

Chairman's statement

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The year under review has proved to be a particularly testing one, with most property companies and funds experiencing a sharp fall in capital values. Whilst we could not expect to be immune from the impact of rising interest rates and the credit crunch, it is with a degree of satisfaction that I report briefly on our own figures. Both adjusted earnings per share at 12.6 pence and the proposed final dividend of 8.0 pence show healthy advances, whilst the triple net asset value per share of 590 pence is only fractionally down, bearing testimony to the success of our strategy (implemented at, and honed since, the beginning of the decade) of concentrating on central London; we have now outperformed our peer group and the relevant indices for five consecutive years.

Activity has remained at a high level – opportune sales and important lettings have been effected, several subtle transactions have been completed, particularly in respect of our growing joint ventures, whereby our West End holdings have been cemented and enhanced with a simultaneous reduction in the exposure to our major Southwark development. In addition, notwithstanding the current difficulties, new credit facilities have been put in place, providing further firepower for the future. Full details, together with the reports on corporate governance, etc. can be found in the succeeding 80 odd pages and I will let them speak for themselves. It is fascinating to reflect that, if we go back to 1959 and our very first set of Accounts, those were the days when shareholders were greeted with 12 pages of large typeface, no Chairman's Statement, a few bits and pieces of information, the Notes comprised one page and the Auditors' Report was 13 lines long! One could be forgiven for becoming somewhat dizzy at the plethora of information which has to be absorbed these days with its overall cost and time to the Group. Having said that, our own award-winning Accounts are, I feel, finely presented and full of interesting and highly relevant material.

Looking ahead, I cannot get away from the conclusion that it has rarely been more difficult to read the runes. On the one hand, for the time being our core West End market appears to be holding up, on the other there is no question that a deep seated sense of fragility and uncertainty pervades and this is not going to disappear overnight. Some seasoned operators suspect that the current malaise is partly due to an all or nothing, almost a lemming-like it's now or never, attitude which has been taken for a couple of years by a few highly leveraged, possibly less experienced, investors. Not unnaturally, each generation believes that the previous one is out of time and that it has discovered the new paradigm. How often have we heard the cyclical comment – "it really is different this time"? It may be true once in a blue moon, but it is always vital to get back to fundamental principles and one can never overstate the importance of taking a long-term view of commercial property.

Equally, from our own focused portfolio stance, I firmly believe that the Capital, a real tower of strength for the British economy, will not surrender its pre-eminent status as the European financial centre;

personally, let it be said, I wholeheartedly subscribe to the famous Johnsonian (Samuel, not Boris!) aphorism, "when a man is tired of London, he is tired of life".

Eheu fugaces, Postume, Postume, labuntur anni. As Horace so poignantly remarked to his chum, the years do, indeed, run away from us far too quickly for, *mirabile dictu*, on 16 March 2009 Great Portland Estates, all being well, will have been listed on the London Stock Exchange for 50 years. By then I will have been a director of your Company for 40 of them and your Chairman for nearly a quarter of a century; that is why, not wishing to outstay my welcome, a while ago now I made up my mind that this golden anniversary represents the perfect date for me to retire. This is the last time, therefore, that I shall be penning my annual statement to shareholders and, by a happy coincidence and with quite extraordinarily good timing, in the past few months Great Portland has won three prestigious awards in the form of overall winner of The Property Accounts Awards, The Best Accounts in the FTSE 250 and Property Company of the Year. These are tremendous achievements and congratulations are due to all of our talented people.

The one thing I can say with confidence about the future is that my successor, about whom we anticipate making an announcement later this year, will find Great Portland in excellent shape for whatever conditions emerge, and she or he will inherit a skilled and talented Board, with the young ones in the management team complemented by the greyer hairs of the non-executives.

After such a lengthy career with one Company, I suppose that it's not unusual for me to be feeling somewhat emotional as I approach the moment when, in the words of the title of a 1960's Number One, it's all over now, so to speak, for me personally. Nevertheless, I shall resist the temptation to wallow in nostalgia and simply confine myself to taking this opportunity of expressing – and I'm sorry if, in the circumstances, it is impossible to name particular individuals – my enormous appreciation of the help, advice, support and fun so many colleagues and advisers have given me over such a long period. I am lucky that my time at Great Portland has produced more highs than lows, more laughter than tears, and it has been a rare and real privilege to have been involved with a great industry and a host of fascinating personalities. Above all, I am proud and honoured to have served you, the shareholders, and retained your trust, for 40 years.

So, with renewed thanks from me to you all and, until the next time we meet, it's simply *au revoir*.



Richard Peskin Chairman