

## Our strategy and operational progress

We have a clear and straightforward strategy. It is set and regularly reviewed in the context of medium to long-term trends in the property market and helps us define our strategic priorities for the year ahead. It has been a year of strong operational results.

### Strategic priorities

#### Develop

- Lease new space from developments above target ERV.
- Manage development risks to generate maximum returns.
- Deliver near-term programme on time and budget.
- Add to medium and long-term pipeline.

### Operational initiatives and activities

- 340,000 sq ft of office lettings took place at 180 and 60 Great Portland Street, W1 and 160 Tooley Street, SE1.
- JV created for Blackfriars Road, SE1 scheme to mitigate risk.
- Practical completion reached at 60 and 79/83 Great Portland Street, W1 in January 2008.
- 160 Tooley Street, SE1 completion expected June 2008.
- Planning consent gained for Wigmore Street, W1.

See Development on pages 20 to 21.  
Case studies on pages 6 to 7 and pages 10 to 11.

### Operating performance measures

- Development leasing was 14% above March 2007 estimated rents.
- Two schemes completed.
- Profit on cost for completed developments 80.2% (2007: 103.7%).
- Further 475,000 sq ft of development prospects acquired through new Joint Venture.

### Recycle capital

#### Buy properties

- With low relative rents.
- With angles to exploit.
- To grow medium and longer term development programme.

#### Sell properties

- With historically high capital values.
- With limited further angles.
- Where capturing rental growth will be difficult.

- GCP joint venture formed with £655 million of properties at year end.
- Acquisitions of £42.4 million made adjacent to existing holdings.
- Met Building sold for £107 million post redevelopment and letting.
- Other sales made in the year totalled £229 million.

See Capital recycling on pages 24 to 25.  
Case studies on pages 10 to 11, pages 12 to 13 and pages 14 to 15.

- GCP properties have rental reversionary potential of 33.2% at 31 March 2008.
- Three new development prospects identified from new investments.
- Met Building sale crystallised return of 156%.
- Total asset sales of £336 million (2007: £203 million) enhancing Group liquidity.

### Asset manage

- Drive rental values and rental income higher.
- Execute individual property strategies.
- Create value through asset repositioning.

- 85 new leases completed (2007: 47).
- £25.0 million of rent roll generated by new leases (our share £19.8 million).
- GCP/The Crown Estate lease restructuring and swap involving £358 million of property.
- Total space covered by lettings, reviews and renewals 648,500 sq ft, 21% of the portfolio.

See Asset management on page 25.  
Case studies on pages 6 to 7 and pages 8 to 9.

- Portfolio rental value growth of 12.4% (2007: 17.1%).
- New leases were at rents 5.9% above March 2007 ERV.
- Total portfolio reversionary potential is 34.1% (2007: 26.8%).
- Void rate 3% (2007: 5%).
- Fees from joint ventures £5.8 million (2007: £1.6 million).