

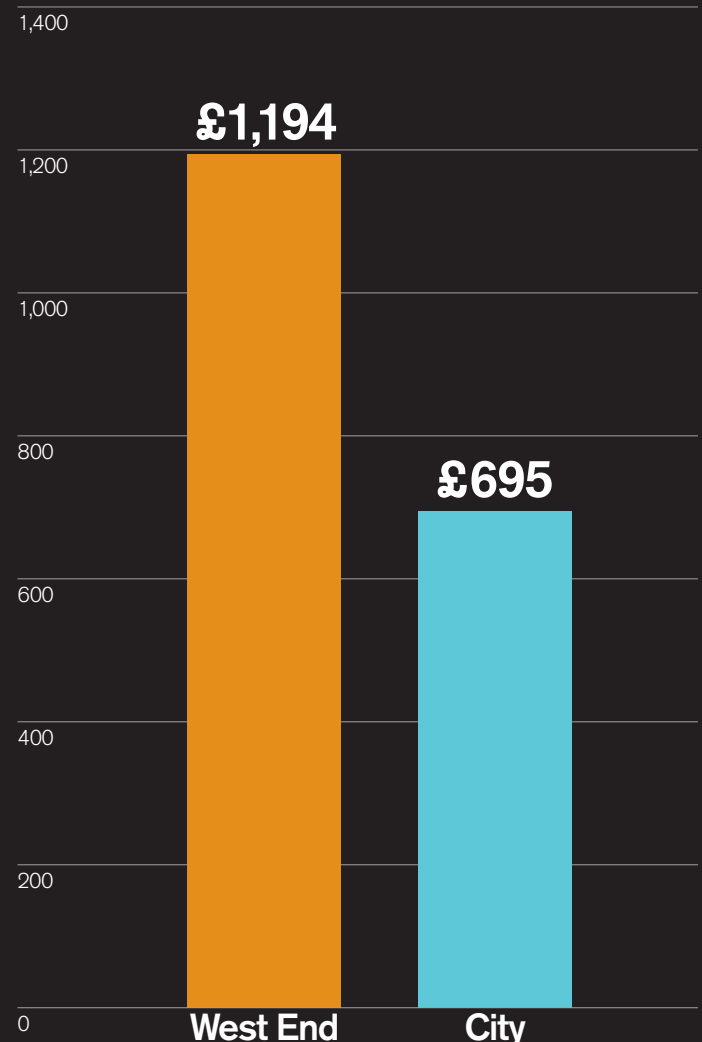
Buying well at the right point in the cycle

Buying at the right point in the cycle allowed us to acquire assets at beneath their replacement cost. In May 2009, we raised £166 million through a rights issue to take advantage of a market where real capital values were at their lowest for 30 years and in many cases below their replacement cost. Since then we have invested these proceeds twice over, generating an ungeared IRR of 37% in the process and, as at 31 March 2011, these new investments represented almost a quarter of the property portfolio.

Replacement cost per sq ft:

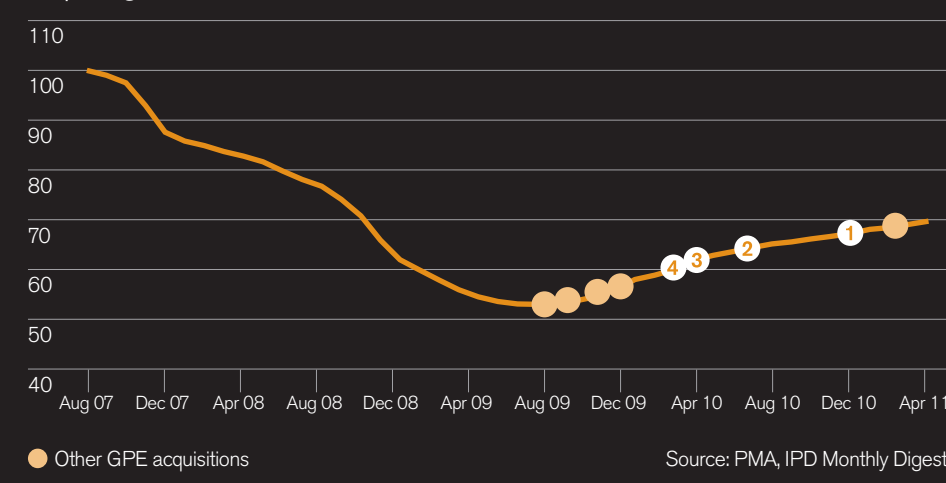
A key investment criteria we apply when considering a purchase is whether we can buy a property at a price beneath replacement cost. Replacement cost is the theoretical cost of buying a similar site and building an equivalent quality property from scratch. Providing the building is of sufficient quality and the cost of buying plus refurbishment costs is below the replacement cost, it can be a cost-effective way of acquiring high quality real estate at a discount.

Estimated replacement cost by location £ per sq ft



GPE's estimate of total replacement cost (including land, construction, fees and finance) for all of the assets bought since the rights issue in 2009.

Buying at the right point in the cycle
Capital growth index, all London offices



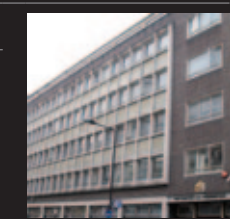
Source: PMA, IPD Monthly Digest

What we bought and what we paid:

59/63 Wells Street, W1 ②

Price paid: £12.9m

West End
£510 per sq ft



24/25 Britton Street, EC1 ②

Price paid: £11.9m

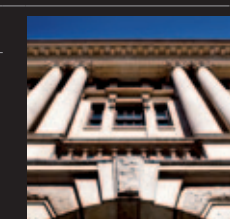
City
£241 per sq ft



20 St. James's Street, SW1 ①

Price paid: £42.5m

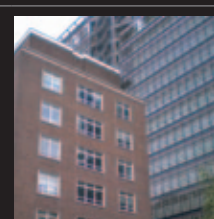
West End
£765 per sq ft



12/14 & 43 Fetter Lane, EC4 ②

Price paid: £15.8m

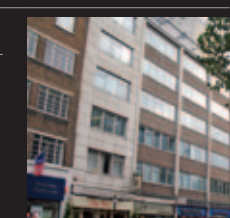
City
£295 per sq ft



183/190 Tottenham Court Road, W1 ②

Price paid: £4.5m

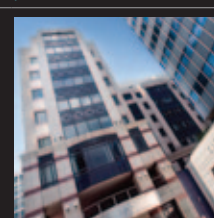
West End
£379 per sq ft



City Place House, Basinghall Street, EC2 ④

Price paid: £47.0m

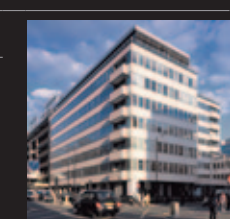
City
£531 per sq ft



35 Portman Square, W1 ③

Price paid: £53.0m

West End
£726 per sq ft



City Tower, Basinghall Street, EC2 ④

Price paid: £17.5m

City
£263 per sq ft

