

Great Portland Estates plc

GREAT  
PORTLAND  
ESTATES

We unlock potential,  
creating space for  
London to thrive

Full Year Results 2019



## Our Strategy is Clear



### Strategy

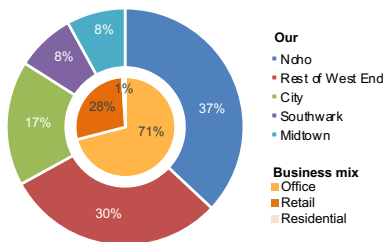
100% central London  
 Reposition properties  
 Flex operational risk  
 Low financial leverage  
 Disciplined capital management

West End focus (67%<sup>3</sup>)  
 Low rents (£55.20 psf)  
 Execution / Ready to invest  
 8.7%<sup>3</sup> LTV  
 Raise to acquire;  
 distribute excess

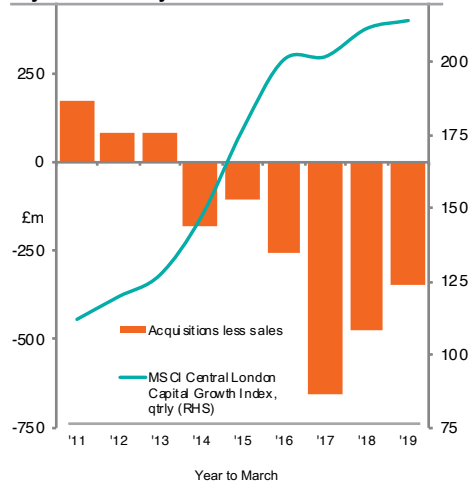
### Results

Superior total returns 433.6% TPR<sup>1</sup> (Benchmark 350.4%)

### Portfolio characteristics – c.£2.6 billion<sup>2</sup>



### Cycle read is key<sup>3</sup>



1. Since 30 September 2004 2. At 31 March 2019 – including share of joint ventures 3. Includes share of Joint Ventures

1

## Solid Results



31 March 2019	12 months	H2	H1
Property Valuation <sup>1</sup>	+0.2%	(0.4%)	+0.6%
<i>Developments<sup>1</sup></i>	+4.1%	+2.4%	+2.1%
Portfolio ERV movement <sup>1</sup>	+1.2%	+0.5%	+0.7%
Total Property Return	+3.5%	+1.3%	+2.2%
EPRA NAV per share	+1.0%	+0.5%	+0.5%
Ordinary Dividend	+8.0%	+8.2%	+7.5%

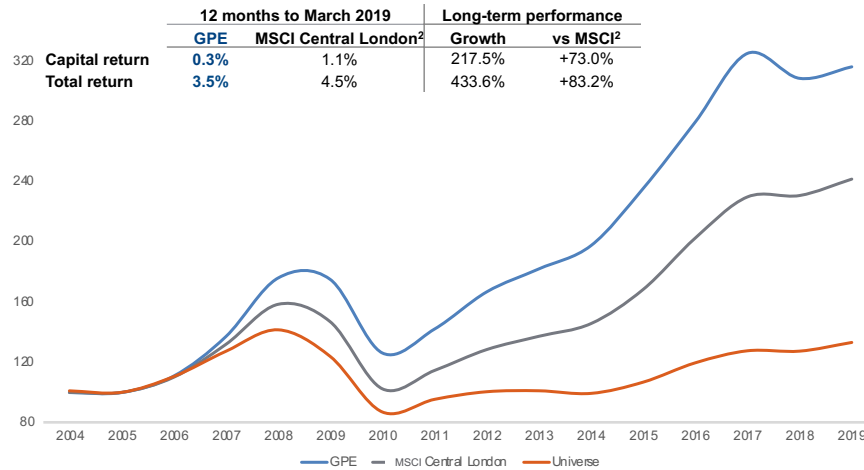
1. Like-for-like, including share of joint ventures

2

## Long-Term Outperformance Relative returns vs MSCI



Relative Capital Growth % pa<sup>1</sup>



1. 2004 – first pure comparability to MSCI central London 2. Central & inner London annual index

3

## Unlocking Potential Solid foundations for future



### 1. Income Successes

Let £24.5m<sup>1</sup> pa 12 months to Mar '19  
 FY: 6.9%<sup>2</sup> > Mar '18 ERV  
 H2: 8.4%<sup>2</sup> > Mar '18 ERV  
 Second pre-let (53,900 sq ft) at Hanover Sq, W1  
 19.2% uplift at RR; 8% reversionary, 63% by Mar '20  
 Flex space now 87,600 sq ft (May '18: 12,000 sq ft)  
 +30% > ERV<sup>3</sup>  
 Appraising further 124,300 sq ft

### 2. Investing for Growth

Strong Development Progress  
 1 completion, 94% let, 26.8% profit on cost (19.6% at PC)  
 3 projects started, 0.4m sq ft; est. 19% profit on cost  
 Hanover Sq; 48% pre-let  
 10 pipeline schemes, 1.4m sq ft, 37% of portfolio  
 2 planning applications next 12 months  
 13 schemes in total, 1.8m sq ft, 54% of portfolio

### 3. Rock Solid Financial Position

Financial metrics even stronger than May '18  
 LTV ↓ to 8.7%  
 Avg interest rate low @ 2.7%  
 Returning surplus equity to shareholders; £490m since 2017  
 Available liquidity £608m

### 4. Enhancing our Strong Culture

GPE Values: Together We Thrive  
 ESG hardwired throughout Group  
 Innovating across operations  
 Promoting from within  
 89% of staff say "great place to work"<sup>4</sup>

#### Organic growth potential...

Income growth potential: +51%  
 Significant pipeline: no need to buy

#### ... well placed to capitalise

Balance sheet strength: capacity  
 Great team: unlock potential

London: key world city; near term resilience, long term growth

1. 100% 2. Market lettings i.e. excluding short term lets ahead of development 3. Combination of outperformance of March 2018 net effective ERV and net effective rent achievable on short term letting ahead of development 4. Most recent staff survey

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## Agenda



<b>Introduction</b>	<b>Toby Courtauld</b> , Chief Executive
<b>Financial Results</b>	<b>Nick Sanderson</b> , Finance & Operations Director
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## Financial Highlights



Resilient financial performance	Organic rent roll growth	Ordinary dividend growth	
Exceptionally strong debt metrics	Returning surplus equity	Significant capacity for investment	
<b>Balance Sheet</b>	<b>March 19</b>	<b>March 18</b>	<b>Change</b>
Portfolio value <sup>1</sup>	£2,579.0m	£2,790.0m	+0.2% <sup>2</sup>
EPRA NAV per share <sup>3</sup>	853p	845p	+1.0%
EPRA NNAV per share <sup>3</sup>	850p	842p	+1.0%
Loan-to-property value	8.7%	11.6% <sup>4</sup>	(2.9pps)
<b>Income Statement</b>	<b>March 19</b>	<b>March 18</b>	<b>Change</b>
EPRA Earnings <sup>3</sup>	£53.7m	£66.5m	(19.2%)
EPRA EPS <sup>3</sup>	19.4p	20.4p	(4.9%)
Dividend per share	12.2p	11.3p	+8.0%
	<b>March 19</b>	<b>March 18</b>	<b>Change</b>
Total Accounting Return	2.3%	7.1%	(4.8%)

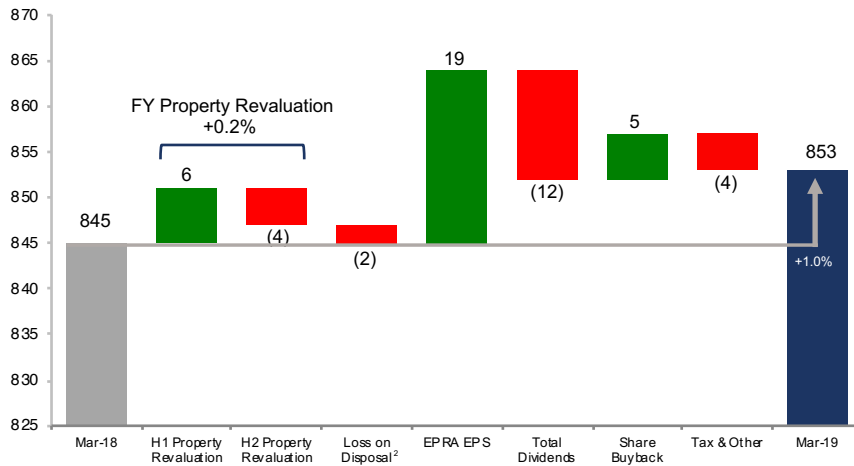
1. Including share of JVs 2. Like-for-like change 3. On an EPRA basis  
4. Pro forma for £306m capital return, post balance sheet date sales and draw down of £100m USPP notes

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## EPRA NAV per share up 1.0%<sup>1</sup> 12 months to 31 March 2019



Pence per share



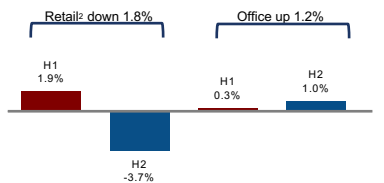
1. Adjusted per EPRA guidance. 2. Including fees

7

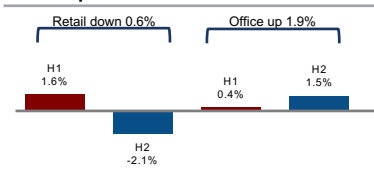
## Valuation up 0.2%<sup>1</sup> 12 months to 31 March 2019



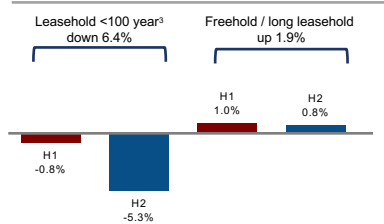
### Property Valuation up 0.2%



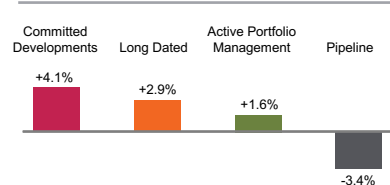
### ERVs up 1.2%



### Leasehold <100 years down 6.4%



### Committed developments up 4.1%



1. Like-for-like change 2. 28.1% of portfolio by value 3. 18.7% of portfolio by value

8

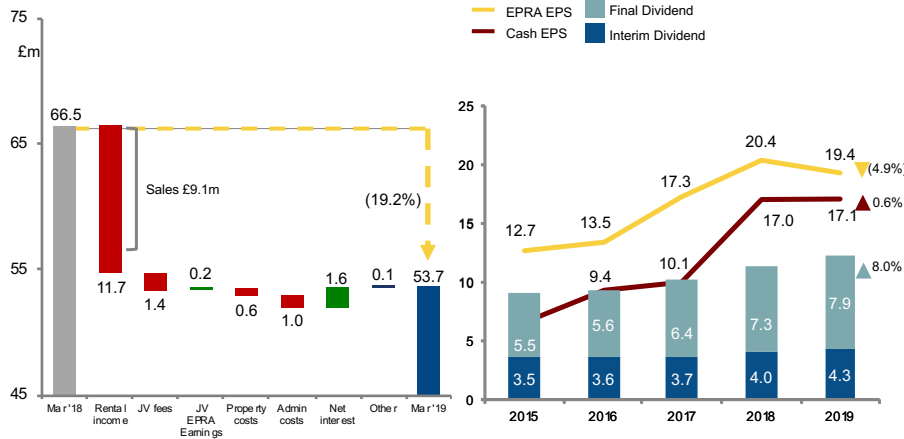
# EPRA Earnings Down Due to Sales

## Cash EPS up to 17.1 pence and Ordinary Dividend up 8.0%



### EPRA Earnings<sup>1</sup> (12 months to 31 March 2019)

### EPS and Dividend (p)



1. Adjusted per EPRA guidance

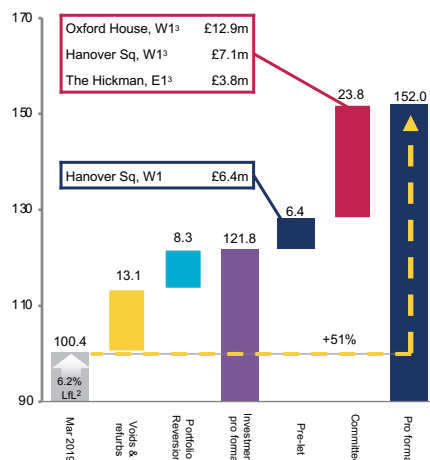
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# Organic Rent Roll Growth Opportunity

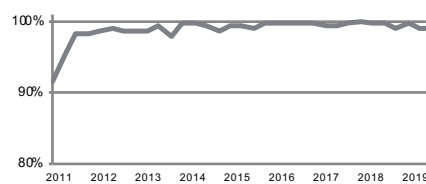
## Resilient Occupier Base



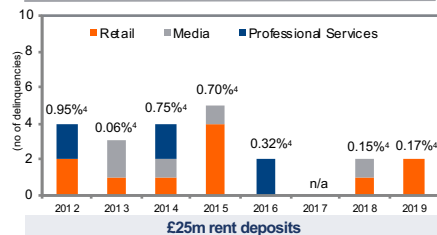
### Potential Additional Rent Roll (£m)<sup>1</sup>



### >99.0% of rent collected within 7 working days



### Minimal delinquencies: 0.17% of rent roll<sup>5</sup>



1. Gross constructed rent excluding impact of tenant incentives; includes share of JVs. 2. Like-for-like growth 31 March 2018 to 31 March 2019.  
 3. CBRE rental estimates March 2019. 4. Value of delinquencies as % of Rent Roll (including 100% of JV properties). 5. Years to March

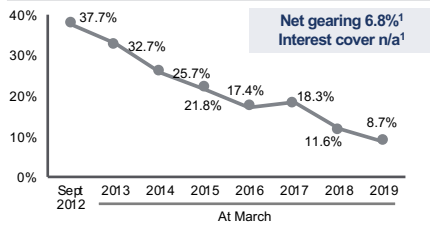
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## Robust Debt Metrics

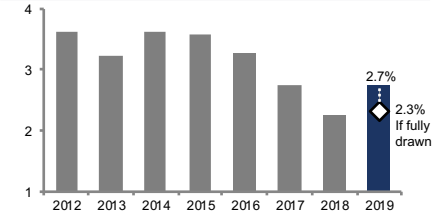
Significant low cost liquidity



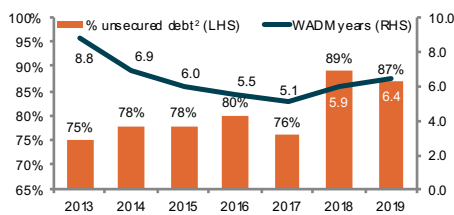
### LTV (%)



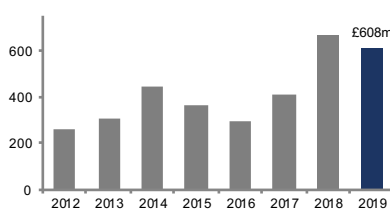
### WAIR (%)



### Maturity of Debt & Unsecured Debt²



### Cash and Undrawn Facilities (£m)



1. Measured in accordance with Group covenants. 2. On a committed basis

Note: All March 2018 data is pro forma for £306m capital return, post balance sheet date sales and draw down of £100m USPP notes.

## Financial Discipline

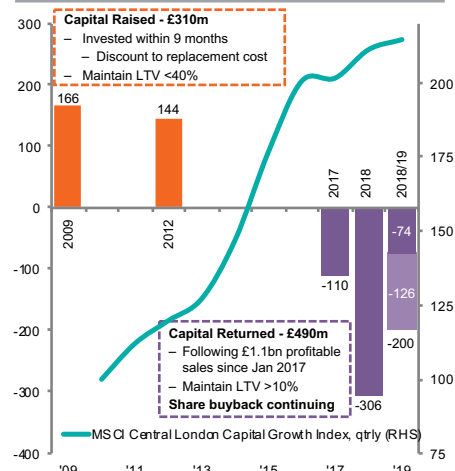
Balance sheet efficiency; ongoing share buyback programme



### Share buy back of up to £200m

- Following £329.3 million sales in H1 '19
- On-market programme launched in Nov '18¹
  - 10.3 million shares (£74.1 million) purchased and cancelled in H2
  - Average price of 720p per share
  - Funded from existing cash resources
  - Recommended today, following end of closed period
- Significant financial flexibility retained
- Regular review by Board of size and timing of buyback
- Future direction of UK economy
- Scale and speed of investing & divesting activities

### Track record of accretively raising & returning capital (£m)



1. In accordance with existing general authority from shareholders

## Balance Sheet Strength

Capacity for future investment maintained



### Cumulative Pro Forma LTV

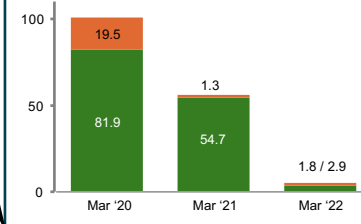
	LTV <sup>3</sup>
At 31 March 2019	8.7%
Remainder of Buyback (up to £126m)	13.6%

Committed Capex	To come £m <sup>2</sup>	
Hanover Square, W1	45.9	
Oxford House, W1	73.0	
The Hickman, E1	20.6	
	139.5	18.0%

Refurbishment Capex	22.6	18.7%
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+ Illustrative Investment Capacity	£250m	25.5%
	£500m	31.2%
	£1,000m	40.4%

Forecast Capex<sup>1</sup>, £m, Years to March



### Capital allocation & balance sheet discipline

1. Projected Capital Expenditure excludes sales / marketing expenses, void costs and interest, including share of JVs  
 2. As at 1 April 2019 3. Assumes constant values and excludes development surpluses

## Key Financial Messages



- Our activities delivered small uplift in EPRA NAV and cash EPS, despite expected decline in EPRA earnings given continued net sales activity
- Progressive dividend policy maintained with significant further rent roll growth potential from robust occupier base
- Exceptionally strong debt metrics following accretive refinancing and sales activities
- Balance sheet discipline with ongoing share buyback to return further surplus capital to shareholders
- Financial flexibility and firepower maintained

**Extremely well positioned**



# Agenda



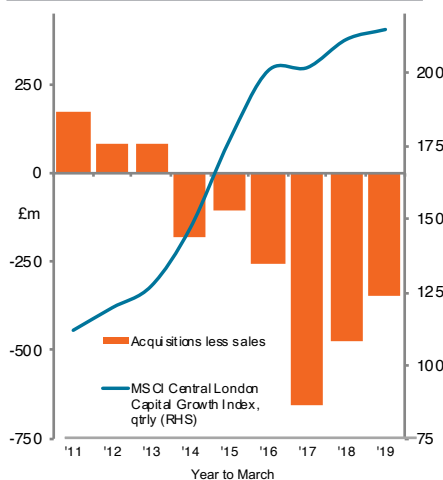
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# Executing Our Strategy

## Net sales & investing in organic growth



GPE Acquisitions less Sales<sup>1</sup>



### Activity

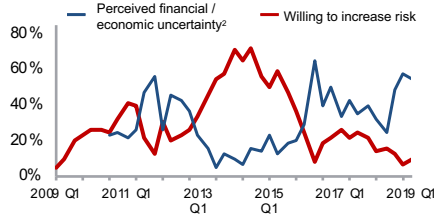
<b>Sales &amp; Acquisitions</b>	Net seller, crystallising surpluses	
<b>Executing Asset Strategies</b>	Leasing Reversion capture Development starts Pipeline preparation	
	<b>Conditions needed</b>	<b>Our view</b>
<b>Sales</b>	Investor confidence Liquidity	<b>Best assets, yes Remainder paused, pending Brexit</b>
<b>Acquisition</b>	Risk aversion / motivated sellers	<b>No forced sellers</b>
<b>Execution</b>	GDP growth Job growth Occupier demand	<b>Yes, but increased uncertainty</b>

1. Includes share of Joint Ventures

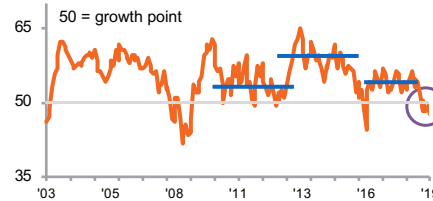
# Economic Conditions: Near Term Uncertainty But London expected to outperform UK



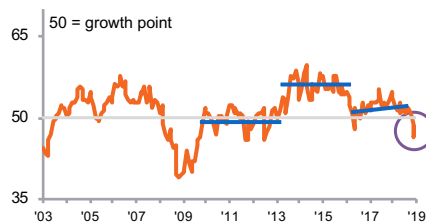
## CFO Survey<sup>1</sup>



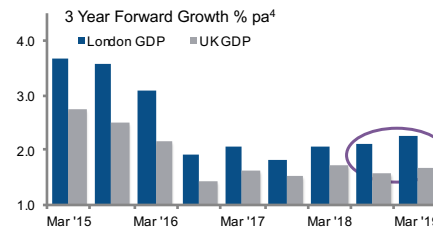
## London Economy: Activity<sup>3</sup>



## London Economy: Jobs<sup>3</sup>



## London still expected to outperform UK

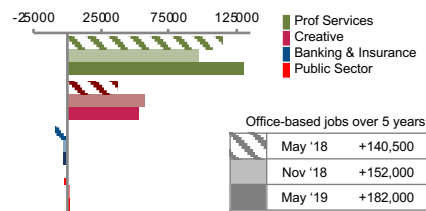


1. Deloitte 2. Perceived "High or very high" financial / economic uncertainty 3. Markit PMI London Report 4. Oxford Economics 17

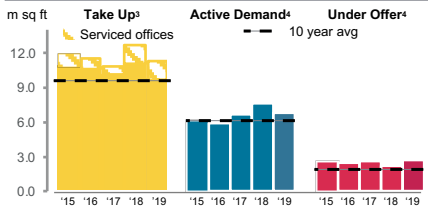
# Job Growth Marginally Up Leasing ahead of long run average; beating ERVs



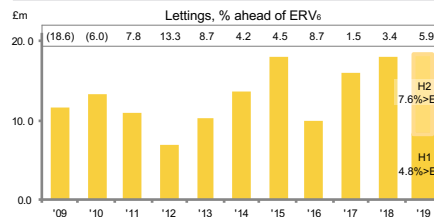
## Net Office Job Creation in London<sup>1</sup>



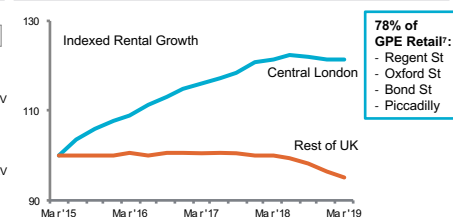
## City and West End Office Leasing<sup>2</sup>



## GPE: Strong Investment Portfolio Lettings<sup>5</sup>



## Central London Retail: Relatively Robust vs UK<sup>6</sup>



78% of GPE Retail:  
- Regent St  
- Oxford St  
- Bond St  
- Piccadilly

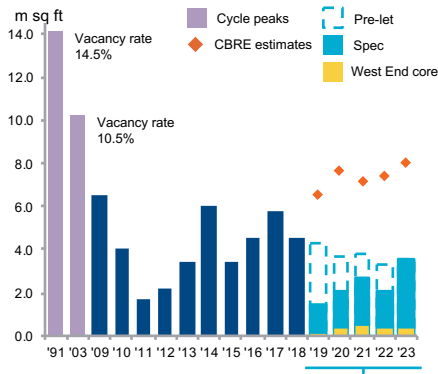
1. Oxford Economics, Nov 2018 2. CBRE / Knight Frank, West End and City combined 3. Annual to March 4. As at March 5. 100%, excludes pre-lets 6. % ahead of March ERVs, exclude short-term lets ahead of development and pre-lets 7. By ERV

# New Supply Tight; Secondhand Stable

## Vacancy rates remain low



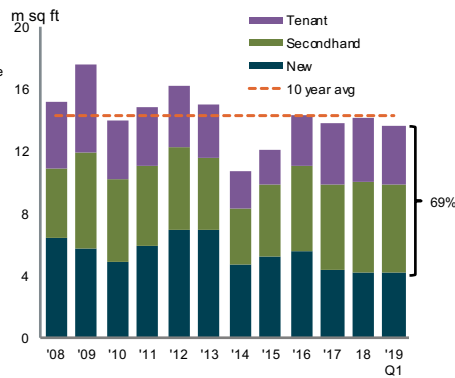
### Central London Office Completions<sup>1</sup>



**5 Year Forecast**

- 37% pre-let
- CBRE spec: 26.0m sq ft; GPE spec: 11.8m sq ft
- West End Core spec: 1.6m sq ft; 0.6% p.a.<sup>2</sup>
- Pre-letting likely

### Central London Availability By Type<sup>3</sup>



Vacancy Rates	Dec '18	Mar '19	Dec '19	Dec '20	Dec '21	Dec '22	Dec '23
City	5.3%	5.2%	6.4%	6.7%	7.4%	6.7%	5.7%
West End	3.2%	3.3%	3.8%	4.1%	4.9%	4.5%	4.0%

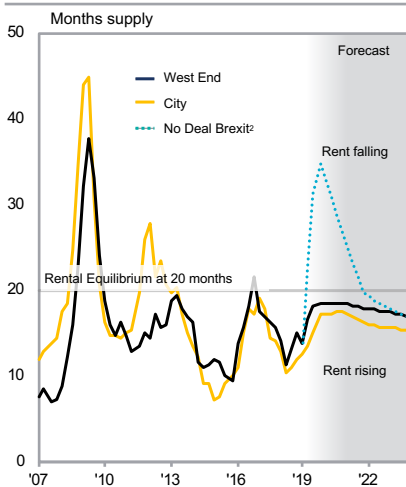
1. CBRE / GPE; schemes > 20,000 sq ft 2. Includes W1 plus part Bloomsbury; of core stock 3. CBRE

# Market Balance Near Equilibrium

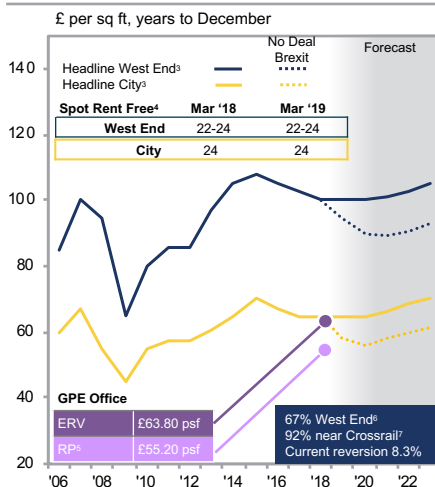
## Headline rents flat to marginally up; Reversion to capture



### Office Market Balance<sup>1</sup>



### Prime Headline Rents



1. PMA 2. West End and City combined

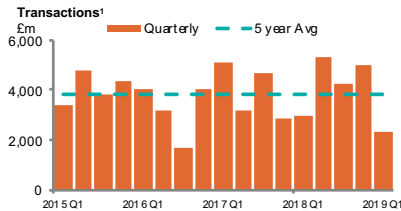
3. PMA, 95<sup>th</sup> percentile 4. GPE, months, assuming a 10 year term  
5. Rent Passing 6. By value 7. Within 800m of a Crossrail station

# Central London Investment Market

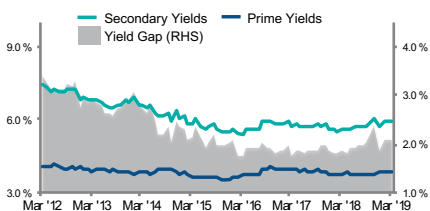
## Turnover down; no forced sellers; equity still strong



### Q1 '19 Investment Volumes Sharply Down



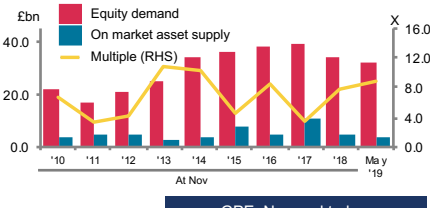
### Offices Yield Gap<sup>2</sup>



### Limited Stock; No Forced Sellers<sup>3</sup>

<b>On Market</b>	Nov 2018	£4.3bn	
<i>Of which</i>	<i>Sold</i> (£2.1bn)	} 60% Prime / repositioning (Nov '18: 70%)	
	<i>Under Offer</i> (£0.5bn)		
	<i>Withdrawn</i> (£1.0bn)		
<b>Still available</b>		£0.7bn	} 40% Overpriced / no-angle (Nov '18: 30%)
<b>New</b>		£2.8bn	... no forced sellers & less to buy
<b>On Market</b>	May 2019	£3.5bn	vs £11.1bn Nov 2017

### Equity Demand Still Strong; Supply Set to Rise?<sup>4</sup>



1. Three months to March 19 2. CBRE, Equivalent Yields 3. GPE 4. CBRE & GPE; as at Nov, unless stated

# Near Term Market Outlook

## Continuing uncertainty; assumes orderly Brexit



Rents	Outlook		Yields	Outlook	
	Nov 18	Today		Nov 18	Today
GDP / GVA growth	●	●	Rental growth	●	●
Business investment	●	●	Weight of money	●	●
Confidence	●	●	Gilts	●	●
Employment growth	●	●	BBB Bonds	●	●
Active demand / Take-up	●	●	Exchange rate	●	●
Vacancy rates	●	●	Political risk	●	●
Development completions	●	●			

Rental Values	GPE Portfolio		
	Nov '18: FY '19 Guidance	FY '19 Actual	FY '20 Guidance Range
Offices	(1.0%) to 1.0%	1.9%	(1.0%) to 2.0%
Retail	0% to 2.5%	(0.6)%	(5.0%) to 0.0%
Portfolio	(1.0%) to 1.5%	1.2%	(2.0%) to 1.5%

Yields	Today	Orderly Brexit	GPE Portfolio
Prime	→	→	
Secondary	→	→	

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# Acquisitions & Disposals

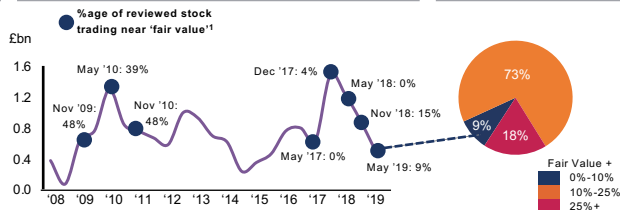
## Net seller FY 2019



### Acquisitions

- No acquisitions since June '17
- £0.5bn under review

### Value of deals under review



### Disposals

- £348.9m<sup>3</sup> since March 2018
- £1,459 psf cap val<sup>3</sup>; 3.98% NIY
- 0.7% < BV

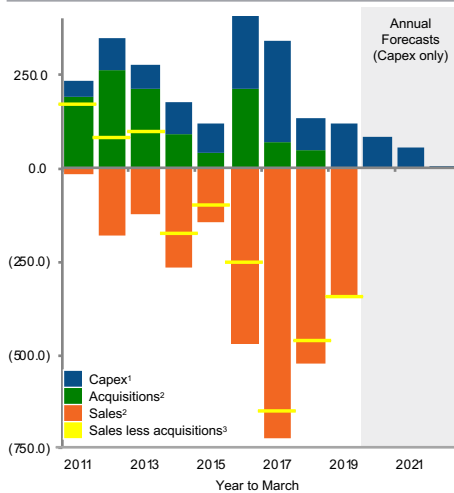
		Net Price <sup>4</sup>	NIY	Date
	<b>78/92 Great Portland St, W1</b>	£48.2m	3.90%	April '18
	<b>160 Great Portland St, W1</b>	£127.3m	4.08%	Aug '18
	<b>27/35 Mortimer St, W1</b>	£38.5m	3.90%	Aug '18
	<b>32/36 Great Portland St, W1</b>	£18.9m	3.94%	Aug '18
	<b>Percy House, W1</b>	£25.0m	3.76%	Sep '18
	<b>55 Wells St, W1</b>	£64.6m	3.99%	Oct '18

1. %age of reviewed & traded / under offer stock near 'fair value' over previous 6 months 2. %age of reviewed & traded / under offer stock over previous 6 months 3. Includes residential sales not shown on slide 4. Net of tenant incentives

## Where Next? Much Depends on type of Brexit



### GPE Portfolio (£m)<sup>1</sup>



#### Investment

- *Orderly Brexit* Balanced  
Sales: reviewing c.£170m  
Acquisitions: good deal flow
- *No Deal Brexit* Net investor
- *Either way* Ready to invest; significant firepower  
Patient and disciplined; **no need to buy**

#### Development

- £140m capex in 3 committed projects
- Prepare 10 pipeline projects
- 2 planning applications next 12 months (0.5m sq ft)

#### Portfolio Management

- Capture existing reversion: 8%
- Invest in refurbishments to create further reversion
- Multiple value-adding opportunities

**Recycling & investing in organic growth**

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

## Agenda



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<b>Outlook</b>	<b>Toby Courtauld</b> , Chief Executive

# Strong Progress



## Continued Success: Beating ERVs

- 78 lettings (2018: 68)

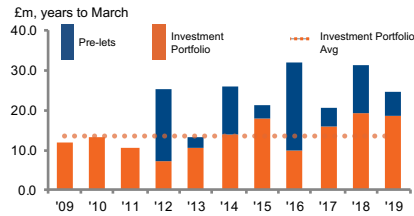
	Rent	> Mar '18 ERV
Q1	£2.8m	2.0%
Q2	£5.6m	5.6%
Q3	£4.2m	5.7%
Q4	£11.9m	9.2%
<b>FY</b>	<b>£24.5m</b>	<b>6.9%</b>

- Flex/Co-working £4.5<sup>1</sup>m new rent
- Void rate unchanged at 4.8%<sup>3</sup>
  - 2.0% excluding City Place House
- 27 rent reviews (2018: 34)
  - £13.3m<sup>1</sup> rent secured; 19.2% > passing rent
  - 3.3% > ERV at review

## Looking Forward

- Reversionary potential £8.3m<sup>3</sup>
  - £5.2m available by March 2020 (63%)
- Maintaining leasing momentum
  - £2.8m completed / under offer since 31 March
- Further opportunities for growth

## Lettings: Ahead of Long Run Average



**Hanover Sq, W1**  
£6.2m pa;  
9.6% > ERV<sup>4</sup>

**City Tower, EC2**  
8 lettings; £2.1m pa;  
5.7% > ERV<sup>4</sup>

**Elsley House, W1**  
3 deals since Mar 18  
£2.0 m pa; 11.6% > ERV<sup>4</sup>

1. At 100% 2. Market lettings i.e. excluding short term lets ahead of development 3. GPE share 4. ERV at March 2018

# Flex / Co-Working Space Excellent progress



## Flex Space; dedicated, fitted out space on flexible terms

12 deals in six locations	<b>39,200 sq ft</b>	£2.8 m rent	30% premium to ERV <sup>1</sup> 100% let within 1 month
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## Co-Working Space

3 year revenue-share agreement with Runway East at New City Court, SE1

November '18	25,800 sq ft	82%	} 78% occupied
May '19	+22,600 sq ft	74%	

<b>Total Co-Working</b>	<b>48,400 sq ft</b>	c.£2.8m potential rent <sup>3</sup>	+30% > market letting <sup>2</sup> Preserving redevelopment plans
-------------------------	---------------------	-------------------------------------	--

## Flex / Co-Working: What's Next

<b>Appraising</b>	<b>124,300 sq ft</b>	Across Investment & Development properties
<b>Total Potential</b>	<b>211,900 sq ft</b>	c. 10% total office portfolio Further evolve flex offer: additional services

1. March 2018 net effective ERV 2. Comparison with net effective rent achievable on short term letting ahead of development 3. GPE share, assumes 92% occupancy

## Innovating to Attract & Retain Occupiers

Improving wellbeing and amenity



### 200 Gray's Inn Road, WC1

#### Enlarged reception:

- Informal meeting space
- New café open to the public

#### New bespoke, market-leading app:

- Secure automated entry via smartphone
- Climate control & performance monitoring
- Community platform
- Lifestyle concierge service

#### What's Next:

##### Innovating

- Roll out app across portfolio
- Launched at 160 Old Street
- +26 buildings by Dec '19; c.20,000 potential users
- Utilise data to improve design and portfolio performance
- Occupiers prepared to pay premium for enhanced offer<sup>1</sup>

##### Creating value

- Active portfolio management ► growing revenue and capital
- Investing to reposition
- Aligning leases in pipeline assets

**Portfolio in great shape; improving occupier experience**

<sup>1</sup> CBRE EMEA Occupier Survey Report 2019

## Agenda



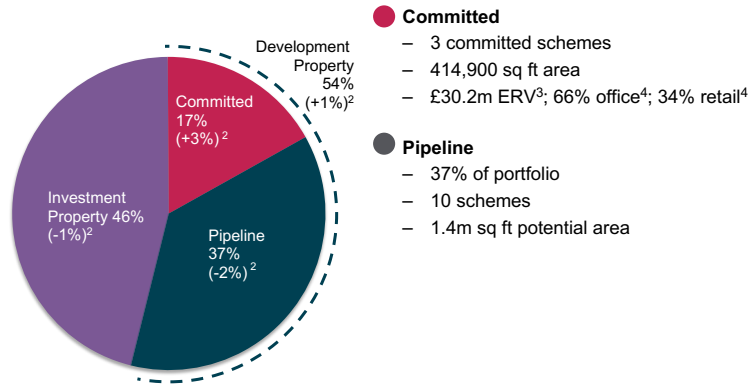
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## Development Update



### Total Portfolio by Value (May 2019)<sup>1</sup>



1. Portfolio breakdown by value as at May 2019, GPE share 2. Change since November 2018  
3. GPE share 4. By ERV; CBRE March 2019

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## Committed Projects 3 substantial projects



Committed	Anticipated Finish	New building area sq ft	Cost to complete £m <sup>2</sup>	ERV <sup>1</sup>		Income pre-let <sup>2</sup> £m	% let <sup>2</sup>	Profit on cost %
				Office avg £psf	£m <sup>2</sup>			
The Hickman, E1	Q1 2020	74,700	20.6	3.8	51.40	-	-	13.8%
Oxford House, W1	Q2 2021	119,000	73.0	12.9	85.20	-	-	18.3%
Hanover Square, W1	Q3 2020	221,200	45.9	13.5	112.40	6.4	47.6%	20.9%
<b>Committed projects</b>		<b>414,900</b>	<b>139.5</b>	<b>30.2</b>		<b>6.4</b>	<b>21.3%</b>	<b>19.1%</b>

Targeting BREEM Excellent across all projects

Development value<sup>2</sup>    £775.9m    £2,748psf

Development yield    4.8%

Expected profit / profit on cost<sup>2</sup>    £124.5m    19.1%

Profit taken Mar 2019    £15.7m

98% cost fixed    May '18    11.2%    15.9%

**Profitability and %age pre-let increased**

1. CBRE March 2019 2. GPE share

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## Committed Project The Hickman, E1



### Development Progress

- 74,700 sq ft; avg office ERV £51.40 psf<sup>1</sup>
- Construction progressing
- Completion Q1 2020

### Targeting Pre-Lets

- Early leasing interest
- Co-Working: targeting 20% of space
- Exploring revenue share opportunities with operators

### Innovation

- Highly sustainable; 40% energy improvement<sup>2</sup> and green roof
- Smart Building
  - WiredScore Platinum
  - User-controlled temperature, lighting and access
  - Data gathering on air quality, noise levels and utilisation
- Enhanced Amenity
  - Lifestyle concierge offer & dedicated café

GPE profit on cost	13.8%
Ungeared IRR	12.1%
Development yield	6.7%
BREEAM	Excellent

### Whitechapel Courtyard Sites

- Agreement for sale > BV; 2.5 x expected profit<sup>3</sup>

1. CBRE ERV March 2019 2. Above building regulation requirements  
3. Based on Whitechapel Courtyard development proposals



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## Committed Project Oxford House, W1



- 119,000 sq ft prime east end of Oxford St
- Demolition completed; building works commenced
  - Construction costs fixed
  - Office; targeting pre-lets
    - 81,100 sq ft; £85.20 psf<sup>1</sup>; £6.9m
  - Retail; marketing to commence Q3 2019
    - 37,900 sq ft; £625 psf ZA<sup>1</sup>; £6.0m
  - Completion Q2 2021

GPE profit on cost	18.3%
Ungeared IRR	11.2%
Development yield	4.4%
BREEAM	Excellent

1. CBRE ERV March 2019



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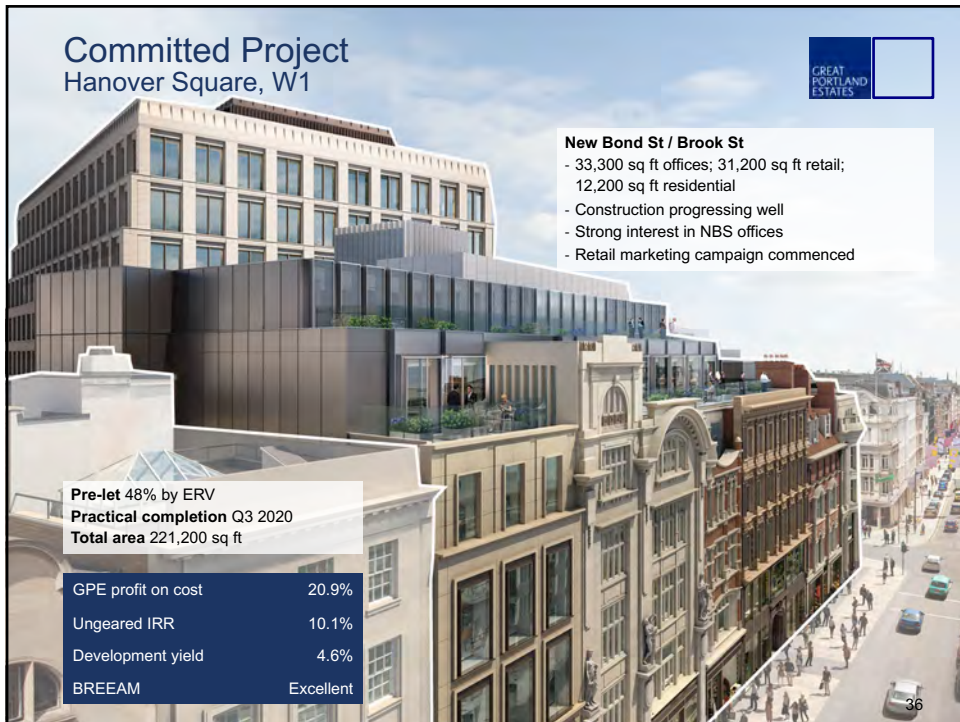
**Committed Project**  
Hanover Square, W1



**18 Hanover Sq, W1<sup>1</sup>**

- 144,500 sq ft (133,900 sq ft offices; 10,600 sq ft retail)
- 53,900 sq ft of office space pre-let to Glencore (Levels 2-4)
- Follows 57,200 sq ft pre-let to KKR (March '18)
- 87% of ERV secured to date<sup>2</sup>
- 17.4 years avg lease length
- 1 floor remaining (16,500 sq ft)
- Construction progressing well

1. Including 20 Hanover Sq 2. 18 Hanover Sq



**Committed Project**  
Hanover Square, W1



**New Bond St / Brook St**

- 33,300 sq ft offices; 31,200 sq ft retail;
- 12,200 sq ft residential
- Construction progressing well
- Strong interest in NBS offices
- Retail marketing campaign commenced

Pre-let 48% by ERV  
Practical completion Q3 2020  
Total area 221,200 sq ft

GPE profit on cost	20.9%
Ungearred IRR	10.1%
Development yield	4.6%
BREEAM	Excellent

## Opportunity Rich Pipeline 10 schemes



	New build area (sq ft)	Increase in area (sq ft)	Opportunity Area	Earliest Start	Next Steps
50 Finsbury Sq, EC2	126,400 <sup>1</sup>		Crossrail	2020	Planning application
City Place House, EC2	350,000	+173,400	Crossrail	2022	Planning application
New City Court, SE1	373,100	+275,100	London Bridge	2022	Planning application determination
Minerva House, SE1	120,000	+13,200	London Bridge	2022	Design
95/96 New Bond St, W1	9,600 <sup>1</sup>		Prime Retail	2023-24	Design
Kingsland/Carrington House, W1	51,400	+11,600	Core West End	2022-23	Design
Mount Royal, W1	92,100 <sup>1</sup>		Core West End	2022-23	Design
French Railways House, SW1	75,000	+20,400	Core West End	2021-22	Design
Jermyn St, SW1	133,200 <sup>1</sup>		Core West End	2021-22	Design
35 Portman Square, W1	72,800 <sup>1</sup>		Core West End	2026	Design
<b>Pipeline Total</b>	<b>1,403,600</b>	<b>+493,700</b>			

54% increase on existing area  
 ↑ 153,500 sq ft since Nov 2018; more to come

1. GPE existing area used where insufficient design information exists

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## New City Court, SE1 Landmark office / retail scheme



- Planning application submitted Dec 2018; expected determination Q3 2019
- Existing 98,000 sq ft; Proposed 373,100 sq ft (380%)
- Offices 349,800 sq ft; Retail 23,300 sq ft
- Office floor plates 10,000-12,000 sq ft

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## New City Court, SE1

Landmark office / retail scheme



### Community integration

- Hub space
- Fifth floor public garden
- Routes through site / landscaped courtyard
- New entrance to London Bridge Underground

### Exemplary sustainability and wellbeing

## City Place House, EC2

New build



Existing



Proposed: New Build

- Potential increase in area +173,400 sq ft
- Revised business plan from Refurb to New Build
- Best in class sustainability and innovation profile
- Maximises potential
- Earliest start 2022

## Mount Royal, W1 Oxford Street Regeneration



- 2 acre site
- Significant potential increase in area

- Exemplary community, sustainability, wellbeing and innovation initiatives
- Transformation of Oxford St



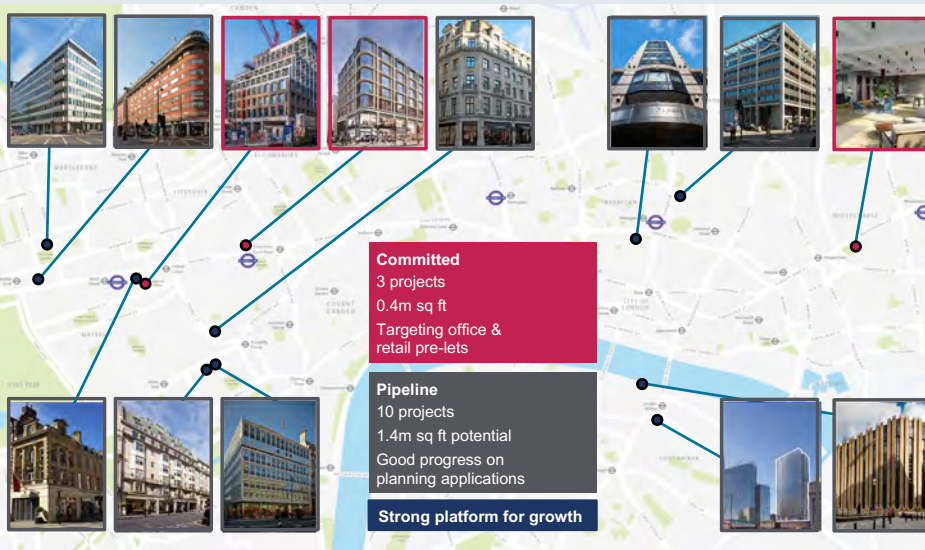
Existing



Early stage concept

1. Existing area used where insufficient design information exists

## Development Programme 13 projects, 1.8m sq ft

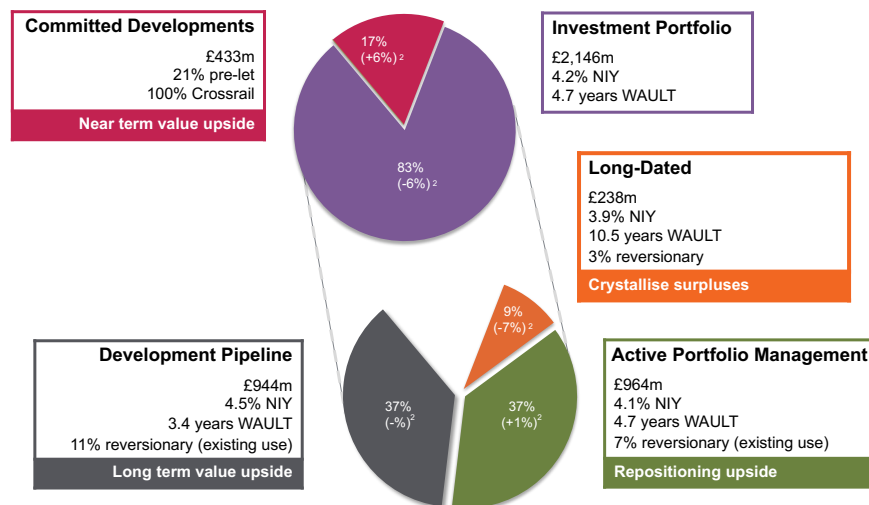


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# Opportunity Long term organic growth<sup>1</sup>



1. Portfolio breakdown by value as at May 2019 2. Change since March 2018

## Opportunity



### Strategy: Clear and Consistent

- Repositioning: rental and capital growth
- Recycling
- Returning surplus equity
- Investing in new raw material
- Central London only: West End bias (67% today)

### London: Europe's Business Capital

- Growing
- Long term demand
- Supply to remain tight
- Deep, liquid investment markets

### Growth Strategy Deliverable

- Successfully executing asset plans
- Highest proximity to Crossrail: 92% within 800m
- Bringing exceptional developments into production
- Preparing pipeline; platform into 2020s
- Innovating and evolving product to suit changing occupier demand
- Ready to buy – but no need to; must be accretive
- Unprecedented financial strength

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## Outlook



### GPE well placed:

- Portfolio full of opportunity
- Balance sheet strength
- Invest for growth
- Exploit market dislocation
- Talented team, strong culture
- Deliver ambitious plans; long-term organic growth

### Positioned for any outcome; confident outlook

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## Disclaimer



This presentation contains certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

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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.

## Balance Sheet

Proportionally Consolidated for Joint Ventures



£m	Group	JVs	Total	March 18
Investment property	1,984.3	594.3	2,578.6	2,774.4
Trading property	5.6	-	5.6	19.5
Other assets	14.9	2.4	17.3	21.5
Net debt at book value	(156.6)	(67.4)	(224.0)	(67.5)
Other liabilities	(50.4)	(17.4)	(67.8)	(381.0)
<b>Net assets</b>	<b>1,797.8</b>	<b>511.9</b>	<b>2,309.7</b>	<b>2,366.9</b>
Fair value of derivatives	-	-	-	0.3
Fair value of convertible debt	-	-	-	0.9
Fair value of trading property	-	-	-	1.3
Deferred tax	-	-	-	1.8
<b>EPRA NAV (diluted)</b>	<b>1,797.8</b>	<b>511.9</b>	<b>2,309.7</b>	<b>2,371.2</b>
<b>EPRA NAV per share</b>	<b>664p</b>	<b>189p</b>	<b>853p</b>	<b>845p</b>

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## Income Statement

Proportionally Consolidated for Joint Ventures



£m	Group	JVs	Total	Mar 18
Rental income	80.3	15.7	96.0	109.4
Fees from Joint Ventures	3.8	-	3.8	5.2
Property and Administration costs	(37.0)	(2.4)	(39.4)	(35.5)
Loss on sale of trading properties	(9.5)	-	(9.5)	11.6
Loss on development management contracts	(0.3)	-	(0.3)	(0.4)
Finance income / (costs)	1.5	(6.7)	(5.2)	(82.8)
Profit before surplus on investment property	38.8	6.6	45.4	7.5
Surplus on investment property	7.3	3.4	10.7	69.2
Reported profit before tax	46.1	10.0	56.1	76.7
Tax	(6.6)	-	(6.6)	(6.4)
Reported profit after tax	39.5	10.0	49.5	70.3
<b>EPRA Earnings</b>				
Profit before surplus on investment property	38.8	6.6	45.4	7.5
Less: fair value movement on debt and derivatives	(1.3)	0.1	(1.2)	(4.1)
Loss on sale of trading properties	9.5	-	9.5	(11.6)
One-off debt costs	-	-	-	74.7
	47.0	6.7	53.7	66.5
<b>EPRA EPS</b>	<b>17.0p</b>	<b>2.4p</b>	<b>19.4p</b>	<b>20.4p</b>

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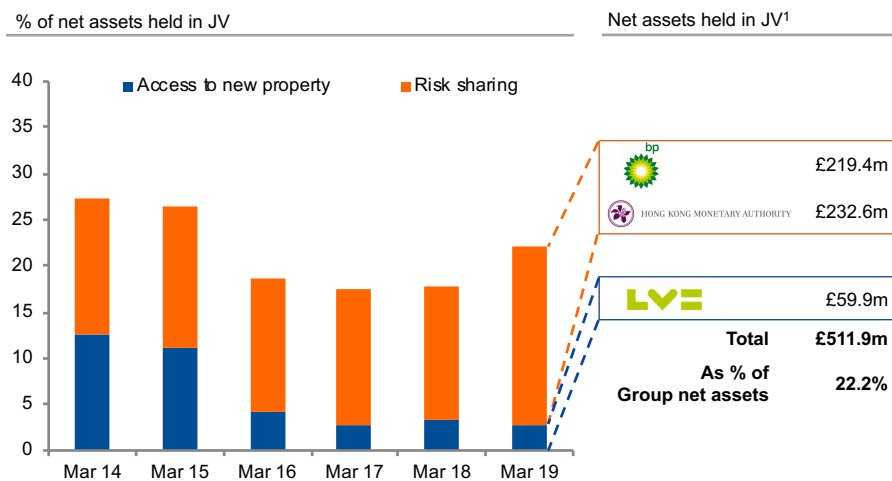
## Cash Earnings per Share Proportionally Consolidated for Joint Ventures



£m	Group	JVs	Total	Mar 18
EPRA Earnings	47.0	6.7	53.7	66.5
Less: spreading of rent free periods	1.6	(1.0)	0.6	(5.2)
Less: capitalised interest	(4.8)	(3.5)	(8.3)	(7.7)
LTIP charge	1.3	-	1.3	2.0
	<b>45.1</b>	<b>2.2</b>	<b>47.3</b>	<b>55.6</b>
<b>Cash EPS</b>	16.3p	0.8p	17.1p	17.0p

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## Joint Venture Business Contribution to Group



1. Active joint ventures only

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## Robust Debt Metrics

### Low cost debt book



	March 2019	March 2018 <sup>4</sup>
Net debt excluding JVs (£m)	156.6	243.0
<i>Net gearing</i>	6.8%	11.8%
Total net debt including 50% JV non-recourse debt (£m)	224.0	315.7
<i>Loan-to-property value</i>	8.7%	11.6%
Interest cover	n/a <sup>1</sup>	n/a <sup>1</sup>
Weighted average cost of debt <sup>2</sup>	3.2%	3.2%
Weighted average interest rate <sup>3</sup>	2.7%	2.3%
% of debt fixed / hedged	100%	100%
Cash & undrawn facilities (£m)	608	666

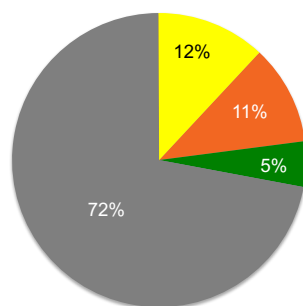
1. Calculated in accordance with unsecured debt covenants which exclude capitalised interest, resulting in no net interest charge for the 12 month calculation period  
 2. For the period (including costs) 3. As at balance sheet date (excluding costs)  
 4. Pro forma for £306m capital return, post balance sheet date sales and draw down of £100m USPP notes

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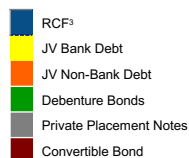
## Sources of Debt<sup>1, 2</sup>



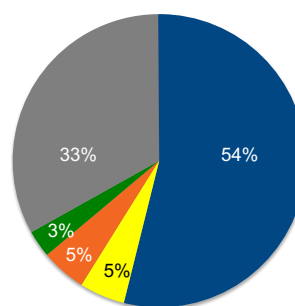
Diversity of Sources: Drawn (£382m)



Non Bank: 88%  
 Unsecured: 72%



Diversity of Sources: Facilities (£832m)



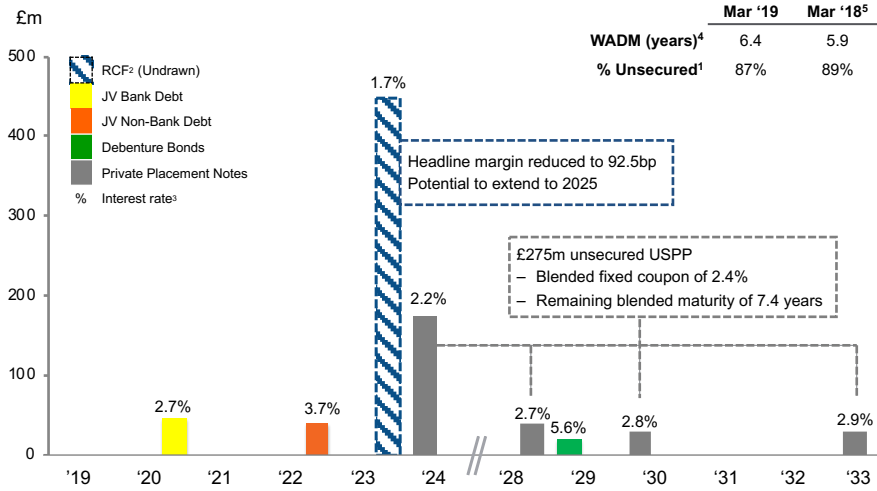
Non Bank: 40%  
 Unsecured: 87%

1. JV facilities amount shown at GPE share 2. Based on position at 31 March 2019 3. Revolving credit facility

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

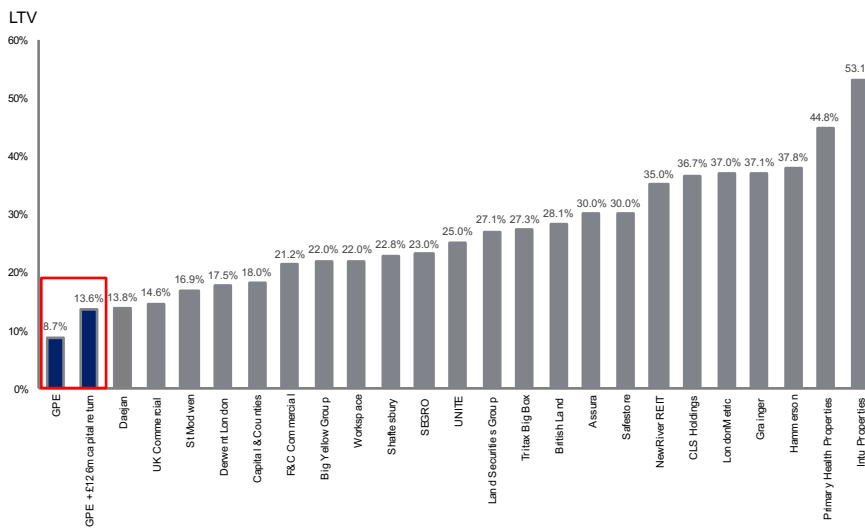
## Following accretive refinancing activity



1. Total facilities (joint ventures at share) 2. Revolving credit facility 3. As at today 4. Based on drawn amounts  
 5. All March 2018 data is pro forma for £306m capital return, post balance sheet date sales and draw down of £100m USPP notes

# Balance Sheet Strength

## GPE LTV vs FTSE 350 RE<sup>1</sup>



1. Source: Latest company releases; excluding Savills

## Balance Sheet Discipline The Givens



### 1. Conservative Leverage – to enhance, not drive, returns

		Significant Headroom	
Maximise Flexibility	Low Cost	Liquidity	Covenants
87% unsecured <sup>1</sup> 60% / 40% bank / non-bank <sup>1</sup>	2.7% average rate <sup>2</sup> 1.7% marginal rate	£608m cash/undrawn facilities 6.4 years debt maturity (weighted avg)	c.75% value fall headroom <sup>3</sup>

### 2. Sustainable Ordinary Dividends

Progressive policy

### 3. Disciplined Capital Allocation

Asset / portfolio / corporate level

### 4. Balance Sheet Efficiency – track record of accretively raising and returning capital

*Considerations include*

Market outlook	Opportunities for growth (organic / acquisition)	Profitable recycling activity	Current / prospective debt ratios (including LTV and ICR <sup>4</sup> )

All metrics at 31 March 2019 1: Based on total facilities 2: Weighted average as at 31 March: Based on values at March 2019 4: Interest cover ratio

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## EPRA Performance Measures



Measure	Mar 2019	Mar 2018
EPRA net assets	£2,310.1m	£2,371.2m
EPRA NAV	853p	845p
EPRA triple net assets	£2,301.5m	£2,363.8m
EPRA NNNAV	850p	842p
	<b>Mar 2019</b>	<b>Mar 2018</b>
EPRA earnings	£53.7m	£66.5m
Diluted EPRA EPS	19.4p	20.4p
EPRA costs (by portfolio value)	1.2%	1.1%

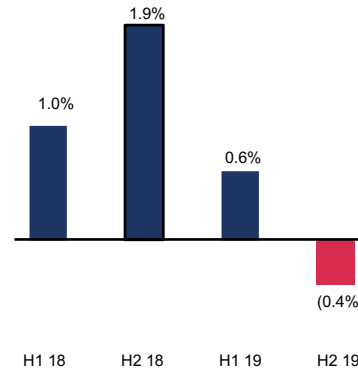
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## The Valuation Including share of Joint Ventures



Biannual Valuation Movement for Total Portfolio<sup>1</sup>

To 31 March 2019	£m	Movement %	
		12 months	6 months
North of Oxford St	786.1	(1.0%)	(0.8%)
Rest of West End	533.6	0.2%	(2.0%)
<b>Total West End</b>	<b>1,319.7</b>	<b>(0.6%)</b>	<b>(1.3%)</b>
<b>Total City, Midtown &amp; Southwark</b>	<b>826.6</b>	<b>(0.4%)</b>	<b>(0.5%)</b>
<b>Investment Portfolio</b>	<b>2,146.3</b>	<b>(0.5%)</b>	<b>(1.0%)</b>
Development properties	432.7	4.1%	2.4%
<b>Properties held throughout year</b>	<b>2,579.0</b>	<b>0.2%</b>	<b>(0.4%)</b>
Acquisitions	-	-	-
<b>Total Portfolio</b>	<b>2,579.0</b>	<b>0.2%</b>	<b>(0.4%)</b>



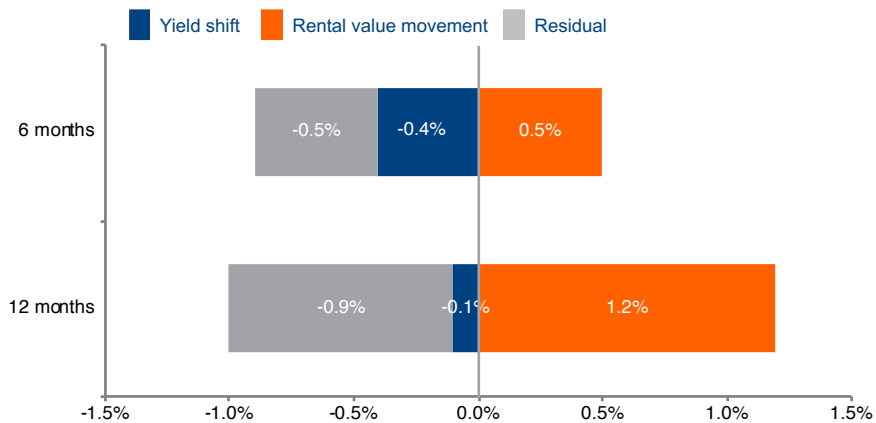
1. Like-for-like net movement

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## The Valuation<sup>1</sup> Drivers of Valuation Movement



% movement



1. Including share of Joint Ventures

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## The Valuation Including share of Joint Ventures



	Initial yield %	Equivalent Yield Basis point +/-		
		%	12 month	6 month
<b>North of Oxford Street</b>				
Offices	3.9%	4.5%	1	2
Retail	4.7%	4.1%	1	2
<b>Rest of West End</b>				
Offices	3.8%	4.7%	3	6
Retail	3.9%	4.1%	8	10
<b>Total West End</b>	4.0%	4.4%	3	5
<b>City, Midtown and Southwark</b>	3.6%	5.0%	(4)	(3)
<b>Total Portfolio<sup>1</sup></b>	3.9% (4.2% ex rent free)	4.6%	1	2

1. Excludes developments

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## The Valuation<sup>1</sup> Including share of Joint Ventures



	Value £m	12 months to		6 months %
		Mar 2019 £m	Change %	
North of Oxford St	786.1	(8.2)	(1.0%)	(0.8%)
Rest of West End	533.6	0.9	0.2%	(2.0%)
<b>Total West End</b>	<b>1,319.7</b>	<b>(7.3)</b>	<b>(0.6%)</b>	<b>(1.3%)</b>
<b>City, Midtown and Southwark</b>	<b>826.6</b>	<b>(3.5)</b>	<b>(0.4%)</b>	<b>(0.5%)</b>
<b>Investment portfolio</b>	<b>2,146.3</b>	<b>(10.8)</b>	<b>(0.5%)</b>	<b>(1.0%)</b>
Development properties	432.7	17.2	4.1%	2.4%
<b>Properties held throughout the year</b>	<b>2,579.0</b>	<b>6.4</b>	<b>0.2%</b>	<b>(0.4%)</b>
Acquisitions	-	-	-	-
<b>Total portfolio</b>	<b>2,579.0</b>	<b>6.4</b>	<b>0.2%</b>	<b>(0.4%)</b>

1. Includes trading properties at valuation

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



	Value £m	12 months to		6 months %
		Mar 2019 £m	Change %	
North of Oxford St	686.7	8.2	1.2%	0.7%
Rest of West End	499.2	3.8	0.8%	(1.6%)
<b>Total West End</b>	<b>1,185.9</b>	<b>12.0</b>	<b>1.0%</b>	<b>(0.3%)</b>
<b>City, Midtown and Southwark</b>	<b>596.5</b>	<b>(14.3)</b>	<b>(2.3%)</b>	<b>(1.3%)</b>
<b>Investment portfolio</b>	<b>1,782.4</b>	<b>(2.3)</b>	<b>(0.1%)</b>	<b>(0.6%)</b>
Development properties	207.5	4.0	2.0%	(0.1%)
<b>Properties held throughout the year</b>	<b>1,989.9</b>	<b>1.7</b>	<b>0.1%</b>	<b>(0.6%)</b>
Acquisitions	-	-	-	-
<b>Total portfolio</b>	<b>1,989.9</b>	<b>1.7</b>	<b>0.1%</b>	<b>(0.6%)</b>

1. Includes trading properties at valuation

63

## The Valuation Joint Ventures (100%)



	Value £m	12 months to		6 months %
		Mar 2019 £m	Change %	
North of Oxford St	198.8	(32.9)	(14.2%)	(10.2%)
Rest of West End	68.9	(6.0)	(8.0%)	(6.5%)
<b>Total West End</b>	<b>267.7</b>	<b>(38.9)</b>	<b>(12.7%)</b>	<b>(9.3%)</b>
<b>City, Midtown and Southwark</b>	<b>460.3</b>	<b>21.7</b>	<b>4.9%</b>	<b>1.6%</b>
<b>Investment portfolio</b>	<b>728.0</b>	<b>(17.2)</b>	<b>(2.3%)</b>	<b>(2.7%)</b>
Development properties	450.4	26.3	6.2%	4.7%
<b>Properties held throughout the year</b>	<b>1,178.4</b>	<b>9.1</b>	<b>0.8%</b>	-
Acquisitions	-	-	-	-
<b>Total portfolio</b>	<b>1,178.4</b>	<b>9.1</b>	<b>0.8%</b>	-

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## The Valuation<sup>1</sup> ERV and Reversionary Potential

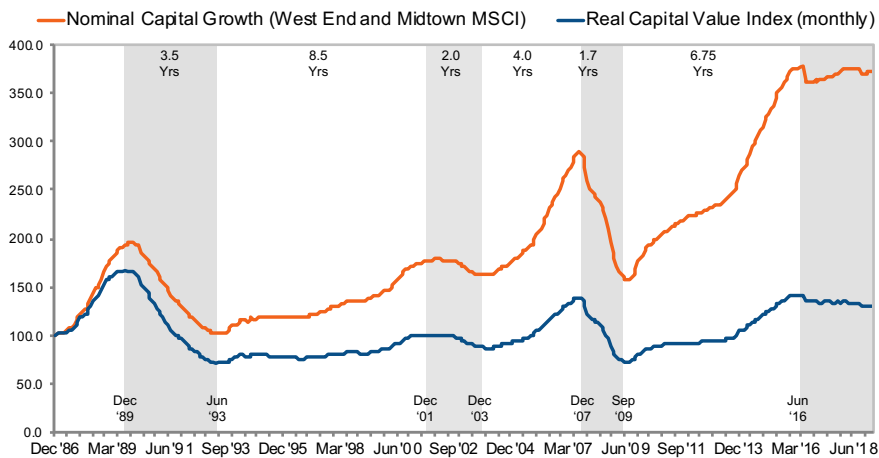


To 31 March 2019	Movement in ERV			Average Office Rent Passing	Average Office ERV	Reversionary Potential
	12 months		6 months	£ per sq ft	£ per sq ft	%
	%	£m				
<b>North of Oxford St</b>						
Offices	2.8%	0.1	2.4%	68.60	74.50	3.8%
Retail	(4.4%)	(0.1)	(4.0%)			(2.9%)
<b>Rest of West End</b>						
Offices	2.4%	-	2.5%	74.60	86.30	1.5%
Retail	3.6%	0.7	(0.6%)			15.4%
<b>Total West End</b>	<b>1.3%</b>	<b>0.7</b>	<b>0.5%</b>	<b>70.60</b>	<b>79.00</b>	<b>4.2%</b>
<b>City, Midtown &amp; Southwark</b>						
Offices	1.1%	0.4	0.5%	45.10	53.20	15.9%
Retail	1.2%	-	0.4%			
<b>Total City, Midtown &amp; Southwark</b>	<b>1.1%</b>	<b>0.4</b>	<b>0.5%</b>			<b>14.8%</b>
<b>Total Let Portfolio</b>	<b>1.2%</b>	<b>1.1</b>	<b>0.5%</b>	<b>55.20</b>	<b>63.80</b>	<b>8.3%</b>

1. Including share of Joint Ventures

65

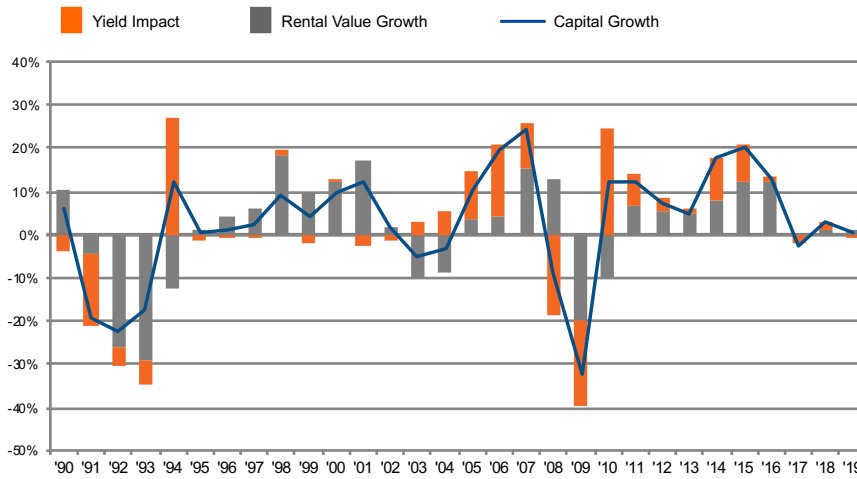
## The Cycles So Far Midtown & West End Capital Growth



MSCI, Mar 87 = 100

66

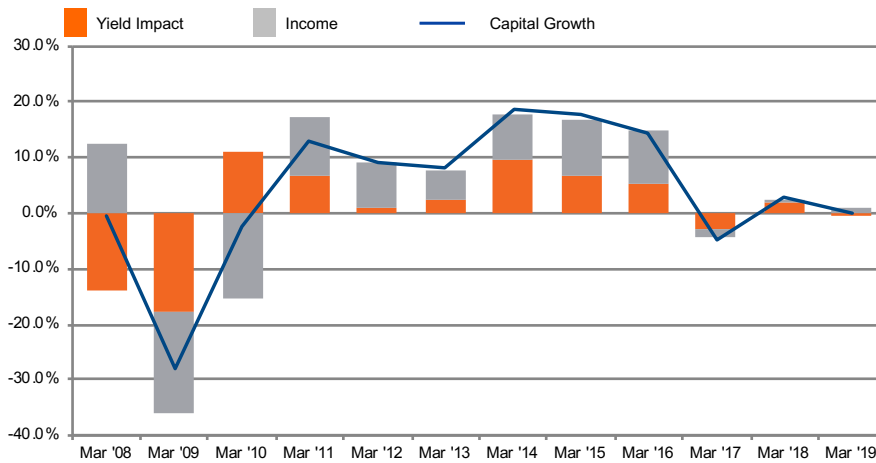
## The Cycles So Far Annual Capital Growth & Attribution; Midtown & West End MSCI



MSCI UK Monthly Property Digest; to March

67

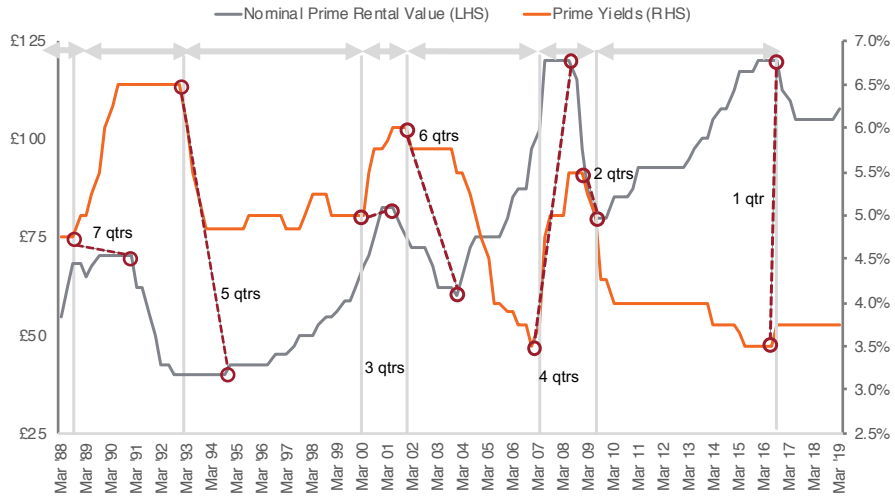
## The Cycles So Far GPE Capital Growth & Attribution



All attributions shown like for like excluding sales and purchases.

68

## History of rental lags to yield moves West End prime yields and rental growth



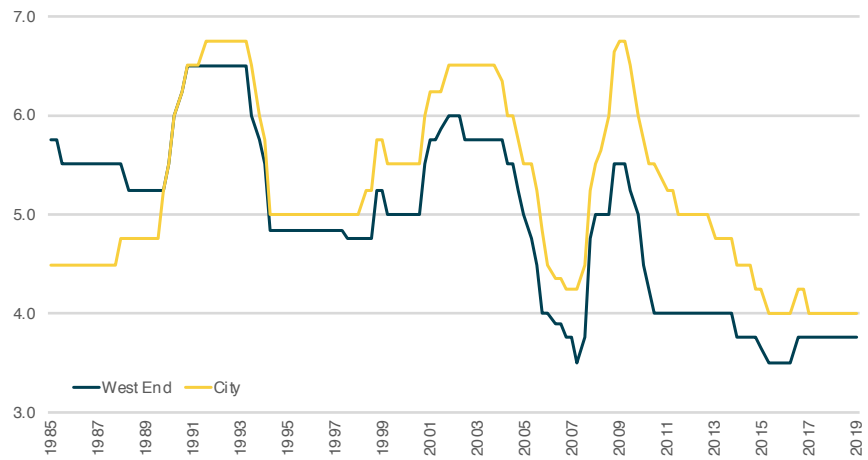
Source: CBRE, GPE

69

## Central London Prime Yields



Central London Prime Yields (%)



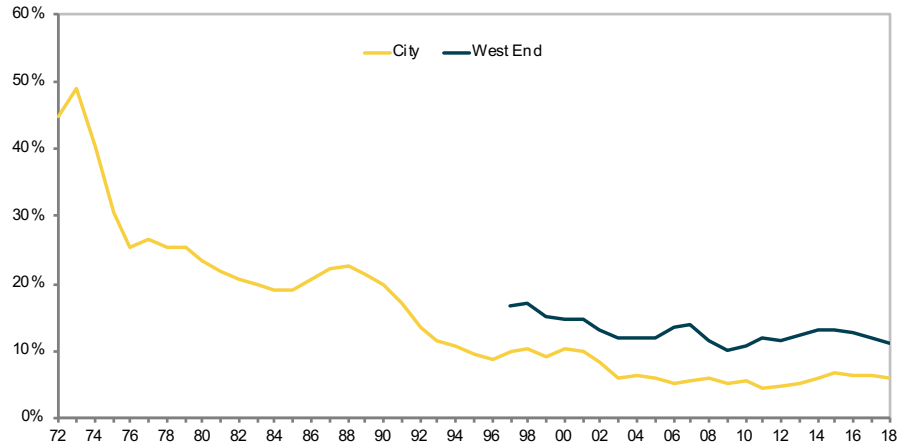
Source: CBRE

70

## Office Rent as a % of Salary Costs



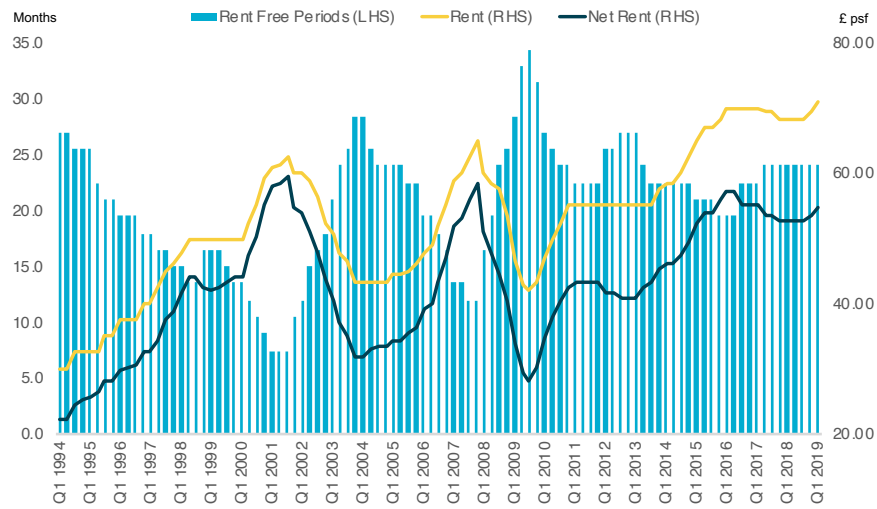
Rent as % of salary



Source: ONS, PMA

71

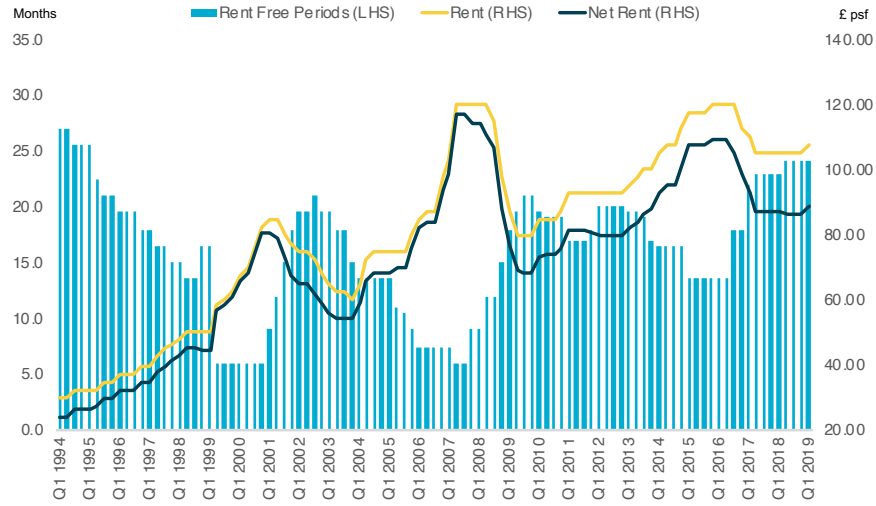
## City Top Prime Rents vs. Rent Free Periods



Source: CBRE

72

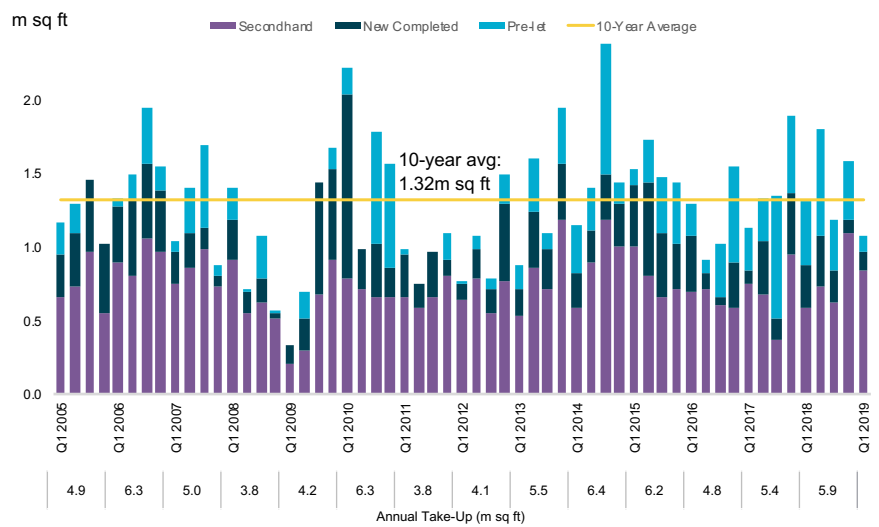
## West End Top Prime Rents vs. Rent Free Periods



Source: CBRE

73

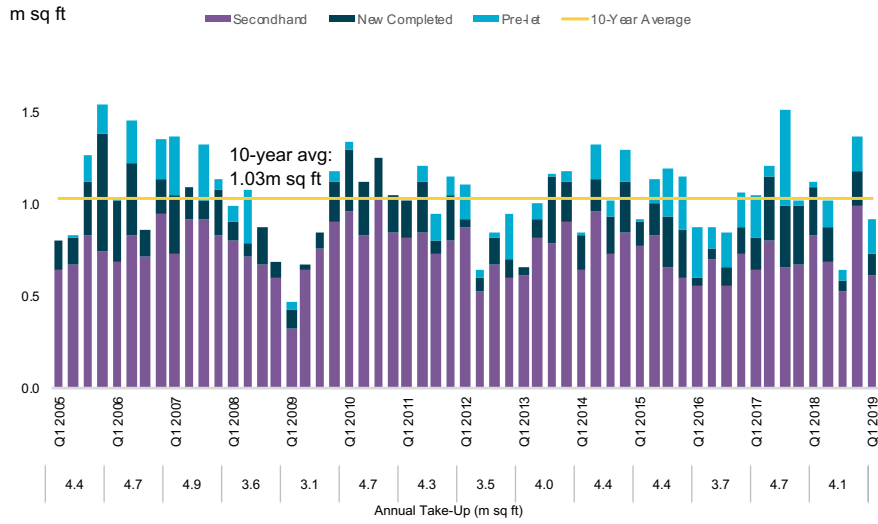
## City Take-Up



Source: CBRE

74

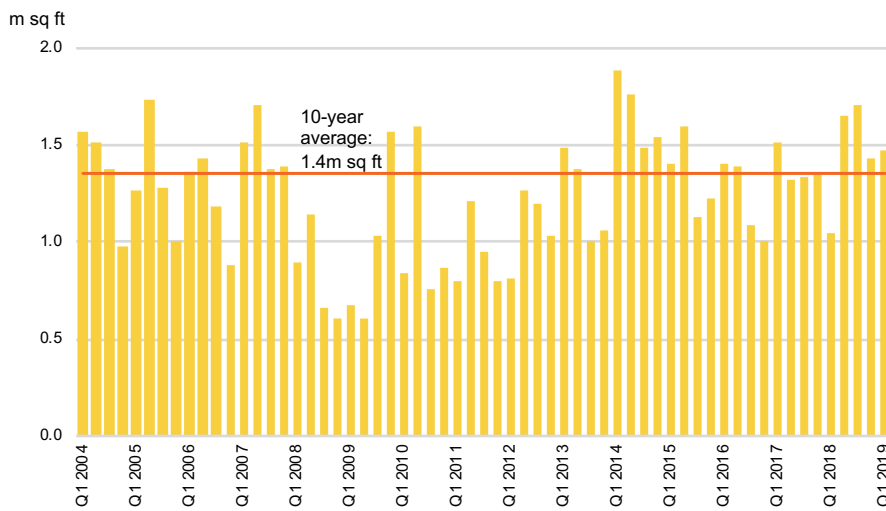
## West End Take-Up



Source: CBRE

75

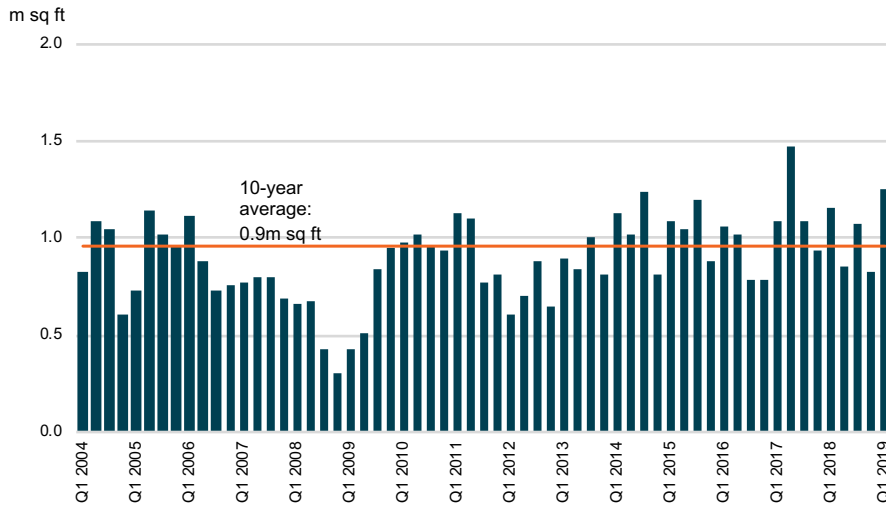
## City Office Under Offer



Source: CBRE

76

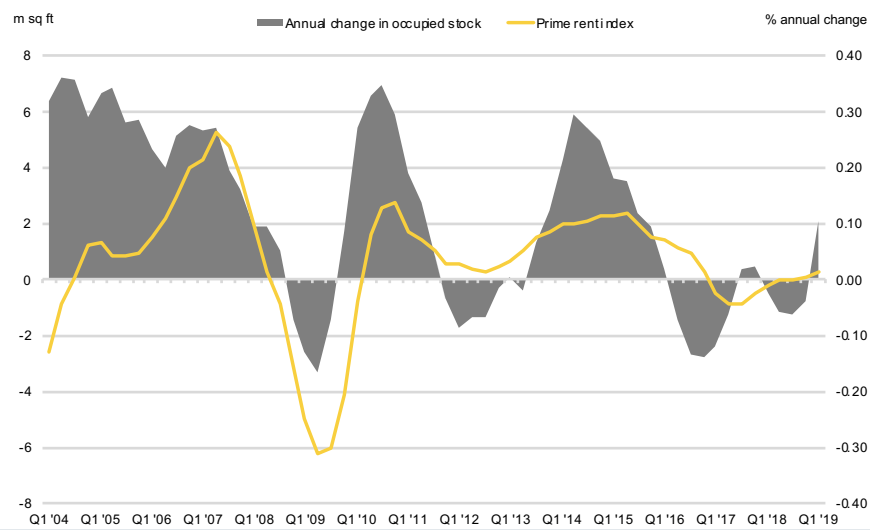
## West End Office Under Offer



Source: CBRE

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## Central London Net Absorption vs Rental Growth

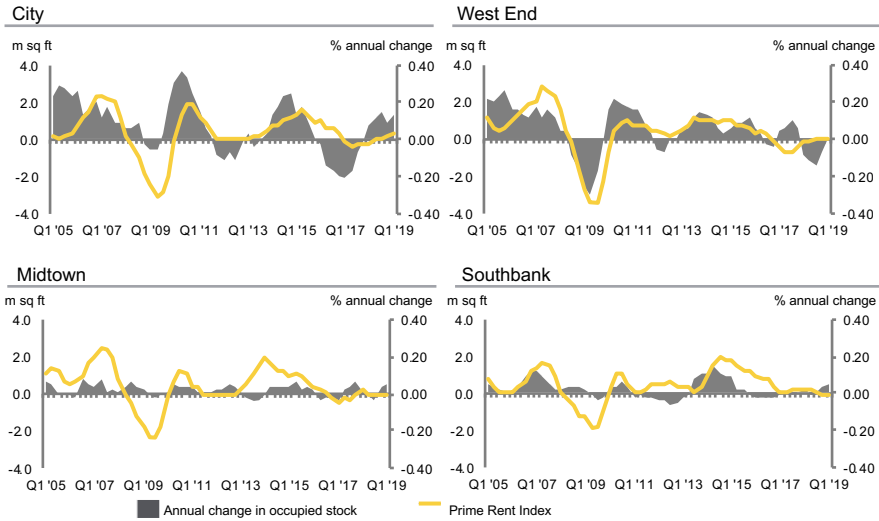


Source: CBRE

78



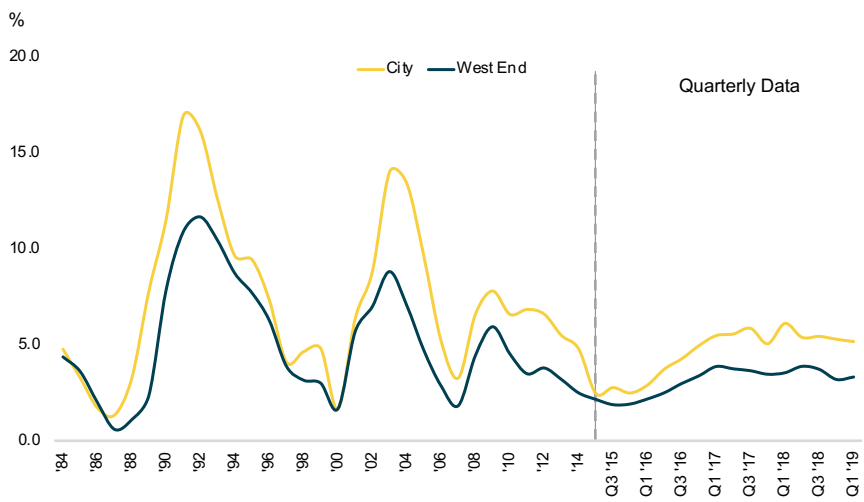
## Central London Sub-Markets Net Absorption vs. Rental Growth



Source: CBRE

79

## Void Rate: Ready to Occupy Space



Source: CBRE

80

## City Active Requirements >10,000 sq ft



000 sq ft	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	Change	Change	Change
	2011	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2016	2017	2017	2018	2018	2019	2019	2019	12 months	1-6 months	2+6 months															
Professional Services	1,549	1,620	1,073	1,073	838	838	945	841	904	698	649	991	881	728	907	1,282	1,395	54%	9%	41%																	
Financial Services	1,447	955	1,139	1,197	894	1,232	1,041	435	1,310	1,352	840	631	1,468	1,202	1,743	1,618	1,466	-16%	-9%	-7%																	
Manufacturing & Corporates	192	181	137	67	55	175	90	55	209	436	361	414	252	214	165	199	28	-83%	-86%	21%																	
Miscellaneous	266	440	350	441	423	666	497	127	344	436	328	391	262	352	367	370	521	42%	41%	1%																	
Marketing & Media	42	89	133	61	71	124	233	493	188	218	440	632	683	217	247	81	67	-73%	-17%	-67%																	
IT & Technology	261	206	257	234	554	422	204	109	581	654	433	418	476	782	519	711	470	-9%	-34%	37%																	
Government	94	205	259	92	25	70	480	430	560	262	318	179	184	227	165	162	108	-35%	-33%	-2%																	
Insurance	1,095	922	926	831	568	417	475	456	366	305	202	434	332	285	155	222	177	14%	-20%	43%																	
<b>Total</b>	<b>4,946</b>	<b>4,618</b>	<b>4,274</b>	<b>3,996</b>	<b>3,428</b>	<b>3,944</b>	<b>3,965</b>	<b>2,946</b>	<b>4,462</b>	<b>4,361</b>	<b>3,571</b>	<b>4,090</b>	<b>4,538</b>	<b>4,007</b>	<b>4,268</b>	<b>4,645</b>	<b>4,232</b>	<b>-1%</b>	<b>-9%</b>	<b>9%</b>																	

Source: Knight Frank

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## West End Active Requirements >10,000 sq ft



000 sq ft	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov	Change	Change	Change
	2011	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2016	2017	2017	2018	2018	2019	2019	2019	12 months	1-6 months	2+6 months											
Professional Services	100	165	100	110	156	206	40	20	115	281	120	353	170	55	75	22	134	79%	509%	-71%													
Financial Services	198	331	358	368	616	261	409	367	502	421	374	499	300	372	329	293	620	88%	112%	-11%													
Manufacturing & Corporates	256	100	155	485	445	154	319	177	376	538	512	598	447	445	792	725	854	8%	18%	-8%													
Miscellaneous	469	315	432	373	210	330	262	225	203	304	140	208	262	317	388	474	242	-38%	-49%	22%													
Marketing & Media	206	82	782	810	145	163	218	360	225	538	570	418	548	720	551	420	316	-43%	-25%	-24%													
IT & Technology	218	175	95	172	276	207	125	130	223	234	465	284	272	298	1,072	107	258	-76%	141%	-90%													
Government	270	84	109	64	83	130	17	0	0	0	180	283	131	105	150	242	185	23%	-24%	61%													
<b>Total</b>	<b>1,717</b>	<b>1,252</b>	<b>2,031</b>	<b>2,382</b>	<b>1,931</b>	<b>1,451</b>	<b>1,390</b>	<b>1,279</b>	<b>1,644</b>	<b>2,316</b>	<b>2,361</b>	<b>2,643</b>	<b>2,130</b>	<b>2,312</b>	<b>3,357</b>	<b>2,283</b>	<b>2,609</b>	<b>-22%</b>	<b>14%</b>	<b>-32%</b>													

Source: Knight Frank

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## Equity Demand and Supply Central London Investment & Development Property



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

£bn	May 2010	Nov 2010	May 2011	Nov 2011	May 2012	Nov 2012	May 2013	Nov 2013	May 2014	Nov 2014	May 2015	Nov 2015	May 2016	Nov 2016	May 2017	Nov 2017	May 2018	Nov 2018	May 2019
Private	5.0	5.0	3.5	5.0	5.0	5.0	6.0	6.5	6.5	6.5	9.0	9.0	7.5	14.0	15.5	15.5	14.4	13.7	13.8
UK REITs	3.0	3.0	3.0	2.0	2.0	2.0	2.5	2.5	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.2	1.5	1.8
Sovereign / Overseas Funds	2.0	7.0	7.0	5.5	6.0	6.5	7.5	8.5	11.5	17.0	18.0	16.0	17.3	16.0	14.0	14.5	15.4	13.8	10.0
UK Funds	2.0	2.0	1.0	0.8	0.75	1.0	1.0	1.5	2.0	2.5	4.0	3.5	2.5	1.5	1.0	1.0	0.8	1.0	1.7
US Capital	2.0	3.0	4.0	3.0	4.0	4.5	4.5	4.5	4.5	5.5	5.5	4.5	4.5	4.5	6.0	5.0	4.0	3.0	3.0
German Funds	1.5	1.5	0.5	0.5	0.75	1.5	1.0	1.5	1.3	1.5	2.5	1.8	1.0	1.5	2.0	2.0	1.2	1.0	1.5
	15.5	21.5	19.0	16.8	18.5	20.5	22.5	25.0	27.8	34.0	40.0	35.8	33.8	38.5	39.5	39.0	37.0	34.0	31.8

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

	May 14	Nov 14	May 15	Nov 15	May 16	Nov 16	May 17	Nov 17	May 18	Nov 18	May 19	6 month % change	12 month % change
City	£0.7bn	£1.8bn	£1.0bn	£6.1bn	£3.3bn	£3.1bn	£4.2bn	£7.9bn	£2.3bn	£2.4bn	£1.8bn	(25%)	(22%)
West End	£1.6bn	£1.5bn	£1.0bn	£1.8bn	£1.6bn	£1.4bn	£1.7bn	£3.2bn	£3.7bn	£1.9bn	£1.7bn	(11%)	(54%)
	£2.3bn	£3.3bn	£2.0bn	£7.9bn	£4.9bn	£4.5bn	£5.9bn	£11.1bn	£6.0bn	£4.3bn	£3.5bn	(19%)	(42%)

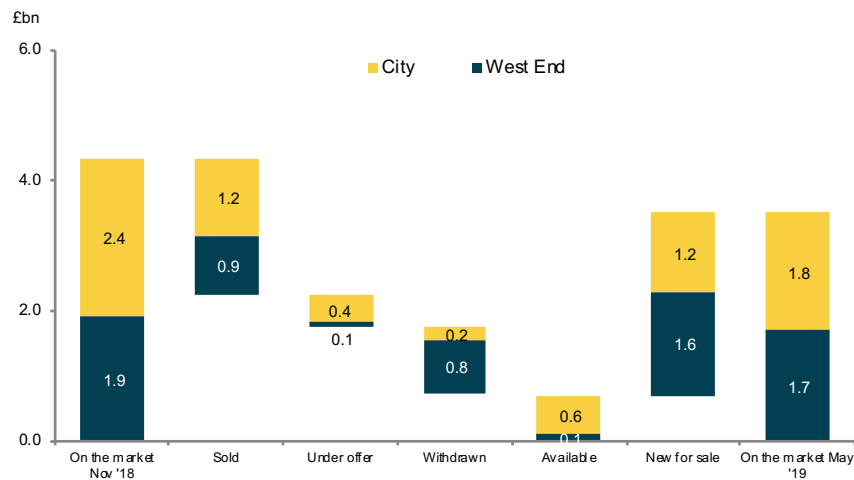
1. CBRE, preliminary figures 2. GPE, available stock on the market

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## Investment Activity West End & City



### Available assets Nov '18 to May '19

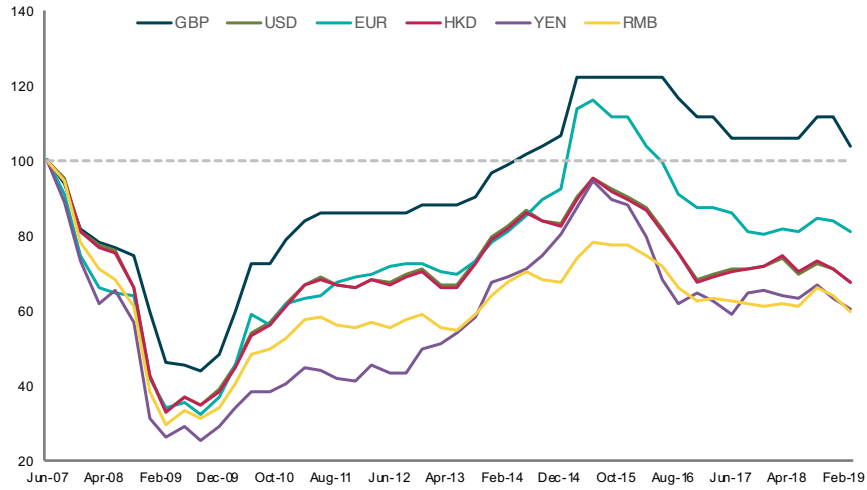


Source: GPE

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## West End Capital Value Index

Weaker Sterling supportive for global capital  
(to March 2019)



Source: Knight Frank

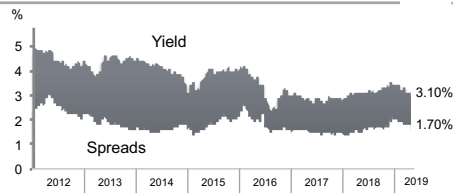
85

## Credit Market Update

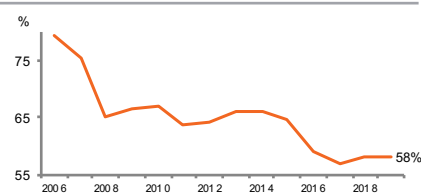
Bonds and secured property lending



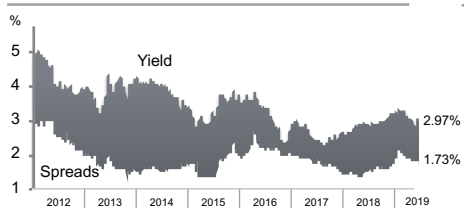
### GBP BBB Bonds (ex Financials)<sup>1</sup>



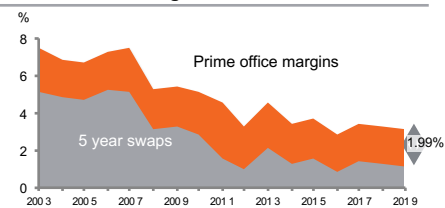
### Prime UK Office New Lending (Avg LTV)<sup>3</sup>



### GBP Real Estate Bonds<sup>2</sup>



### Prime office margins<sup>3</sup>



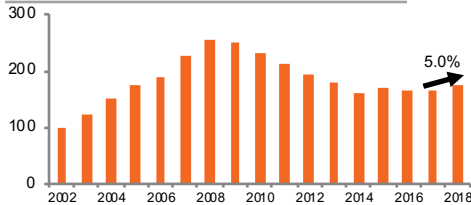
1. iBoxx GBP BBB Bonds Non Financial yields and spreads 2. JP Morgan 3. CASS Report

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## Credit Market Update (cont'd) CASS Survey 2018



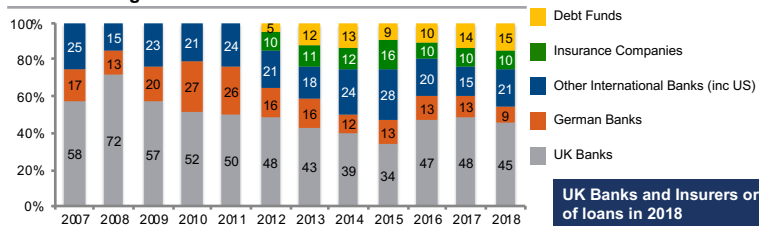
### UK Commercial Property Loans (£bn)



### Key Trends

	2018	2017
Loan origination	↑ £49.6bn	£44.5bn
Of which - syndicated	↑ £12.0bn	£8.9bn
LTV < 70%	- 93.0%	93.0%
Avg UK prime margin	↓ 199bp	203bp
% Distressed loans	↑ 3.1%	1.5%
Avg investment loan length	↓ 4.7 years	5.3 years

### New Loan Origination Market Share



**UK Banks and Insurers originated 55% of loans in 2018**

## Taxation Summary



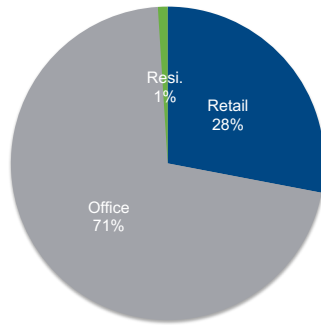
- Exempt from corporation tax in respect of our property rental business as a UK REIT
- Rental profits and chargeable gains typically tax-exempt but does not extend to:
  - **non tax-exempt trading property sales**  
i.e. profits on trading properties including the sale of the remaining residential units at Rathbone Square, W1, or
  - **non-tax-exempt investment property sales**  
i.e. gains on sale of investment properties which underwent major redevelopment which completed within preceding three years including 78-92 Great Portland Street, W1 and 55 Wells Street, W1 (both developments completed in the year ended 31 March 2018 and were sold in the year ending 31 March 2019)

During January 2019, HMRC circulated new draft guidance which states that it considers that the tax-exemption also does not extend to gains on sale of investment properties which are undergoing a major redevelopment at the time of sale. This guidance has yet to be issued in final form. The Group will continue to monitor this matter and consider its potential effect on any recent or future sales by the Group.

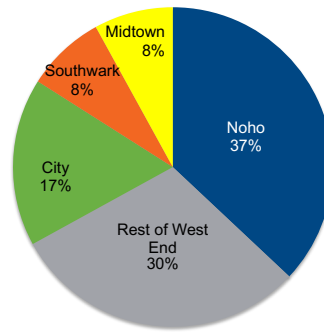
# GPE Portfolio Mix<sup>1</sup> At 31 March 2019



By Type (By value)

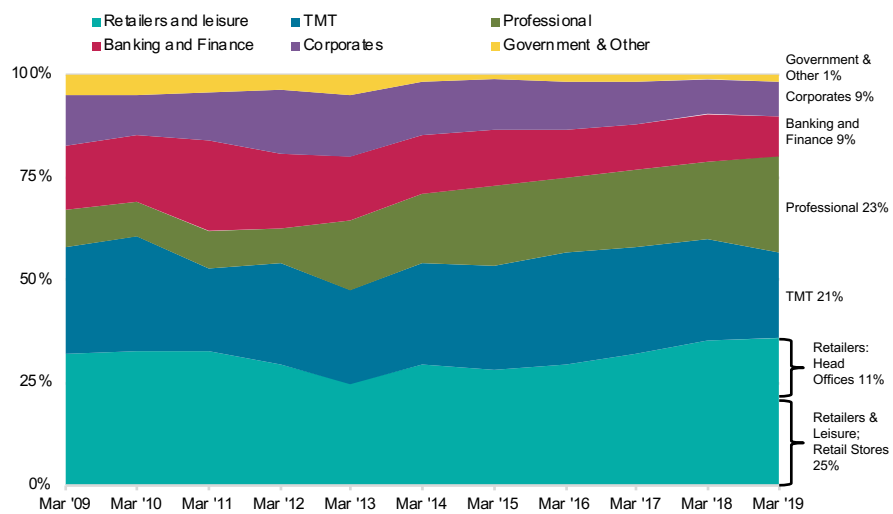


By Location (By value)



1. Includes share of Joint Ventures

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

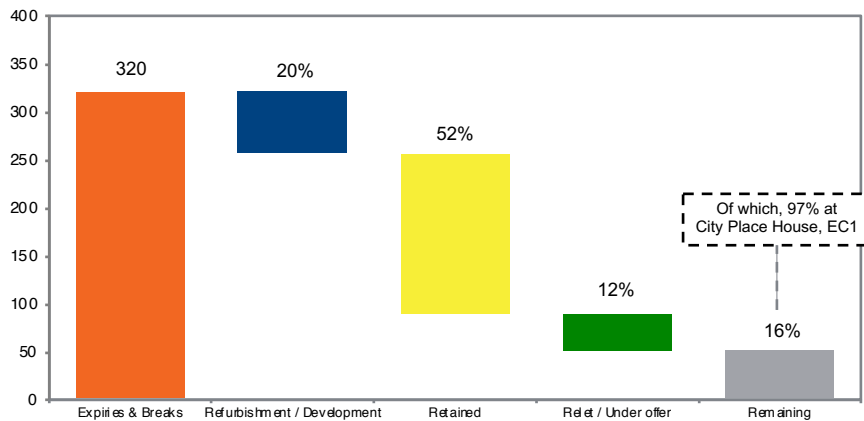


1. Includes share of Joint Ventures

## Portfolio Management Occupier retention, 12 months to March 2019<sup>1</sup>



Area (000 sq ft)



1. Joint Ventures at 100%

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## Top Occupiers<sup>1</sup> 31 March 2019

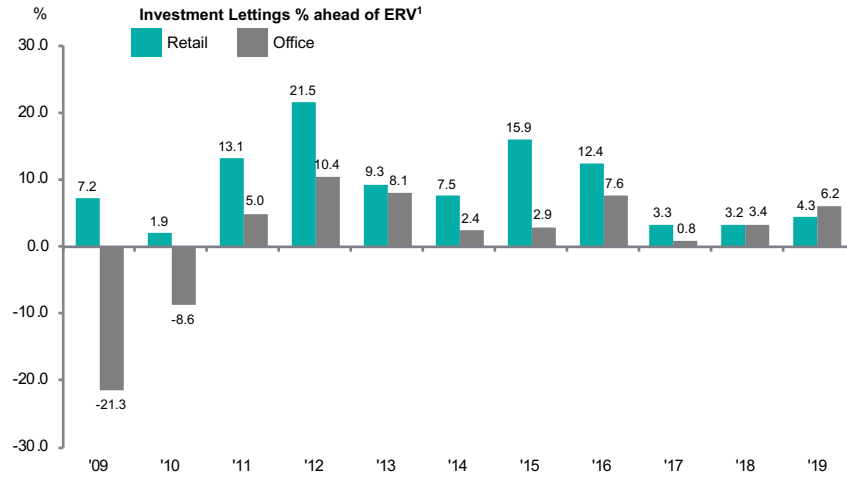


Tenant	Sector	£m	
Bloomberg	TMT	5.6	Top 10 27.8%
New Look	Retailers & Leisure	3.8	
Turner Broadcasting	TMT	2.9	
Richemont	Retailers & Leisure	2.6	
Winckworth Sherwood	Professional Services	2.5	
Kurt Geiger	Retailers & Leisure	2.5	
Carlton Communications	TMT	2.4	
Superdry	Retailers & Leisure	2.1	
Independent Television News	TMT	1.8	
Dennis Publishing	TMT	1.6	
Next	Retailers & Leisure	1.4	Top 20 39.8%
Ahli United Bank (UK)	Financial Services	1.4	
Qbic Hotels	Retailers & Leisure	1.4	
Heineken	Corporate	1.4	
Lionsgate UK	TMT	1.2	
Runway East	Professional Services	1.2	
Four Communications Group	TMT	1.1	
Porta Communications	TMT	1.0	
Guy's and St Thomas NHS	Government	1.0	
Beaumont Business Services	Professional Services	0.9	
<b>Total</b>		<b>39.8</b>	

1. Includes share of Joint Ventures

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## GPE Investment Lettings Retail vs Office



1. % ahead of March ERVs, exclude short-term lets ahead of development and pre-lets

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



	6 months to	
	31 March 2019	30 Sept 2018
At beginning of period	£9.8m	£13.0m
Portfolio activity <sup>2</sup>	(£0.4m)	(£1.5m)
Reversion capture	(£0.8m)	(£1.9m)
Disposals	(£0.2m)	(£0.3m)
ERV movement	(£0.1m)	£0.5m
At end of period	£8.3m	£9.8m

1. Based on let portfolio; includes share of Joint Ventures.

2. Includes lease expiries, breaks, new lettings and amounts transferred to the development portfolio.

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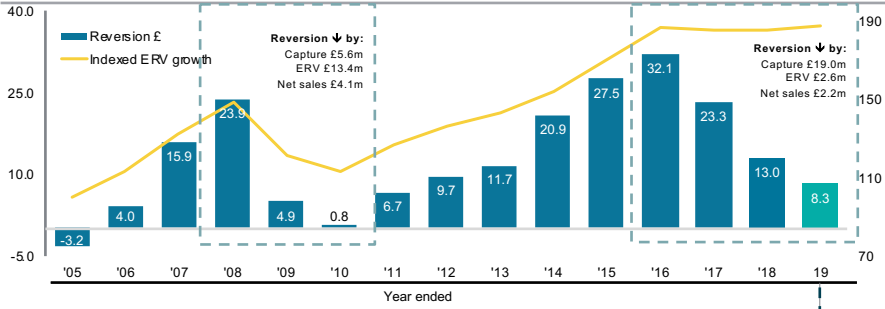


# Portfolio Management

## Growing income by capturing reversionary potential<sup>1</sup>



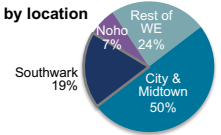
### Reversion over time



**Year to March 2019**

- 27 rent reviews completed (274,400 sq ft)
- £13.3m (our share: £10.5m)
- 3.3% premium to ERV
- 19.2% above passing rent

### Reversion by location (by value)



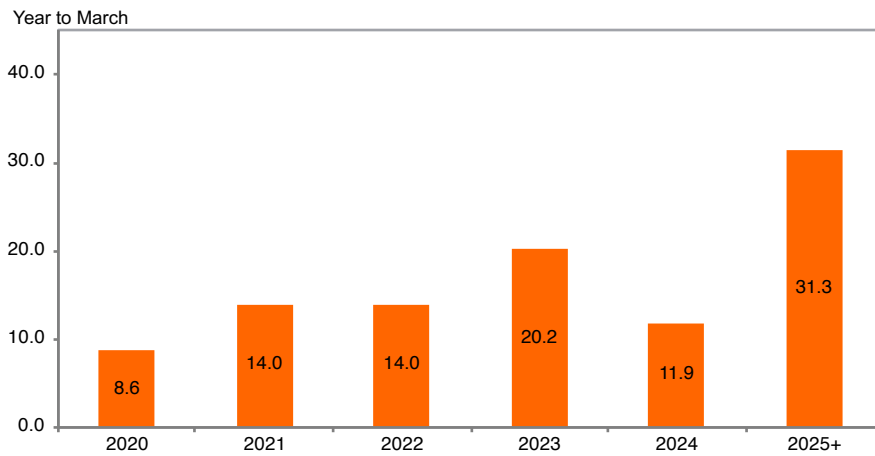
1. Includes share of Joint Ventures

# Portfolio Management

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



% by total rental income subject to lease expiry or break

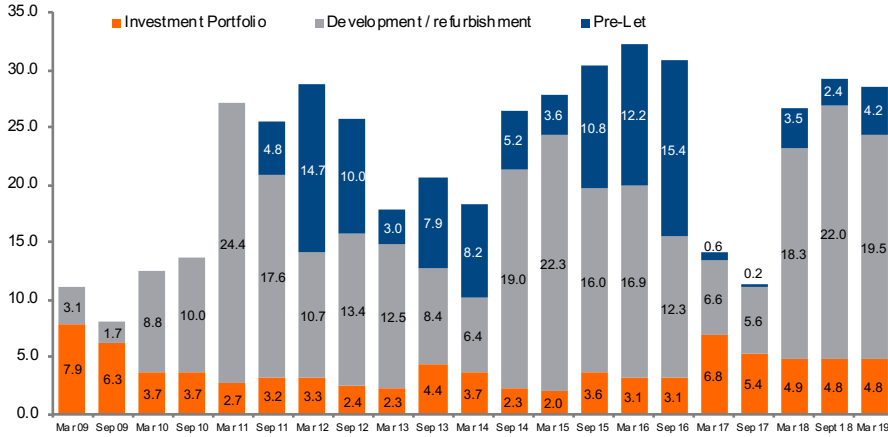


1. Includes share of Joint Ventures

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



% by rental value

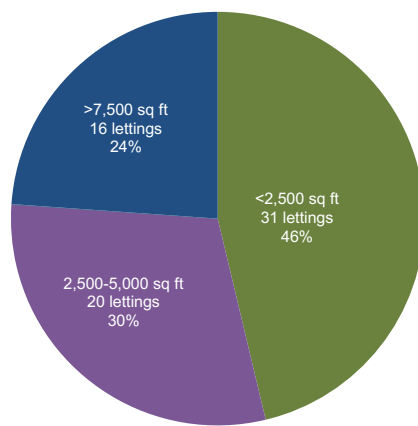


1. Includes share of Joint Ventures

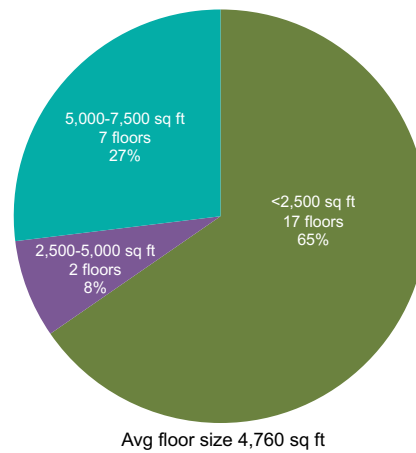
## Portfolio Voids Vacant Office Floors by Size



Deals completed; 12 months to 31 March 2019



Current: Vacant floors by size



## Development Scheme Review Completions since May 2009



	PC	New build area sq ft	Cost £m <sup>1</sup>	Profit on cost £m <sup>1</sup>	Yield on cost <sup>2</sup>	Rent £m pa <sup>1, 2</sup>	% let at PC <sup>3</sup>	BREEAM Rating
184/190 Oxford St, W1	Apr 2011	26,400	28.7	7.1	SOLD	SOLD	100%	-
23 Newman St, W1 (Residential)	Oct 2011	24,900	26.4	0.8	SOLD	SOLD	n/a	Echohomes V Good
24 Britton St, EC1	Nov 2011	51,300	19.3	6.4	8.2%	1.6	100%	Very Good
160 Great Portland St, W1	May 2012	92,900	63.3	26.8	SOLD	SOLD	100%	Very Good
33 Margaret St, W1	Dec 2012	103,700	91.0	52.1	SOLD	SOLD	97%	Excellent
95 Wigmore St, W1 (GWP)	Jul 2013	112,200	54.8	34.2	SOLD	SOLD	92%	Excellent
City Tower / Sky Light, 40 Basinghall St, EC2 (GSP)	Sep 2013	138,200	35.6	11.8	5.4%	3.1	24%	Very Good
240 Blackfriars Road, SE1 (GRP)	Apr 2014	236,700	67.6	37.7	SOLD	SOLD	57%	Excellent
Walmar House, 288/300 Regent St, W1	Oct 2014	60,300	59.6	32.1	7.4%	4.2	12%	Very Good
12/14 New Fetter Lane, EC4	Nov 2015	142,300	49.6	51.9	SOLD	SOLD	100%	Excellent
48/50 Broadwick St, W1 (Residential)	Feb 2016	6,500	8.6	1.1	SOLD	SOLD	n/a	-
90/92 Great Portland St, W1	Aug 2016	8,600	5.0	(0.1)	SOLD	SOLD	0%	Excellent
30 Broadwick St, W1	Nov 2016	92,300	132.4	47.4	SOLD	SOLD	25%	Excellent
73/89 Oxford St & 1 Dean St, W1	Jul 2017	90,200	200.4	51.0	SOLD	SOLD	91%	Excellent
Rathbone Square, W1 (Commercial)	Mar 2017	268,900	292.8	83.1	SOLD	SOLD	100%	Excellent
78/80 Great Portland St, W1	May 2017	18,100	20.7	2.6	SOLD	SOLD	2%	Excellent
84/86 Great Portland St, W1	May 2017	22,700	28.3	4.2	SOLD	SOLD	100%	Very Good
55 Wells St, W1	Nov 2017	37,300	50.8	9.6	SOLD	SOLD	10%	Excellent
Rathbone Square, W1 (Residential)	Nov 2017	151,700	280.1	3.5	SOLD	SOLD	n/a	Code for Sustainable Homes L4
160 Old St, EC1 (GRP)	Apr 2018	161,700	66.5	13.0	6.3%	4.3	71%	Excellent
		1,846,900	1,581.5	476.3	7.5%	13.2		
				As at completion 30%				

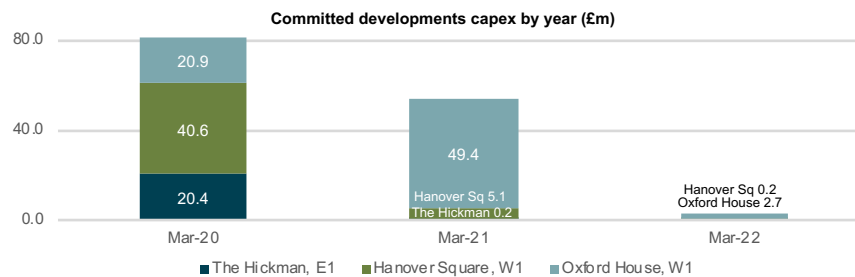
1. GPE share 2. Rent / yield on costs for assets held only 3. Based on ERV of property

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## Development Capex<sup>1</sup> Committed projects



	New building area sq ft	Capex to date <sup>2</sup> £m	Capex to come <sup>2</sup> £m	Total Capex <sup>2</sup> £m
The Hickman, E1	74,700	9.8	20.6	30.4
Oxford House, W1	119,000	29.1	73.0	102.1
Hanover Square, W1 <sup>3</sup>	221,200	75.0	45.9	120.9
<b>Committed projects</b>	<b>414,900</b>	<b>113.9</b>	<b>139.5</b>	<b>253.4</b>
<b>Market value at 31 March 2019</b>			<b>432.7</b>	
<b>Total commitment</b>			<b>572.2</b>	



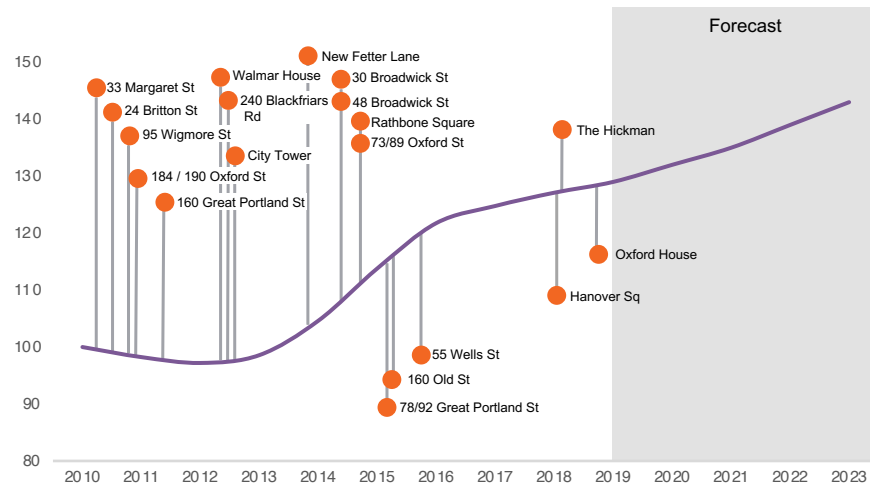
1. Capex excludes overage arrangements, finance costs, sales and letting fees, assumed void costs and marketing expenses 2. GPE share  
3. GPE share including land buy back

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## Delivering the Developments Managing Construction Costs: Inflation



### Average Construction Inflation<sup>1</sup>



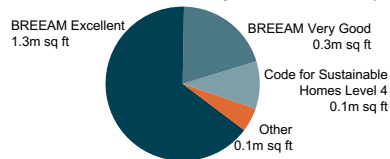
1. Based on Arcadis, Alinea, Aecom and Gardiner and Theobald London indices; as at May 2018

## Creating Sustainable Buildings Our sustainability metrics and targets



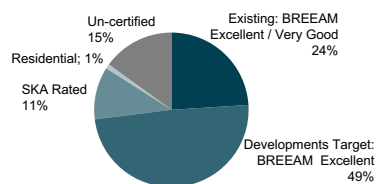
### Developing Sustainably

+90% of the 1.8m sq ft of space we have delivered since 2009 achieved BREEAM ratings of Excellent or Very Good



### Our Portfolio<sup>1</sup>

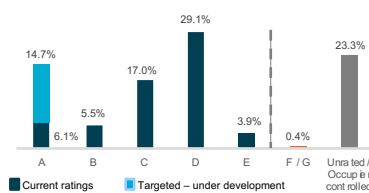
24% existing BREEAM Excellent or Very Good  
15% on-site and 34% pipeline developments targeting BREEAM Excellent



1. Measured by area

### Energy: EPC Ratings

99.6% of rated portfolio better than EPC F rating



### Ambitious Energy / Carbon Targets

- 40% reduction in energy intensity (kwh per m2) and 69% reduction in carbon intensity by 2030
- From 2030, all new build developments to be net zero carbon
- Approach and timescales to be set during FY 2020 to become a net zero carbon business

## Creating Sustainable Relationships

A positive community and environmental impact



**GPE is dedicated to making a difference to our local communities. Recent activity includes:**

- £148,000 raised for charity partner, Centrepont
- 15 work placements secured within our supply chain for Centrepont young people
- Air quality toolkit for London schools funded
- £60,000 unlocked to fund green infrastructure projects through our partnership with Groundwork London
- Funding provided for arts project to raise awareness of modern slavery and human trafficking
- 9 apprenticeships provided – 6 on our construction sites, 3 at our occupied properties
- Monthly pop-ups facilitated for start-ups within our office reception spaces
- London Living Wage paid to all cleaning, security and reception staff working at our occupied properties

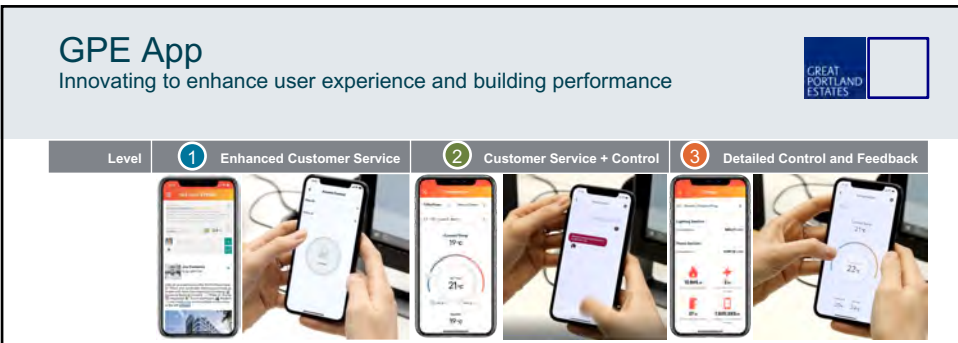
**Investor Indices**



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## GPE App

Innovating to enhance user experience and building performance



Level	1 Enhanced Customer Service	2 Customer Service + Control	3 Detailed Control and Feedback
Management Documentation	✓	✓	✓
News, travel, weather	✓	✓	✓
Community platform	✓	✓	✓
Concierge	✓	✓	✓
Room booking	✓	✓	✓
Access control	✓	✓	✓
Environmental control	✓	✓	✓✓
Sensors	✓	✓	✓
Example Building	- Kent House, W1 - Eilsley House, W1 - Piccadilly, SW1	- 200 Gray's Inn Road, WC1 - City Tower, EC2 - Elm Yard, WC1	- 160 Old St, EC1 - The Hickman, E1

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## Together We Thrive Our Purpose and Our Values



*Together we thrive*

### Our purpose

*We unlock potential, creating space for London to thrive*

### Our values

*We achieve more together*

*We are committed to excellence*

*We are open and fair*

*We embrace opportunity*

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## Our Integrated Team GPE Senior Management



### Executive Committee

**Toby Courtauld**  
Chief Executive

**Nick Sanderson**  
Finance & Operations Director

**Steven Mew**  
Portfolio Director

**Andrew White**  
Development Director

**Marc Wilder**  
Leasing Director

**Robin Matthews**  
Investment Director

### Senior Management

**Helen Hare**  
Head of Project Management

**Hugh Morgan**  
Director of Investment Management

**Stephen Burrows**  
Director of Financial Reporting & IR

**James Pellatt**  
Director of Workplace & Innovation

**Martin Leighton**  
Director of Corporate Finance

**Simon Rowley**  
Head of Office Leasing

**Steven Rollinson**  
Head of IT

**Desna Martin**  
Company Secretary

**David O'Sullivan**  
Head of Occupier Services

**Rachel Aylett**  
Head of HR

**Janine Cole**  
Head of Sustainability

**Kirsty Davie**  
Head of Investment Analysis & Management Information

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