

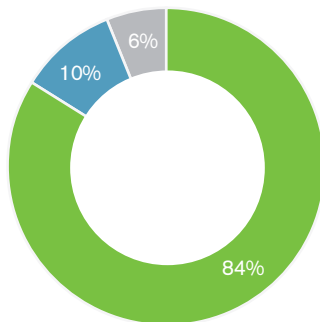
Source: IPD

## Portfolio performance

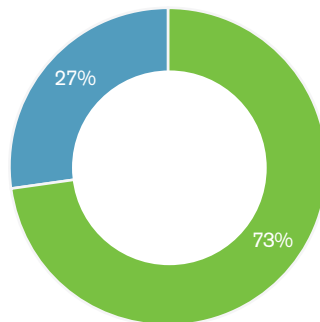
		Wholly-owned £m	Share of joint venture £m	Total £m	Proportion of portfolio %	Six month valuation movement %
North of Oxford Street	Office	323.5	69.1	392.6	37.3	2.0
	Retail	72.7	72.4	145.1	13.8	1.3
Rest of West End	Office	120.6	91.8	212.4	20.1	(7.6)
	Retail	67.1	63.9	131.0	12.4	0.8
Total West End		583.9	297.2	881.1	83.6	(0.8)
City and Southwark	Office	130.6	15.0	145.6	13.8	12.4
	Retail	8.3	1.6	9.9	0.9	(4.0)
Total City and Southwark		138.9	16.6	155.5	14.7	(11.9)
Investment property portfolio		722.8	313.8	1,036.6	98.3	(2.6)
Development property		12.4	5.0	17.4	1.7	(6.6)
<b>Total properties held throughout the period</b>		<b>735.2</b>	<b>318.8</b>	<b>1,054.0</b>	<b>100.0</b>	<b>(2.7)</b>

## Portfolio characteristics

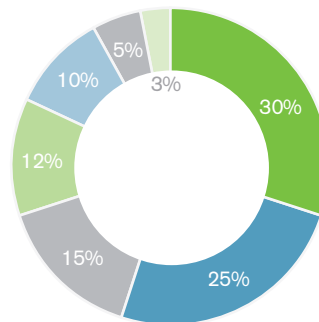
	Investment portfolio £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	<b>Total £m</b>	Net internal area 000
North of Oxford Street	537.7	—	537.7	392.6	145.1	<b>537.7</b>	1,175.0
Rest of West End	343.4	—	343.4	212.4	131.0	<b>343.4</b>	847.0
<b>Total West End</b>	<b>881.1</b>	<b>—</b>	<b>881.1</b>	<b>605.0</b>	<b>276.1</b>	<b>881.1</b>	2,022.0
City and Southwark	155.5	17.4	172.9	159.9	13.0	<b>172.9</b>	674.0
<b>Grand total</b>	<b>1,036.6</b>	<b>17.4</b>	<b>1,054.0</b>	<b>764.9</b>	<b>289.1</b>	<b>1,054.0</b>	2,696.0
Office	750.6	14.3	764.9				
Retail	286.0	3.1	289.1				
<b>Total</b>	<b>1,036.6</b>	<b>17.4</b>	<b>1,054.0</b>				
Net internal area [sq ft 000's]	2,649.0	47.0	2,696.0				

**Our locations<sup>1</sup>**

West End – £881.1m  
 City – £105.4m  
 Southwark – £67.5m

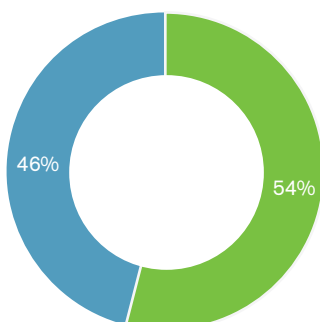
**Our business mix<sup>1</sup>**

Office – £764.9m  
 Retail – £289.1m

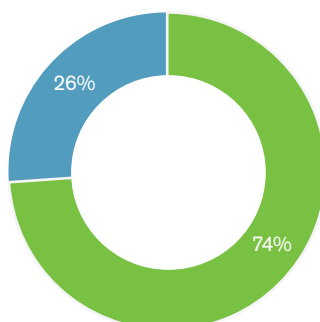
**Our tenants<sup>1</sup>**

Retailers and leisure  
 Media and marketing  
 Banking and finance  
 Corporates  
 Professional  
 Government  
 IT and telecoms

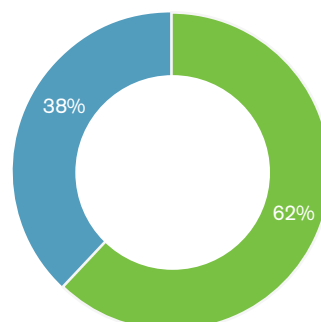
<sup>1</sup> Includes Group's share of joint ventures.

**Joint venture business – contribution to the Group****Gross property assets<sup>1</sup>**

Wholly owned – £735 million  
 Joint ventures – £638 million

**Net assets<sup>2</sup>**

Wholly owned – £518 million  
 Joint ventures – £180 million

**Net debt<sup>2</sup>**

Wholly owned – £205 million  
 Joint ventures – £127 million

<sup>1</sup> 100% values at 30 September 2009.  
<sup>2</sup> GPE share.

## Portfolio statistics

## Appendix 2

## Rental income

At 30 September 2009									
			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford St	Office	19.9	(2.2)	17.7	3.7	0.9	4.6	22.3
		Retail	4.0	0.3	4.3	4.1	1.0	5.1	9.4
	Rest of West End	Office	6.9	–	6.9	7.3	(0.8)	6.5	13.4
		Retail	2.8	0.7	3.5	3.4	0.3	3.7	7.2
	Total West End		33.6	(1.2)	32.4	18.5	1.4	19.9	52.3
	City and Southwark	Office	12.2	0.4	12.6	0.9	0.1	1.0	13.6
		Retail	0.6	0.5	1.1	0.1	–	0.1	1.2
	Total City and Southwark		12.8	0.9	13.7	1.0	0.1	1.1	14.8
Total let portfolio			46.4	(0.3)	46.1	19.5	1.5	21.0	67.1
Voids					3.2		1.4	4.6	
Premises under refurbishment					0.6		0.6	1.2	
Total portfolio					49.9		23.0	72.9	

## Rent roll security, lease lengths and voids

			At 30 September 2009					
			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Voids %	Rent roll secure for five years %	Weighted average lease length Years	Voids %
London	North of Oxford St	Office	62.4	7.9	5.5	22.9	3.4	14.1
		Retail	67.2	6.7	3.1	74.8	9.8	0.9
	Rest of West End	Office	17.7	2.4	5.0	31.3	4.5	4.5
		Retail	14.6	2.0	6.8	75.3	10.5	–
Total West End			49.9	6.1	5.1	48.0	6.6	4.7
	City and Southwark	Office	10.2	2.3	8.3	18.5	2.0	16.9
		Retail	14.4	6.1	3.6	75.3	10.9	–
	Total City and Southwark			10.4	2.5	8.1	24.6	2.9
Total let portfolio			38.9	5.1	5.9	46.7	6.4	5.6

## Rental values and yields

		At 30 September 2009								
		Wholly-owned		Joint ventures		Wholly-owned		Joint ventures		
		Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %	
London	North of Oxford St	Office	42	37	25	31	4.7	6.3	5.3	6.7
		Retail	36	35	59	74	4.3	6.1	5.2	6.0
	Rest of West End	Office	39	39	36	32	5.1	5.5	6.8	6.7
		Retail	40	54	42	46	3.9	5.4	5.2	6.0
Total of West End			40	38	37	38	4.7	6.0	5.7	6.4
	City and Southwark	Office	27	27	28	28	8.6	7.6	5.3	8.0
		Retail	13	26	42	41	3.2	6.6	6.7	6.9
Total City and Southwark			26	27	29	29	8.3	7.5	5.5	7.9
Total let portfolio			35	34	37	37	5.4	6.3	5.7	6.4

# Risk management

## Appendix 2

The Group views effective risk management as integral to the delivering of superior returns to shareholders. Principal risks and uncertainties facing the business for the remaining six months of the financial year and the controls and processes in place by which the Company aims to manage those risks are:

Risk	Mitigation
<b>Market risk</b> <p>Concentration of assets in central London.</p> <p>Property markets are cyclical. Performance depends on general economic conditions, a combination of supply and demand for floor space as well as overall return aspirations of investors.</p> <p>Constrained credit markets have served to put downward pressure on property valuations and slowed occupational demand with the potential for increased void levels and tenant defaults.</p>	<p>Research into the economy and the investment and occupational markets is evaluated as part of the Group's annual strategy process covering the key areas of investment, development and asset management and updated regularly throughout the year.</p> <p>Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the estimated returns are regularly monitored to allow prompt decisions on leasing and ownership to be determined.</p> <p>The Group's rents remain low by comparison to the market.</p> <p>Tenants are proactively managed to ensure changing needs are met with a focus on retaining income, where appropriate, and maintaining a diverse tenant mix by industry sector and size.</p> <p>Formal covenant procedures are completed on all new tenants to ensure rent deposits or guarantees are secured where appropriate.</p>
<p>The impact of changes in legislation particularly in respect of environmental legislation and planning regulations.</p>	<p>Through the use of experienced advisers and direct contact, senior Group representatives spend considerable time ensuring that buildings are maintained and refurbished or redeveloped in line with current regulations and changing tenant demands including, for example, changing environmental legislation requirements, in the most cost-effective manner.</p>
<b>Development</b> <p>Failure to obtain or delays in gaining planning consents.</p>	<p>Planning applications are proactively managed. The Company monitors changes in planning legislation and has strong relationships with planning authorities and consultants.</p>
<b>Investment</b> <p>Difficulty in sourcing investment opportunities at attractive prices.</p>	<p>The Company has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions.</p>
<p>Portfolio returns impaired by inappropriate recycling of capital.</p>	<p>Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with relative limited potential performance.</p>
<b>Attracting and retaining the right people</b> <p>Achieving the Company's aims requires people of the highest calibre.</p>	<p>The Company has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and the identification of training needs.</p>
<b>Reputation</b> <p>Health &amp; Safety and Environment ("HSE").</p>	<p>The Company has dedicated HSE personnel to oversee the Company's HSE Management Systems including regular risk assessments and annual audits to proactively address key HSE areas including energy usage and employee, contractor and tenant safety.</p>
<b>Financial risks</b> <p>Liquidity risk.</p>	<p>Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place.</p> <p>Funding maturities are managed across the short-, medium- and long-term. The Group's funding measures are diversified across a range of bank and market bonds. Strict counterparty limits are operated on deposits.</p>
<p>Adverse interest rate movements.</p>	<p>Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives.</p>
<p>Breach of borrowing covenants.</p>	<p>Financial ratios are monitored and regularly reported to the Board.</p>
<p>Non-compliance with REIT regulations.</p>	<p>The Group's accounts and forecast financial measures are regularly compared to REIT limits and reported to the Board.</p>