

Timely developments

Development

A successful development programme is dependent on accurate cycle reading. And today, capital conservation is key.

As the market began to recover from the bursting of the dot com bubble in 2002, we started to position the business for a significant development programme. Over the following six years we spent a total of £144 million (£292 million including land value) developing 870,900 sq ft in 12 projects across the West End and in Southwark. The programme, now completed, generated total profits of £168 million, or a 57% return on cost.

In 2006, before capital values began to decline, we undertook a series of well timed sales of development schemes, either via forward sale to investors or into joint ventures to reduce risk, or of completed schemes to crystallise returns. The programme produced £290 million from development sales receipts.

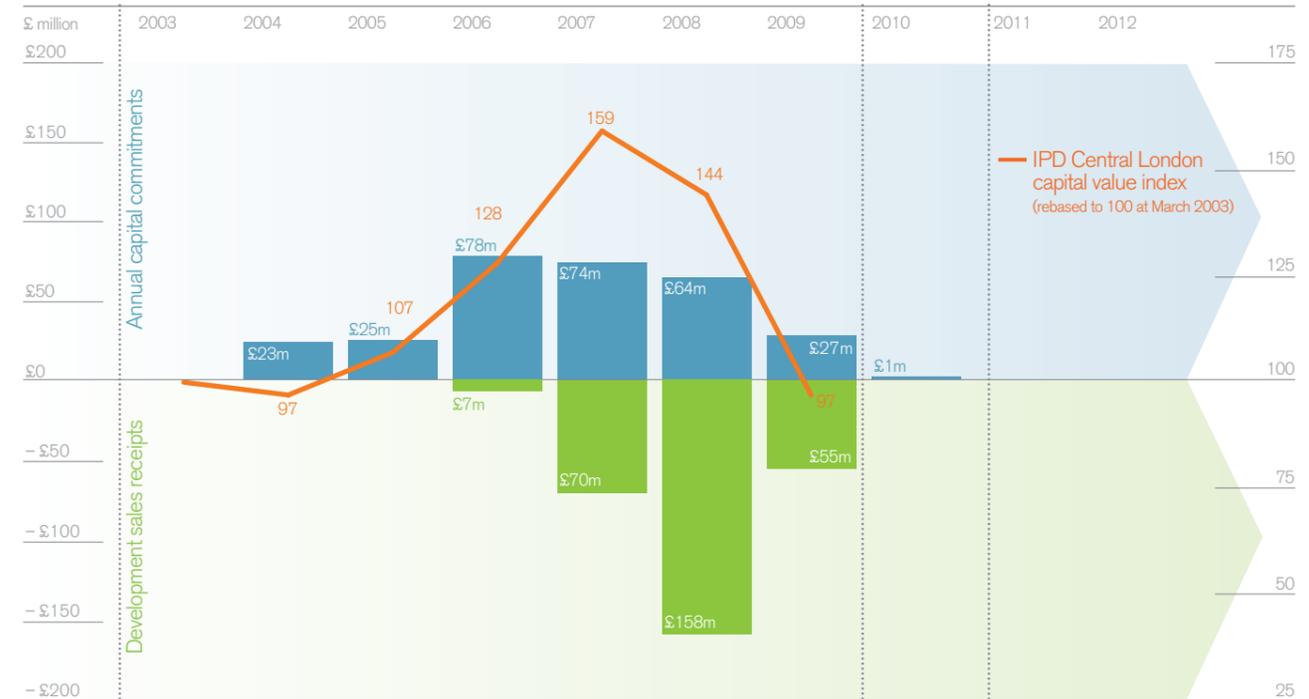
Today, as befits current market conditions, we have virtually no development expenditure commitments and very limited exposure to vacant space, following our successful letting campaigns. For the future, the development team is focused on working up our next development programme, currently 17 schemes, timed to start when market conditions improve.



“Since 2003 we have invested over £292 million into our development business, which has produced a stellar performance. Now at the end of the current market cycle, we have reduced our exposure to £1 million. This, plus the astute selling of completed schemes, means we are ideally placed to reinvest in our development business in the next cycle.”

Neil Thompson Development Director

Development capital commitments, (including land value) and sales receipts, 2003–2010 (GPE values)



2003 – 2009

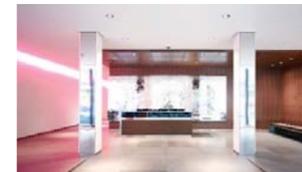
Total capital commitments	£292m
Total receipt	£290m
Total profit on development programme	57%
Total profit on properties sold	97%

Completed projects include:

Tooley Street



180 Great Portland Street



Sackville Street



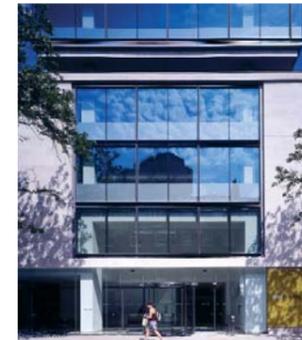
60 Great Portland Street



New Bond Street



The Met Building



2010

Current commitment £1.3m

2011 – onward

Number of projects in pipeline	17
Current sq ft	1,400,000
Potential sq ft	2,400,000

Future projects include:

Hanover Square



Wigmore Street



Blackfriars



Bishopsgate



Fetter Lane

