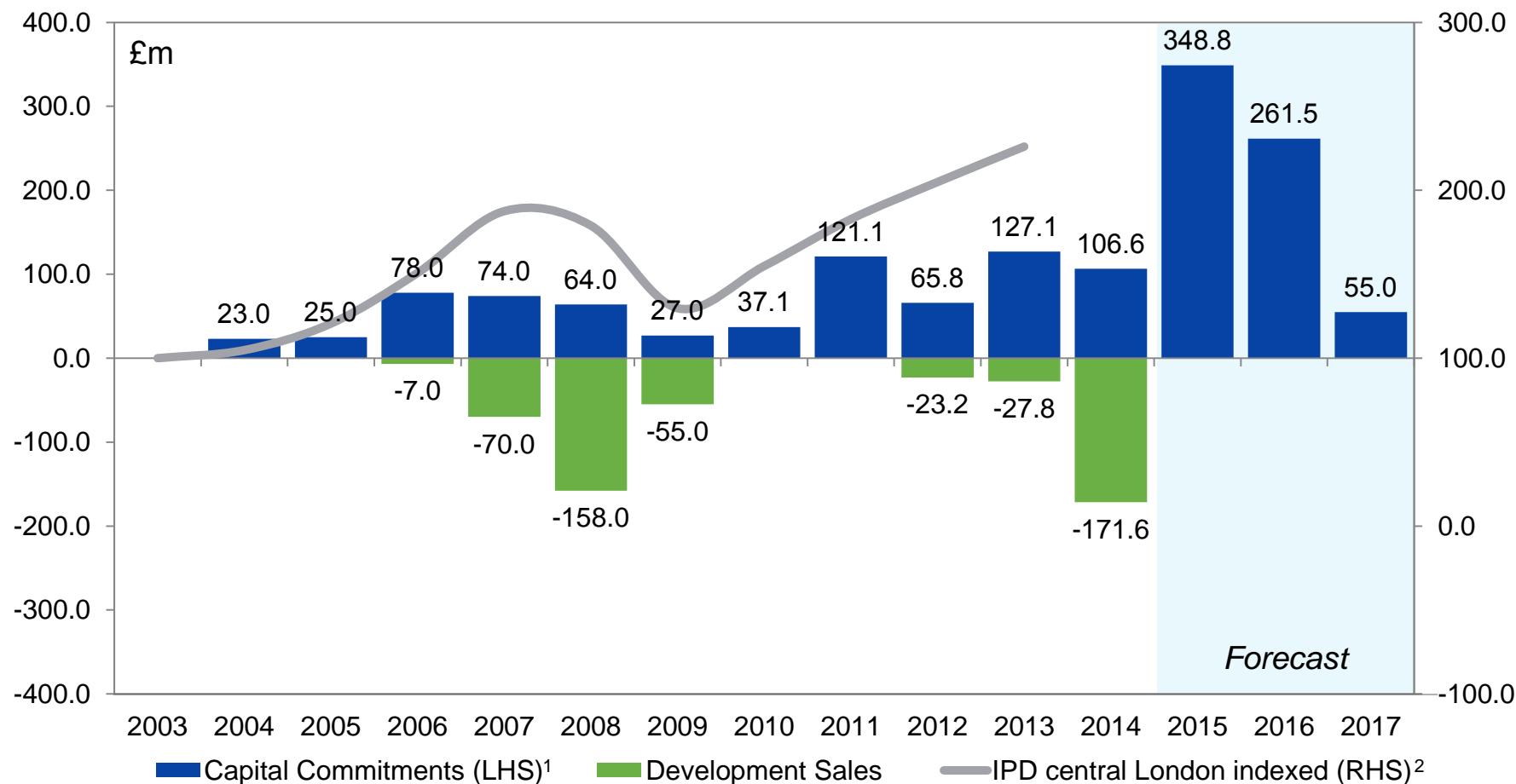
- Reading the Cycle
- Our Track Record: Last Cycle
- Routes to Capturing Value
- Summary

Reading the Development Cycle

Capex & Sales in Development Portfolio



Years to 31 March³



1. Completed, committed and near term schemes - includes capex, land value for committed schemes and Dec 13 valuation for uncommitted schemes at proposed commitment date

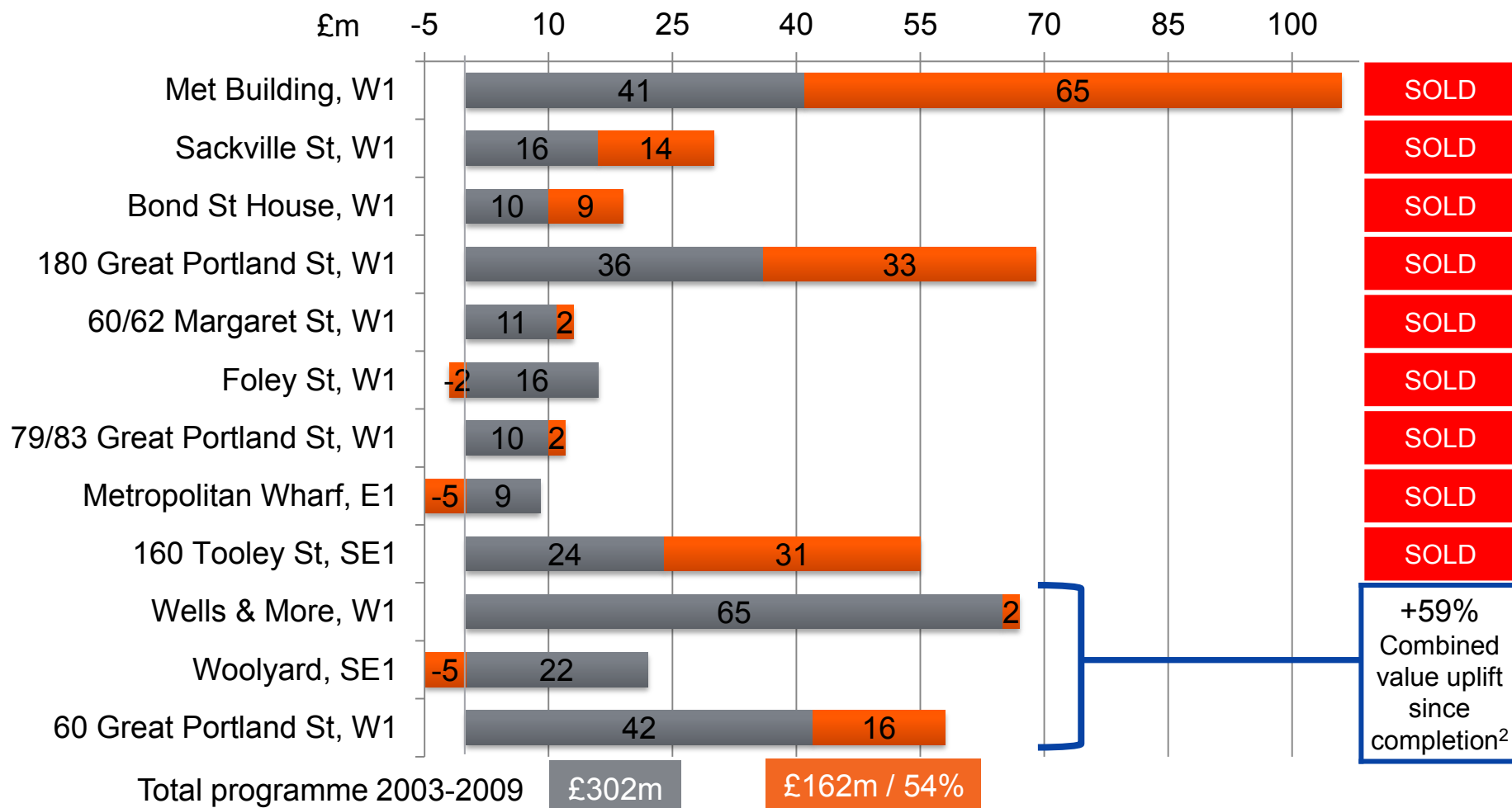
2. Source: IPD. Indexed to 2003 3. 2014 YTD + forecast capex

Capturing Value

Development Track Record – Last Cycle
2003-2009



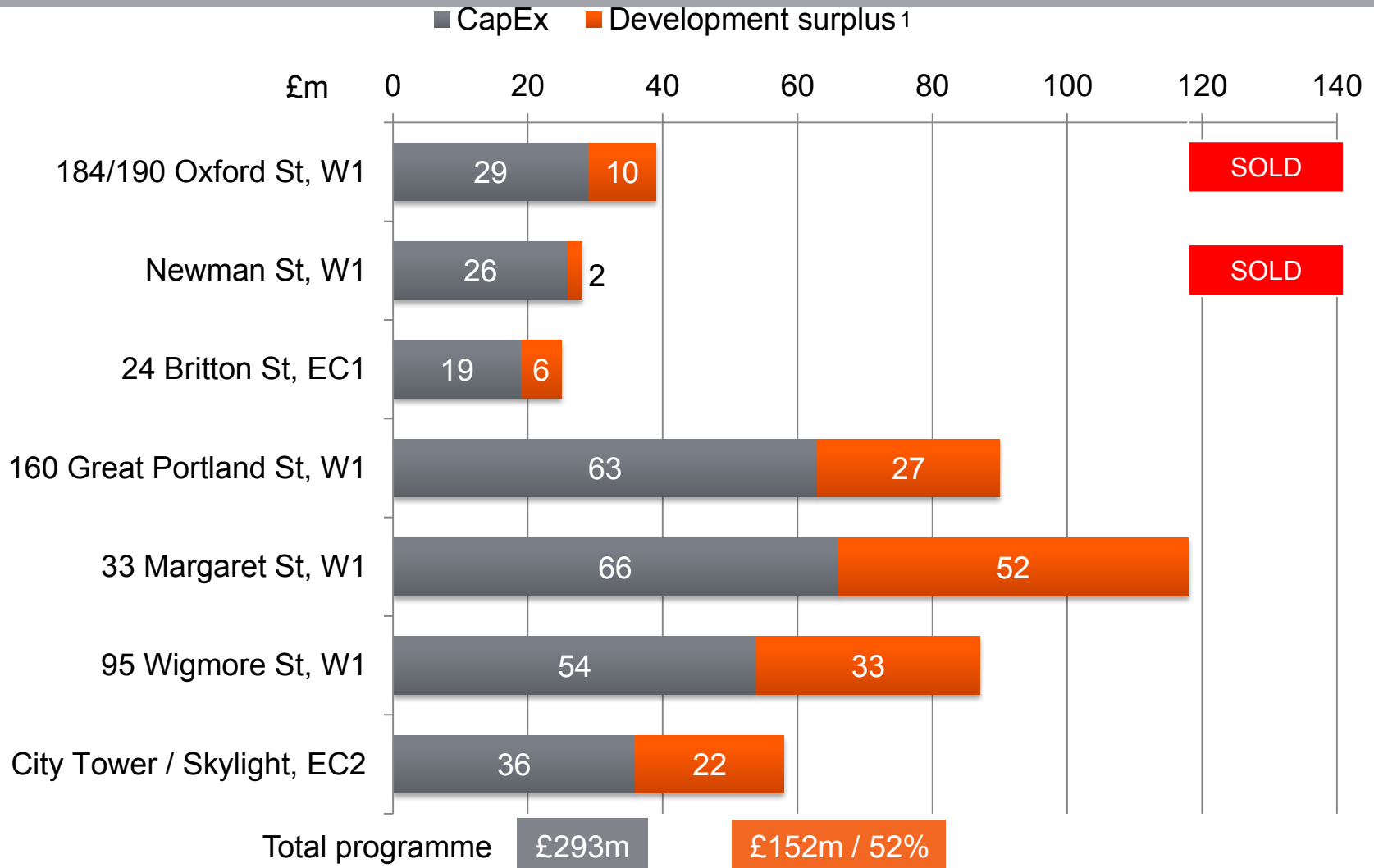
■ CapEx ■ Development surplus¹



1. Development surplus to point of sale or 75% let if retained. 2. Calculated to Sept 2013

Capturing Value

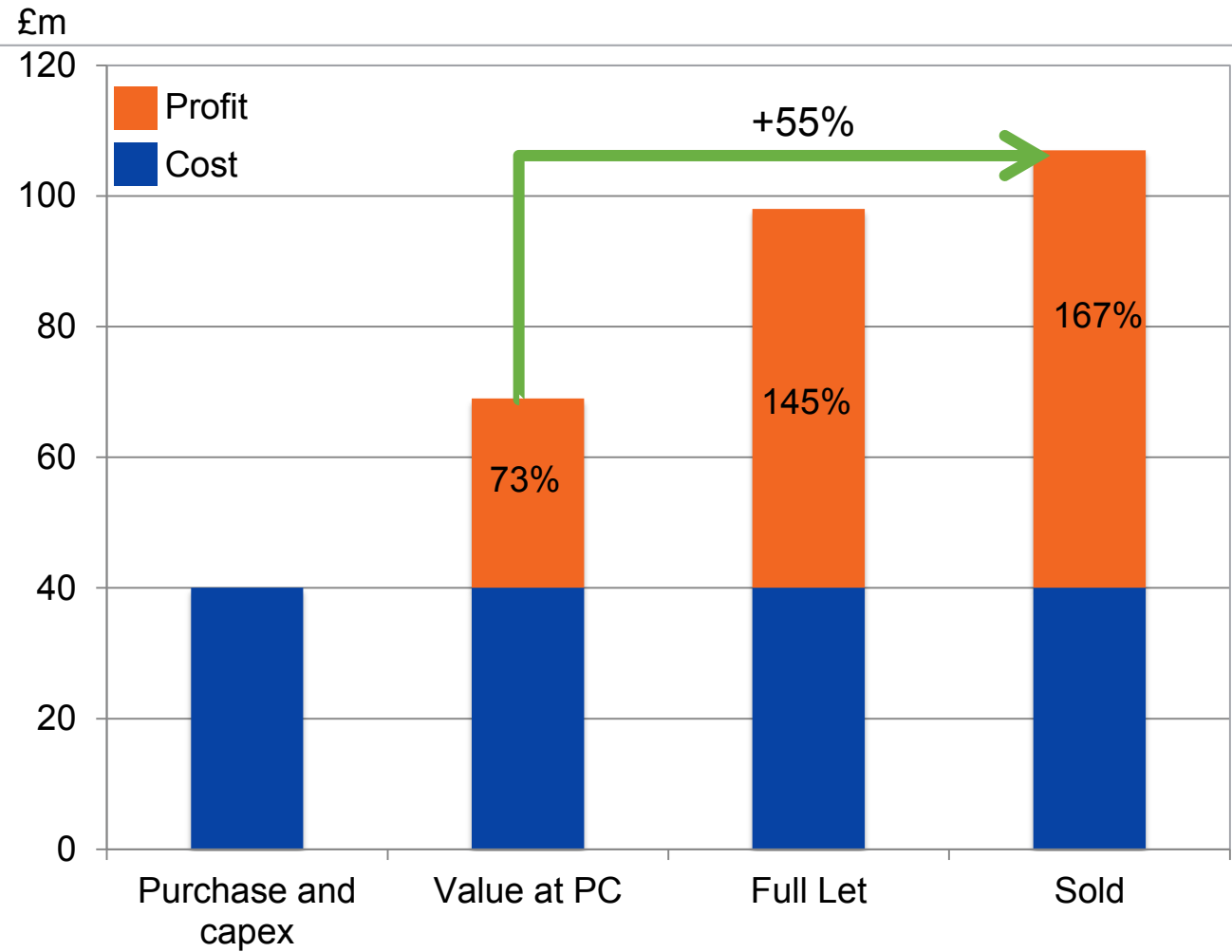
Development Track Record – This Cycle So Far



1. Capital surplus to point of sale or 75% let if retained

Capturing Value

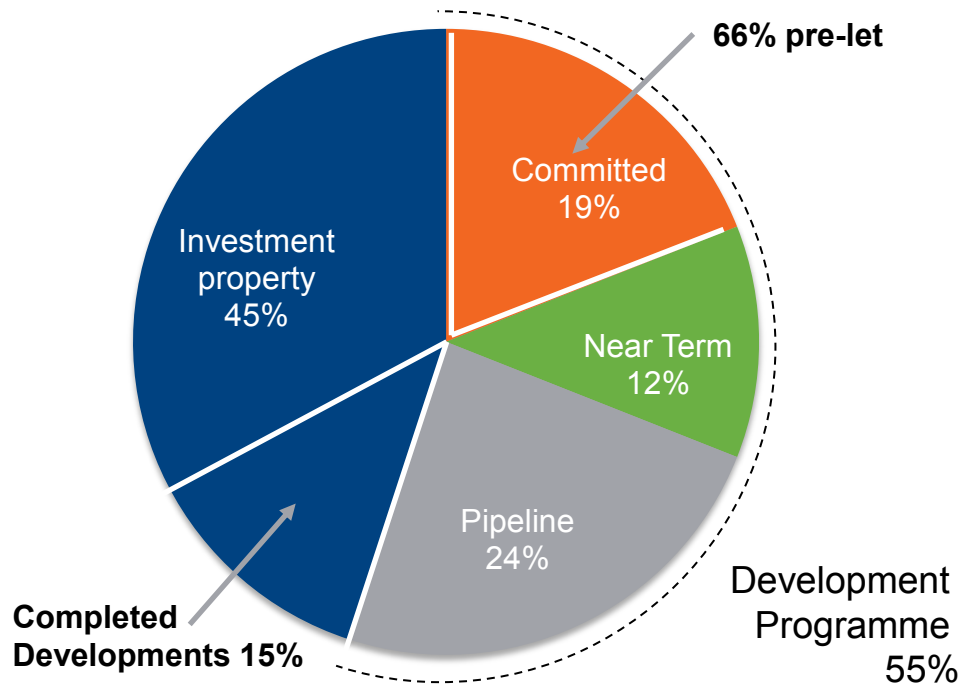
Speculative Development
Met Building, W1



Routes to Capturing Value



Total portfolio 3.5m sq ft



- Speculative development
- Sale
- Pre-letting
- Joint ventures
- Forward selling development

Appropriate risk-adjusted development returns

Routes to Capturing Value

Sale

20 St James's Street, W1



- Purchased 2010: £42.5 million
- Comprehensive refurbishment planned for 2015
- Sold 2013: £54.5 million
 - £982 per sq ft
 - NIY 2.1%
 - +20% Sept 2013 BV
- Profit on sale
> forecast development profit



Routes to Capturing Value

Pre-Letting

12/14 New Fetter Lane, EC4

GREAT
PORTLAND
ESTATES

- Pre-let to Bird & Bird
- 142,500 sq ft
- 20.25 year term, no break
- £8.3m pa
- 7 months rent free, £20.6m cash payment
(Total incentive 37 months rent equivalent)
- Construction contract in place
- Demolition started
- Practical completion Q3 2015

GPE profit on cost ¹	38.9%
Ungearred IRR ¹	21.7%
Yield on cost ¹	8.1%

1. Assume hand back not exercised

Routes to Capturing Value

Joint Venture
Hanover Square, W1



- 2013: 50:50 JV with the Hong Kong Monetary Authority
- 2011: Planning consent achieved for 208,000 sq ft development incorporating new Crossrail Station
 - 163,500 sq ft offices
 - 37,700 sq ft retail / restaurant
 - 11,800 sq ft residential, 6 units
- 2016: Anticipated development start



Routes to Capturing Value

Forward sale
160 Tooley Street, SE1



- Major site assembly (2 acres)
- 198,300 sq ft new build office
- July 2006 - forward sale to UBS
- 100% pre-let to London Borough of Southwark
- Project completed below budget

	Cost	Receipt	Profit
Land / capex	26.1	50.5	24.4

Profit on cost - 93.4%

Capturing Value

Summary



- Investment / Capex timing key
- Assets with multiple strategies
- Nimble approach to development
- Prepared to take development profit at all points of cycle
 - Opportunity cost
- Development work continues throughout the cycle
- Risk-adjusted returns – approach is key

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Toby Courtauld, Chief Executive

Outlook



Cycle-led strategy is key – It is delivering results

Market conditions remain supportive

Portfolio positioning excellent

- Substantial development opportunity
- c.10 years of pipeline
- >600k sq ft East End of Oxford Street

Exceptional team



Acquisitions



Design &
Planning



Construction



Leasing



Capturing
Value

Talent for buying: disciplined & entrepreneurial

Talent for delivering development successes:

- Understand tenants' needs
- Successfully navigate planning
- Ability to get the most out of world-class architects
- Industry-leading building delivery
- Leasing ahead of target

Capturing development value

Positive Outlook