Press Release

17 November 2016

Resilient H1 performance. Well positioned in more uncertain market conditions

The Directors of Great Portland Estates plc announce the results for the Group for the six months ended 30 September 2016. Highlights[1] for the six months:

Valuation lower; driven by yield expansion

- Portfolio valuation down 3.7%[2] (developments: down 1.5%[2]) driven by yield expansion (up 17bp)
- Six month capital return of -3.2% v IPD Central London of -3.2%/-1.3% (Monthly/Quarterly Index), with total property return of -2.2%; five year capital return of 81.8%, 10.4% ahead of IPD Central London
- Rental value decline of 0.5%[2] (-0.7% offices, +0.1% retail)
- Rent roll growth of 3.7% over six months; total potential future rent roll growth of 92% (to £192.8 million)

Resilient financial performance; EPRA profit and dividend growth

- EPRA[3] NAV per share of 813 pence, down 4.0% over six months
- Net assets of £2,826.8 million (31 March 2016: £2,912.2 million)
- EPRA[3] profit before tax of £28.3 million, up 16.5% on H1 2015. EPRA[3] EPS of 8.3 pence, up 20.3%
- After revaluation deficit, reported loss after tax of £62.8 million (2015: profit of £371.0 million)
- Interim dividend per share of 3.7 pence, up 2.8%

Continued successful leasing activity in-line with ERV and capturing reversion; high occupancy at 97%

- 26 new lettings (162,550 sq ft) securing annual income of £12.1 million since start of financial year, including three pre-lettings of £4.7 million; market lettings 0.2% above valuers' March 2016 ERV
- Further £5.9 million of lettings under offer, 4.2% ahead of March 2016 ERV
- 10 rent reviews securing £5.2 million, 53.2% ahead of passing rent, 5.3% ahead of March 2016 ERV
- Vacancy rate remains low at 3.1%, average office rent only £46.20 sq ft, average ERV only £63.60 sq ft
- Reversionary potential of 29.1% (£29.2 million); £3.2 million of reversion captured since March 2016
- 6.9 years average lease length (including pre-lets), diverse tenant base (< 1.5% to investment banks/securities trading/insurance, by rent)

De-risked and flexible development programme; committed schemes 72% pre-let or pre-sold

- Two schemes completed (100,900 sq ft), profit on cost of 31.6%, 25% pre-let (58% inc. space under offer)
- Five committed schemes (659,100 sq ft, 76% West End), profit on cost of 16.8%, all expected to complete in next 15 months, 72% pre-let or pre-sold; total capital expenditure to come of £129.1 million
- Good progress across two near-term uncommitted schemes (311,800 sq ft), including planning permission secured at Oxford House, W1; both adjacent to West End Crossrail stations
- Exceptional and flexible long-term development pipeline of 14 schemes (1.4 million sq ft), income producing, 3.9 years average lease length, 31% reversionary[1] (existing use)

Net seller; crystallising profit

- £71.0 million of bolt-on acquisitions; £292.5 million of sales since March 2016 at 0.5% surplus to book value; including:
  - Forward sale of 73/89 Oxford Street, W1 for £276.5[5] million, crystallising whole life surplus of 75%

Strongest ever financial position; low LTV of 16.0% and significant liquidity

- Pro forma[4] loan-to-value of 16.0% (31 March 2016: 17.4%), weighted average interest rate of 3.3%, weighted average maturity of 5.0 years with £450 million bank facility extended by a year to October 2021
- Pro forma[4] cash and undrawn committed facilities of £553 million, low marginal cost of debt of 1.5%

[1] All values include share of joint ventures unless otherwise stated [2] On a like-for-like basis [3] In accordance with EPRA guidance
[4] See our Financial Results [5] Contract price

Toby Courtauld, Chief Executive, said:

"We are pleased to report resilient first half results, despite the more uncertain economic environment following the EU referendum, built around a strong operational performance, our unprecedented financial strength and the enduring appeal of well-designed and managed central London real estate. We have maintained our leasing momentum across our West End focused portfolio and continued to recycle capital profitably, selling properties where we have created significant value.

The referendum result has had a negative effect on business confidence in London which will likely result in lower economic growth. As a consequence, we can expect London's commercial property markets to weaken during this period of uncertainty. However, the broad spread and depth of its economic activity and a growing population will, we believe, help to ensure that London maintains its position as a truly global city and Europe's business capital.

Within this more challenging environment, GPE is well positioned: Our investment portfolio is almost fully occupied, off low average rents and with significant reversionary potential; our committed development programme is largely de-risked, being 72% pre-let or pre-sold and leasing interest in the balance remains robust; our income-producing development pipeline is full of enticing prospects with 1.7 million sq ft of flexible future growth potential; following more than three years of net property sales crystallising material surpluses, our balance sheet has never been stronger and gearing never lower, giving us significant financial capacity to exploit any market weakness, just as we did in 2009; and, we have a first class team ready to capitalise on this period of uncertainty."

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The results presentation will be broadcast live at 9.00am today on:

www.gpe.co.uk/investors/latest-results

A conference call facility will be available to listen to the presentation at 9.00am today on the following numbers:

UK: 0808 109 0700 (freephone)
International: +44 (0) 20 3003 2666

Half Year Results

We have delivered a resilient financial performance in the first half, despite the more uncertain economic backdrop, and our activities over the last few years mean that GPE is well positioned to take advantage of opportunities as they emerge; our leasing successes have delivered almost full occupancy in our investment portfolio, which is let off low average rents of only £46.20 per sq ft with significant reversionary potential; and our five committed development schemes are largely de-risked, being 72% pre-let or pre-sold, with robust leasing interest in the balance. Looking ahead, our flexible and income-producing development pipeline of 16 schemes totals 1.7 million sq ft, offering significant future growth potential, and our balance sheet has never been stronger with LTV at record low levels, following more than three years of profitable net property sales. With our clear strategy, opportunity-rich portfolio, significant financial capacity and a first class team, we are ready to exploit any market weakness and capitalise on this period of uncertainty.

Our market

Introduction

Central London's economy and commercial property markets have to date proven broadly resilient to the heightened uncertainty created by the EU referendum result. Business and consumer surveys have rebounded from immediate post-referendum lows and whilst activity levels in the occupational and investment markets have declined, both remain open for business for better quality assets. However, the most immediate impact has been a small increase in office property yields, resulting in valuation declines.

Looking ahead, we remain in the early stages of a likely protracted process both to negotiate our exit from the EU and reshape our trading arrangements with the rest of the world, set against both a property market backdrop where we were already experiencing slowing rental and capital value growth and a broad range of global political and economic uncertainties, including the recent US election result. As a result, we expect London's commercial property markets to weaken further during this period of heightened uncertainty and likely subdued market activity, with the benefits of lower bond yields and weaker Sterling offset by reduced rental growth prospects in a potentially more inflationary environment. However, while the long-term ramifications will likely be unclear for some time, London remains a major global city with a track record of adapting to changing market conditions and offering significant attractions for a diverse range of businesses and investors.

Overview

With the pace of UK economic growth already slowing prior to the EU referendum, most economic forecasters have understandably re-evaluated downwards the prospects for the UK economy in the short to medium term, reining in forecast growth for 2017 in particular. According to Oxford Economics, annual forecast GDP growth over the next three years has reduced from 2.2% to 1.4% as heightened economic and political uncertainty is expected to weigh on business confidence and investment decisions. Moreover, the most recent Deloitte UK CFO survey undertaken in September showed that only 18% of CFOs think now is a good time to take risk onto balance sheets, with cost reduction and building up cash balances ranking as their two top priorities. However, Oxford Economics forecasts that London should continue to outperform the wider UK economy with annual GDP growth of 1.9% expected over the next three years. In addition, the Capital's population is forecast to grow further and employment rates are at record levels, as yet largely unaffected by the referendum result.

However, against a more uncertain outlook, Oxford Economics' forecast office-based employment growth in inner London has reduced by 36% to 106,000 net new jobs being created between now and 2020. We expect lower forecast GDP and employment growth, combined with some businesses deferring investment decisions, to have an adverse impact on our occupational markets, although current low vacancy rates should provide some near-term mitigation. Consequently, we now estimate annual rental value growth across our portfolio of between -5% and 0% for this financial year.

London's investment market has softened since the spring as office yields moved out to reflect increased levels of uncertainty and reduced rental growth prospects. Whilst the level of equity capital looking to invest in London remains near record highs, transaction volumes have reduced markedly. In the first quarter following the referendum, CBRE reported that there were only £1.3 billion of office transactions in central London, considerably below the 10-year quarterly average of £3.3 billion. CBRE estimate that City and West End office capital values decreased by 6% and 7% respectively in the quarter to September, with prime office yields increasing by 25 basis points across both markets. We expect yields to soften further over the next six months, with prime assets likely to be more resilient than secondary properties as international capital searches for high quality income returns in a global low yield environment.

Occupational markets supported by tight supply

Over the six months to 30 September 2016, central London office take-up was 5.3 million sq ft, a decrease of 24.5% on the preceding six months and 17.2% below the 10 year average of 6.4 million sq ft. However, take-up continues to originate from a broad range of industries, including creative businesses (33%), banking & finance (23%) and business services (19%). The central London availability rate rose for the sixth consecutive quarter to 6.1%, although it remained below the ten year average of 6.7%. Despite this, the supply of high quality, well located space remains tight with only six units of 100,000 sq ft or more available for occupation across central London at 30 September 2016. This has helped support rental values and pre-letting activity across our markets, as demonstrated by our most recent letting successes at 30 Broadwick Street and 73/89 Oxford Street, both W1. However, there has been some small increase in tenant incentives (including rent frees) and we are aware that some landlords are offering increased lease flexibility, including shorter lease terms.

In the central London office market as a whole, development completions in the six months to 30 September 2016 were 1.8 million sq ft. However, in the core of the West End, the focus of our development activities, completions totalled only 0.6m sq ft in the six month period. This supply shortage has meant that pre-lets continue to represent more than 25% of central London office take-up. Looking ahead, the speculative development pipeline is now lower than the position we reported at 31 March 2016. In central London, 23.9 million sq ft of new space is expected to be delivered over the next five years to December 2020, of which 2.3 million sq ft is in the West End core, which equates to only 0.8% per annum.

West End occupational market

Over the six months to 30 September 2016, West End office take-up was 1.7 million sq ft, down 14.3% on the preceding six months, while availability is 4.9 million sq ft. Vacancy rates remain low at 2.9%, with grade A space vacancy estimated by CBRE to be only 2.5%. Across the West End, CBRE reported that whilst prime office rental values were static at £120 per sq ft over the last six months, rent frees increased on average by three months to 15-18 months on a ten year lease.

The West End retail market (where 32.1% of our West End portfolio by value is located) has continued to be strong. Over the six months, robust demand for retail space, particularly from international retailers for prime locations, has maintained a near zero vacancy, with leasing activity increasing CBRE’s central London prime retail rent index by 12%. Appetite has been supported by increased spending from tourist visitors benefiting from weaker Sterling, although the forthcoming business rate increases are likely to have some offsetting impact going forward.

City, Midtown and Southbank occupational markets

Over the six months to 30 September 2016, City office take-up was 1.9 million sq ft, while availability increased to 5.5 million sq ft. Although higher than in the West End, vacancy rates remain low at 4.4% with grade A vacancy estimated by CBRE to be only 2.9%. CBRE also reported that City prime rental values were stable over the period at £70 per sq ft, whilst the rent free period on a ten-year lease increased by three months to 21-25 months.

Midtown and Southbank continued to be supported by good leasing activity, driven primarily by the large office letting at Battersea Power Station (467,300 sq ft) over the summer. Despite this, take up in Midtown and Southbank was down 13.5% on the preceding six months at 1.4 million sq ft. CBRE reported that whilst prime office rental values were static at £80 and £62.50 per sq ft respectively over the last six months, rent frees increased on average by three months to 18-21 months on a ten-year lease.

Slowing investment market activity
Following an active six months to March 2016 with £7.9 billion of central London investment transactions, activity has slowed with £4.3 billion of deals in the first half of the financial year. Activity started to decelerate ahead of the EU referendum with £3.0 billion in the three months to June 2016 but slowed markedly post referendum to £1.3 billion of transactions in the following quarter, with a notable reduction in large lot size office transactions. Within this total, central London retail investment volumes have remained robust with £800 million of transactions in the quarter to September 2016. Interest from overseas investors continued to dominate the office and retail markets, accounting for 73% of transactions over the last six months, as Sterling's depreciation provided value for international buyers, particularly from Asia, Middle East and North America.

We reported in May 2016 that we estimated £33.8 billion of equity capital was seeking to invest in commercial property across central London compared to only £4.9 billion of stock on the market available to buy. Today we estimate that there is currently £4.5 billion of stock on the market available to buy, whilst the weight of money seeking to invest has increased to £38.5 billion, with a notable increase from private investors. Although levels of equity demand remain close to record highs and debt availability remains good for prime quality assets and sponsors, investment yields for office properties have softened. In the quarter to 30 September 2016, prime yields increased by 25 basis points in both the West End and City to 3.75% and 4.25% respectively, according to CBRE.

Lead indicators reflect market uncertainty
Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our marketplace.

Selected Lead Indicators	Trends in period March – September 2016
Property Capital Values	
Equity prices	↑
Bond prices	↑
Real yield spread (West End property)[1]	↑
Volume of net new property lending (including from non-bank sources)	↔
Transaction volumes in central London direct real estate investment markets	↓
Weight of money seeking to invest in central London commercial property	↑
Rental Values	
Forecast UK GDP rate of growth	↓
Forecast London GVA rate of growth	↓
Business confidence levels in the central London economy	↓
UK output from the financial and business services sector	↔
Employment levels in London's finance and business services sectors	↔
Vacancy rate (central London offices)	↑
Central London office market balance[2]	↑

1. West End property yields over ten year gilt yields adjusted for inflation
2. Amount of space available to let given current rates of take-up expressed in terms of months, with a reduction being supportive to rental values

Although investment activity in the central London commercial property market has declined over the period, overall our property capital value indicators have improved as the weakening of Sterling and significant further loosening of UK monetary policy have outweighed the anticipated impact of reduced forecast economic activity. Conversely, our rental value indicators have weakened as both the GDP outlook and forecast growth rate in employment levels in central London have declined. Moreover, slowing take-up rates have resulted in the market balance rising to levels approaching the 20 months' supply of space at which historically rents have started to fall. Accordingly, we expect that rental and capital values will decline further over the next six months, barring an unexpectedly swift and positive resolution to the current political and economic uncertainty.

Our business

Our business is accompanied by graphics (see Appendix 1)

Development management

Since 2009 we have completed 14 schemes, including two completions and one forward sale since the start of this financial year, delivering 1.2 million sq ft of high quality space with an average profit on cost of 43%. Today, the Group's development programme comprises five committed schemes on site (659,100 sq ft, representing 20% of the Group's total existing portfolio by area), all but one in the West End and all due for completion in the next 15 months. These schemes are expected to deliver a profit on cost of 16.8% and are largely de-risked with 72% of the gross development value already pre-let or pre-sold. In addition, we have two uncommitted schemes that could start in the next 18 months, both in the West End and adjacent to Crossrail stations.

Taken together, capital expenditure to come at our committed schemes totals £129.1 million (our share), which could rise to £275.4 million (our share) if the near-term uncommitted schemes were started. At 30 September 2016, the committed developments were valued at £1,116.6 million (our share), including 30 Broadwick Street, W1, which has subsequently completed, and 73/89 Oxford Street, W1, which has subsequently been forward sold, and the near-term development properties at £262.7 million (our share).

Two completed schemes

At 30 Broadwick Street, W1, our 92,300 sq ft new-build, office and retail scheme, construction work completed in November delivering the only new build office completion in the Soho market in 2016. Letting interest in the building has been strong and in June we pre-let the 7,950 sq ft restaurant unit to The Ivy Soho Brasserie on a 20 year term (no breaks) paying an annual rent of £658,000. In September, the third floor (14,600 sq ft) was pre-let to EQT, the European private equity business, on a 15 year term (break at ten) paying annual rent of £1.3 million. The building is 25% pre-let and today we have a further two office floors and all the remaining retail space under offer (34,500 sq ft) with good interest in the remainder (35,550 sq ft).

During the period, we also completed 90/92 Great Portland Street, W1, a small development (8,600 sq ft) containing the residential requirement for Hanover Square, W1, our near-term development scheme.

One forward sold scheme

At 73/89 Oxford Street, W1, which will deliver 90,200 sq ft of new-build retail and office space directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station, the construction of the building is progressing well with completion forecast for mid 2017. In October, we pre-let 33,100 sq ft of offices (known as "1 Dean Street") to Moneysupermarket.com Group plc ("MSM"), the FTSE 250 web based price comparison business. MSM will occupy the third, fourth and fifth floors on a 15 year term (break at ten) paying annual rent of £2.7 million. MSM also has a right of first offer, exercisable in December 2016, to pre-let the remaining 9,500 sq ft sixth floor. With the two retail units already pre-let to New Look and Benetton, the building is 91% pre-let. As detailed below, since the period end, we have subsequently forward sold the development scheme to Norges.

Five committed schemes

Construction is progressing well at our 419,700 sq ft mixed-use Rathbone Square development scheme, with the majority of the building now clad, the tower cranes removed and the fit out of the residential element of the building well underway. With the 242,800 sq ft of office space pre-let to Facebook, we have launched the marketing campaign for the 25,200 sq ft of retail and restaurant space and tenant interest has been positive.

At 160 Old Street, EC1 (formerly 148 Old Street), the construction works are underway to transform the existing 97,800 sq ft building into around 160,600 sq ft of high quality office and retail space. We are targeting completion of the fully consented scheme in early 2018 and, with our marketing suite now open, early leasing interest is encouraging with an average ERV of only £53.35 per sq ft across the office space.

At 65 Wells Street, W1 (formerly Tasman House), the demolition of the existing 1950's building is complete and the main construction contract has commenced. The new building will deliver 37,300 sq ft of new office and retail space into an area that is benefiting from significant local investment, including our activities at Rathbone Square.

We are currently on-site at two schemes on Great Portland Street, W1, where we are delivering 41,500 sq ft of mixed-use space, including the off-site residential requirements for 30 Broadwick Street and 65 Wells Street, both W1. The schemes are progressing well, with completions early in the new year, and we will shortly be embarking on the pre-letting campaign for the office element.

Near-term schemes
Our near-term development programme comprises two schemes (311,800 sq ft), both with potential project starts over the next 18 months.

At Oxford House, 76 Oxford Street, W1, we achieved planning approval in June for our 88,200 sq ft major mixed-use refurbishment. Our plans include a significant increase in the retail space to take advantage of the strong demand for good retail units at the eastern end of Oxford Street. As part of the letting at Rathbone Square, Facebook has a right of first offer (exercisable in January 2017) to pre-let all the anticipated 55,700 sq ft of office space.

At Hanover Square, W1, we are currently demolishing the buildings facing New Bond Street on the western side of the site. These limited works will give us the option, should the market be supportive, to accelerate the construction programme for the wider scheme ahead of delivery of the station structure by Crossrail in 2018. The development is owned in the GHS Partnership, our 50:50 joint venture with the Hong Kong Monetary Authority.

Development pipeline
Beyond our near-term schemes, GPE's well stocked development pipeline for the next cycle includes a further 14 uncommitted projects (1.4 million sq ft). These properties are income producing today with an average lease length of 3.9 years.

Asset management

After a record leasing year in 2015/2016, we have continued to deliver strong leasing results, with highlights since 31 March 2016 including:

- 21 new leases were signed during the first half (2015: 29 leases), generating annual rent of £9.8 million (our share: £9.4 million; 2015: £20.8 million), including three pre-lettings of £4.7 million;
- market lettings in the first half were 1.0% below March 2016 rental values;
- 40 leases with breaks or expiries in the twelve months to 30 September 2016, 99% by area were retained, re-let, under offer or under refurbishment leaving only 1% to transact;
- 10 rent reviews of £5.2 million (our share: £3.3 million; 2015: £1.9 million) were settled during the half year, representing an annualised increase of £1.8 million per annum, or 53.2% above the previous passing rent;
- total space covered by new lettings, reviews and renewals during the first half was 207,300 sq ft (2015: 323,100 sq ft);
- since the period end, we have completed five new leases generating £2.3 million (our share: £1.5 million) of annual rent (15,400 sq ft), 4.5% ahead of March 2016 ERV; and
- a further 93,000 sq ft of space is currently under offer which would deliver approximately £5.9 million p.a. in rent (our share: £5.9 million), in total 4.2% ahead of March 2016 ERV's, including 35,700 sq ft at our development properties.

As detailed above, leasing activity across our committed development portfolio has continued to be strong and we also continued to capture the significant reversionary upside across our investment portfolio. Notable lettings include the ground and basement floor (14,800 sq ft) lease renewal at Kent House, W1, let to Reiss Limited at £54.20 per sq ft, which captured a reversion of 78%, and two lease renewals at our Piccadilly Buildings, W1 with Case London Ltd at £101.90 per sq ft and Benson & Clegg Ltd at £130.50 per sq ft, capturing a reversion of 54% and 95% respectively.

Overall, these asset management successes have helped maintain the Group's low vacancy rate of 3.1% at 30 September 2016 (31 March 2016: 3.1%). At 30 September 2016, the average rent across our office portfolio was £46.20 per sq ft and our total annualised rent roll (including share of JVs) was £100.4 million, a 3.7% increase over the six month period. This has the potential to grow by 92% to £192.8 million (based on today's ERVs) when factoring in our committed and near-term development programme, reversionary potential and vacant/refurbishment space.

The table below summarises our leasing transactions in the period:

Leasing Transactions	**Three months ended 30 September 2016**	**Six months ended 30 September 2016**	**Six months ended 30 September 2015**
New leases and renewals completed			
Number	11	21	29
GPE share of rent p.a.	£6.2 million	£9.4 million	£20.8 million
Area (sq ft)	80,100	147,100	288,900
Rent per sq ft (including retail)	£77	£67	£72
Rent reviews settled			
Number	6	10	13
GPE share of rent p.a.	£1.2 million	£3.3 million	£1.9 million
Area (sq ft)	28,300	60,200	34,200
Rent per sq ft (including retail)	£60	£86	£54

Note: Includes joint ventures at share

Since 30 September 2016, our leasing activity has continued to be good with the most significant letting at Mount Royal, 508/540 Oxford Street, W1, where we agreed a back-to back surrender and re-letting to replace an existing retailer with Holland & Barrett at our prime retail site at the western end of Oxford Street. Holland & Barrett will occupy the 10,200 sq ft store on a 10 year lease paying annual rent of £1.6 million (£608 per sq ft Zone A), 26% ahead of the previous passing rent.

Our pro forma vacancy rate, after taking account of recent lettings, the development completions at 30 Broadwick Street, W1 and 90/92 Great Portland Street, W1, and the forward sale of 73/89 Oxford Street, W1 has risen to 8.3%, which will reduce to 6.0% should we convert all the space currently under offer.

Investment management

Following our forward sale of 73/89 Oxford Street, W1, we have been a net seller so far this financial year (consistent with the three previous financial years), with sales of £292.5 million and acquisitions of £71.0 million.

In May, we acquired for £71.0 million the entire issued share capital of 73/77 Oxford Street Ltd, a debt free company, owning three properties in London's West End, as follows:

- 73/89 Oxford Street, W1 – The freehold interest in GPE's existing prime development at the east end of Oxford Street. Before acquisition, GPE had a 250-year head lease from February 2011, geared to 10% of rents received following practical completion of the scheme; the head rent prior to practical completion is £620,000 per annum. As a result of the purchase, we created a 100% prime asset, adjacent to a Crossrail station, in one of the London's most exciting locations;

- 95 New Bond Street, W1 – The virtual freehold interest in a retail and office property of 4,800 sq ft, situated at the corner of New Bond Street and Blenheim Street. The property comprises retail on basement to second floor with self-contained offices on third and fourth floors; and
- 96 New Bond Street, W1 – A head leasehold interest which expires in 2045 (29.6 years unexpired) at a fixed ground rent of £2,250 per annum. The property extends to 4,800 sq ft of retail accommodation. 95 & 96 New Bond Street are let together on a single lease to Victorinox for a total rent of £880,000 per annum which reflects around £400 Zone A, significantly below CBRE's current estimate of £600 Zone A.

Together the New Bond Street properties will further extend our longer-term pipeline of development opportunities and are in close proximity to the GHS Partnership's Hanover Square estate, which itself has a substantial retail component on New Bond Street. Whilst already reversionary, we expect the location to show further rental growth in the coming years as Crossrail nears completion and our Hanover Square development is completed.

In April, we sold Mortimer House, 37/41 Mortimer Street, W1 for £27.0 million. The 23,800 sq ft office property was vacant and we had the necessary planning consents to undertake a comprehensive refurbishment. However, as a consequence of the strong demand at the time for vacant refurbishment opportunities, it made financial sense to sell the property and secure our profit.

Following the disposal of 95 Wigmore Street, W1 in April 2015, we have continued to dispose of the residual buildings that comprise the Wigmore Island Site within the Great Wigmore Partnership, our joint venture with Aberdeen Asset Management. In June, we sold the majority of the remaining properties for £28.2 million (our share: £14.1 million). One small building remains which we expect to dispose of in due course.

In November, we forward sold 73/89 Oxford Street, W1 to Norges Bank Real Estate Management ("NBREM") for £276.5 million, reflecting a net initial yield to the buyer of 3.2%. The pre-let office and retail development is under construction with practical completion ("PC") expected in Q2 2017. The sale, in line with both the March and September book value, crystallises a whole life capital return, from purchase, through development to disposal, of 75% and an annualised ungeared IRR of 28.4%.

NBREM paid £205.2 million, with the balance of the purchase price payable on completion of the leases following PC. The price allows for a deduction in lieu of interest until PC on NBREM's initial capital outlay at a rate of 3.2% per annum and an allowance for tenant rent free periods. Based on the current cost and programme, GPE will receive two further payments on completion of the leases in July 2017 of £46.2 million in deferred consideration and £25.1 million for reimbursement of the development costs to complete the scheme.

Valuation

Valuation is accompanied by graphics (see Appendix 2)

The valuation of the Group's properties was £3,750.5 million as at 30 September 2016, reflecting a valuation decline of 3.7% on a like-for-like basis since 31 March 2016. At 30 September 2016, the wholly-owned portfolio was valued at £3,155.5 million and the Group had four active joint ventures which owned properties valued at £595.0 million (our share) by CBRE.

The key drivers behind the Group's valuation movement for the six month period were:

- yield expansion – equivalent yields increased by 17 basis points over the period due to the impact of the EU referendum result softening demand for properties in our market. At 30 September 2016, the portfolio equivalent yield was 4.5%;

- rental value decline – since the start of the financial year, rental values have fallen by 0.5%, predominantly driven by a 0.7% decline for offices with retail rental values rising 0.1%. At 30 September 2016, the portfolio was 29.1% reversionary;
- intensive asset management – during the period, 31 new leases, rent reviews and renewals were completed, securing £12.7 million (our share) of annual income which helped to support the valuation over the period; and
- development and trading properties – the valuation of current development and trading properties decreased by 1.5% to £1,116.6 million.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 30 September 2016 was 3.5%, 30 basis points higher than at the start of the financial year.

Our West End investment portfolio produced the most resilient performance by geographic sector over the period, reducing in value by 4.4% on a like-for-like basis, in part driven by an outward movement in yields of 16 basis points. Our City, Midtown and Southbank properties reduced by 5.1%. Our joint venture properties reduced in value by 5.4% over the period while the wholly-owned portfolio reduced by 3.4% on a like-for-like basis.

The Group delivered a total property return (TPR) for the six months to 30 September 2016 of -2.2% (2015: +13.6%), compared to the Central London IPD quarterly benchmark of +0.3%, and a capital return of -3.2% (versus -1.3% for IPD). Over the last five years, the Group has delivered a cumulative capital return of 81.7%, outperforming IPD Central London by 10.4%.

Our financial results

Our financial results is accompanied by graphics, see Appendix 3, and details on our approach to risk are set out in Appendix 1

Net asset value
EPRA net assets per share (NAV) at 30 September 2016 was 813 pence per share, a decrease of 4.0% over the last six months, largely due to the like-for-like reduction in value of the property portfolio. At 30 September 2016, the Group’s net assets were £2,826.8 million, down from £2,912.2 million at 31 March 2016.

The main drivers of the 34 pence per share decrease in NAV from 31 March 2016 were:

- the decline of 43 pence per share arising from the revaluation of the property portfolio. Of this amount, development and trading properties reduced NAV by around 6 pence;
- EPRA earnings for the period of 8 pence per share enhanced NAV;
- the final dividend of 6 pence per share reduced NAV;
- the removal of the potential dilution arising from the convertible bond, in accordance with EPRA guidelines, increased NAV by 8 pence per share; and
- other movements reduced NAV by 1 pence per share.

Triple net assets per share (NNNAV) was 792 pence at 30 September 2016 compared to 831 pence at 31 March 2016 (down 4.7%). At the period end, the difference between NAV and NNNAV was the net impact of the mark to market of debt and derivatives of 21 pence per share, mainly arising from the Group’s 2029 debenture, convertible bond and private placement notes. There was a £0.1 million reduction in deferred tax assets during the period.

Income statement and earnings per share

EPRA profit before tax was £28.3 million, 16.5% higher than for the same period last year, predominantly due to increased capitalised interest from our development activity and lower provisions for performance related pay including share based payments.

Rental income from wholly-owned properties was £38.3 million, down £0.9 million or 2.3% on last year, principally as a result of net divestment by the Group with income foregone through property disposals more than outweighing the income gained on purchases. Joint venture fees were £1.6 million, down £1.2 million on last year due to lower levels of transaction activity in the joint ventures. Taken together, rental income from wholly-owned properties and joint venture fees totalled £39.9 million, down 5.0% on the prior period. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 3.9% on the prior period.

Property expenses reduced by £1.3 million to £3.2 million, principally due to reduced marketing costs associated with our leasing initiatives for the development portfolio and lower third party costs associated with our management of joint ventures. Administration costs were £10.5 million, a decrease of £2.6 million, primarily as a result of reduced provisions for performance related pay (including share incentive plans). Following the completion in November 2015 of our forward sold development at 12/14 New Fetter Lane, EC4, development management profits reduced to nil from £2.3 million in the prior period.

EPRA profits from joint ventures (excluding fair value movements) were £1.2 million, down from £2.0 million last year, predominantly due to the GHS Partnership gaining vacant possession at our near-term development site at Hanover Square, W1, the cessation of the Great Star Partnership and the sale of 95 Wigmore Street, W1 by the Great Wigmore Partnership in the prior period.

Gross interest paid on our debt facilities was £0.1 million lower than the prior period, although we capitalised interest of £10.4 million (2015: £5.7 million) as we continued to deliver our committed developments including Rathbone Square, W1 and 30 Broadwick Street, W1. As a result, the Group had underlying net finance income (including interest receivable on joint ventures balances) of £0.9 million (2015: £4.4 million expense).

Revaluation losses more than offset increased underlying earnings resulting in an accounting loss after tax of £62.8 million (2015: profit of £371.0 million). The basic loss per share for the period was 18.4 pence, compared to 108.5 pence profit for 2015. The diluted loss per share for the period was 19.9 pence compared to 108.1 pence per share profit for 2015.

Diluted EPRA earnings per share were 8.3 pence (2015: 6.9 pence), an increase of 20.3%.

Results of joint ventures

The Group's net investment in joint ventures was £510.6 million, a reduction from £543.4 million at 31 March 2016, largely due to the reduction in value of the property portfolio. Our share of joint venture net rental income was £8.9 million, up £0.3 million on last year as a result of positive asset management activity. The underlying joint venture profits are stated after charging £1.6 million of GPE management fees (2015: £2.8 million).

Overall, our four active joint ventures represent an important proportion of the Group's business, although this proportion has reduced over recent years. At 30 September 2016, joint ventures made up 15.9% of the portfolio valuation, 18.1% of net assets and 18.3% of rent roll (31 March 2016: 16.9%, 18.7% and 18.7% respectively).

Financial resources and capital management

Group consolidated net debt was £738.5 million at 30 September 2016, up from £568.0 million at 31 March 2016 (30 September 2015: £666 million) predominantly as a consequence of our development and refurbishment capital expenditure of £158.7 million in the period and the Group's purchase of 73/77 Oxford Street Limited more than offsetting receipts from property sales. Group gearing increased to 26.1% at 30 September 2016 (31 March 2016: 19.5%) as the increase in net debt combined with the reduction in the portfolio valuation. Including the non-recourse debt in the joint ventures, total net debt was £812.6 million

(31 March 2016: £644.1 million) equivalent to a loan to value of 21.7% (31 March 2016: 17.4%). The proportion of the Group's total net debt represented by our share of joint venture net debt was 9.1% at 30 September 2016.

At 30 September 2016, the Group, including our share of joint ventures, had cash and undrawn committed credit facilities of £301.4 million. The Group's weighted average cost of debt, including fees and joint venture debt, for the period was 3.9%, in line with the twelve months to 31 March 2016. The weighted average interest rate (excluding fees) at the period end was 3.3% (31 March 2016: 3.7%). At 30 September 2016, 73% of the Group's total drawn debt (including non-recourse joint venture debt) was provided on an unsecured basis (31 March 2016: 66%) and 74% was from non-bank sources (31 March 2016: 93%).

At 30 September 2016, 80% of the Group's total drawn debt (including non-recourse joint ventures) was at fixed or hedged rates (31 March 2016: 100%). However, a significant proportion of hedged debt is subject to capped arrangements and as a result, we are benefiting from low floating rates on around 39% of our total debt. Due to the treatment of capitalised interest under our Group covenants, there is no net interest charge in the period applicable for the purposes of calculating our interest cover ratio (31 March 2016: 12.5x). Without the benefit of interest capitalised, interest cover over the period would be very healthy at more than three times.

Our weighted average drawn debt maturity was 4.8 years at 30 September 2016 (31 March 2016: 5.5 years). Since the period end, this has increased to 5.0 years as we have extended the maturity of our £450 million revolving credit facility by twelve months to October 2021.

Our debt metrics have further strengthened since the period end following the forward sale of 73/89 Oxford Street, W1. As a result, on a pro forma basis, group consolidated net debt has fallen to £487.1 million, loan to value has reduced to 16.0% and our cash and undrawn credit facilities have increased to £553 million.

Strong cash collection and tenant base

The quarterly cash collection profile has continued to be very strong throughout 2016. We secured 99.9% of rent within seven working days following the September quarter day, marginally ahead of the March and June quarters earlier this year. Tenants on monthly payment terms represent around 3.6% of our rent roll (30 September 2015: 4.1%). We had no tenant delinquencies in the six month period; however, we remain vigilant and continue to monitor the financial position of our tenants. In addition, we have further protection from any tenant defaults with £32.8 million of rent deposits and bank guarantees representing around 33% of rent roll.

Taxation

The tax charge in the income statement for the half year was £0.1 million (2015: credit of £0.2 million) and the underlying effective tax rate was 0% (2015: 0%) as a result of the tax free nature of much of the Group's income, and other allowances being available to set against non-REIT profits.

In general, as a REIT, the Group is broadly exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business but is otherwise subject to corporation tax. In particular, the Group is subject to corporation tax in respect of (i) any profits arising on the sale of trading properties and (ii) any gains arising on the sale of development properties which are sold within three years of completion of the development.

Dividend

The Board has declared an interim dividend of 3.7 pence per share (2015: 3.6 pence) which will be paid on 3 January 2017. All of this dividend will be a REIT Property Income Distribution (PID) in respect of the Group's tax exempt property rental business.

Condensed group income statement

For the six months ended 30 September 2016

Year to 31 March 2016 Audited £m		Notes	**Six months to 30 September 2016 Unaudited £m**	Six months to 30 September 2015 Unaudited £m
128.8	Total revenue	2	**57.4**	69.5
75.5	Net rental income	3	**38.3**	39.2
4.1	Joint venture fee income	11	**1.6**	2.8
79.6	Rental and joint venture fee income		**39.9**	42.0
(8.2)	Property expenses	4	**(3.2)**	(4.5)
71.4	**Net rental and related income**		**36.7**	37.5
(24.4)	Administrative expenses		**(10.5)**	(13.1)
37.6	Development management revenue		**10.5**	21.6
(33.6)	Development management costs		**(10.5)**	(19.3)
4.0			**–**	2.3
(0.6)	Trading property – cost of sales		**(0.3)**	(0.4)
50.4	**Operating profit before surplus on investment property and results of joint ventures**		**25.9**	26.3
422.2	(Deficit)/surplus from investment property	9	**(90.3)**	301.2
66.8	Share of results of joint ventures	11	**(37.9)**	57.1
539.4	**Operating (loss)/profit**		**(102.3)**	384.6
7.8	Finance income	5	**4.3**	3.9
(14.8)	Finance costs	6	**(3.4)**	(8.3)
13.5	Fair value movement on convertible bond		**10.3**	(6.3)
9.2	Fair value movement on derivatives		**28.4**	(3.1)
555.1	**(Loss)/profit before tax**		**(62.7)**	370.8
1.1	Tax	7	**(0.1)**	0.2
556.2	**(Loss)/profit for the period**		**(62.8)**	371.0

All results are derived from continuing operations in the United Kingdom.

162.6p	**Basic (loss)/earnings per share**	8	**(18.4)p**	108.5p
161.9p	**Diluted (loss)/earnings per share**	8	**(19.9)p**	108.1p
13.5p	**EPRA diluted earnings per share**	8	**8.3p**	6.9p

Condensed group statement of comprehensive income

For the six months ended 30 September 2016

Year ended 31 March 2016 Audited £m		**Six months to 30 September 2016 Unaudited £m**	Six months to 30 September 2015 Unaudited £m
556.2	(Loss)/profit for the period	**(62.8)**	371.0
	Items that will not be reclassified subsequently to profit and loss:		
0.1	Actuarial (deficit)/gain on defined benefit scheme	**(4.8)**	0.9
556.3	**Total comprehensive (expense)/income for the period**	**(67.6)**	371.9

Condensed group balance sheet

At 30 September 2016

As at 31 March 2016 Audited £m		Notes	**As at 30 September 2016 Unaudited £m**	As at 30 September 2015 Unaudited £m
	Non-current assets			
2,932.1	Investment property	9	**2,957.3**	2,922.9
543.4	Investment in joint ventures	11	**510.6**	528.2
1.1	Plant and equipment	12	**3.8**	0.7
3,476.6			**3,471.7**	3,451.8
	Current assets			
172.4	Trading property	10	**232.1**	142.0
37.0	Trade and other receivables	13	**61.8**	26.5
0.6	Corporation tax		**0.9**	0.1
1.3	Deferred tax	7	**1.2**	0.8
12.7	Cash and cash equivalents		**9.0**	0.9
224.0			**305.0**	170.3
3,700.6	**Total assets**		**3,776.7**	3,622.1
	Current liabilities			
(135.0)	Trade and other payables	14	**(150.1)**	(116.6)
(135.0)			**(150.1)**	(116.6)
	Non-current liabilities			
(600.2)	Interest-bearing loans and borrowings	15	**(756.7)**	(706.2)
(50.5)	Obligations under finance leases		**(35.9)**	(50.5)
(2.7)	Pension liability		**(7.2)**	(2.1)
(653.4)			**(799.8)**	(758.8)
(788.4)	**Total liabilities**		**(949.9)**	(875.4)
2,912.2	**Net assets**		**2,826.8**	2,746.7
	Equity			
43.0	Share capital	16	**43.0**	43.0
352.0	Share premium		**352.0**	352.0
16.4	Capital redemption reserve		**16.4**	16.4
2,509.9	Retained earnings		**2,418.9**	2,337.8
(9.1)	Investment in own shares	17	**(3.5)**	(2.5)
2,912.2	**Total equity**		**2,826.8**	2,746.7
847p	**Net assets per share**	8	**822p**	799p
847p	**EPRA net assets per share (NAV)**	8	**813p**	808p

Condensed group statement of cash flows

For the six months ended 30 September 2016

Year to 31 March 2016 Audited £m		Notes	**Six months to 30 September 2016 Unaudited £m**	Six months to 30 September 2015 Unaudited £m
	Operating activities			
539.4	Operating (loss)/profit		**(102.3)**	384.6
(491.8)	Adjustments for non-cash items	18	**128.5**	(360.7)
34.9	Deposits received on forward sale of residential units		**5.9**	20.8
(45.2)	Development of trading property		**(49.7)**	(13.9)
6.8	Decrease in receivables		**0.8**	0.8
(1.5)	(Decrease)/increase in payables		**(4.1)**	2.2
42.6	**Cash (consumed)/generated by operations**		**(20.9)**	33.8
(27.4)	Interest paid		**(13.7)**	(13.5)
–	Tax received		**–**	0.1
15.2	**Cash (outflow)/inflow from operating activities**		**(34.6)**	20.4
	Investing activities			
110.3	Distributions from joint ventures		**23.6**	103.9
(365.8)	Purchase and development of property		**(145.1)**	(177.1)
(1.1)	Purchase of fixed assets		**(3.0)**	(0.5)
321.0	Sale of properties		**26.7**	2.9
(4.4)	Investment in joint ventures		**(4.0)**	(0.8)
60.0	**Cash (outflow)/inflow from investing activities**		**(101.8)**	(71.6)
	Financing activities			
(28.0)	Borrowings drawn/(repaid)		**169.0**	61.0
(0.1)	Funds (to)/from joint ventures		**(18.1)**	4.3
(8.1)	Purchase of own shares		**–**	–
(30.6)	Equity dividends paid		**(18.2)**	(17.5)
(66.8)	**Cash inflow/(outflow) from financing activities**		**132.7**	47.8
8.4	Net (decrease)/increase in cash and cash equivalents		**(3.7)**	(3.4)
4.3	Cash and cash equivalents at 1 April		**12.7**	4.3
12.7	**Cash and cash equivalents at balance sheet date**		**9.0**	0.9

Condensed group statement of changes in equity

For the six months ended 30 September 2016 (unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2016	**43.0**	**352.0**	**16.4**	**2,509.9**	**(9.1)**	**2,912.2**
Loss for the period	**–**	**–**	**–**	**(62.8)**	**–**	**(62.8)**
Actuarial deficit on defined benefit scheme	**–**	**–**	**–**	**(4.8)**	**–**	**(4.8)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	**–**	**–**	**–**	**–**	**1.3**	**1.3**
Transfer to retained earnings	**–**	**–**	**–**	**(4.3)**	**4.3**	**–**
Dividends	**–**	**–**	**–**	**(19.1)**	**–**	**(19.1)**
Total equity at 30 September 2016	**43.0**	**352.0**	**16.4**	**2,418.9**	**(3.5)**	**2,826.8**

Condensed group statement of changes in equity

For the six months ended 30 September 2015 (unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2015	43.0	352.0	16.4	1,991.2	(11.7)	2,390.9
Profit for the period	–	–	–	371.0	–	371.0
Actuarial gain on defined benefit scheme	–	–	–	0.9	–	0.9
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	2.7	2.7
Transfer to retained earnings	–	–	–	(6.5)	6.5	–
Dividends	–	–	–	(18.8)	–	(18.8)
Total equity at 30 September 2015	43.0	352.0	16.4	2,337.8	(2.5)	2,746.7

Condensed group statement of changes in equity

For the year ended 31 March 2016 (audited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2015	43.0	352.0	16.4	1,991.2	(11.7)	2,390.9
Profit for the year	–	–	–	556.2	–	556.2
Actuarial deficit on defined benefit scheme	–	–	–	0.1	–	0.1
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	4.2	4.2
Purchase of own shares	–	–	–	–	(8.1)	(8.1)
Transfer to retained earnings	–	–	–	(31.1)	–	(31.1)
Dividends to shareholders	–	–	–	(6.5)	6.5	–
Total equity at 31 March 2016	43.0	352.0	16.4	2,509.9	(9.1)	2,912.2

Condensed notes forming part of the half year results

1 Basis of preparation

The information for the year ended 31 March 2016 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The annual financial statements of Great Portland Estates plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union. The Group's performance is not subject to seasonal fluctuations.

The directors do not expect that the adoption of the new and revised IFRSs that have been issued but are not yet effective will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

Going concern

Details of the market in which the Group operates, together with factors likely to affect its future development and performance, are set out in the "Our market" and "Our business" sections of this report. The financial position of the Group, its liquidity position and borrowing facilities are described in "Our financial results" and in the notes of the half year results.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half year results.

2 Total revenue

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
72.8	Gross rental income	**37.6**	36.8
3.0	Spreading of lease incentives	**1.0**	2.6
11.3	Service charge income	**6.7**	5.7
4.1	Joint venture fee income	**1.6**	2.8
37.6	Development management revenue	**10.5**	21.6
128.8		**57.4**	69.5

3 Net rental income

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
72.8	Gross rental income	**37.6**	36.8
3.0	Spreading of lease incentives	**1.0**	2.6
(0.3)	Ground rents expense	**(0.3)**	(0.2)
75.5		**38.3**	39.2

4 Property expenses

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
(11.3)	Service charge income	**(6.7)**	(5.7)
12.3	Service charge expenses	**7.6**	6.1
7.2	Other property expenses	**2.3**	4.1
8.2		**3.2**	4.5

5 Finance income

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
7.8	Interest income on joint venture balances	**4.3**	3.9
7.8		**4.3**	3.9

6 Finance costs

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
3.4	Interest on revolving credit facilities	**1.6**	1.7
12.9	Interest on private placement notes	**6.4**	6.4
8.0	Interest on debenture stock	**4.0**	4.0
1.5	Interest on convertible bond	**0.8**	0.8
2.3	Interest on obligations under finance leases	**1.0**	1.1
28.1	Gross finance costs	**13.8**	14.0
(13.3)	Less: capitalised interest at an average interest cost of 3.9% (2015: 3.9%)	**(10.4)**	(5.7)
14.8	Finance costs before finance income and fair value movements	**3.4**	8.3

7 Tax

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
	Current tax		
–	UK corporation tax – current period	**–**	0.5
(0.6)	UK corporation tax – prior periods	**–**	(0.7)
(0.6)	Total current tax	**–**	(0.2)
(0.5)	**Deferred tax**	**0.1**	–
(1.1)	Tax charge/(credit) for the period	**0.1**	(0.2)

The difference between the standard rate of tax and the effective rate of tax arises from the items set out below:

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
555.1	(Loss)/profit before tax	**(62.7)**	370.8
111.0	Tax (credit)/charge on (loss)/profit at standard rate of 20% (2015: 20%)	**(12.5)**	74.1
(89.3)	Changes in the fair value of properties, not subject to tax	**25.3**	(60.2)
(4.5)	Changes in the fair value of derivatives and convertible bond, not subject to tax	**(7.7)**	1.9
(18.4)	REIT tax-exempt rental income and gains	**(5.6)**	(8.1)
(0.6)	Prior periods' corporation tax	**–**	(0.7)
0.7	Other	**0.6**	(7.2)
(1.1)	Tax charge/(credit) for the period	**0.1**	(0.2)

During the period £nil (2015: £nil) of deferred tax was credited directly to equity. The Group's net deferred tax at 30 September 2016 is £1.2 million (2015: £0.8 million). This consists of a deferred tax liability of £nil (2015: £nil) and a deferred tax asset of £1.2 million (2015: £0.8 million).

Movement in deferred tax:

	At 1 April 2016 £m	**Recognised in the income statement £m**	**At 30 September 2016 £m**
Revenue losses recognised in respect of trading property – cost of sales	1.3	(0.1)	**1.2**
Net deferred tax asset	1.3	(0.1)	**1.2**

A deferred tax asset of £5.7 million (based on a 19% tax rate), mainly relating to contingent share awards, the pension liability and the convertible bond, was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

As a REIT, the Group is largely exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax. In particular, the Group's REIT exemption does not extend to either profits arising from the sale of investment properties which have undergone a major redevelopment within the preceding three years or profits arising from trading properties (including the sale of the residential units at Rathbone Square, W1).

In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (including a minimum distribution test) must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Corporation Tax Act 2010.

8 Earnings and net assets per share

EPRA earnings and net assets per share are calculated in accordance with the guidance issued by the European Public Real Estate Association (EPRA).

Weighted average number of ordinary shares

Year to 31 March 2016 No. of shares		**Six months to 30 September 2016 No. of shares**	Six months to 30 September 2015 No. of shares
343,926,149	Issued ordinary share capital at 1 April	**343,926,149**	343,926,149
(1,811,076)	Investment in own shares	**(2,073,445)**	(1,924,118)
342,115,073	Weighted average number of ordinary shares - basic	**341,852,704**	342,002,031

Basic and diluted earnings per share

Year to 31 March 2016 Earnings per share pence		**Six months to 30 September 2016 Loss after tax £m**	**Six months to 30 September 2016 No. of shares million**	**Six months to 30 September 2016 Loss per share pence**	Six months to 30 September 2015 Profit after tax £m	Six months to 30 September 2015 No. of shares million	Six months to 30 September 2015 Earnings per share pence
162.6	Basic	**(62.8)**	**341.9**	**(18.4)**	371.0	342.0	108.5
(0.7)	Dilutive effect of LTIP shares	**–**	**0.6**	**–**	–	1.2	(0.4)
–	Dilutive effect of convertible bond	**(9.5)**	**21.0**	**(1.5)**	–	–	–
161.9	Diluted	**(72.3)**	**363.5**	**(19.9)**	371.0	343.2	108.1

EPRA Earnings per share

Year to 31 March 2016 Earnings per share pence		**Six months to 30 September 2016 (Loss)/profit after tax £m**	**Six months to 30 September 2016 No. of shares million**	**Six months to 30 September 2016 (Loss)/earnings per share pence**	Six months to 30 September 2015 (Loss)/profit after tax £m	Six months to 30 September 2015 No. of shares million	Six months to 30 September 2015 (loss)/earnings per share pence
162.6	Basic	**(62.8)**	**341.9**	**(18.4)**	371.0	342.0	108.5
(123.4)	Deficit/(surplus) from investment property	**90.3**	**–**	**26.4**	(301.2)	–	(88.1)
(18.9)	Deficit/(surplus) from joint venture investment property	**38.3**	**–**	**11.2**	(55.1)	–	(16.1)
(2.7)	Movement in fair value of derivatives	**(28.4)**	**–**	**(8.3)**	3.1	–	0.9
(4.0)	Movement in fair value of convertible bond	**(10.3)**	**–**	**(3.0)**	6.3	–	1.8
0.3	Movement in fair value of derivatives in joint ventures	**0.8**	**–**	**0.3**	(0.2)	–	–
0.2	Trading property – costs of sale	**0.3**	**–**	**0.1**	0.4	–	0.1
(0.1)	Deferred taxation	**0.1**	**–**	**–**	–	–	–
14.0	Basic EPRA earnings	**28.3**	**341.9**	**8.3**	24.3	342.0	7.1
(0.1)	Dilutive effect of LTIP shares	**–**	**0.6**	**–**	–	1.2	–
(0.4)	Dilutive effect of convertible bond	**–**	**–**	**–**	0.8	21.0	(0.2)
13.5	Diluted EPRA earnings	**28.3**	**342.5**	**8.3**	25.1	364.2	6.9

8 Earnings and net assets per share (continued)

EPRA Net assets per share

31 March 2016 Net assets per share pence		**30 September 2016 Net assets £m**	**30 September 2016 No. of shares million**	**30 September 2016 Net assets per share pence**	30 September 2015 Net assets £m	30 September 2015 No. of shares million	30 September 2015 Net assets per share pence
847	Basic	**2,826.8**	**343.9**	**822**	2,746.7	343.9	799
6	Investment in own shares	**–**	**(1.8)**	**4**	–	(1.4)	3
(8)	Dilutive effect of convertible bond	**–**	**–**	**–**	150.0	21.0	(6)
(3)	Dilutive effect of LTIP shares	**–**	**0.7**	**(1)**	–	1.2	(2)
842	Diluted net assets	**2,826.8**	**342.8**	**825**	2,896.7	364.7	794
6	Surplus on revaluation of trading property	**2.0**	**–**	**–**	23.6	–	6
5	Fair value of convertible bond	**9.2**	**–**	**3**	39.3	–	11
(6)	Fair value of derivatives	**(52.7)**	**–**	**(16)**	(12.0)	–	(3)
–	Fair value of derivatives in joint ventures	**2.1**	**–**	**1**	1.3	–	–
–	Deferred tax	**(1.2)**	**–**	**–**	(0.8)	–	–
847	EPRA net assets (NAV)	**2,786.2**	**342.8**	**813**	2,948.1	364.7	808
(21)	Fair value of financial liabilities	**(111.8)**	**–**	**(32)**	(45.3)	–	(12)
–	Fair value of convertible bond	**(9.2)**	**–**	**(3)**	–	–	–
–	Fair value of financial liabilities in joint ventures	**(2.9)**	**–**	**(1)**	(0.3)	–	–
6	Fair value of derivatives	**52.7**	**–**	**16**	12.0	–	3
–	Fair value of derivatives in joint ventures	**(2.1)**	**–**	**(1)**	(1.3)	–	–
(1)	Tax arising on sale of trading properties	**(0.4)**	**–**	**–**	(4.5)	–	(1)
–	Deferred tax	**1.2**	**–**	**–**	0.8	–	–
831	EPRA triple net assets (NNNAV)	**2,713.7**	**342.8**	**792**	2,909.5	364.7	798

9 Investment property

Investment property

	Freehold £m	**Leasehold £m**	**Total £m**
Book value at 1 April 2016	**1,133.5**	**1,046.9**	**2,180.4**
Acquisitions	**–**	**32.8**	**32.8**
Costs capitalised	**1.6**	**10.9**	**12.5**
Transfer from investment property under development	**5.6**	**–**	**5.6**
Disposals	**(25.8)**	**–**	**(25.8)**
Net valuation deficit	**(51.1)**	**(46.9)**	**(98.0)**
Book value at 30 September 2016	**1,063.8**	**1,043.7**	**2,107.5**

Investment property under development

	Freehold £m	**Leasehold £m**	**Total £m**
Book value at 1 April 2016	**536.6**	**215.1**	**751.7**
Purchase of freehold	**239.0**	**(215.1)**	**23.9**
Costs capitalised	**68.2**	**–**	**68.2**
Interest capitalised	**4.8**	**–**	**4.8**
Transfer to investment property	**(5.6)**	**–**	**(5.6)**
Net valuation surplus	**6.8**	**–**	**6.8**
Book value at 30 September 2016	**849.8**	**–**	**849.8**
Book value of total investment property at 30 September 2016	**1,913.6**	**1,043.7**	**2,957.3**

9 Investment property (continued)

Surplus from investment property:

Year to 31 March 2016		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
396.0	Net valuation (deficit)/surplus on investment property	**(91.2)**	301.0
26.2	Profit on sale of investment properties	**0.9**	0.2
422.2	**(Deficit)/surplus from investment property**	**(90.3)**	301.2

The investment and properties under development were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 30 September 2016 in accordance with the Global RICS Valuation – Professional Standards January 2014 and the RICS UK valuation standards and guidance notes December 2014 (the Red Book). The valuation has been primarily derived using comparable recent market transactions on arm's length terms. CBRE have advised us that the total fees paid to CBRE by the Group represent less than five per cent of their total revenue in any year.

Whilst CBRE have not qualified their valuation they note in their valuation report that "following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. Since that date we have monitored market transactions and market sentiment in arriving at our opinion of Market Value /Fair Value. After an initial period of uncertainty and an absence of activity, transactional volumes and available evidence has risen in most sectors of the market and liquidity is returning to more normal levels. This has led to a generally more stable outlook for the market. However, there remains a paucity of comparable transactions in central London offices, development land and buildings, retail parks and large shopping centres and therefore valuations in these sectors reflect a greater degree of judgement".

Real estate valuations are complex and derived using comparable market transactions which are not publicly available and involve an element of judgement. Therefore, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the period. Inputs to the valuation, including capitalisation yields (typically the true equivalent yield) and rental values, are defined as 'unobservable' as defined by IFRS 13.

Key inputs to the valuation (by building)

		ERV		**True equivalent yield**	
		Average £ per sq ft	**Range £ per sq ft**	**Average %**	**Range %**
North of Oxford Street	Office	**70**	**46-83**	**4.5**	**4.1-6.5**
	Retail	**67**	**34-181**	**3.7**	**3.6-5.9**
Rest of West End	Office	**82**	**63-97**	**4.7**	**3.8-5.9**
	Retail	**116**	**15-257**	**4.2**	**4.2-4.6**
City, Midtown and Southbank	Office	**55**	**45-62**	**5.2**	**4.8-5.9**
	Retail	**71**	**32-115**	**5.0**	**4.8-5.3**
		Capital value			
		Average £ per sq ft	**Range £ per sq ft**		
Residential		**1,875**	**685 – 2,770**	**n/a**	**n/a**

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and vice versa. However, the relationship between capitalisation yields and the property valuation is negative; therefore, an increase in capitalisation yields will reduce the valuation of a property and vice versa. There are interrelationships between these inputs as they are determined by market conditions and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease) valuation movements can be amplified whereas if they move in the same direction they may offset reducing the overall net valuation movement.

The book value of investment properties includes £35.9 million (2015: £50.5 million) in respect of the present value of future ground rents, net of these amounts the market value of the investment properties together with the market value of the trading properties was £3,155.5 million. During the period, the Group capitalised £1.1 million (2015: £1.0 million) of employee costs in respect of its development team into trading properties and investment properties under development. At 30 September 2016 the Group had capital commitments of £136.1 million (2015: £328.2 million). At 30 September 2016, investment properties with a value of £250.8 million were held for sale. In November, this property, 73/89 Oxford Street, W1 was sold for £276.5 million, representing £251.4 million in respect of the building and £25.1 million for the development costs to come.

10 Trading property

31 March 2016 Total £m		**30 September 2016 Total £m**	30 September 2015 Total £m
115.9	At beginning of the period	**172.4**	115.9
51.9	Costs capitalised	**54.1**	24.0
4.6	Interest capitalised	**5.6**	2.1
172.4	At the end of the period	**232.1**	142.0

The Group is developing a large mixed use scheme at Rathbone Square, W1. Part of the approved scheme consists of residential units which the Group holds for sale. As a result, the residential element of the scheme is held as trading property. The fair value of the trading property was £234.1 million at 30 September 2016, representing a revaluation above cost of £2.0 million.

At 30 September 2016, the Group had exchanged to sell £262.1 million of the apartments and received initial cash deposits of £63.1 million from the purchasers (see note 14).

11 Investment in joint ventures

	Equity £m	**Balances with partners £m**	**Total £m**
At 1 April 2016	**355.8**	**187.6**	**543.4**
Movement on joint venture balances	**-**	**22.4**	**22.4**
Additions	**6.3**	**-**	**6.3**
Share of profit of joint ventures	**0.4**	**-**	**0.4**
Share of revaluation deficit of joint ventures	**(38.4)**	**-**	**(38.4)**
Profit on sale of investment property	**0.1**	**-**	**0.1**
Share of results of joint ventures	**(37.9)**	**-**	**(37.9)**
Distributions	**(23.6)**	**-**	**(23.6)**
At 30 September 2016	**300.6**	**210.0**	**510.6**

The investments in joint ventures comprise the following:

Ownership 31 March 2016		**Country of Incorporation**	**Ownership 30 September 2016**	Ownership 30 September 2015
50%	The GHS Limited Partnership	Jersey	**50%**	50%
50%	The Great Capital Partnership (dormant)	United Kingdom	**50%**	50%
50%	The Great Ropemaker Partnership	United Kingdom	**50%**	50%
50%	The Great Victoria Partnerships	United Kingdom	**50%**	50%
50%	The Great Wigmore Partnership	United Kingdom	**50%**	50%

11 Investment in joint ventures (continued)

Summarised balance sheets

31 March 2016 At share £m		The GHS Limited Partnership £m	The Great Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	30 September 2016 Total £m	30 September 2016 At share £m	30 September 2015 At share £m
632.9	Investment property	246.4	-	658.9	287.4	7.5	1,200.2	600.1	610.1
0.7	Current assets	-	-	1.3	0.3	0.1	1.7	0.8	0.4
8.4	Cash	3.6	0.1	12.3	4.4	0.3	20.7	10.4	6.8
(187.6)	Balances to/(from) partners	(82.3)	-	(348.7)	10.9	-	(420.1)	(210.0)	(179.3)
(84.5)	Loan facilities	-	-	(89.4)	(79.6)	-	(169.0)	(84.5)	(76.0)
(1.2)	Derivatives	-	-	(4.1)	-	-	(4.1)	(2.1)	(1.3)
(7.7)	Current liabilities	(1.2)	-	(11.1)	(5.3)	(0.3)	(17.9)	(9.0)	(6.6)
(5.2)	Finance leases	-	-	(10.3)	-	-	(10.3)	(5.1)	(5.2)
355.8	Net assets	166.5	0.1	208.9	218.1	7.6	601.2	300.6	348.9

Summarised income statements

31 March 2016 At share £m		The GHS Limited Partnership £m	The Great Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	30 September 2016 Total £m	30 September 2016 At share £m	30 September 2015 At share £m
17.0	Net rental income	-	-	10.7	6.9	0.2	17.8	8.9	8.6
(2.2)	Property and administration costs	(0.9)	-	(3.4)	(0.4)	(0.2)	(4.9)	(2.5)	(1.0)
(11.0)	Net finance costs	(2.0)	-	(6.9)	(1.5)	-	(10.4)	(5.2)	(5.6)
(1.0)	Movement in fair value of derivatives	-	-	(1.7)	-	-	(1.7)	(0.8)	0.2
2.8	Share of profit/(loss) of joint ventures	(2.9)	-	(1.3)	5.0	-	0.8	0.4	2.2
50.0	Revaluation of investment property	(32.6)	-	(32.0)	(6.2)	-	(70.8)	(38.4)	40.9
14.0	Profit on sale of investment property	-	-	-	-	0.3	0.3	0.1	14.0
66.8	Share of results of joint ventures	(35.5)	-	(33.3)	(1.2)	0.3	(69.7)	(37.9)	57.1

11 Investment in joint ventures (continued)

The non-recourse loans of the joint ventures at 30 September 2016 are set out below:

Joint venture debt facilities:	Nominal value £m	Maturity	Fixed/Floating	Interest rate
The Great Ropemaker Partnership	**90.0**	December 2020	Floating	LIBOR +1.25%
The Great Victoria Partnership	**80.0**	July 2022	Fixed	3.74%
Total	**170.0**			

The Great Ropemaker Partnership has entered into two interest rate swaps with a fixed rate of 1.42%, which expire conterminously with the bank loan in 2020, with a notional principal amount of £90.0 million. The loan has an all-in hedged coupon of 2.67%.

At 30 September 2016, the Great Victoria Partnership loan had a fair value of £85.7 million (2015: £83.2 million). All interest-bearing loans are in sterling. At 30 September 2016, the joint ventures had £nil undrawn facilities (2015: £nil).

The investment properties include £5.1 million (2015: £5.2 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £595.0 million. At 30 September 2016, the Group's share of joint venture capital commitments was £62.3 million (2015: £75.4 million).

Transactions during the period between the Group and its joint ventures, who are related parties, are set out below:

31 March 2016 £m		**30 September 2016 £m**	30 September 2015 £m
(20.8)	Movement on joint venture balances during the period	**(22.4)**	(29.1)
(187.6)	Balances receivable at the period end from joint ventures	**(210.0)**	(179.3)
110.3	Distributions	**(23.6)**	(103.9)
4.1	Fee income	**1.6**	2.8

The joint venture balances bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances, the Great Ropemaker Partnership at 4.0% and the Great Wigmore Partnership at 4.0%.

The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's length transactions.

12 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2016	1.1	1.7	2.8
Disposals	**-**	**(1.3)**	**(1.3)**
Additions	**2.6**	**0.4**	**3.0**
At 30 September 2016	**3.7**	**0.8**	**4.5**
Depreciation			
At 1 April 2016	0.1	1.6	1.7
Disposals	**-**	**(1.3)**	**(1.3)**
Charge for the period	**0.2**	**0.1**	**0.3**
At 30 September 2016	**0.3**	**0.4**	**0.7**
Carrying amount at 30 September 2016	**3.4**	**0.4**	**3.8**
Carrying amount at 31 March 2016	1.0	0.1	1.1

13 Trade and other receivables

31 March 2016 £m		**30 September 2016 £m**	30 September 2015 £m
3.9	Trade receivables	**3.9**	4.2
(0.2)	Allowance for doubtful debts	**(0.4)**	(0.2)
3.7		**3.5**	4.0
1.2	Prepayments and accrued income	**1.4**	0.8
2.4	Work in progress on development management contracts	**1.0**	7.3
5.4	Other trade receivables	**3.2**	2.4
24.3	Derivatives	**52.7**	12.0
37.0		**61.8**	26.5

Work in progress on development management contracts is an amount due to the Group in relation to a development property sold prior to its completion where the Group has a contract with the buyer to construct the remainder of the building on their behalf. During the period, the Group received payments on account of £11.9 million (2015: £20.3 million). At 30 September 2016, the aggregate cumulative cost incurred was £53.0 million (2015: £28.2 million) and the cumulative profits less losses recognised were £5.7 million (2015: £4.0 million). There are no material project retentions.

14 Trade and other payables

31 March 2016 £m		**30 September 2016 £m**	30 September 2015 £m
21.1	Rents received in advance	**21.6**	21.2
57.2	Deposits received on forward sale of residential units	**63.1**	43.1
56.7	Non-trade payables and accrued expenses	**65.4**	52.3
135.0		**150.1**	116.6

15 Interest-bearing loans and borrowings

31 March 2016 £m		**30 September 2016 £m**	30 September 2015 £m
	Non-current liabilities at amortised cost		
	Secured		
144.0	£142.9 million 5.625% debenture stock 2029	**143.9**	144.0
	Unsecured		
–	Revolving credit facilities – bank loans	**166.8**	86.3
29.9	£30.0 million 5.09% private placement notes 2018	**30.0**	29.9
80.9	$130.0 million 4.81% private placement notes 2018	**80.9**	80.9
48.5	$78.0 million 5.37% private placement notes 2021	**48.5**	48.5
101.9	$160.0 million 4.20% private placement notes 2019	**101.9**	101.9
25.5	$40.0 million 4.82% private placement notes 2022	**25.5**	25.4
	Non-current liabilities at fair value		
	Unsecured		
169.5	£150.0 million 1.00% convertible bonds 2018	**159.2**	189.3
600.2		**756.7**	706.2

The Group has a floating rate £450.0 million revolving credit facility. The facility is unsecured, attracts a floating rate based on a ratchet of between 105–165 basis points above LIBOR, based on gearing, and expires in 2020 which may be extended by a maximum further year on our request and on each bank's approval for its participation. In October 2016, the maturity of this facility was extended by one year to 2021. At 30 September 2016, the Group had £282 million (2015: £362.0 million) of undrawn committed credit facilities.

15 Interest-bearing loans and borrowings (continued)

The Group's convertible bonds have a fixed coupon of 1.0% per annum and an initial conversion price of £7.15 per share, representing a premium of 35% above the volume weighted average price of the Company's shares from launch to pricing. In accordance with IAS39, the Convertible Bonds have been designated at fair value through profit and loss upon initial recognition, with any gains or losses arising on subsequent re-measurement recognised in the income statement.

At 30 September 2016, properties with a carrying value of £386.6 million (2015: £397.7 million) were secured under the Group's debenture stock. The following table details the notional principal amounts and remaining terms of interest rate derivatives outstanding at 30 September:

	Average contracted fixed interest rate		Notional principal amount		Fair value asset/(liability)	
Cash flow hedges	**30 September 2016 %**	30 September 2015 %	**30 September 2016 £m**	30 September 2015 £m	**30 September 2016 £m**	30 September 2015 £m
Interest rate floor						
Between two and three years	**1.80**	1.80	**159.7**	159.7	**1.5**	2.5
	1.80	1.80	**159.7**	159.7	**1.5**	2.5

The following table details the notional principal amounts and remaining terms of exchange rate derivatives outstanding at 30 September:

	Average exchange rate		Foreign currency		Notional principal amount		Fair value asset/(liability)	
Cash flow hedge - cross currency swaps	**30 September 2016 rate**	30 September 2015 rate	**30 September 2016 US$m**	30 September 2015 US$m	**30 September 2016 £m**	30 September 2015 £m	**30 September 2016 £m**	30 September 2015 £m
Between two and five years	**1.587**	1.583	**368.0**	290.0	**231.9**	81.1	**47.1**	7.1
In excess of five years	**1.566**	1.591	**40.0**	118.0	**25.5**	176.3	**4.1**	2.4
	1.585	1.585	**408.0**	408.0	**257.4**	257.4	**51.2**	9.5

The Group operates solely in the United Kingdom, and all of its operating profits and net assets are sterling denominated. It entered into cross currency swaps in order to ensure the US dollar liability streams generated from the US dollar private placement notes were fully hedged into sterling for the life of the transactions. Through entering into the cross currency swaps the Group has created synthetic sterling fixed rate liabilities totalling £257.4 million.

Fair value of financial liabilities/(assets)

31 March 2016 Book value £m	31 March 2016 Fair value £m	**Fair value hierarchy**	**30 September 2016 Book value £m**	**30 September 2016 Fair value £m**	30 September 2015 Book value £m	30 September 2015 Fair value £m
		Level 1				
169.5	169.5	£150.0 million 1.00% convertible bond 2018	**159.2**	**159.2**	189.3	189.3
		Level 2				
(22.3)	(22.3)	Cross currency swaps	**(51.2)**	**(51.2)**	(9.5)	(9.5)
(2.0)	(2.0)	Interest rate floor	**(1.5)**	**(1.5)**	(2.5)	(2.5)
		Other items not carried at fair value				
144.0	172.3	£142.9 million 5.625% debenture stock 2029	**143.9**	**182.0**	144.0	165.2
286.7	333.9	Private placement notes	**286.8**	**360.5**	286.6	310.7
-	-	Bank loans and overdrafts	**166.8**	**166.8**	86.3	86.3
575.9	651.4		**704.0**	**815.8**	694.2	739.5

The fair values of the Group's listed convertible bonds have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 13 Fair Value Measurement. The fair value of the Group's outstanding interest rate floor has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. The fair value of the Group's cross currency swaps has been estimated on the basis of the prevailing rates at the period end, representing Level 2 fair value measurements as defined by IFRS 13. None of the Group's financial derivatives are designated as financial hedges. The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements.

16 Share capital

Year to 31 March 2016 Number	Year to 31 March 2016 £m		**Six months to 30 September 2016 Number**	**Six months to 30 September 2016 £m**	Six months to 30 September 2015 Number	Six months to 30 September 2015 £m
		Allotted, called up and fully paid				
343,926,149	43.0	At the beginning of the period	**343,926,149**	**43.0**	343,926,149	43.0
343,926,149	43.0	At the end of the period	**343,926,149**	**43.0**	343,926,149	43.0

17 Investment in own shares

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
11.7	At the beginning of the period	**9.1**	11.7
(4.2)	Employee Long-Term Incentive Plan and Share Matching Plan charge	**(1.3)**	(2.7)
8.1	Purchase of shares	**–**	–
(6.5)	Transfer to retained earnings	**(4.3)**	(6.5)
9.1	At the end of the period	**3.5**	2.5

The investment in the Company's own shares is held at cost and comprises 1,804,412 shares (31 March 2016: 2,569,477 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the period 765,065 shares (2015: 1,435,074 shares) were awarded to directors and senior employees in respect of the 2013 LTIP award. The fair value of shares awarded and outstanding at 30 September 2016 was £6.3 million (2015: £14.0 million).

18 Adjustment for non-cash movements in the cash flow statement

Year to 31 March 2016 £m		**Six months to 30 September 2016 £m**	Six months to 30 September 2015 £m
(422.2)	Deficit/(surplus) from investment property	**90.3**	(301.2)
4.2	Employee Long-Term Incentive and Share Matching Plan charge	**1.3**	2.7
(3.0)	Spreading of tenant lease incentives	**(1.0)**	(2.6)
(4.0)	Profit on development management contracts	**–**	(2.3)
(66.8)	Share of results from joint ventures	**37.9**	(57.1)
–	Other items	**–**	(0.2)
(491.8)	Adjustments for non-cash items	**128.5**	(360.7)

19 Dividends

The declared interim dividend of 3.7 pence per share (2015: 3.6 pence per share) was approved by the Board on 17 November 2016 and is payable on 3 January 2017 to shareholders on the register on 25 November 2016. The dividend is not recognised as a liability in the half year results. The final dividend from the year ended 31 March 2016 of £19.1 million was paid on 11 July 2016 and is included within the Group Statement of Changes in Equity.

20 Operating leases

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

31 March 2016 £m		**30 September 2016 £m**	30 September 2015 £m
	The Group as a lessor		
70.2	Less than one year	**74.3**	74.3
189.8	Between one and five years	**195.9**	209.6
149.9	More than five years	**142.3**	267.1
409.9		**412.5**	551.0

The Group leases its investment properties under operating leases. The weighted average length of lease at 30 September 2016 was 4.9 years (2015: 6.5 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the period (2015: £nil).

21 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital
The nominal value of the Company's issued share capital, comprising 12.5 pence ordinary shares.

Share premium
Amount subscribed for share capital in excess of nominal value less directly attributable issue costs.

Capital redemption reserve
Amount equivalent to the nominal value of the Company's own shares acquired as a result of share buy-back programmes.

Retained earnings
Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends.

Investment in own shares
Amount paid to acquire the Company's own shares for its Employee Long-Term Incentive Plan and Share Matching Plan less accounting charges.

Directors' responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
(b) the half-yearly report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
(c) the half-yearly report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By the order of the Board

Toby Courtauld
Chief Executive
17 November 2016

Nick Sanderson
Finance Director
17 November 2016

Independent review report to Great Portland Estates plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 which comprises the condensed group income statement, the condensed group statement of comprehensive income, the condensed group balance sheet, the condensed group statement of cash flows, the condensed group statement of changes in equity and related notes 1 to 21. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
17 November 2016

Directors and shareholders' information

Directors

Martin Scicluna
Chairman, Non-Executive
Toby Courtauld
Chief Executive
Nick Sanderson
Finance Director
Neil Thompson
Executive Director
Nick Hampton
Non-Executive Director
Elizabeth Holden
Non-Executive Director
Charles Philipps
Non-Executive Director
Jonathan Short
Non-Executive Director

Shareholders' information

Financial calendar	**2016**
Ex-dividend date for interim dividend	24 November
Registration qualifying date for interim dividend	25 November
	2017
Interim dividend payable	3 January
Announcement of full year results	24 May*
Circulation of Annual Report and Accounts 2017	3 June*
Annual General Meeting	6 July*
Final dividend payable	10 July*

*Provisional.

Shareholder enquiries
All enquiries relating to holdings of shares, bonds or debentures in Great Portland Estates, including notification of change of address, queries regarding dividend/interest payments or the loss of a certificate, should be addressed to the Company's Registrars:

Capita Registrars
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
E-mail: ssd@capitaregistrars.com
(Calls cost 12 pence per minute plus network extras; lines are open 9.00am – 5.30pm Monday to Friday.)

If you are calling from overseas, please dial +44 371 664 0300.

Website
The Company has a corporate website which holds, amongst other information, a copy of our latest annual report and accounts, a list of properties held by the Group and press announcements released over the last twelve months. The site can be found on www.gpe.co.uk

Company Secretary
Desna Martin
Registered office:
33 Cavendish Square
London W1G 0PW
Tel: 020 7647 3000
Fax: 020 7016 5500
Registered Number: 596137

Dividend payments
As a REIT, dividend payments must be split between PIDs and non-PIDs. Information in respect of the tax consequences for shareholders of receiving dividends can be found on the Company's website at www.gpe.co.uk/investors/shareholder-information/reits

Share dealing service
An online and telephone dealing service is available for UK shareholders through Capita Deal. For further information on this service, or to buy and sell shares, please contact:

Online dealing - www.capitadeal.com

Telephone dealing – 0371 664 0445

(Calls are charged at the standard geographical rate and will vary by provider; lines are open 8.00am – 4.30pm Monday to Friday).

Glossary

Core West End

Areas of London with W1 and SW1 postcodes.

Earnings Per Share (EPS)

Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA adjustments

Standard calculation methods for adjusted EPS and NAV as set out by the European Public Real Estate Association (EPRA) in their Best Practice and Policy Recommendations.

Estimated Rental Value (ERV)

The market rental value of lettable space as estimated by the Company's valuers at each balance sheet date.

Fair value

The amount as estimated by the Company's valuers for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In line with market practice, values are stated net of purchasers' costs.

IPD

The Investment Property Databank Limited (IPD) is a company that produces an independent benchmark of property returns.

IPD central London

An index, compiled by IPD, of the central and inner London properties in their monthly and quarterly valued universes.

Like-for-like portfolio

Properties that have been held for the whole of the period of account.

Loan to Value (LTV)

Total bank loans, private placement notes and debenture stock, net of cash, (including our share of joint ventures balances) expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

Net assets per share or Net Asset Value (NAV)

Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Net debt

The book value of the Group's bank and loan facilities, private placement notes and debenture loans plus the nominal value of the convertible bond less cash and cash equivalents.

Net gearing

Total borrowings less short-term deposits and cash as a percentage of adjusted equity shareholders' funds.

Net initial yield

Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchaser's costs.

Non-PIDs

Dividends from profits of the Group's taxable residual business.

PMI

Purchasing Managers Index

Portfolio Internal Rate of Return (IRR)

The rate of return that if used as a discount rate and applied to the projected cash flows from the portfolio would result in a net present value of zero.

Property Income Distributions (PIDs)

Dividends from profits of the Group's tax-exempt property rental business.

REIT

UK Real Estate Investment Trust.

Rent roll

The annual contracted rental income.

Return on shareholders' equity

The growth in the EPRA diluted net assets per share plus dividends per share for the period expressed as a percentage of the EPRA net assets per share at the beginning of the period.

Glossary (continued)

Reversionary or under-rented

The percentage by which ERV exceeds rents passing, together with the estimated rental value of vacant space.

Reversionary yield

The anticipated yield, which the initial yield will rise to once the rent reaches the ERV.

Total Property Return (TPR)

Capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value as calculated by IPD.

TMT

Technology, Media and Telecoms sector

Total Shareholder Return (TSR)

The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period.

Triple net asset value (NNNAV)

NAV adjusted to include the fair value of the Group's financial liabilities on a diluted basis.

True equivalent yield

The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchaser's costs. Assumes rent is received quarterly in advance.

Vacancy rate

The element of a property which is unoccupied but available for letting, expressed as the ERV of the vacant space divided by the ERV of the total portfolio.

Weighted Average Unexpired Lease Term (WAULT)

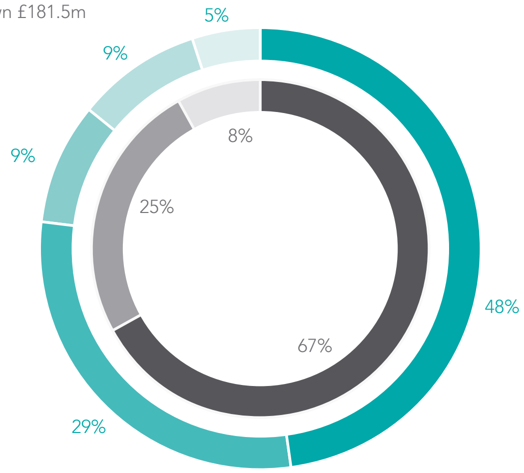
The Weighted Average Unexpired Lease Term expressed in years.

Appendix 1

Portfolio characteristics[1]

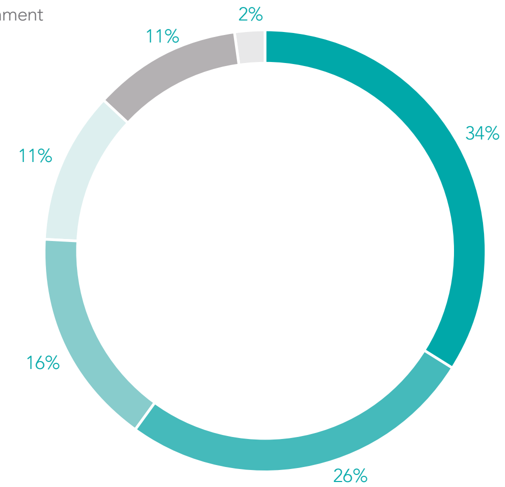
Locations
- North of Oxford Street £1,797.5m
- Rest of West End £1,087.9m
- City £356.3m
- Southwark £327.3m
- Midtown £181.5m

Business mix
- Office £2,507.0m
- Retail £955.4m
- Residential £288.1m



GPE tenant mix[1]

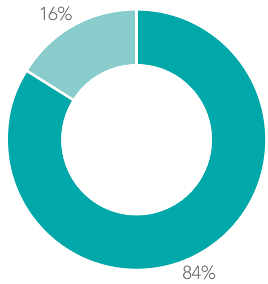
- Retailers and leisure
- Technology, media and telecoms
- Professional services
- Banking and finance
- Corporates
- Government



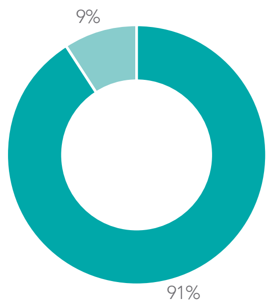
1. GPE share at 30 September 2016

Joint venture business – contribution to the Group

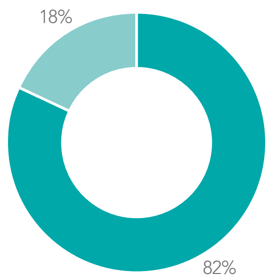
Property assets
- Wholly-owned £3,155.5m
- Joint ventures £595.0m



Net debt
- Wholly-owned £738.5m
- Joint ventures £74.1m



Net assets
- Wholly-owned £2,316.2m
- Joint ventures £510.6m



Appendix 1

Rental income

		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 Street	Office	27.2	7.7	34.9	–	–	–	34.9
	Retail	8.6	2.2	10.8	5.9	0.5	6.4	17.2
Rest of West End	Office	9.5	2.7	12.2	0.7	1.2	1.9	14.1
	Retail	8.1	2.7	10.8	2.1	0.1	2.2	13.0
Total West End		**53.4**	**15.3**	**68.7**	**8.7**	**1.8**	**10.5**	**79.2**
City, Midtown and Southwark	Office	27.3	9.7	37.0	9.7	2.2	11.9	48.9
	Retail	1.3	0.2	1.5	–	–	–	1.5
Total City, Midtown and Southwark		**28.6**	**9.9**	**38.5**	**9.7**	**2.2**	**11.9**	**50.4**
Total let portfolio		**82.0**	**25.2**	**107.2**	**18.4**	**4.0**	**22.4**	**129.6**
Voids				5.7			0.2	5.9
Premises under refurbishment				45.7			6.3	52.0
Total portfolio				**158.6**			**28.9**	**187.5**

Rent roll security, lease lengths and voids

		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 Street	Office	40.3	6.1	3.8	–	–	–
	Retail	55.8	6.0	4.1	64.8	5.3	–
Rest of West End	Office	32.2	3.3	3.5	34.5	3.2	–
	Retail	78.1	5.7	–	100.0	10.5	–
Total West End		**47.2**	**5.5**	**2.1**	**71.1**	**6.4**	**–**
City, Midtown and Southwark	Office	24.9	3.6	4.2	84.8	8.1	1.0
	Retail	40.5	8.3	–	100.0	11.3	–
Total City, Midtown and Southwark		**25.6**	**3.8**	**4.4**	**84.9**	**8.1**	**0.9**
Total portfolio		**39.6**	**4.9**	**3.6**	**78.4**	**7.3**	**0.6**

Rental values and yields

		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 Street	Office	55	70	–	–	3.1	4.5	–	–
	Retail	56	67	127	139	3.0	3.7	4.5	4.0
Rest of West End	Office	60	82	19	51	2.8	4.7	0.5	3.9
	Retail	84	116	81	83	3.3	4.2	1.9	3.7
Total West End		**59**	**68**	**80**	**95**	**3.1**	**4.4**	**2.5**	**3.9**
City, Midtown and Southwark	Office	41	55	39	50	3.8	5.2	1.9	4.9
	Retail	63	70	36	42	4.5	5.0	3.3	4.8
Total City, Midtown and Southwark		**41**	**54**	**39**	**49**	**3.8**	**5.2**	**2.0**	**4.9**
Total portfolio		**51**	**64**	**52**	**60**	**3.3**	**4.6**	**2.2**	**4.4**

Appendix 1
How we manage risk

Market risk		
Risk	**Impact**	**Mitigation**
Central London real estate market underperforms other UK property sectors.	Reduced relative performance.	The execution of the Group's strategy covering the key areas of investment, development and asset management is adjusted and updated throughout the year, informed by regular research into the economy, investment and occupational markets. The Group's strategic priorities and transactions are considered in light of regular review of dashboard lead indicators and operational parameters. The Group aims to maintain low financial leverage throughout the property cycle.
Potential economic downturn.	Property valuations may decline, with reduced tenant demand for space.	Regular economic updates are received and scenario planning is undertaken for different economic cycles, including various potential UK exit arrangements from the EU. The Group aims to maintain low financial leverage throughout the property cycle.
Heightened political uncertainty and potential negative economic impact following EU referendum.	Reluctance by investors and occupiers to make investment decisions whilst outcomes remain uncertain and/or reduced attractiveness of London as a global commercial centre.	The Group's strategic priorities and transactions are considered in light of these uncertainties. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies. The Group aims to maintain low financial leverage throughout the property cycle.
Investment management		
Risk	**Impact**	**Mitigation**
Incorrect reading of the property cycle through poor investment decisions and/or mis-timed recycling of capital.	Not sufficiently capitalising on market investment conditions.	The Group 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. Regular review of property cycle by reference to dashboard of lead indicators. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate rotation of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans with joint venture partners.
Inappropriate asset concentration, building mix, tenant covenant quality and exposure, and lot size.	Reduced liquidity and relative property performance.	Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding. The Group has a diverse tenant base with its ten largest tenants representing only 29.6% of rent roll. Tenants' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions.

Appendix 1

Asset management		
Risk	Impact	Mitigation
Poor management of voids, rental mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments.	Failure to maximise income from investment properties.	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments and liaise regularly with external advisers to ensure correct pricing of lease transactions. Tenants' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions. Although tenants all-in occupational costs are expected to increase in 2017 given the increase in business rates, our low average office rents of only £46.20 per sq ft are expected to provide some protection to our tenants.

Development management		
Risk	Impact	Mitigation
Poor execution of development programme through: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – failure to reach agreement with adjoining owners on acceptable terms; – level of speculative development; – incorrect cost estimation; – construction cost inflation; – contractor availability and insolvency risk; – insufficient human resources; – a building being inappropriate to tenant demand; – weak demand for residential apartments; – quality and benchmarks of the completed buildings; – construction and procurement delays; – ineffective marketing to prospective tenants; and – poor development management.	Poor development returns.	See Market risk on page above. 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 actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Early engagement and strong relationships with planning authorities. Early engagement with adjoining owners. Benchmarking of costs with comparative schemes. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk with construction costs now fixed on over 95% of committed schemes' capital expenditure. Internal and external resourcing requirements regularly reviewed by the Executive Committee, Development Director and Head of Projects. Third party resource expertise used to support in-house teams, where appropriate. Due diligence is undertaken of the financial stability of demolition, main contractors and material sub-contractors prior to awarding of contracts. Working with agents, potential occupiers' and purchasers' needs and aspirations are identified during the planning application and design stages. In-house Leasing/Marketing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing/marketing objectives. All our major developments are subject to BREEAM ratings with a target to achieve a rating of 'Very Good' on major refurbishments and 'Excellent' on new build properties. Pro-active liaison with existing tenants before and during the development process. Selection of contractors and suppliers based on track record of delivery and credit worthiness. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Regular review of the prospective performance of individual assets and their business plans with joint venture partners. Post-completion reviews undertaken on all developments to identify best practice and areas for improvement.
An inappropriate level of development undertaken as a percentage of the portfolio.	Underperformance against KPIs.	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed to when pre-lets obtained and/or market supply considered to be sufficiently constrained.

Appendix 1

Financial risks		
Risk	**Impact**	**Mitigation**
Limited availability of further capital.	Growth of business is constrained or unable to execute business plans.	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.
Increased interest rates and/or a fall in capital values.	Adverse market movements negatively impact on debt covenants.	Consistent policy of conservative financial leverage. Regular review of current and forecast debt levels and financing ratios under various market scenarios. Our annual Business Plan which is regularly updated includes stress tests considering the impact of a significant deterioration in the markets in which we operate. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 30 September 2016. We estimate that, absent any mitigating management actions, values could fall by around 60% from their 30 September 2016 levels before Group debt covenants could be endangered.
Inappropriate capital structure.	Sub-optimal NAV per share growth.	Regular review of current and forecast capital requirements and gearing levels and financing ratio.

People		
Risk	**Impact**	**Mitigation**
Incorrect level and mix/retention of people to execute our business plan, combined with inability to attract, develop, motivate and retain talent.	Strategic priorities not achieved.	Regular review is undertaken of the Group's resource requirements and succession planning. The Company has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance and identification of training and development needs. Benchmarking of remuneration packages of all employees is undertaken annually. High profile, attractive development programme and high quality assets to manage.

Regulatory		
Risk	**Impact**	**Mitigation**
Adverse regulatory risk, including tax, planning, environmental and other legislation increases cost base.	Reduces flexibility and may influence potential investor and occupier interest in buildings.	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies. Environmental Policy Committee meets at least quarterly to consider strategy in respect of environmental legislation.
Health and Safety incidents. Loss of life or injury to employees, contractors, members of the public or tenants.	Resultant reputational damage.	The Group has dedicated Health and Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health and Safety areas including employee, contractor, members of the public and tenant safety. On all construction projects, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors which includes a Health and Safety assessment. Contractors' responses to accidents and near misses are actively monitored and followed-up by our Project Managers and Head of Sustainability, with reporting to the Executive Committee and Board as appropriate.

Appendix 1

Business interruption risk		
Risk	**Impact**	**Mitigation**
An external event such as a power shortage, extreme weather, environmental incident, civil unrest or terrorist or cyber attack that significantly affects the Group's operations, particularly given our portfolio concentration in central London.	Significant damage, disruption and/or reputational damage to the Group's portfolio and operations.	The Group has a Business Continuity Plan with predetermined processes and escalation for the Crisis Management Team. Asset emergency plans exist for individual properties. Physical security measures are in place at properties and security threats are regularly assessed through links with security agencies. Regular testing of IT security is undertaken. The Group's insurance policies include cover for catastrophic events including fire, storm, riots and terrorism.

Appendix 2

Portfolio performance

		Wholly-owned £m	Share of joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	753.9	–	753.9	20.1	(4.2)
	Retail	250.1	118.2	368.3	9.8	(4.5)
	Residential	4.7	3.7	8.4	0.2	(13.2)
Rest of West End	Office	253.6	102.5	356.1	9.5	(6.8)
	Retail	186.4	76.4	262.8	7.0	(0.9)
	Residential	14.0	5.8	19.8	0.5	(5.2)
Total West End		1,462.7	306.6	1,769.3	47.1	(4.4)
City, Midtown and Southwark	Office	548.1	253.6	801.7	21.4	(5.6)
	Retail	27.4	1.9	29.3	0.8	11.3
	Residential	1.2	0.1	1.3	–	(23.2)
Total City, Midtown and Southwark		576.7	255.6	832.3	22.2	(5.1)
Investment property portfolio		**2,039.4**	**562.2**	**2,601.6**	**69.3**	**(4.6)**
Development property*		1,083.8	32.8	1,116.6	29.8	(1.5)
Total properties held throughout the period		**3,123.2**	**595.0**	**3,718.2**	**99.1**	**(3.7)**
Acquisitions		32.3	–	32.3	0.9	(1.5)
Total property portfolio		**3,155.5**	**595.0**	**3,750.5**	**100.0**	**(3.7)**

* Including trading properties.

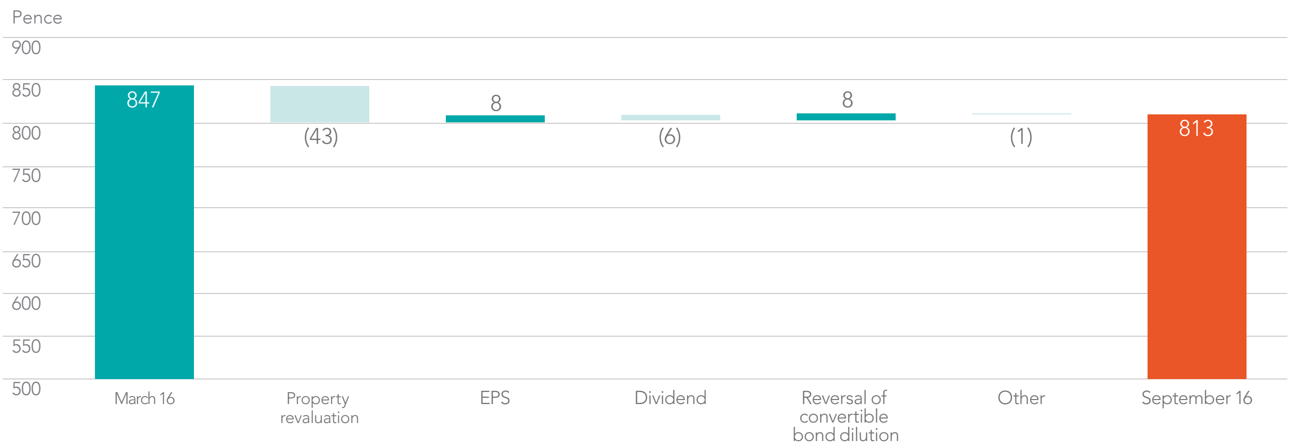
Portfolio characteristics

		Investment properties £m	Development properties* £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		1,130.6	666.9	1,797.5	1,111.4	419.7	266.4	1,797.5	1,368
Rest of West End		671.0	416.9	1,087.9	561.6	506.4	19.9	1,087.9	603
Total West End		**1,801.6**	**1,083.8**	**2,885.4**	**1,673.0**	**926.1**	**286.3**	**2,885.4**	**1,971**
City, Midtown and Southwark		832.3	32.8	865.1	834.0	29.3	1.8	865.1	1,484
Total		**2,633.9**	**1,116.6**	**3,750.5**	**2,507.0**	**955.4**	**288.1**	**3,750.5**	**3,455**
By use:	Office	1,901.8	605.2	2,507.0					
	Retail	702.0	253.4	955.4					
	Residential	30.1	258.0	288.1					
Total		**2,633.9**	**1,116.6**	**3,750.5**					
Net internal area sq ft 000's		2,706	749	3,455					

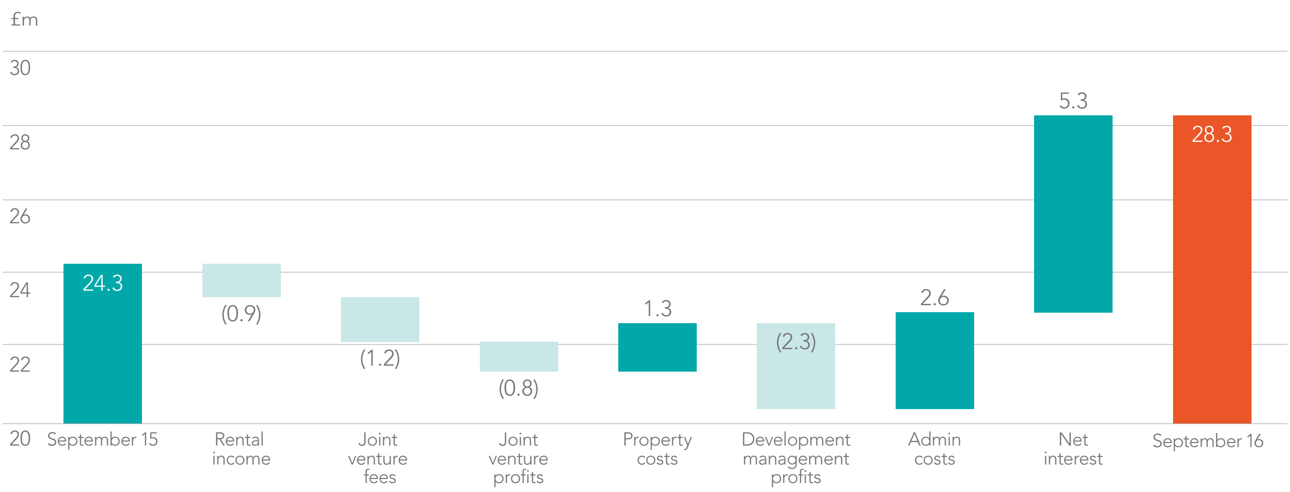
* Including trading properties.

Appendix 3

EPRA net assets per share



EPRA profit before tax

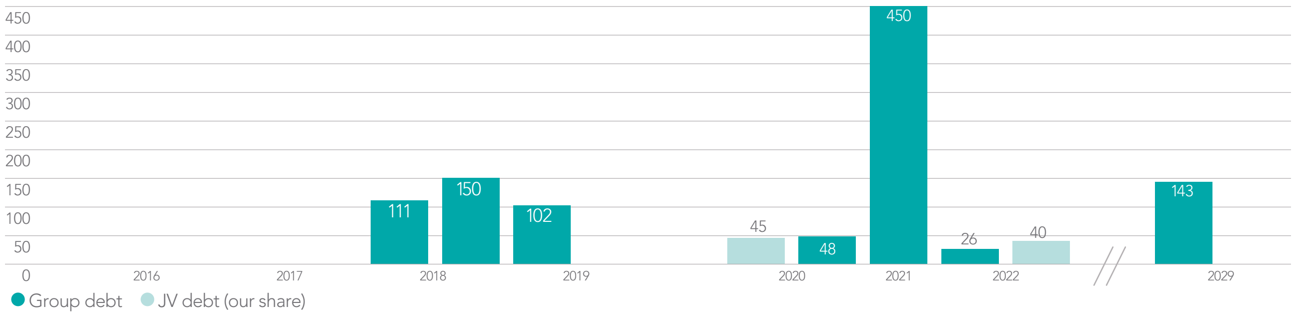


Debt analysis

	Sept 2016 £m	March 2016 £m
Net debt excluding JVs (£m)	**738.5**	568.0
Net gearing	**26.1%**	19.5%
Total net debt including 50% JV non-recourse debt (£m)	**812.6**	644.1
Loan-to-property value	**21.7%**	17.4%
Total net gearing	**28.7%**	22.1%
Interest cover	**n/a**	12.5x
Weighted average interest rate	**3.3%**	3.7%
Weighted average cost of debt	**3.9%**	3.9%
% of debt fixed/hedged	**80%**	100%
Cash and undrawn facilities (£m)	**301**	472

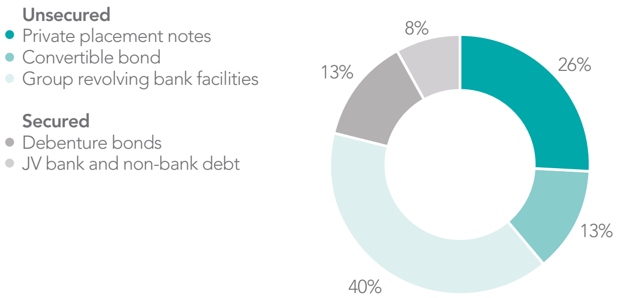
Appendix 3

Debt maturity profile[1] £m



1. Based on committed facilities at 16 November 2016, post one year maturity extension of RCF.

Diversified sources of debt funding[1]



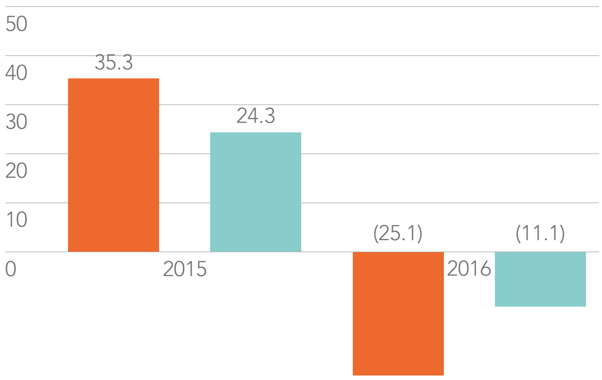
1. Total facilities.

EPRA performance measures

Measure	Definition of Measure	Sept 2016	Sept 2015
EPRA earnings	Recurring earnings from core operational activities	**£28.3m**	£24.3m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**8.3p**	7.1p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**8.3p**	6.9p
EPRA costs (by portfolio value)	EPRA cost (including direct vacancy costs) divided by market value of the portfolio	**0.8%**	1.0%
		Sept 2016	March 2016
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£2,786.2m**	£3,079.5m
EPRA net assets per share	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**813p**	847p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£2,713.7m**	£3,022.6m
EPRA triple net assets per share	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**792p**	831p
EPRA NIY	Annualised rental income based on cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the market value of the property increased by estimated purchasers' costs	**2.8%**	2.8%
EPRA "topped up" NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives)	**3.2%**	3.1%
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**6.2%**	7.0%

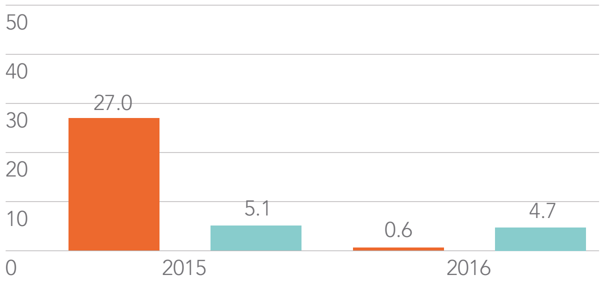
Appendix 3

Total Shareholder Return (%) (TSR)*



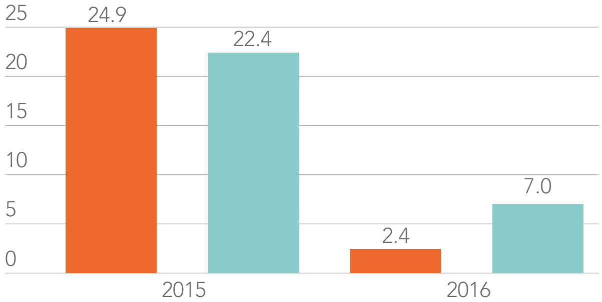
Commentary
The TSR of the Group was down 25.1% for the year compared to 11.1% down for the FTSE 350 Real Estate (excluding agencies).

EPRA net assets per share growth (%) (NAV growth)*



Commentary
EPRA net assets per share increased by 0.6% over the year as the reduction in value of the portfolio was marginally outweighed by retained earnings and the reversal of the convertible bond dilution.

Total Property Return (%) (TPR)*



Commentary
The Group generated a portfolio TPR of 2.4% in the year whereas the benchmark produced a total return of 7.0%, resulting in an absolute underperformance of 4.6 percentage points, and a relative underperformance of 4.2 percentage points.

GPE Benchmark

* Year to September