

180

Unlocking potential



## SALES TEAM BRIEFING

Kaupthing Singer & Friedlander  
Capital Markets Ltd

Great Portland Estates plc  
Toby Courtauld  
Chief Executive

Robert Noel  
Property Director

8 April 2008

# Key Messages



## Performance

- We continue to out-perform broader market & London peers

## Markets

- Our investment markets – volatile, but stabilising
- Our occupational markets – West End well balanced; City less so
  - Demand expected to slow

## Portfolio

- Low rents, big mark to market
- Exceptional locations
- More opportunity than ever before

## Financial strength

- Low leverage at low cost
- Flexible balance sheet

## Outlook

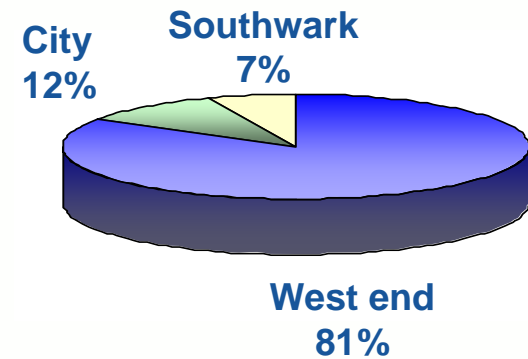
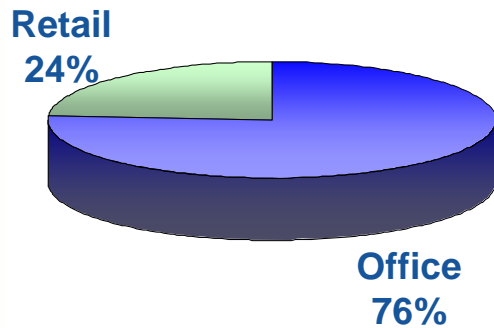
- Current conditions play to our specialist strengths

# GPE Snapshot



- FTSE 250 constituent
- Central London investment and development
- Managing approx £2.2 billion (December '07)
- Our share £1.7 billion (December '07)

## Segments



- Significant development portfolio
  - 25 projects: 2.9 million sq ft (Sept '07)
  - Near term 13 projects end value: approximately £767 million (Sept '07)
  - Flexible timing

# Quarterly Valuation at December 2007

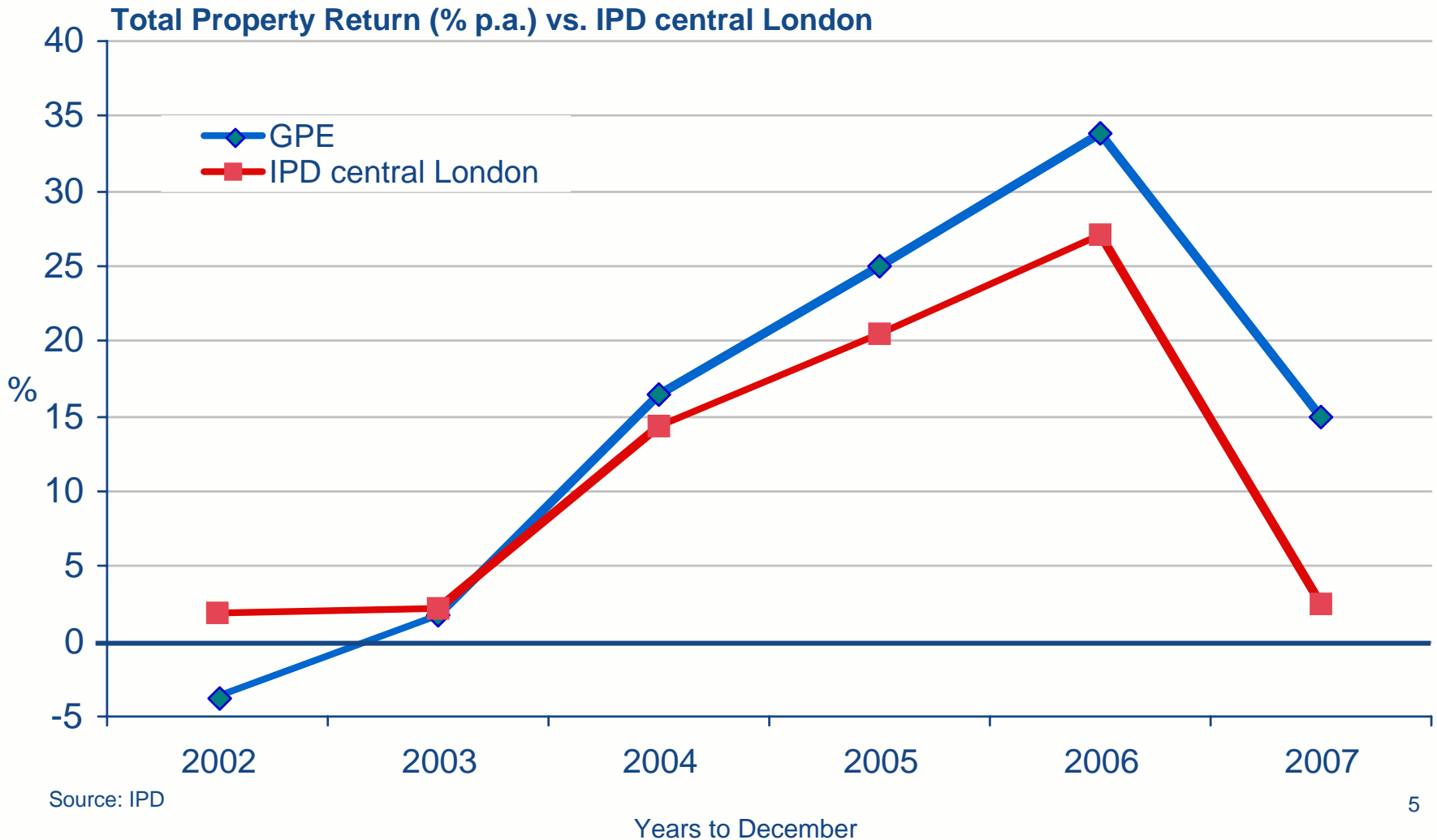


	December 2007	<i>Growth in 3 months to December 2007</i>	<i>Growth in 12 months to December 2007</i>
Portfolio Valuation <sup>1</sup>	£1,699.2m	-4.1%	+ 9.8%
Adjusted NAV per share <sup>2</sup>	617p	-6.5%	+12.2%
Portfolio ERV movement		+ 2.6%	+ 20.9%
West End Offices ERV movement		+ 3.7%	+25.4%

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

2. Estimated based on 30 September 2007 Net Assets adjusted for the impact of sales, dividend and valuation movement. REIT NNNAV estimated at 619p, down 6.6%

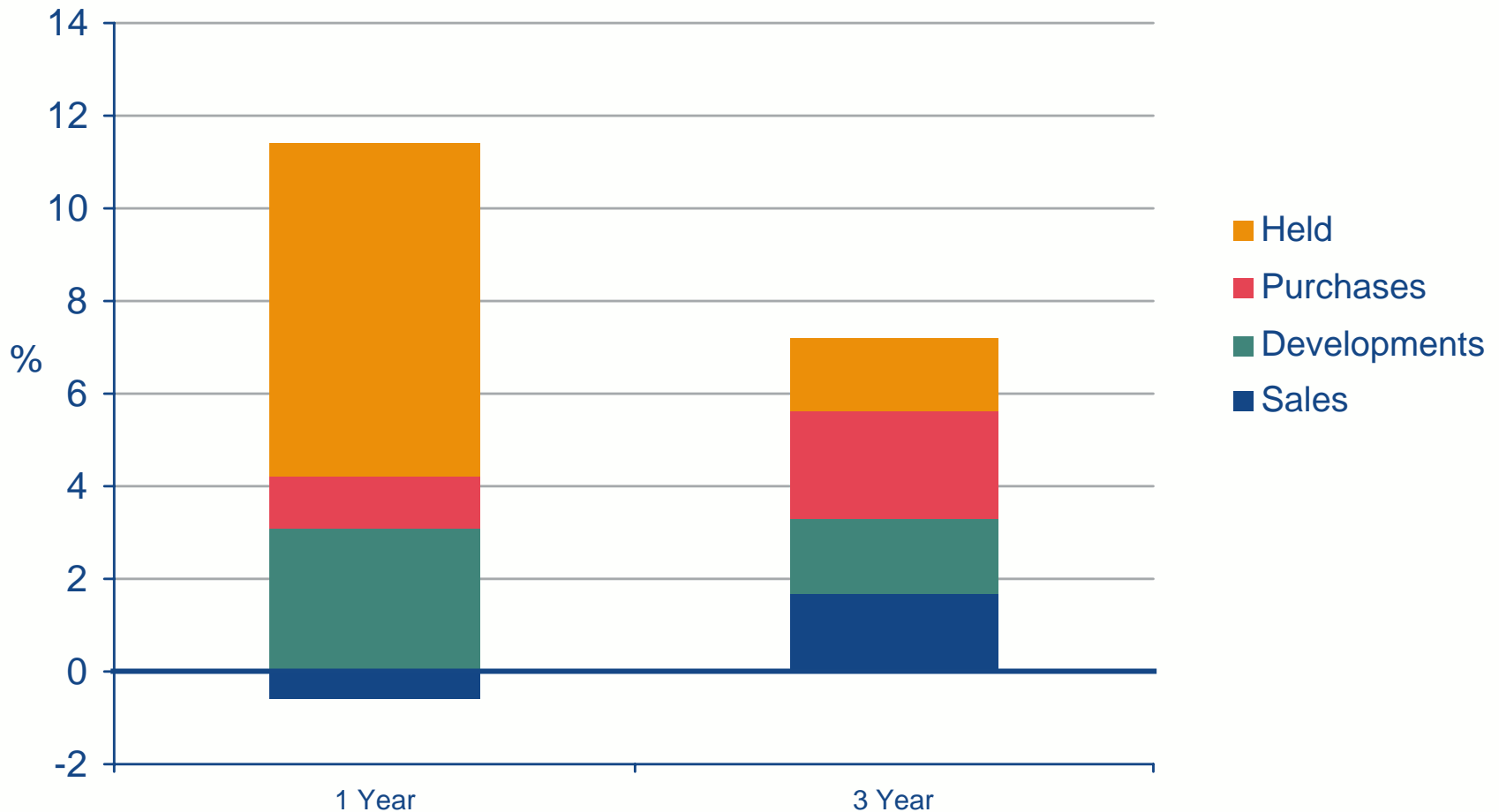
# We continue to out-perform



# We continue to out-perform



Contributors to TPR out-performance (% p.a.) vs. IPD central London



Source: IPD

Years to December

# Key Market Messages



Occupational market continues to favour landlord

- Availability beneath long run average across London
- West End pipeline: Very tight
- City pipeline: Concerning but less so

It's all about demand

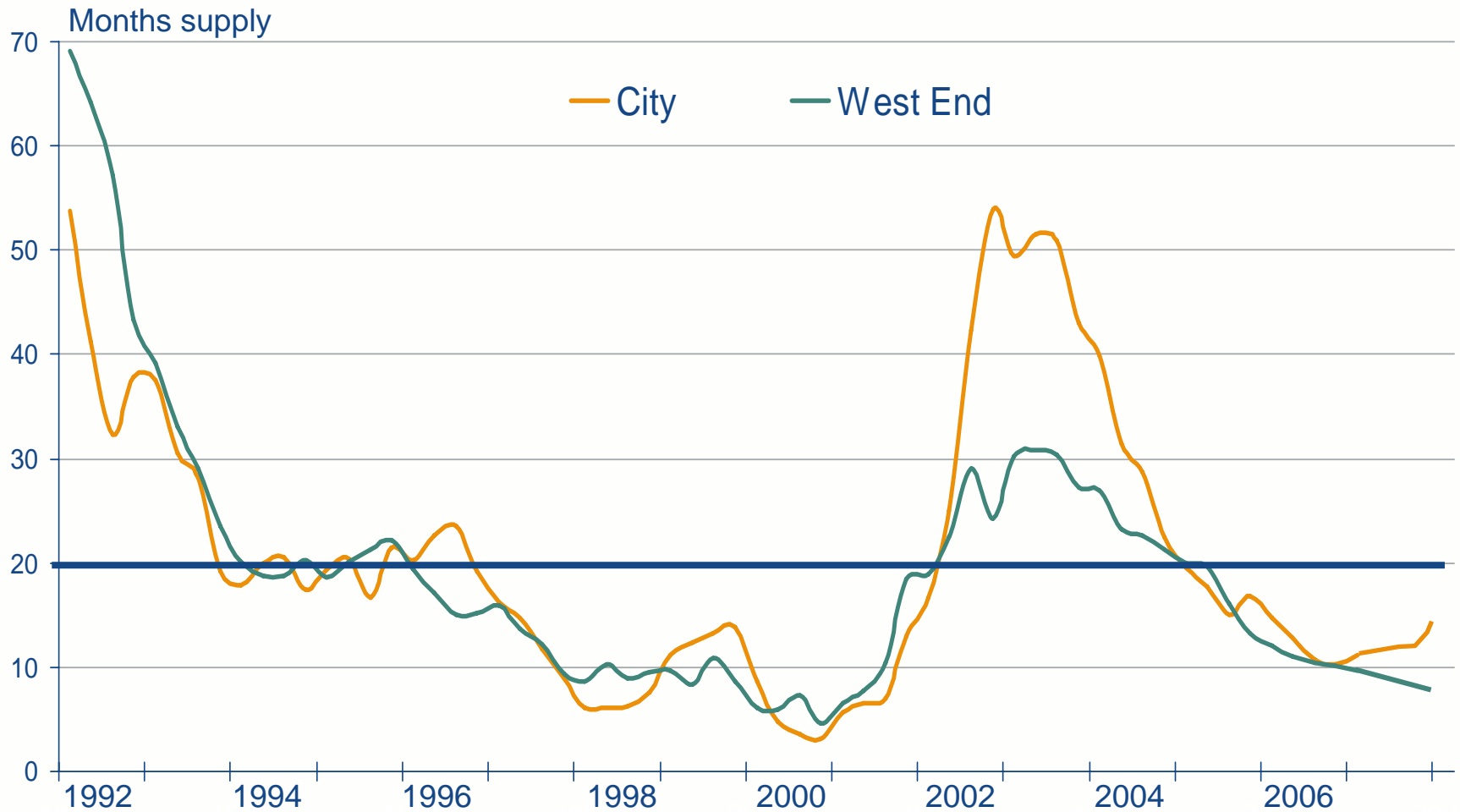
- West End: Slowing but from above trend
- City: Expect a greater slow down

Investment markets repricing risk

## Plays to GPE's strengths

- Central West End locations; low rents
- Long central West End development; Flexible timing
- Low gearing / financial flexibility
- Track record of accretive acquisitions

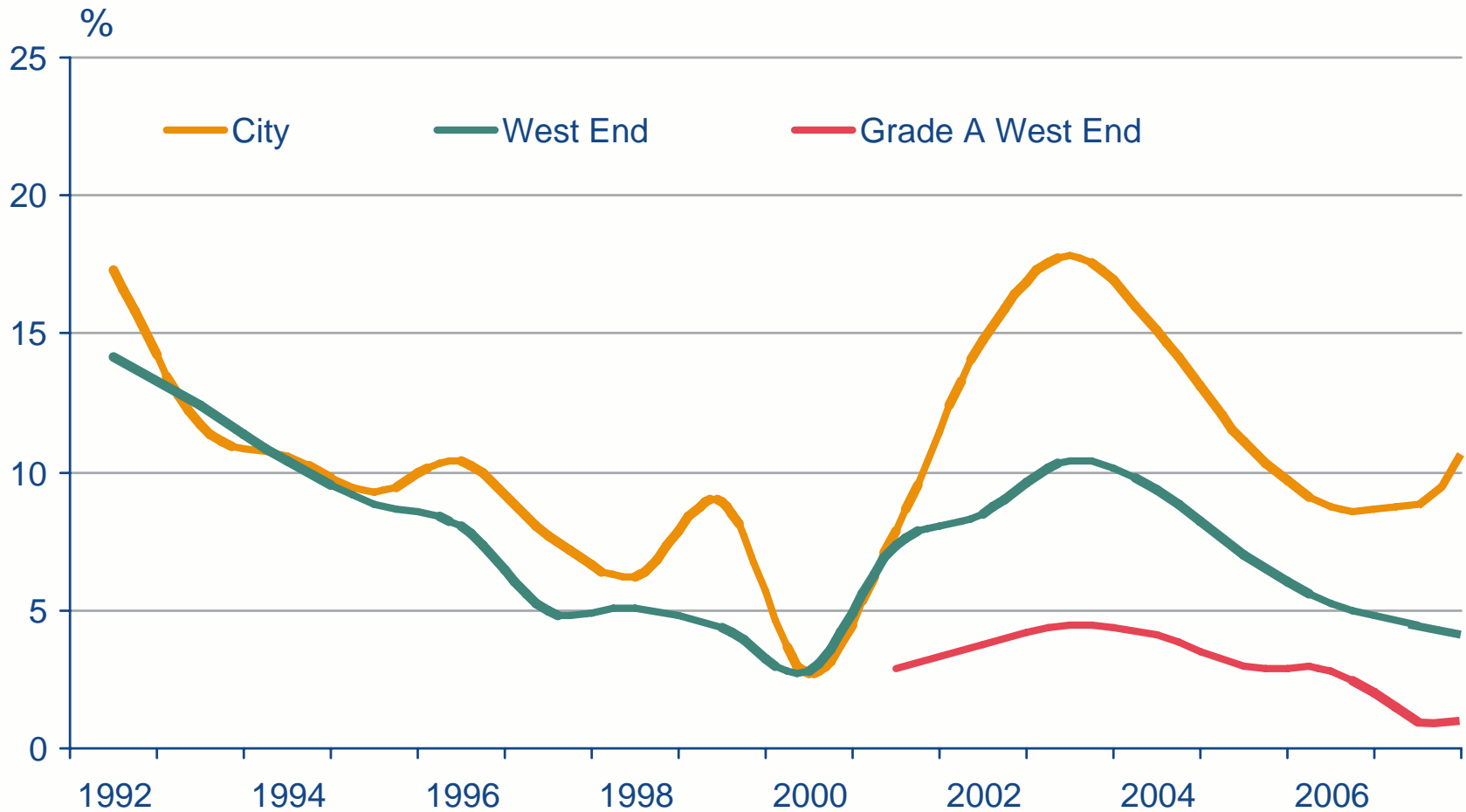
# Central London Office Market Market Balance



Source: PMA

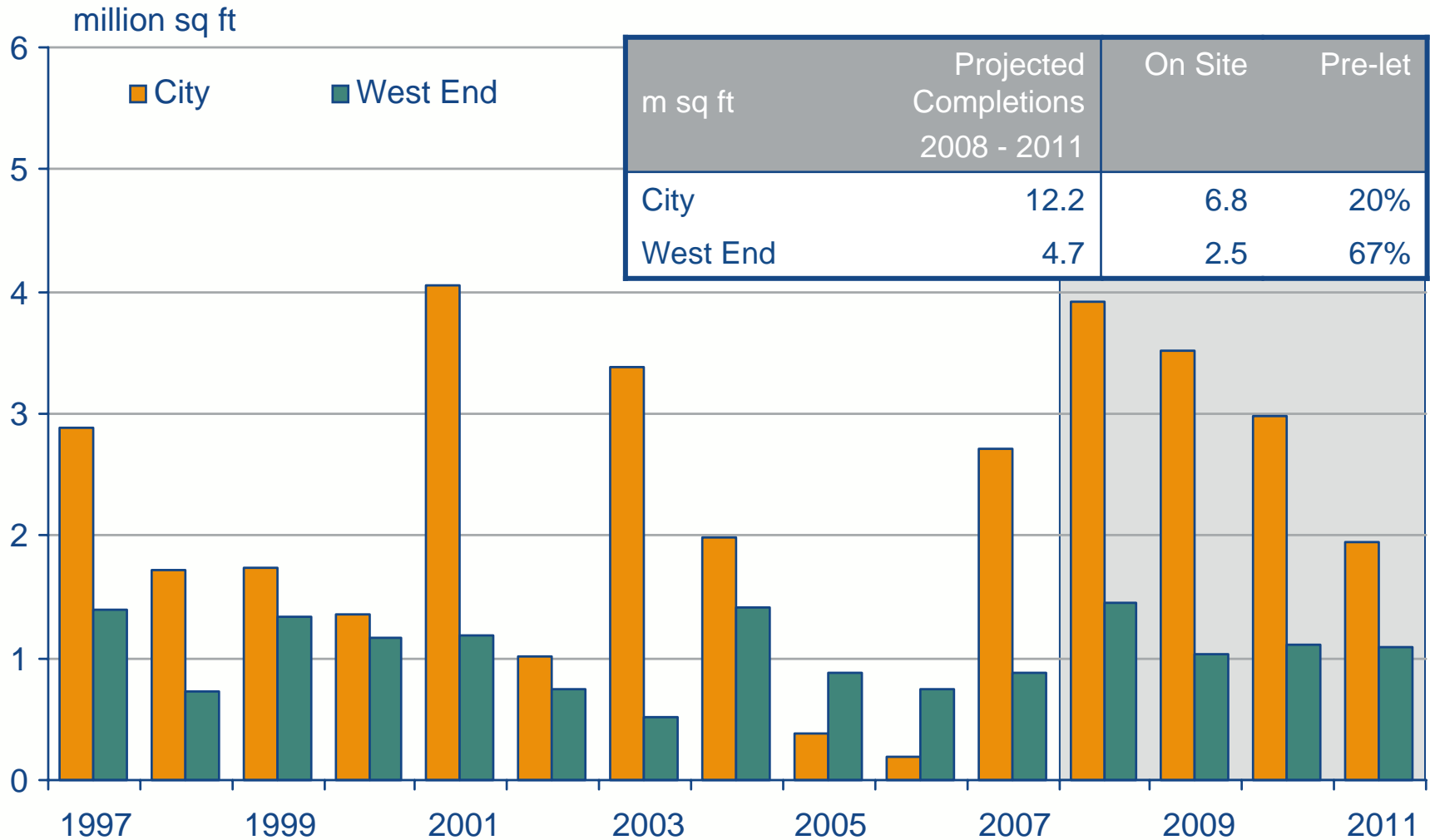


# Central London Office Market Availability



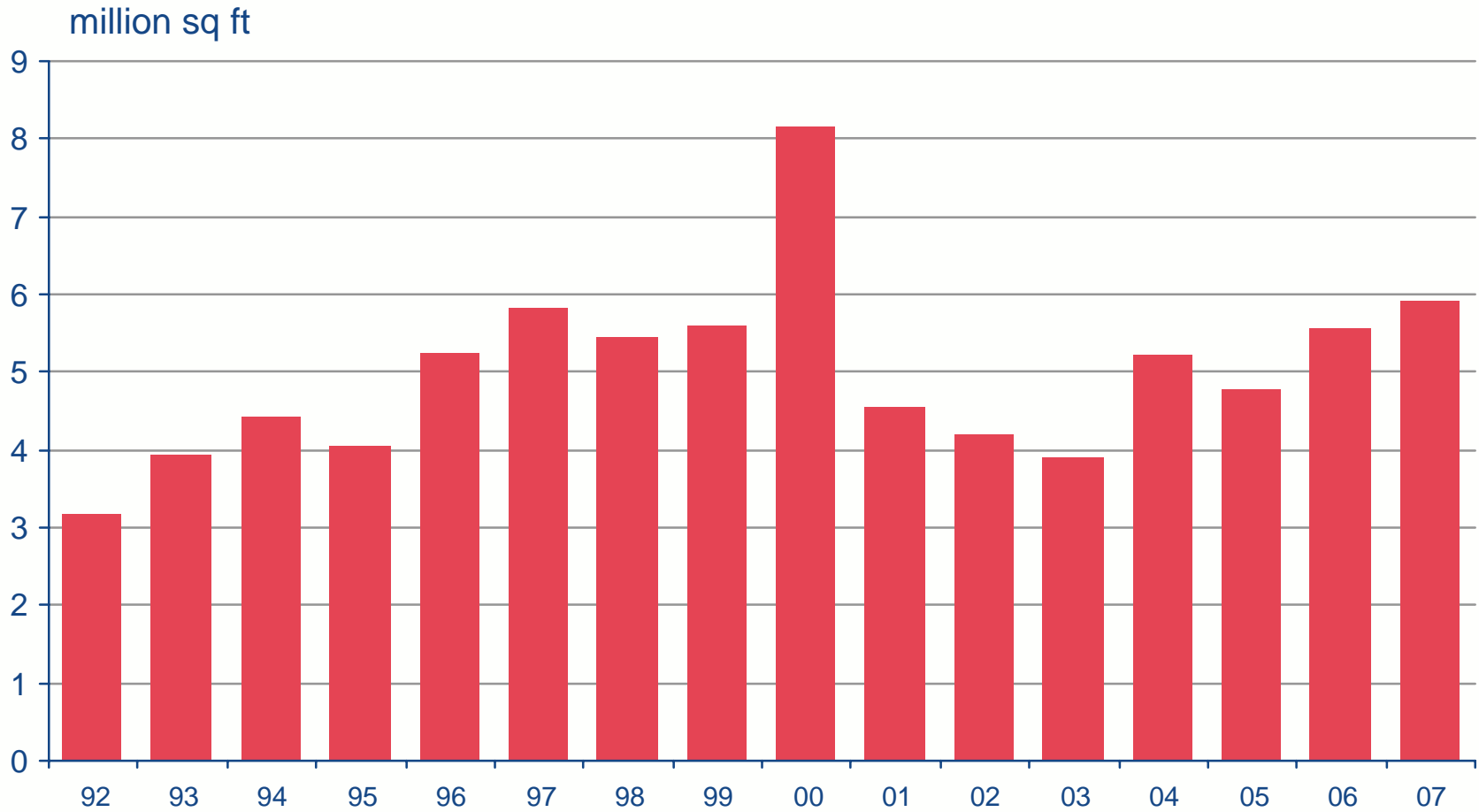
# Development Completions

## City and West End



Source: PMA

# West End Office Demand 1992 - 2007 Take-Up



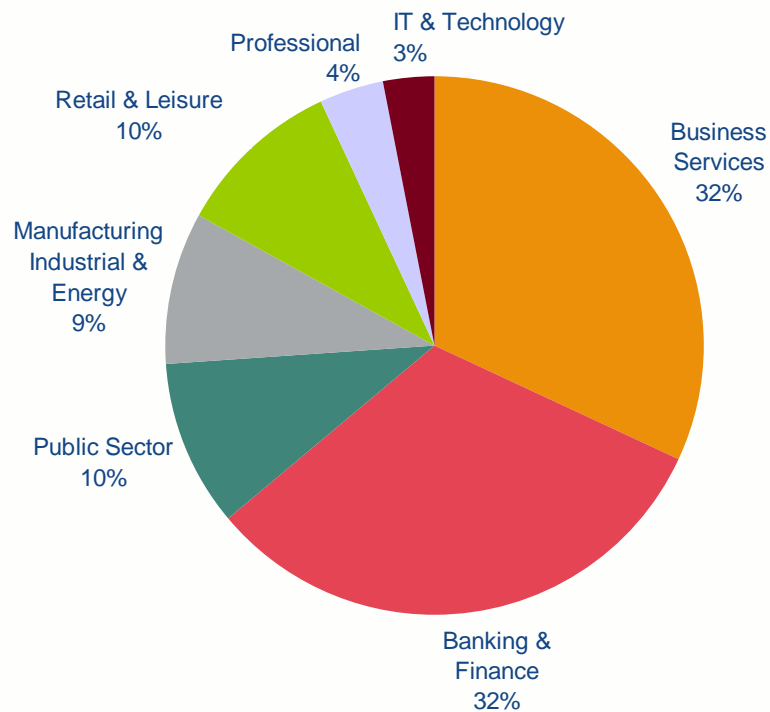
Source: Knight Frank



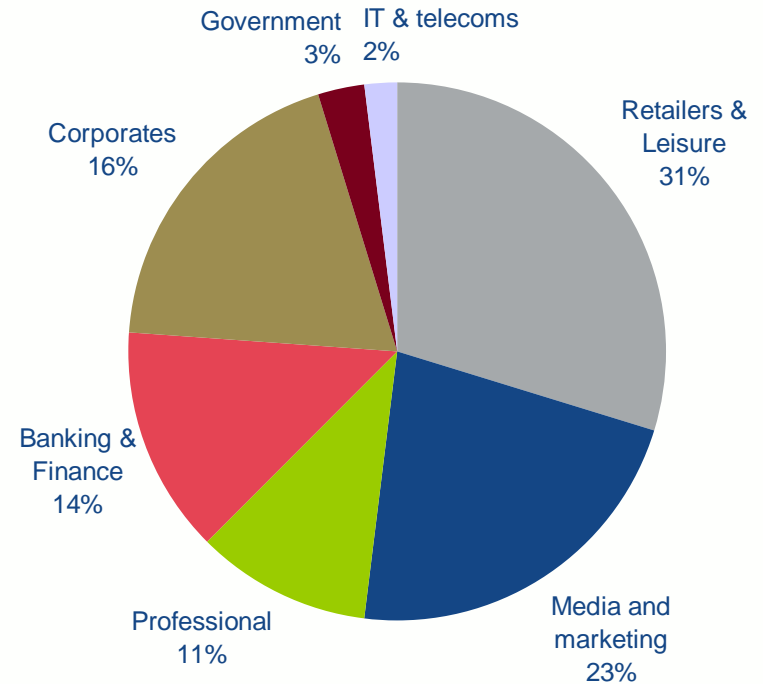
# Broad Base of Occupational Demand



## West End office take-up Q4, 2007



## GPE Occupiers by Industry Group As at January 2008 based on rent roll



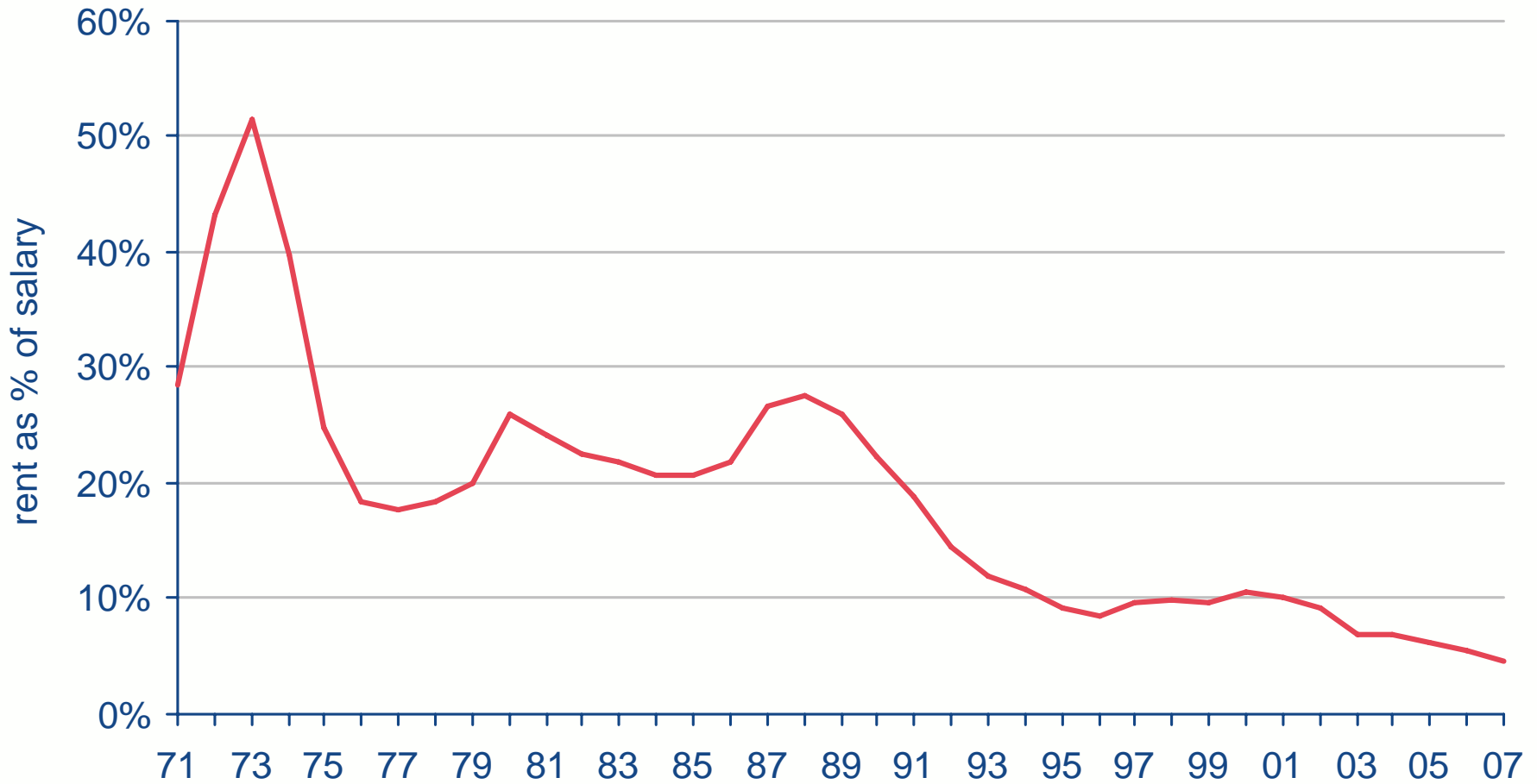
# Rental Village Map

% of sq ft let within price ranges  
12 months to Sept 2007

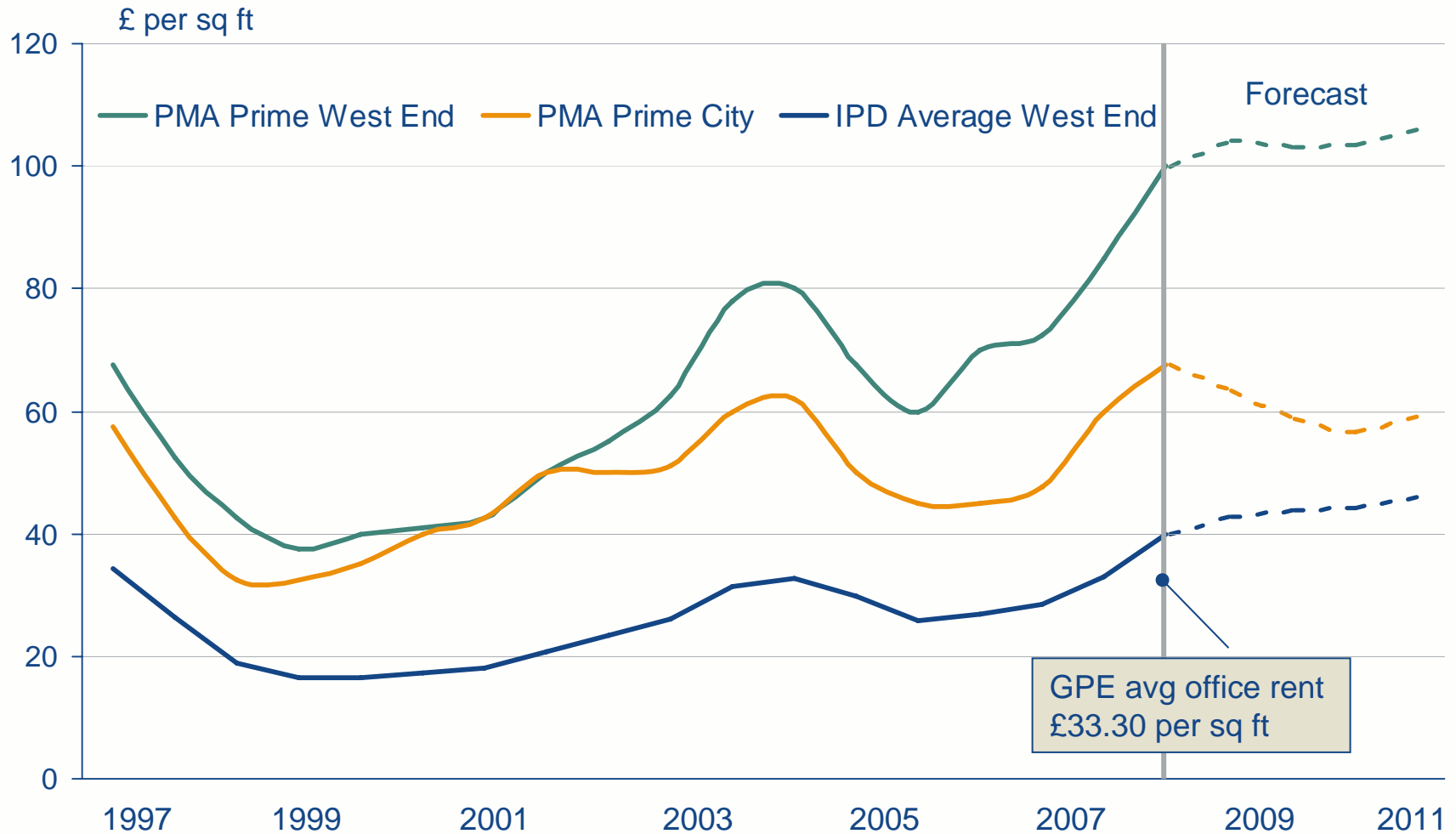


Source: GPE / Knight Frank

# London office rent as a % of salary costs



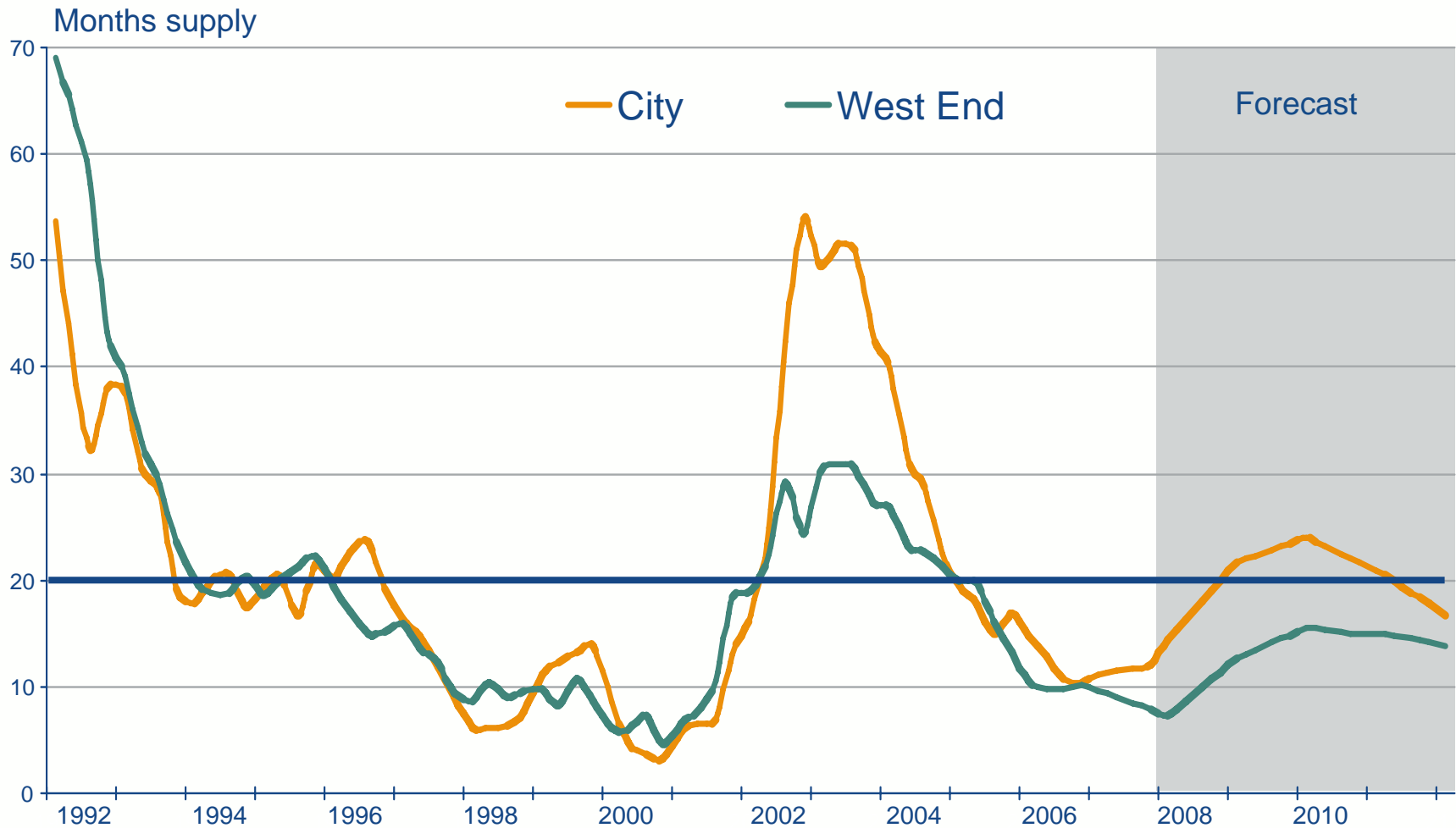
# Central London Office Market Rent Forecasts



Source: PMA / GPE



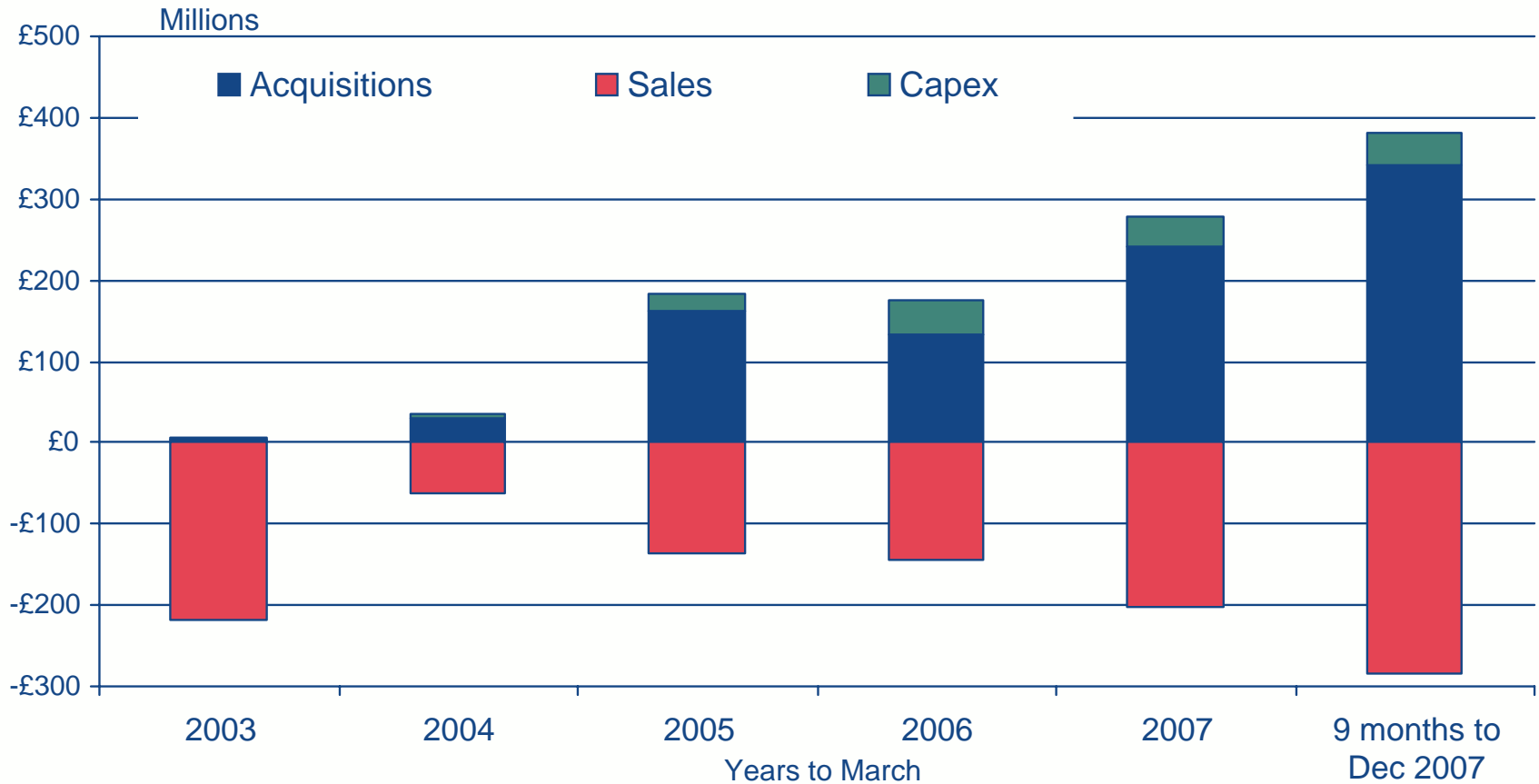
# Central London Office Market Market Balance



Source: PMA

# Portfolio Asset Churn

Inc 50% share of JV



As %age of portfolio value	<b>21%</b>	<b>13%</b>	<b>34%</b>	<b>36%</b>	<b>42%</b>	<b>43%</b>
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# Unlocking Potential Great Capital Partnership ...typically Great Portland



- GCP created on 25 April
- Start value £466m
- 26 buildings let to 204 tenants
- 858,000 sq ft @ £544 per sq ft
- Plenty of asset management opportunity...but without paying a premium
- Clearly defined asset strategies
- 5 further properties acquired
- Value at 31 December 2007 £654m

# Great Capital Partnership Capital & Counties Assets At inception...



## 17 Properties in 14 locations

- £300,000,000
- 610,000 sq ft
- <£500 per sq ft
- £28.20 per sq ft average office rent
- 4.8% initial yield
- 6.9% reversionary yield\*



\*Management estimates

# Unlocking Potential

## Great Capital Partnership

Major property swap, covering £350m approx



**IN**

- 1 new freehold (previously leasehold)
- 3 new leaseholds (no previous interest)
- 9 improved leaseholds (longer terms, lower head-rents)

**OUT**

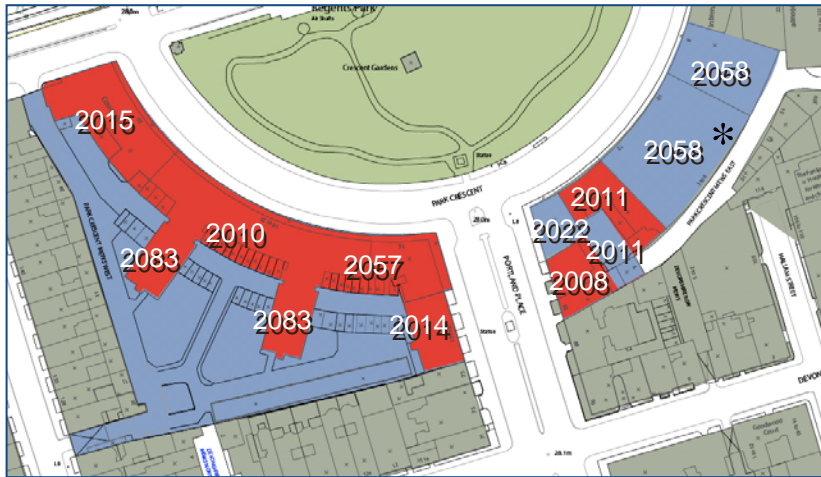
- 1 freehold
- 2 leaseholds



### **RESULT**

1. Day 1 net value gain £18m
2. Improved repositioning opportunities = improved growth prospects
3. Defensive protection

# Park Crescent, W1

## New pipeline



Pre-Regear ownership   
Post-Regear ownership 

### Pre-Regear

- 75 year headlease effectively on red area
- Use restricted to offices
- No building allowed outside existing built envelope
- Buildings reaching end of economic life

### Post-Regear

- 150 year leases, with blue shading added
- Open user (including unrestricted residential use)
- Ability to develop freely within site boundary

\* Conditional contacts exchanged to buy out headlease to bring date to 2017 22



# Unlocking Potential

## 54 / 56 Jermyn Street, SW1 (GCP)



- Increases holding by 25%
- Now comprises 132,400 sq ft
- Average Office Rent £42.40 per sq ft
- Acquisition unlocks access to site
- Feasibility underway

# Unlocking Potential

## Jermyn Street, SW1 (GCP)

### Longer-Term programme



Section through  
central atrium

- Larger site assembled
- Prime St. James's location
- Under managed, poorly configured assets
- Low current rents £42.40 per sq ft
- Opportunity to create high quality offices
- Feasibility Study underway



# Site assembly....with income

## Hanover Square Estate, W1



### 64 New Bond St and 14/18 Brook St

- Existing asset
- Dixons lease of lower unit surrendered

### 18/19 Hanover Square

- 70,000 sq ft bought for £58.4m; 20% discount
- Low rents @ £45 per sq ft; good yield @ 5.25%
- Redevelopment prospects

### 20 Hanover Square

- 23,000 sq ft bought for £15.8m
- Extinguished rights over yard

### 65/71 New Bond St

- 47,000 sq ft bought for £40.0m
- Retail rents below £200 per sq ft; prime Bond St > £700 per sq ft
- Control over yard

### 1 Tenterden St & 72 New Bond St

- 22,000 sq ft bought for £27.1m
- Low office rents (£34 to £50 per sq ft)
- Improves site redevelopment options



GREAT  
PORTLAND  
ESTATES



# Hanover Square Estate, W1

## Longer-Term programme



- Crossrail announced October 2007
- Master planning 1.3 acre site underway
- Commercial negotiations ongoing with Crossrail
- Support from Westminster City Council
- Up to 270,000 sq ft
- Planning application H1 2008



# Development Update

## Overview as at September '07

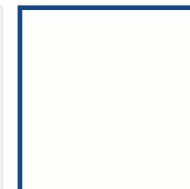


	Near-Term	Medium-Term	Longer-Term
100% owned	8	5	2
In 50/50 JV	4	1	4
Management Agreement	1		
<b>Total</b>	<b>13</b>	<b>6</b>	<b>6</b>
Start dates	Jan 2006 – Sep 2009	Oct 2009 – Sep 2011	Oct 2011 & beyond
Lettable area on completion (sq ft)	1.3m	1.0m	0.6m
Increase over existing area	73%	145%	12%
Site value	£235m	<b>Total Programme</b> 25 schemes Proposed area 2.9m sq ft Existing area 1.7m sq ft Increase (70%) 1.2m sq ft <b>56% of current GPE portfolio in the programme</b>	
Project cost (excluding site)	£338m*		
Total cost (£ per sq ft)	£574*		
ERV	£37m*		
Gross development value	£767m		
Profit on cost total (%)	34%		
Profit on cost	£193m		
Development yield on book value	6.4%*		

# Development Update

## Near-Term programme

### As at Sept '07



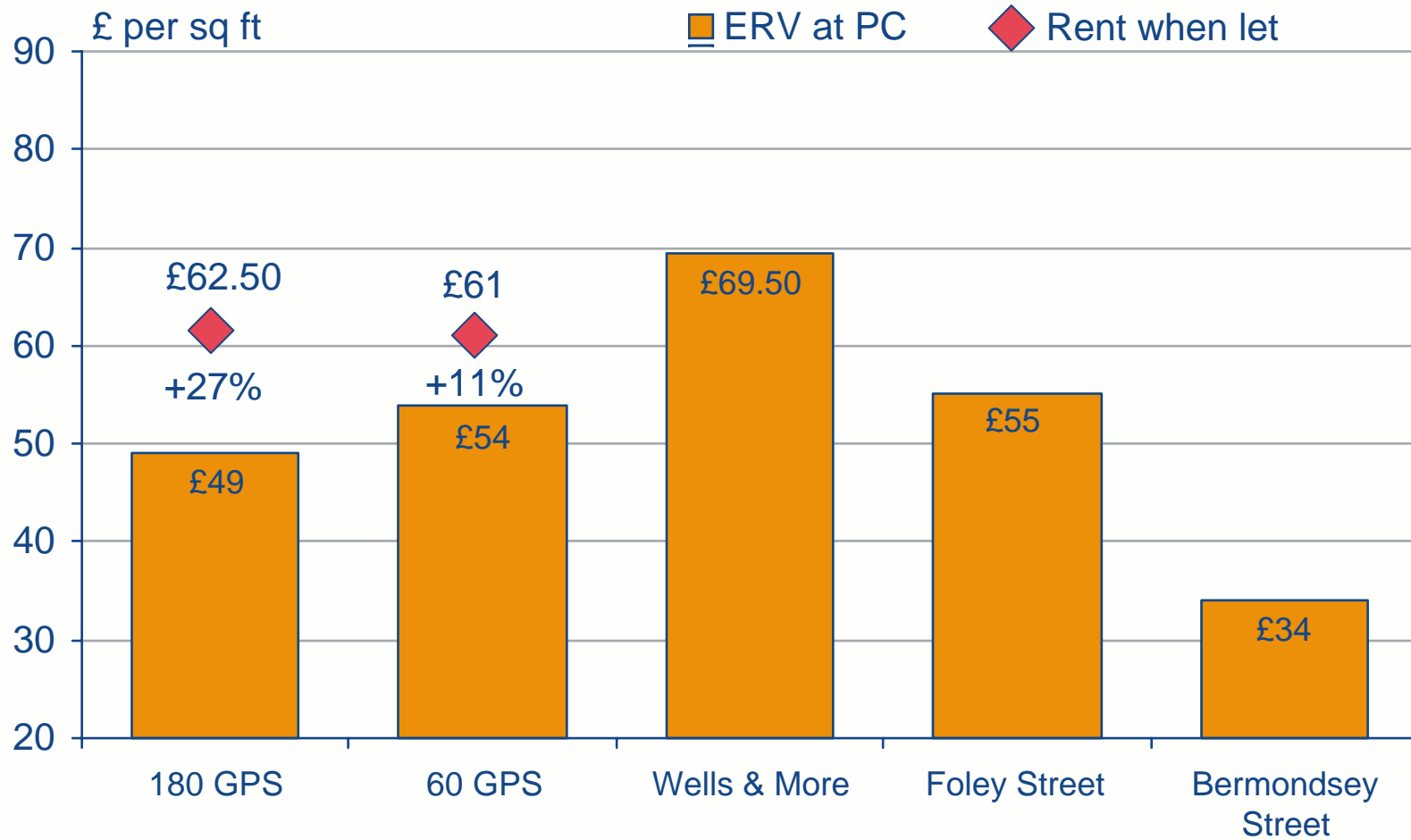
	Start	Finish	New build area	Increase	Project cost	Cap rate	Avg Office ERVs <sup>2</sup> (£ per sq ft)
<b>Practical Completion</b>							
180 Great Portland Street, W1 <sup>1</sup>	May 05	Jan 07	106,423	20,109	3.8	4.85%	54.50
<b>On-site</b>							
Wells & More, W1	Oct 06	Nov 08	125,100	43,069	46.4	4.75%	69.50
160 Tooley Street, SE1 <sup>3</sup>	Sep 06	Mar 08	200,696	159,678	0	n/a	n/a
60 Great Portland Street, W1	Feb 06	Dec 07	90,126	32,359	24.1	4.75%	60.00
46/58 Bermondsey Street, SE1	Mar 07	Mar 09	48,056	13,354	12.4	5.50%	34.00
45 Foley Street, W1	Jan 07	Jun 08	20,395	(634)	6.3	4.75%	55.00
Metropolitan Wharf, E1	Jan 07	Dec 07	110,394	-	6.9	6.25%	17.50
79/83 Great Portland Street, W1	Jun 07	Jan 08	16,172	80	3.9	n/a	n/a
<b>Planning Permission</b>							
240 Blackfriars Road, SE1	Jan 08	Aug 10	188,174	158,753	114.8	5.00%	45.00
<b>Design</b>							
79/97 Wigmore Street, W1 <sup>1</sup>	Dec 08	Dec 10	134,909	28,488	38.1	4.75%	91.25
184/190 Oxford Street, W1	Jun 08	Sept 09	23,680	6,924	11.1	4.25%	55.00
12/14 & 43 Fetter Lane	Mar 09	Jun 11	111,400	56,929	40.4	5.00%	59.50
Buchanan House, High Holborn, EC1	Dec 08	Sep 10	73,389	9,142	29.4	5.00%	50.00
<b>Total</b>			1,248,914	528,251	337.6		

1) For those held in JV: cost is shown at 50%, areas and ERVs are at 100%. 2) Avg ERVs psf are headline rents. 3) Tooley St: costs are recoverable through forward sale.

# Development Update

## Actual Rents vs Valuers ERV

### As at Sept '07



# Development Update

Near-Term programme

Profit sensitivity to shifts in yield and rent

As at Sept '07

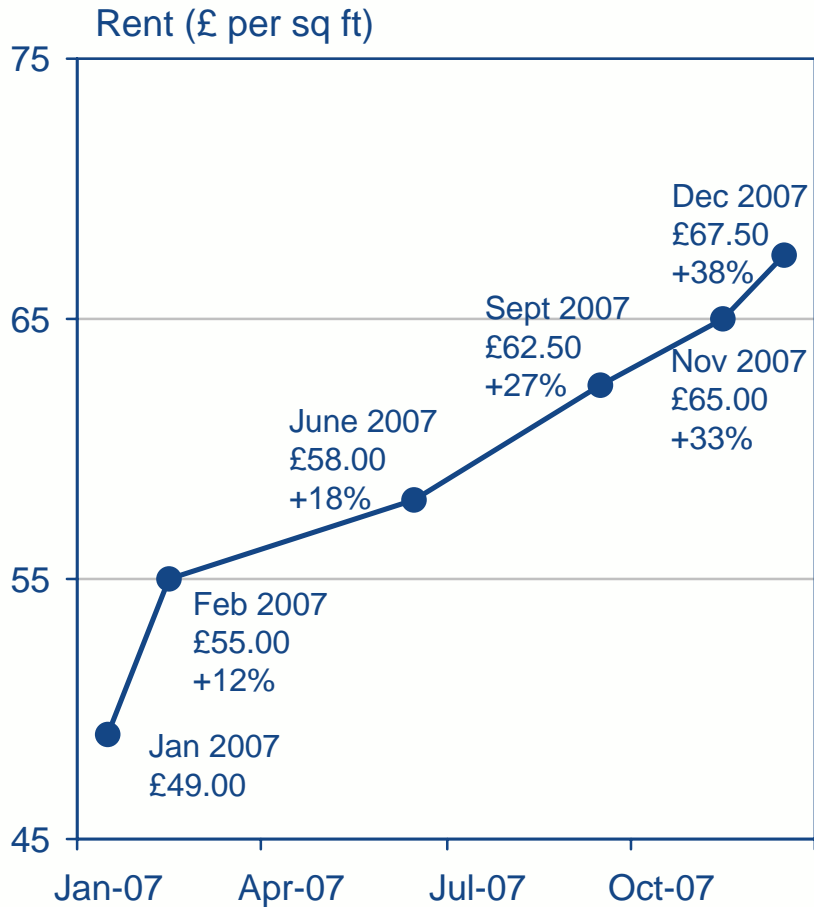


£m		Yield				
		+0.50%	+0.25%	Current	-0.25%	-0.50%
Rent per sq ft	-£2.50	112	138	166	197	230
	Current	137	164	193	224	259
	+£2.50	162	189	219	252	288
	+£5.00	186	214	245	279	317
	+£7.50	210	239	271	307	346

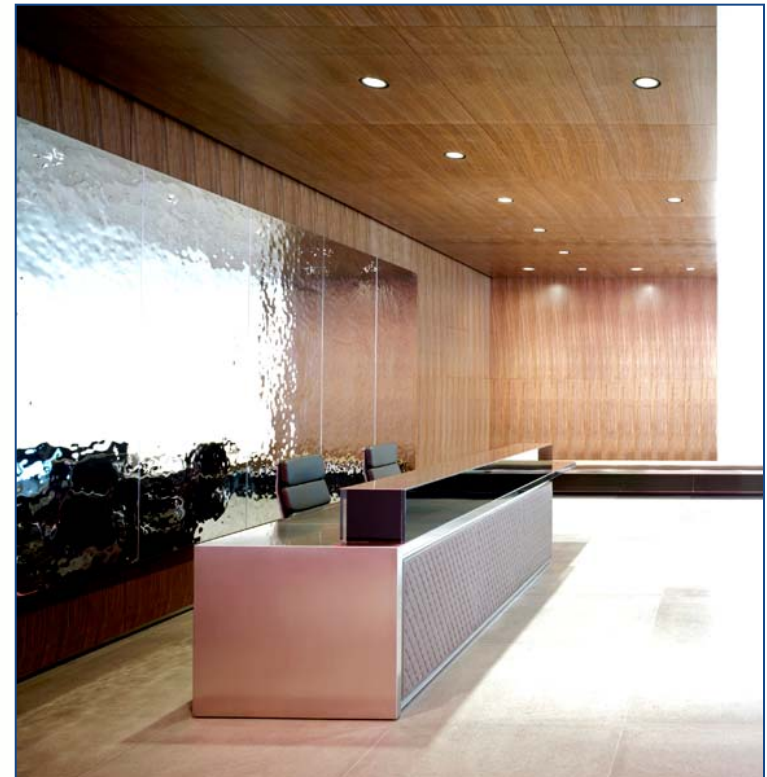


# 180 Great Portland Street, W1

## Near-Term programme



- 60% let or under offer as at Nov '07
- Remaining offices let during December
- Further 4% rental growth achieved





# Outlook



- Returns will be driven by asset repositioning and rental growth
- Plays to GPE's relative strengths
  - Low current rents → £33.20 per sq ft
  - Exceptional locations → 80%+ central West End
  - Big mark to market → +45% to £47.10 per sq ft - *in existing state*
  - Significant repositioning opportunities → More than ever before
  - But with current income and flexible timing
  - Financial flexibility → 33% LTV
  - Strong track record of accretive acquisitions
- Well placed ... use current conditions to our advantage

# Appendix Sales



	Sale Price £m	NIY %	Book Value 31 Mar 07 adjusted for CapEx £m
<b>Since March 2007</b>			
Park Crescent Estate, W1	61.2	5.1	61.2
29 / 35 Great Portland Street, W1	9.2	5.3	9.2
21 Sackville Street, W1	31.7	4.1	31.7
St Lawrence House, Broadwick Street, W1	59.5	4.2	59.5
Met Building, 22 Percy Street, W1	107.0	4.1	109.0
Totfield & Whitfield Street, W1	16.1	4.4	13.8
	<b>284.7</b>		<b>284.4</b>



# Appendix

## Sales

### Met Building, 22 Percy Street, W1



- June 2003 - Acquired for £16.0m
- May 2005 - £23.8 m development completed
- December 2005 - Substantially let
- September 2007 - Sold for £107.0m
- 156% return on capital employed

# Appendix

## Acquisitions



	Cost £m	NIY %	Area sq ft	Capital value £ per sq ft
<b>Since March 2007</b>				
18 Dering Street, W1	6.6	2.7	5,200	1,264
Great Capital Partnership (initial assets)*	233.4	4.6	858,000	544
54/56 Jermyn Street, SW1*	10.2	5.3	28,400	722
Regent Arcade House, 19 / 25 Argyll Street, W1*	26.6	4.1	63,600	835
100 Regent Street, W1*	26.6	5.5	53,000	1,003
Spirella House, 266 / 270 Regent Street, W1*	5.7	9.1	14,800	769
43 Fetter Lane, EC4*	10.7	-	28,000	768
Bramah House & Black Swan Yard, Bermondsey Street, SE1	9.4	2.7	16,600	566
9 Holyrood Street, SE1	5.8	4.7	4,100	411
48/54 Broadwick Street/Dufours Place*	9.2	5.2	29,500	623
<b>Total</b>	<b>344.2</b>		<b>1,101,200</b>	<b>605</b>

\*Held in 50:50 JV, 50% share shown

# Appendix

## Unlocking Potential

### 43 Fetter Lane, EC4 (GCP)

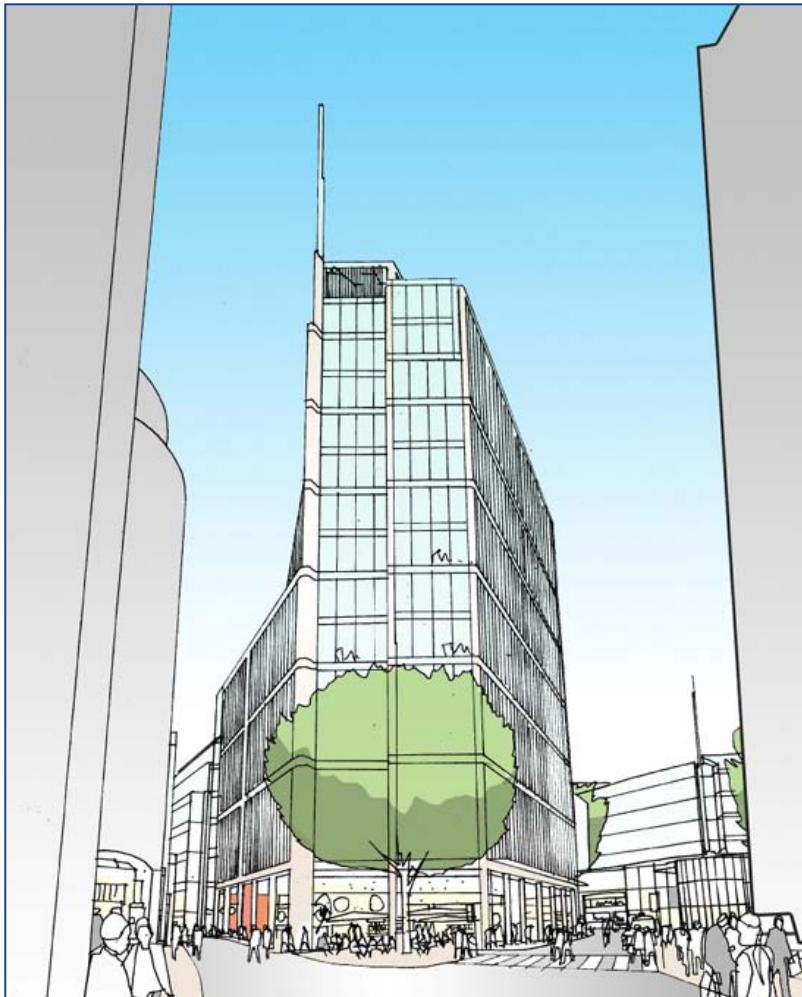


- 12-14 New Fetter Lane acquired with GCP
- 43 Fetter Lane completes island
- Part City Corporation freehold
- 0.4 acre site
- Existing tenant lease regeared
- Vacant possession December 08

# Appendix

## Unlocking Potential

### Fetter Lane, EC4 (GCP)



- Key corner site
- City Corporation opportunity to regear lease and masterplan site
- Planning Application early 2008, 110,000+ sq ft
- Improving mid-town location with low availability
- Income to December 2008



# Appendix

## 60 Great Portland Street, W1

### Near-Term programme



#### Offices pre-let to The Engine Group

- 60,000 sq ft
- £61 per sq ft
- 20 year lease
- 17 months rent free
- Practical Completion December 2007
- Potential upside from showroom & residential
- Letting activity has increased anticipated profit to £41m (93%)

# Appendix

## 240 Blackfriars Road, SE1

### Near-Term programme



- Demolition commenced. Expect to sign main contract Summer '08
- Limited competing supply in SE1
- Average office rents £43 per sq ft
- Target area up to 206,000 sq ft from 188,000 sq ft in May
- Forecast surplus >15% on top of 86% increase in site value since purchase (November 2005)





# Appendix

## Voids Summary



	% of Rent			Sq Ft		
	Mar 07	Sept 07	Dec 07*	Mar 07	Sept 07	Dec 07*
<b>Void</b>						
Wholly Owned	3.0	2.9	3.6	51,300	28,400	50,100
Joint Ventures	19.0	7.5	3.5	75,100	84,200	44,300
	<b>5.0</b>	<b>4.6</b>	<b>3.6</b>	<b>126,400</b>	<b>112,600</b>	<b>94,400</b>
<b>Refurb &amp; Dev't</b>						
Wholly Owned	18.0	19.6	22.3	266,600	216,000	278,300
Joint Ventures	-	6.1	5.4	-	150,200	140,500
	<b>15.7</b>	<b>14.8</b>	<b>16.5</b>	<b>266,600</b>	<b>366,200</b>	<b>418,800</b>
<b>Combined Total</b>	<b>20.7</b>	<b>19.4</b>	<b>20.0</b>	<b>393,000</b>	<b>478,800</b>	<b>513,200</b>

\*Includes prelets

# Appendix

## Financial Highlights

### H1 fiscal 2008



Balance Sheet / Returns	September 2007	March 2007	Change
Portfolio value <sup>1</sup>	£1,754.8m	£1,535.6m	8.9% <sup>2</sup>
NAV per share <sup>3</sup>	660p	594p	11.1%
REIT NNAV per share <sup>3</sup>	663p	593p	11.8%
Return on capital employed <sup>4</sup>	27.7%	33.9%	-6.2% pts
Income Statement	September 07	September 06	Change (%)
Adjusted PBT	£10.4m	£6.7m	55.2%
EPS <sup>3</sup>	5.4p	5.0p	8.0%
Dividend per share	3.90p	3.75p	4.0%

<sup>1</sup> Including share of JVs

<sup>2</sup> Like-for-like change

<sup>3</sup> Adjusted and diluted

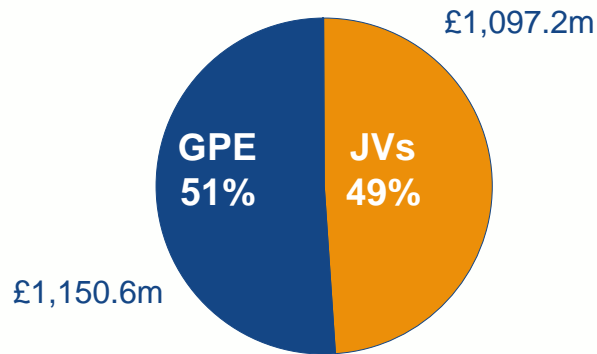
<sup>4</sup> 12 month period

# Appendix

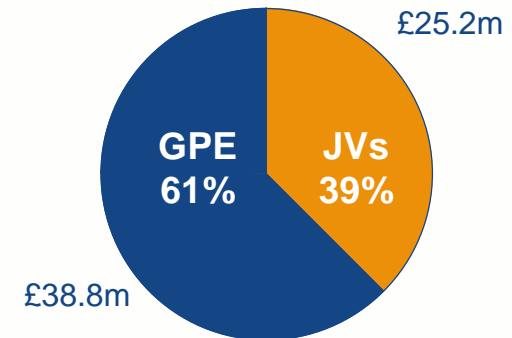
## Joint Venture Business Contribution to Group<sup>1</sup>



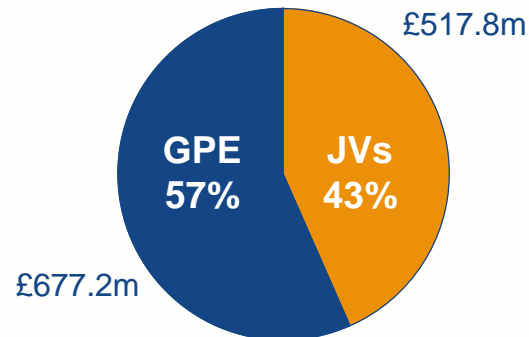
**Gross Property Assets<sup>2</sup>**



**Rent Roll**



**Net Assets<sup>3</sup>**



■ GPE excluding JVs

■ Joint Ventures

1. Values at 31 December 2007 2. 100% of properties 3. GPE share @ September 2007

# Appendix

## REIT Conversion

### Scorecard after 15 months



Original REIT Objective	Achievements / Examples
Tax Advantages	➔ CGT of £24.5m saved - 87% of Conversion charge
Enhanced performance measures	➔ NNNAV increase of approx £135m
Increase in interest from new investors	➔ Overseas investors represent some 60% of our top 25 shareholders
No strategic impediments	➔ Creation of new JV, now worth approx £660 million
Acquisitions to shelter CGT	➔ Opportunistic approach

# Appendix

## Financial Resources



	December 2007	September 2007	March 2007
Net debt (£m)	531.0	616.8	389.1
Net gearing	47.5%	51.6%	36.2%
Interest cover		1.7x	1.8x

	Pro forma for Met Building	September 2007	March 2007
Weighted average interest rate	6.07%	6.11%	5.55%
% of debt fixed / capped	69%	64%	77%

- Undrawn facilities of approx £260m, average margin approx 55bp

# Appendix

## Portfolio Valuation\*

To 31 December 2007	Value £m	Movement					
		3 months		6 months		12 months	
		£m	Change	£m	Change	£m	Change
North of Oxford Street	566.4	(24.1)	-4.1%	(12.8)	-2.2%	53.4	10.4%
Rest of West End	626.6	(23.0)	-3.5%	(12.2)	-1.9%	43.6	7.5%
West End Total	1,193.0	(47.1)	-3.8%	(25.0)	-2.1%	97.0	8.9%
City and Southwark Total	278.3	(15.2)	-5.2%	(18.9)	-6.3%	11.9	4.5%
<b>Investment Portfolio</b>	<b>1,471.3</b>	<b>(62.3)</b>	<b>-4.1%</b>	<b>(43.9)</b>	<b>-2.9%</b>	<b>108.9</b>	<b>8.0%</b>
Development properties	219.2	(10.2)	-4.4%	6.1	2.8%	43.6	24.9%
<b>Properties held throughout the period</b>	<b>1,690.5</b>	<b>(72.5)</b>	<b>-4.1%</b>	<b>(37.8)</b>	<b>-2.2%</b>	<b>152.5</b>	<b>9.9%</b>
Acquisitions	8.7	(0.4)	-4.6%	(0.4)	-4.6%	(0.4)	-4.6%
<b>Total</b>	<b>1,699.2</b>	<b>(72.9)</b>	<b>-4.1%</b>	<b>(38.2)</b>	<b>-2.2%</b>	<b>152.1</b>	<b>9.8%</b>

\*Includes share of Joint Ventures

# Appendix

## Yield Profile\* 1



To 31 December 2007	Initial Yield				Equivalent Yield			
	%	Basis point +/-			%	Basis point +/-		
		3 month	6 month	12 month		3 month	6 month	12 month
<b>North of Oxford Street</b>								
Offices	2.3%	25	36	(116)	5.5%	38	46	50
Retail	4.2%	50	35	13	5.0%	25	26	15
<b>Rest of West End</b>								
Offices	3.3%	10	11	(20)	5.0%	38	39	10
Retail	4.2%	49	81	75	5.0%	26	41	24
<b>West End Offices</b>	<b>2.8%</b>	<b>24</b>	<b>25</b>	<b>(75)</b>	<b>5.3%</b>	<b>38</b>	<b>43</b>	<b>33</b>
<b>Total West End</b>	<b>3.3%</b>	<b>34</b>	<b>36</b>	<b>(34)</b>	<b>5.2%</b>	<b>34</b>	<b>40</b>	<b>28</b>
<b>City and Southwark</b>	<b>4.4%</b>	<b>(3)</b>	<b>29</b>	<b>39</b>	<b>5.9%</b>	<b>40</b>	<b>55</b>	<b>58</b>
<b>Total portfolio</b>	<b>3.5%</b>	<b>27</b>	<b>35</b>	<b>(18)</b>	<b>5.3%</b>	<b>36</b>	<b>43</b>	<b>34</b>

\* Includes share of Joint Ventures

<sup>1</sup> Excluding developments

# Appendix

## Rental Values\*



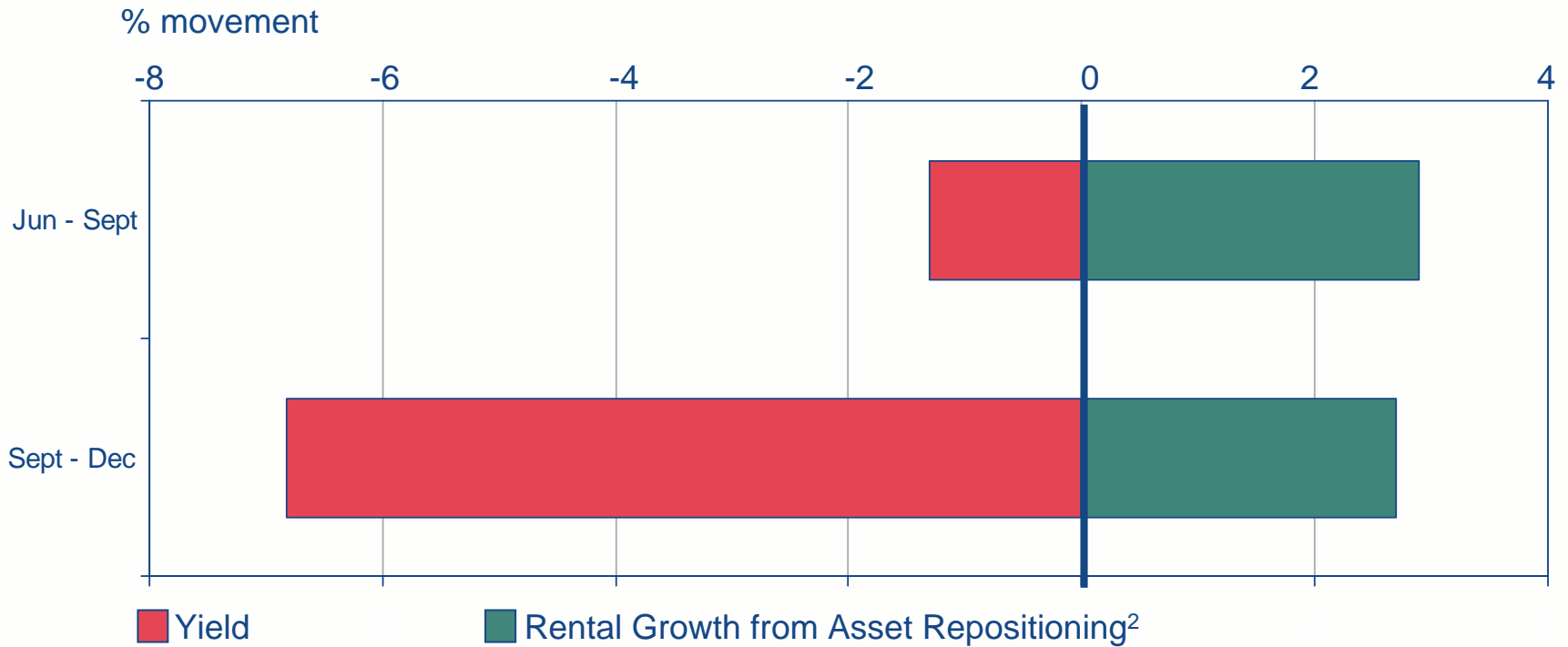
To 31 December 2007	3 months		6 months		12 months		Avg Office ERV	Avg Office Rent
	%	£m	%	£m	%	£m	£ per sq. ft	£ per sq. ft
<b>North of Oxford Street</b>								
Offices	2.6%	0.9	8.6%	2.8	25.1%	6.4	51.30	34.90
Retail	0.2%	0.0	1.6%	0.2	6.5%	0.6		
<b>Rest of West End</b>								
Offices	5.3%	1.3	10.8%	2.2	26.2%	3.0	58.00	37.50
Retail	1.1%	0.2	1.2%	0.1	5.4%	0.4		
<b>West End Offices</b>	<b>3.7%</b>	<b>2.2</b>	<b>9.5%</b>	<b>5.0</b>	<b>25.4%</b>	<b>9.4</b>	54.00	36.20
<b>Total West End</b>	<b>2.9%</b>	<b>2.4</b>	<b>7.1%</b>	<b>5.3</b>	<b>19.5%</b>	<b>10.4</b>		
<b>City and Southwark</b>	<b>1.8%</b>	<b>0.4</b>	<b>5.2%</b>	<b>1.1</b>	<b>25.9%</b>	<b>4.0</b>		
<b>Total portfolio</b>	<b>2.6%</b>	<b>2.8</b>	<b>6.7%</b>	<b>6.4</b>	<b>20.9%</b>	<b>14.4</b>	47.10	33.30

\*Includes share of Joint Ventures



# Appendix

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



<sup>1</sup> Including share of Joint Ventures and excludes development properties

<sup>2</sup> Includes Income Residual