Press release

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23 May 2024

<u>This announcement contains inside information</u>

Strong operational performance with significant market opportunity

Great Portland Estates plc results for the Group for the year ended 31 March 2024[1], with key highlights:

- **Strong leasing & operational performance, leasing at 9.1% premium to March 2023 ERV**
- **Vacancy only 1.3% as we meet customer demand for best space & service in supply drought**
- **Property valuations at or around trough following yield expansion, GPE portfolio down 2.4%[3] in H2**
- **Rental values up 3.8%; ERV growth guidance upgraded, prime offices 5% to 10% for FY'25**
- **Net buyer for first time since 2013; buying at a discount to replacement cost**
- **Identified £1.4 billion of attractive, accretive new opportunities; exchanged on first purchase**
- **Deep experience, expertise and customer focus; GPE well positioned to unlock potential**
- **Announced fully underwritten £350 million rights issue in line with our raise and return strategy**

Toby Courtauld, Chief Executive, said:

"We are pleased to report on another year of strong operational performance. Our appealing blend of best in class HQ offices and Fully Managed Flex spaces, all in central London's undersupplied markets, is proving attractive to customers, enabling us to beat the valuer's ERV estimates by 9.1% on all signed leases, the highest margin since 2012, and by 11.1% across our office lettings. Today, our portfolio is effectively full and, having delivered ERV growth towards the top end of last year's guidance, we have upgraded our forecast for this year to 5% to 10% for our prime offices.

We remain strong believers in London's long-term prospects; whilst its occupational markets, particularly for centrally located, Grade A space continue to power ahead with growing demand and shrinking supply, we believe its investment markets are at an inflection point; macro-economic effects ushered in a prolonged period of high inflation and elevated interest rates, triggering capital value declines of 58% in real terms since 2016, to levels we last saw after the GFC in 2009. We believe values are now at or around their cyclical trough and consequently, we turned net buyer during the year for the first time since 2013, acquiring £152 million of opportunities since March 2023 at an average 42% discount to replacement cost.

To capture the exciting growth opportunities and enable us to take further advantage of disrupted investment market pricing, we have today announced a £350 million fully underwritten rights issue and the acquisition of The Courtyard, a core West End Flex conversion opportunity. With an increasing pipeline of potential acquisitions, totalling circa £1.4 billion and a number of encouraging discussions ongoing, we can look forward to adding accretive opportunities to our well-located portfolio. Having completed our asset sales at more opportune points in the cycle, we will return to selling once investment markets recover.

GPE's prospects are strong; our Flex and HQ development business streams are both growing with supportive market conditions, backed up by our market-leading service to our customers; we expect to add further opportunities, capturing value in disrupted investment markets; our teams' extensive experience of successful value creation in cyclical markets and our strong balance sheet will all combine to enable us to generate attractive shareholder returns."

Strong leasing 9.1% ahead of ERV[2]; vacancy only 1.3% with 83% customer retention

- £22.5 million of leases signed in year to 31 March 2024, 9.1% ahead of March 2023 ERV, including;
    - £13.7 million of Flex; 29 lettings 12.3% ahead of March 2023 ERV; and
    - Offices 11.1% ahead of March 2023 ERV, retail 4.7% ahead
- Our committed Flex offer now 503,000 sq ft, targeting growth to one million sq ft
- Rent roll of £107.5 million; vacancy 1.3% (Mar 2023: 2.5%)
- Further £4.8 million of lettings under offer, 4.0% above March 2024 ERV
- Market leading NPS score of +30.2; 83% customer retention

Committed capex of £0.5 billion, c.£120 million profit to come; embracing circular economy

- Good progress at our pre-let net-zero carbon 2 Aldermanbury Square, EC2; Clifford Chance confirmed pre-let commitment to whole building; anticipated completion Q1 2026
- Started HQ redevelopments of Minerva House, SE1 and French Railways House, SW1 to provide 210,700 sq ft of new Grade A space; reusing steel from City Place House, EC2
- Updated plans for New City Court, SE1 and Soho Square, W1 added to the pipeline with vacant possession later this year
- Significant refurb programme to grow our Fully Managed offer, 4 schemes on-site delivering 145,000 sq ft
- In total, 7 best-in-class schemes well timed to deliver into supply constrained market
- Updated Roadmap to Net Zero (announced earlier this week)

Net buyer for first time since 2013; with more expected following Courtyard swap deal

- Four acquisitions (£152 million) since March 2023, including:
    - Two Flex (£53 million) inc. 141 Wardour Street, W1 in core Soho for £39 million (£1,156 per sq ft) and Bramah House, 65/71 Bermondsey Street, SE1 for £14 million (£892 per sq ft)
    - HQ development opportunity on Soho Square, W1 for £70 million (£772 per sq ft on consented NIA)
    - The Courtyard, WC1 acquired for £28.6 million (69% discount to replacement cost) in April in asset swap deal, adding to our flex cluster in Fitzrovia

ERVs up 3.8%[3], with valuation down 12.1%[3] (-2.4%[3] in H2) driven by yield expansion; EPRA[4] NTA per share of 624 pence

- Portfolio valuation of £2.3 billion, down 12.1%[3]; -11.8% offices (inc. Flex -8.2% of which fully managed -4.4%) and -13.2% retail; H2 -2.4%
- Rental values up by 3.8%[3] (+3.6% offices and +4.4% retail); yield expansion of 56 bps
- Portfolio rental value growth guidance for FY'25 of 3% to 6%, prime offices 5% to 10%
- IFRS NAV and EPRA[4] NTA per share of 624 pence, down 17.6% since March 2023 (H2: -4.0%) as expected
- EPRA[4] earnings of £17.9 million, as expected, down 25.4% on 2023. EPRA[4] EPS of 7.1 pence
- IFRS loss after tax of £307.8 million; loss per share of 121.7 pence; dividend maintained at 12.6 pence

Strong balance sheet with no debt maturities until 2026

- New £250 million term loan arranged in October 2023 to fund near-term development programme and recently matured £175 million USPP Notes
- EPRA LTV 32.6%; cash and undrawn facilities £633 million at 31 March 2024
- No debt maturities until late 2026

Announced fully underwritten £350 million rights issue (see today's separate announcement)

- Attractive identified acquisition pipeline of £1.4 billion; 74% West End & Midtown
- Developing recent acquisitions; £168 million capex into two prime West End opportunities
- Pro forma liquidity of £594 million and EPRA LTV of 18.2%; once proceeds deployed, expect LTV to return to upper end of through the cycle LTV range of 10-35% with capital recycling discipline maintained

[1] All values include share of joint ventures unless otherwise stated [2] Leasing in period to 31 March 2024 [3] On a like-for-like basis [4] In accordance with EPRA guidance. We prepare our financial statements using IFRS, however we also use a number of adjusted measures in assessing and managing the performance of the business. These include like-for-like figures to aid in the comparability of the underlying business and proportionately consolidated measures, which represent the Group's gross share of joint ventures rather than the net equity accounted presentation included in the IFRS financial statements. These metrics have been disclosed as management review and monitor performance of the business on this basis. We have also included a number of measures defined by EPRA, which are designed to enhance transparency and comparability across the European Real Estate sector, see note 9 to the financial statements. Our primary NAV metric is EPRA NTA which we consider to be the most relevant investor measure for the Group.

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The person responsible for arranging the release of this announcement on behalf of GPE is Darren Lennark.

The results presentation will be broadcast live at 9.00am today with the link available at:

www.gpe.co.uk/investors

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

UK: 0808 109 0700 (freephone) International: +44 (0) 33 0551 0200
Conference ID: GPE

A video interview with Toby Courtauld and Nick Sanderson is available, along with accompanying presentation materials and appendices, at:
www.gpe.co.uk/investors

For further information see www.gpe.co.uk or follow us on X at @GPE_London

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A Dividend Reinvestment Plan (DRIP) is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip

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Statement from the Chief Executive

Please see accompanied graphics (see appendix 1)

Strong operational performance – strategic focus

Despite the continued macro-economic uncertainty and higher interest rates impacting our property valuation over the year, we delivered another strong operational performance. Our excellent leasing results, low vacancy and positive rental growth again demonstrated that our offices are in high customer demand, in a supply constrained market. With these supportive market conditions, characterised by the sharp bifurcation between the best spaces and the rest, our clear strategy of delivering best-in-class HQ buildings and Flex spaces for our customers means we have both a business and a portfolio which are well positioned to take advantage.

Positioned to take advantage of return of the cycle – net buyer for first time since 2013

In this financial year, we added to our portfolio, acquiring three properties off-market for £122.9 million, including two Flex acquisitions and one HQ in Soho Square, W1, that has been added to our development pipeline. With two small non-core sales, we were a net buyer for the first time in more than ten years. Since the start of the new financial year, we have also exchanged contracts to buy The Courtyard, WC1 for £28.6 million in an asset swap deal, adding to our Flex cluster in Fitzrovia.

We believe the central London investment market is now at or around its trough and is turning in our favour with real property values having fallen to 2009 levels, triggered by elevated inflation and high interest rates. As a result, we fully expect to add to our growth prospects and have identified a compelling set of accretive acquisition opportunities. The rights issue, together with our already strong financial and liquidity position, will provide further capacity for new investment. With our strong track record of counter-cyclical investment and our experienced team, our prospects are appealing.

Strong leasing year – 9.1% ahead of ERV

During the year, we signed 66 new leases, delivering £22.5 million of new rent, with market lettings 9.1% ahead of the March 2023 ERV. This includes 29 new deals across our Flex spaces, securing £13.7 million in rent at a 12.3% beat to the March 2023 ERV. At our Fully Managed spaces, we achieved average rents of £208 per sq ft, supporting our ambitions for further growth across our identified central London Flex clusters.

We also had many leasing successes across our retail portfolio, as the recovery strengthens with West End footfall back to near pre-pandemic levels and the Elizabeth line enhancing transport connectivity for shoppers, workers and tourists alike. We signed 26 retail leases delivering £7.0 million of new rent, beating the March 2023 ERV by 4.7%.

We value every customer – market leading NPS and high customer retention

Our well established Customer First approach, putting customer needs at the centre of everything we do, was further strengthened this year with the addition of a new employee value: 'We value every customer'.

We also continued to deliver a leading Net Promoter Score of +30.2, significantly ahead of the office industry average of +6.9, which has supported strong customer retention. We retained 83% of our customers across the portfolio in the last 12 months, which helped us maintain our exceptionally high rent collection rates, securing in excess of 99% of all rents within seven working days, whilst also keeping our investment void low at 1.3%.

Rental value growth more than offset by increased yields – valuation performance impacted

With customers increasingly demanding the very best, sustainable spaces, they are competing in a market increasingly starved of new, Grade A supply, putting further upward pressure on prime rents. Across our portfolio, we saw a like-for-like increase in rental values of 3.8% over the year, with our retail rental values up 4.4%. Overall our office rents were up 3.6%, whilst our Fully Managed office spaces again outperformed, up 5.2%.

Despite this attractive rental growth, our property values reduced by 12.1%, reflecting the global impact of higher interest rates on property yields. However, this reduction was first half weighted and we believe prime property yields are now likely around their peak.

The property valuation decline reduced IFRS NAV and EPRA NTA per share by 17.6% over the year. When combined with an ordinary dividend maintained at 12.6 pence per share, our Total Accounting Return was minus 15.9%. Including the revaluation of the portfolio, we delivered an IFRS loss for the year of £307.8 million.

Diluted EPRA EPS was 7.1 pence, a decline of 25.3%, primarily driven by the impact of the higher interest rate environment.

More rental value growth to come – London a true global city

Whilst macro-economic volatility persists, our confidence and belief in London remains. Unrivalled as one of the world's most attractive and diverse mixed-use locations, London is a true global city. Central London is busy and office workers have returned, with hybrid working now the norm. 74% of our portfolio is in the West End and 93% located close to Elizabeth line stations.

Looking forward, we anticipate supportive rental conditions for the best spaces and are optimistic for further rental growth, with portfolio-wide guidance of 3% to 6% over the next financial year. For prime office space, our guidance is stronger still at 5% to 10%.

HQ repositioning – two new major commitments

We committed to the redevelopment of French Railways House & 50 Jermyn Street, SW1, following the agreement of a new headlease. Our prime office-led scheme on Piccadilly will provide 67,600 sq ft of new Grade A space and will embrace the principles of the circular economy. It is expected to complete in mid-2026 and deliver a profit on cost of 23.7%.

Our latest commitment at Minerva House, SE1, will take full advantage of its impressive River Thames frontage, creating an enviable South Bank HQ destination with new public realm and gardens, whilst delivering outstanding sustainability and re-use credentials. It is expected to complete in Q3 2026 and deliver a profit on cost of 19.1%.

We have also made significant progress at 2 Aldermanbury Square, EC2. Clifford Chance LLP have leased the entirety of office space (321,100 sq ft) and our development works are progressing well, where we are substantially increasing the size of the building (up from 176,000 sq ft) and completion is expected in early 2026. Preparations for our two other near-term schemes continue, which, together with our committed schemes, will deliver 0.8 million sq ft of prime, predominantly office space with exemplary sustainability credentials, along with £76 million of ERV following our proposed £0.8 billion of total investment.

Flex spaces – four schemes on-site and on track for growth to one million sq ft

We have recently committed to the refurbishment of 141 Wardour Street, W1 which will provide 29,900 sq ft of new Fully Managed led space in the heart of Soho. The building will form part of our Soho Flex cluster, close to our successfully established 16 Dufour's Place, W1 and will complete next year. Our three other on-site Flex refurbishments are progressing well, with 6 St Andrew Street, EC4 and 31/34 Alfred Place, WC1 on track to be delivered in Q3 2024, whilst Egyptian & Dudley House, SW1 will complete in 2025.

Together with good progress across our various on-floor refurbishments, we have increased our committed Flex space to 503,000 sq ft, as we advance towards our one million sq ft ambition. We expect that more than 75% of our Flex footprint will be delivered as Fully Managed spaces, generating more than £75 million of net operating income. To deliver on these ambitions, we have enhanced our organisational structure through promoting from within and the targeted recruitment of new talent.

Sustainability: updated Roadmap to Net Zero and embracing the circular economy

Last year, we updated our approach to climate resilience and our sustainability Statement of Intent. This year, we updated our Roadmap to Net Zero, increasing the scope and ambition of lowering our carbon emissions and aiming to deliver a 90% reduction in Scope 1, 2 and 3 emissions to reach net zero by 2040. Alongside these ambitious targets, we have continued to embrace the principles of the circular economy across our development projects, with market leading steel and glass reuse projects commenced during the year.

Our valuation

Please see accompanied graphics (see appendix 2 and 5)

Yield driven valuation decline

The valuation of our portfolio, including our share of joint ventures, declined over the 12 months by 12.1% on a like-for-like basis, to £2,331.2 million at 31 March 2024.

The key drivers behind the Group's valuation decrease for the year, including joint ventures at share, were:

- higher investment yields – given the backdrop of higher interest rates, equivalent yields increased by 56 basis points (2023: 42 basis points) during the year (office: +54 basis points; retail: +62 basis points) reducing valuations. At 31 March 2024, the portfolio true equivalent yield was 5.3%;
- rental value growth – the continued demand for our best in class spaces has helped increase our rental values. Since the start of the financial year we have seen continued demand for the best spaces and our rental values increased by 3.8% on a like-for-like basis, with our office portfolio up by 3.6%, with our Fully Managed offices up even higher at 5.2%. ERVs in our retail portfolio increased by 4.4%;
- developments – the valuation of our committed development properties decreased by 28.7% on a like-for-like basis to £201.5 million during the period, given development returns are more sensitive to movements in investment yields; and
- portfolio management – we delivered a strong leasing year, signing 75 new leases, rent reviews and renewals, with new lettings 9.1% ahead of ERV. This secured £25.6 million (our share) of annual income, supporting the valuation over the year. At 31 March 2024, the portfolio was 10.1% reversionary.

Including rent from pre-lets and leases currently in rent-free periods, the adjusted initial yield of the investment portfolio at 31 March 2024 was 3.9%, 10 basis points higher than the start of the financial year.

Whilst the overall valuation decreased by 12.1% during the year on a like-for-like basis, elements of the portfolio continued to show greater variation:

- the second half performance was down 2.4% significantly outperforming the first six months (down 10.3%) with our Flex office space reducing in value by 8.2% outperforming the Group's wider office space which fell by 11.8% in value;
- retail space underperformed offices falling in value by 13.2% resulting from a greater yield expansion of 62 basis points;
- including developments, our West End portfolio (-8.4%) performed better than our rest of London portfolio (-20.7%), given a more aggressive yield expansion in the City +73 basis points versus +53 basis points for the West End;
- newer, higher quality buildings outperformed older assets, with those assets with a capital value per sq ft in excess of £1,000 per sq ft, reducing in value by 5.5% compared to those with a capital value per sq ft of less than £1,000 per sq ft which reduced by 21.5%; and
- buildings with better sustainability credentials outperformed. Buildings with an EPC rating of A or B reduced in value by 7.0%, outperforming properties with an EPC of C or D which fell by 18.2% in the year.

Our joint venture properties fell in value by 10.2% over the year, driven by higher investment yields whilst our wholly-owned portfolio decreased by 12.6% on a like-for-like basis.

The second half performance (down 2.4% like-for-like) indicates both interest rates and property yields are now likely around their peak.

Our development activities and capex programme

Despite a challenging backdrop, we made good operational progress across our development programme. This included securing planning permission and committing to Minerva House, SE1, our commitment to the redevelopment of French Railways House & 50 Jermyn Street, SW1 and the acquisition of the Soho Square Estate, W1. Today, our capex programme provides a significant platform for growth, with a capital commitment across our on-site schemes of £0.5 billion.

Repositioning our buildings through redevelopment and refurbishment is a core part of our business model and presents a significant organic growth opportunity. Our forecasts suggest that the future supply of new spaces in London is severely constrained. We estimate that only 3.0 million sq ft p.a. of new space will be delivered on average over the next four years, in a market where the average take-up of new space is much greater, at 4.9 million sq ft p.a. Our significant capex programme is targeted to deliver new high quality space into these supportive markets through the delivery of new HQ developments and through the expansion of our Flex spaces.

Three committed HQ development schemes

Our development works are progressing well at our fully pre-let 2 Aldermanbury Square, EC2, where we are substantially increasing the size of the building to 322,600 sq ft (up from 176,000 sq ft). Following the careful deconstruction of the previous building, the structural steel has been extracted and is being reconditioned for reuse to form the majority of the structural elements of French Railways House & 50 Jermyn Street (see below). This pioneering approach will nearly entirely eliminate the embodied carbon of the steel and help deliver our second net zero carbon building, after 50 Finsbury Square, EC2. The scheme also includes a number of public realm and amenity improvements that will have a positive impact on the local area and improve accessibility to the western entrance of the Liverpool Street Elizabeth line station. Clifford Chance LLP has confirmed that it will be proceeding to lease the entirety of office space (321,100 sq ft) following the expiry of their option to hand back the first to fourth floors of the building. Whilst the development is currently anticipated to deliver a loss on cost from the commitment date of 12.4%, given market yield expansion driven valuation declines to date, from the 31 March 2024 valuation the scheme is expected to deliver around £30 million of future profit.

At French Railways House & 50 Jermyn Street, SW1, we have now obtained vacant possession and have commenced the strip out of the buildings. Our major office-led redevelopment will provide 67,600 sq ft (up from 54,700 sq ft) of new Grade A space and is expected to complete in mid-2026. The scheme is designed to embrace the principles of the circular economy which includes retaining the existing foundations and basement and reusing the structural steel from the demolition of 2 Aldermanbury Square, EC2. Once complete, the building will provide best in class, column free space together with high-specification amenities including a wellness suite, private terraces on the upper floors, a communal roof terrace with panoramic views, as well as the highest sustainability credentials. We have £95 million cost to come and the scheme is anticipated to deliver a profit on cost of 23.7%, an ungeared IRR of 14.5% and a 6.4% development yield.

At Minerva House, SE1, Southwark Council resolved to grant planning permission for the redevelopment and good progress has been made to prepare the site to start this year. We committed to the development in April 2024, and our plans will take the overall commercial space to 143,100 sq ft, an increase of approximately 56% on the existing area.

Our proposals will take full advantage of the building's river frontage and, by adding additional storeys, we will be able to create outdoor terraces and amenity space with commanding views over central London. The refurbishment will also improve the public realm around the building, creating new and improved connections through the site as well as attractive new gardens that will contribute to local greening and biodiversity and provide space for people to enjoy in the setting of Southwark Cathedral. Our proposals will retain and reuse the majority of the existing building's structure, including two primary façades and provide market leading sustainability credentials. The scheme is anticipated to deliver a profit on cost of 19.1%, an ungeared IRR of 11.7% and a development yield of 7.0%.

In total, across the three on-site HQ schemes we have committed expenditure to come of £424 million.

Two near-term development schemes

Beyond our three committed schemes, we have a substantial and flexible pipeline of four uncommitted HQ schemes, including two schemes in our near-term pipeline.

At our recently acquired Soho Square Estate, W1, we continue to work up our plans to refine the existing planning consent to deliver around 100,300 sq ft of new Grade A office and prime retail space. The redevelopment will provide a best-in-class HQ office building on Soho Square with flagship retail fronting Oxford Street, with multiple private terraces and a communal roof terrace, all adjacent to the Tottenham Court Elizabeth line station. We anticipate starting on site early next year. We anticipate that the redevelopment will deliver healthy returns, with an expected profit on cost of 20.7%, an ungeared IRR of 10.4% and a development yield of 5.8%.

At New City Court, SE1, we submitted two planning applications to Southwark Council to redevelop the building, the first in December 2018 for a 372,500 sq ft scheme, and a second in April 2021 for a 389,100 sq ft scheme.

Following an appeal for non-determination, in September 2023, we received confirmation that the Planning Inspector's report recommended the planning applications were refused and the Secretary of State agreed with its conclusions.

As a result of the planning decision, we are exploring the opportunity to reuse and extend the existing building, combining Fully Managed and Ready to Fit spaces, to create a renewed building with exemplary sustainability credentials, amenity provision, flexible spaces and far-reaching views from large, landscaped roof terraces.

In total, our three committed and two near-term schemes comprise around £770 million of anticipated capital expenditure and are expected to deliver 0.8 million sq ft of best-in-class, highly sustainable space, perfectly placed to benefit from a market where forward look supply is severely constrained. With a further three schemes in the medium-term pipeline, our HQ development programme totals 1.1 million sq ft and will provide strong growth potential over the coming years, which we plan to supplement through further acquisitions.

Commitment to further Flex expansion

In order to expand our Flex office offers, and meet our ambitious targets for growth, we are on-site at four refurbishments to provide new dedicated Fully Managed spaces, as well as converting a significant number of individual floors across our portfolio.

Four committed Fully Managed refurbishments

We have recently committed to the refurbishment of 141 Wardour Street, W1 which will provide 29,900 sq ft of new Fully Managed led space in the heart of Soho. 141 Wardour Street will build on our success to date at nearby 16 Dufour's Place, W1, delivering light-filled floorplates of 2,000 to 4,000 sq ft, terraces on the upper floors and excellent amenity space. The construction is expected to complete in early 2025 with capex to come of £20 million.

At 6 St Andrew Street, EC4, we started on site in June 2023 to deliver 47,800 sq ft of new Grade A Fully Managed offices. Our plans include the addition of two new storeys, together with extensive terracing and significant amenity throughout the building. We anticipate that the scheme will complete in Q3 2024, and will cost £16 million to finish.

At 31/34 Alfred Place, WC1, in the heart of Fitzrovia, we have committed to an extensive refurbishment of the entirety of the 41,700 sq ft building to provide outstanding Fully Managed office space. The cost to convert the space will be £13 million and we anticipate the scheme will be completed in Q4 2024.

At Egyptian and Dudley House, SW1, we are comprehensively refurbishing the building to provide 25,600 sq ft of Fully Managed space. We are infilling lightwells to expand floorplates, creating new first-floor amenity space and creating an external terrace with garden to provide additional amenity and biodiversity. The scheme is expected to complete in spring 2025 and will cost £25 million to finish.

Together with a number of other conversions, we anticipate growing our Flex offerings from 503,000 sq ft today to 605,000 sq ft organically. Moreover, we are aiming to add to this programme through acquisition, as demonstrated by our recent exchange of contracts to purchase of The Courtyard, WC1, and are targeting enlarging our Flex offerings to one million sq ft over the coming years.

How we are positioned

In total, our HQ development and Flex capex programme provides a strong platform for organic growth. Together, our seven on-site schemes will deliver 678,000 sq ft of well-designed, tech-enabled and sustainable space into a market where prospective supply is increasingly limited. Moreover, with around £120 million of anticipated profit to come from these schemes, they will provide a strong foundation to the Group's growth in the coming years.

Our leasing and Flex activities

With a continued high demand for best-in-class spaces, we delivered another strong leasing performance. Supported by our Fully Managed spaces we signed £22.5 million of new leases, beating rental values by 9.1%. Our customer retention also remained high at 83%

During the year, our rental values increased by 3.8% across the portfolio. Within this, our retail space outperformed our offices for the first time in a while, with like-for-like retail rental values increasing by 4.4% compared with a 3.6% increase in office rental values. Within our offices, our Fully managed rental values outperformed, increasing by 5.2% on a like-for-like basis.

With customers increasingly demanding the very best, sustainable spaces, we expect the trend of the best spaces outperforming the rest to continue. This supportive demand in a market starved of new, Grade A supply, means the occupational market dynamics remain in our favour. Our rental growth guidance for the next year continues to remain positive, at 3.0% to 6.0%, with the best spaces even higher at 5.0% to 10.0%.

The key leasing highlights for the year included:

- 66 new leases and renewals completed during the year (2023: 105 leases), generating annual rent of £22.5 million (our share: £19.8 million; 2023: £52.8 million), with market lettings 9.1% ahead of ERV;
- of the new leases signed, five were Fitted and 24 were Fully Managed space, achieving on average £208 per sq ft on the Fully Managed space, 12.6% ahead of March 2023 ERV;
- 26 new retail leases securing £7.0 million of rent with market lettings 4.7% ahead of March 2023 ERV, including new London flagship store for TK Maxx on Oxford Street;
- 11 rent reviews securing £8.4 million of rent (our share: £5.8 million; 2023: £6.3 million) were settled at an increase of 3.3% over the previous rent and 16.7% ahead of ERV at review date;
- total space covered by new lettings, reviews and renewals was 401,500 sq ft (2023: 861,200 sq ft);
- the Group's vacancy rate decreased to 1.3% (31 March 2023: 2.5%);
- the Group's rent roll has increased by 1.0% to £107.5 million following a successful leasing period (not including the pre-let at 2 Aldermanbury Square, EC2) offset by vacant possessions ahead of developments; and
- 97% (by area) of the 104 leases with breaks or expiries in the 12 months to 31 March 2024 were retained (83%), re-let, or are under offer, leaving 10,200 sq ft still to transact.

Flex: £13.7 million, strong leasing successes

At 16 Dufour's Place, W1, we renewed the 3rd floor (3,100 sq ft) lease with a marketing firm on a Fully Managed basis. They have taken an additional two year lease, paying a rent of £278 per sq ft, an increase of 53% on their previous terms. This new lease, together with a number of other lease renewals in the building during the year, has increased the average rent in the building to £250 per sq ft.

At The Hickman, E1, we completed the letting to New Look on the third and fourth floors (23,242 sq ft) on a Fitted basis on ten-year leases with an option to break at year seven. New Look was an existing GPE customer and vacated 35,860 sq ft at Wells & More, W1, which has provided GPE with the opportunity to refurbish and re-lease the space in this prime Fitzrovia location. The Hickman is now fully let.

In total, we signed £13.7 million of new leases in our Flex space; £1.6 million Fitted and £12.1 million Fully Managed leases at a combined 12.3% ahead of March 2023 ERV. Our Fully Managed deals achieved on average £208 per sq ft, 12.6% ahead of March 2023 ERV.

Our Flex space continues to grow on target to hit one million sq ft

During the year, including our Flex Partnerships, we increased our committed Flex offerings across the portfolio and they now total 503,000 sq ft (or c.23.5% of our offices). Our four on-site Flex refurbishments are progressing well, with 6 St Andrew Street, EC4 and Alfred Place, WC1 on track to be delivered in Q3 2024, whilst Egyptian and Dudley House, SW1 and 141 Wardour Street, W1 will complete in 2025.

Looking forward, our portfolio is well suited to further Flex growth. Our average building size is small at around 65,000 sq ft and more than 80% of our floors are sub-10,000 sq ft. Together with good progress across our various on-floor refurbishments, we have increased our committed Flex space to 503,000 sq ft (up from 434,000 in September 2023) as we remain on track to meet our one million sq ft ambition. Moreover, we are seeing continued strong demand for our Flex spaces and, following a strong leasing, our completed Fitted and Fully Managed spaces are now 98% let. Furthermore, we are excited for opportunities to further supplement this growth through acquiring buildings that lend themselves to our flexible space offer. In total, we are targeting growth, both organically and through acquisition, to one million sq ft.

Ready to Fit: £1.8 million deals completed

We completed ten Ready to Fit deals across various buildings during the year, beating the March 2023 ERV by 2.2%.

At 2 Aldermanbury Square, EC2, Clifford Chance chose not to exercise their option to hand back the first to fourth floors of the building (up to 89,000 sq ft) in early March 2024, confirming their commitment to all of the office space. Good progress has been made ahead of the building's completion in Q1 2026 and we look forward to welcoming them to the building.

Retail: £7.0 million, resurgent demand

During the year, our retail leasing was strong. At our Piccadilly Buildings, San Carlo, the award-winning restaurant group, signed a lease for its new flagship Cicchetti, occupying 7,000 sq ft over ground and basement floors, across two units.

On Regent Street, we completed two flagship retail lettings to The North Face and JOSEPH. The North Face has traded successfully at GPE's Walmar House site since 2015 and signed a 10 year lease on an additional 10,000 sq ft ahead of 31 March 2023 ERV. Further south on Regent Street, British contemporary designer fashion brand, JOSEPH, also signed a lease for a new store located at Kingsland House, 124 Regent Street, W1, completing the repositioning of the retail offering at the building.

At Mount Royal, 508/540 Oxford Street, W1, TK Maxx, Europe's leading off-price apparel and homeware retailer, signed up for its latest London flagship store. The store comprises 22,500 sq ft across the ground and first floor levels, with 70 ft of Oxford Street frontage. This will be TK Maxx's second store on Oxford Street. In addition, the high street health and beauty retailer, Superdrug, also recently re-geared its retail lease for their 8,000 sq ft store at Mount Royal, committing to another 10 years.

In April 2024, we let the retail space at 141 Wardour Street, W1 to British luxury retail brand, REPRESENT, for its new London flagship store. The space comprises 5,000 sq ft across two floors, which will be its second store globally to date, following its LA opening in West Hollywood.

Customer retention 83%

Customer relationship management and retention are also a key part to our success. In addition to delivering market leading NPS scores, our customer retention numbers are strong. We have retained 83% across the whole portfolio in the last 12 months.

This high retention rate helps reduce vacancy costs and lowers refresh capital expenditure in our Flex spaces. Furthermore, should a customer need to move, we aim to utilise our broad portfolio to allow them to grow or contract with us. This includes transitioning some of our long-term Ready to Fit customers into our Flex space, as well as providing opportunities for some of our smaller Flex customers to graduate into larger and longer-term spaces as they grow.

How we are positioned

Despite a weak macro-economic backdrop, we anticipate that current occupational trends will continue. We expect that the demand for the best spaces will outstrip supply and the trend for smaller spaces to be provided on a flexible basis to increasingly become the norm. Buildings that are unable to meet this evolving demand, particularly in the face of competition from elevated secondary supply, will underperform. The gap between the best and the rest is likely to widen further.

Against this backdrop, we remain well positioned: our leasing record remains strong, our committed development programme is focused on high quality, well-located office-led schemes that have enduring demand, we are delivering innovative products that lease well, office rents remain affordable and 93% of our portfolio is within walking distance of an Elizabeth line station.

Our investment activities

Despite a muted investment market, we were net investors during the year, acquiring three buildings to augment both our HQ repositioning pipeline and our Flex office offers. Looking forward, our acquisition pipeline is growing and since the year end we have further added to our Flex offer with our recent exchange of contracts to purchase the Courtyard, WC1.

Acquisitions for the year ended 31 March 2024

	Price £m	NIY %	Area sq ft	Cost per sq ft
Soho Square Estate, W1	70.0	2.1%	57,500	772[1]
141 Wardour Street, W1	39.0	n/a	33,700	1,156
Bramah House, SE1	13.9	5.9%	16,000	892
Total	**122.9**		**107,200**	**911**

1. On consented area.

In August 2023, we acquired the Soho Square Estate, W1, for £70.0 million (£772 per sq ft on consented NIA). The site is located in the heart of the West End at the eastern end of Oxford Street and backs onto Soho Square, just 100 metres from the new Tottenham Court Road Elizabeth line station. The 0.5 acre site benefits from planning consent to demolish the existing buildings and deliver around 100,300 sq ft of new Grade A office and prime retail space.

We intend to re-work the designs to improve the quality of the space, further increasing its attractiveness to prospective customers in a materially undersupplied market. The redevelopment will provide a best-in-class HQ office building on Soho Square with flagship retail fronting Oxford Street, with multiple private terraces on the upper floors and a communal roof terrace.

In May 2023, we acquired 141 Wardour Street, W1 for £39.0 million (£1,156 per sq ft). The 33,700 sq ft building was vacant, had been stripped out by the previous owner and benefited from planning consent for a comprehensive refurbishment. The building is in the heart of Soho, prominently positioned on the corner of Wardour Street and Broadwick Street and within a five-minute walk of the new Tottenham Court Road Elizabeth line station. The building is perfectly suited to our Fully Managed offer and will provide best-in-class office and retail accommodation.

Also in May 2023, we acquired Bramah House, SE1 for £13.9 million, reflecting a 5.9% net initial yield and a capital value of £892 per sq ft. The 16,000 sq ft freehold building is multi-let, and over time, we intend to convert the space to Fully Managed offices. The building is located opposite our existing ownership at Woolyard and will add to a growing Fully Managed cluster.

Sales for the year ended 31 March 2024

	Price £m	Premium/(discount) to book value %	Price per sq ft £	NIY %
Poland Street, W1	5.0	(13.4%)	995	5.5%
6 Brook Street, W1	8.4	–	2,306	3.0%
Total	**13.4**	**(5.4%)**	**1,546**	

We also took the opportunity to sell two smaller non-core West End assets for £13.4 million, at a 5.4% discount to the March 2023 valuation.

Disciplined approach

With interest rates remaining elevated, our investment markets have slowed and we have seen asset values decline, particularly for assets with vacancy, short-term income or development risk. We anticipate that against this backdrop some property owners will be increasingly motivated to sell and fully expect further opportunities to buy over the course of 2024. However, we remain disciplined. Any potential purchase needs to outperform the assets we already own, and with our existing portfolio stacked with opportunity, the hurdle is high.

How we are positioned

We are actively seeking new buildings for our Flex offerings, as well as opportunities for HQ repositioning or development and we increasingly expect the sustainability challenge to provide us with opportunities to acquire stranded assets needing a sustainability solution.

Encouragingly, there are clear signs that the investment market is moving in our favour, with more opportunities trading closer to our view of fair value. Furthermore, we currently have £1.4 billion of assets actively under review. They are predominantly off market, split broadly equally between HQ repositioning opportunities and Flex and around half are in the West End. Beyond this we have a further watchlist of £1.4 billion additional opportunities which we are actively tracking.

Of these opportunities, three buildings, totalling around £250 million are near-term opportunities, one of which recently exchanged at The Courtyard, WC1. We have exchanged to buy the building for £10.4 million of cash and through a property exchange of 95/96 New Bond Street for £18.2 million. The Courtyard comprises 62,000 sq ft of vacant office and partially let retail space and is well suited to be repositioned into the Group's Fully Managed offering. The Courtyard is located in a prime West End location, around 400 meters from Tottenham Court Road Elizabeth line station, and is adjacent to Alfred Place, one of the Group's other Fully Managed buildings.

Our financial results

Please see accompanied graphics (see appendix 4)

As is usual practice in our sector, we use alternative performance measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionately consolidated basis to include joint ventures, as it best describes how we manage the portfolio, like-for-like measures and using measures prescribed by EPRA. The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector. Reconciliations of APMs are included in note 9 of the financial statements.

Lower IFRS NAV and EPRA NTA per share driven by valuation declines

IFRS NAV and EPRA NTA per share at 31 March 2024 were 624 pence per share, a decrease of 17.6% over the year, largely due to the 12.1% like-for-like valuation decrease in the property portfolio. When combined with ordinary dividends paid of 12.6 pence per share, this delivered a Total Accounting Return of minus 15.9%.

The main drivers of the 133 pence per share decrease in EPRA NTA from 31 March 2023 included:

- the decrease of 127 pence per share arising from the revaluation of the property portfolio, with virtually all of the decline arising from upward pressure on property yields as a result of higher interest rates;
- EPRA earnings for the year of 7 pence per share enhanced NTA; and
- ordinary dividends paid of 13 pence per share reduced NTA.

At 31 March 2024, the Group's net assets were £1,583.0 million, down from £1,918.6 million at 31 March 2023, with the decrease largely attributable to the decrease in property valuation of £322.2 million. EPRA NDV and EPRA NRV were 644 pence and 691 pence at 31 March 2024 respectively, compared with 790 pence and 826 pence at 31 March 2023.

Revenue increased due to increased rental income

Revenue for the year was £95.4 million, up from £91.2 million on the prior year, driven by higher gross rental income (up £0.6 million), increased service charge income (up £1.9 million)and greater Fully Managed services income (up £2.7 million) given its expansion. The increase in revenue was supported by our successful leasing, where we signed 66 leases, generating new annual income of £22.5 million p.a. (our share: £19.8 million) and reduced our investment void from 2.5% at 31 March 2023 to 1.3% at
31 March 2024.

Net rental income, after taking account of expected credit losses, lease incentives and ground rents, was £72.1 million, up from £70.9 million in the prior year, as we saw the benefit from the commencement of new leases given our strong leasing year and a reduced credit loss provision as our rental collection rates returned to more normalised levels.

Given the increase of our Fully Managed spaces during the year, and the associated management information, we have presented our Fully Managed spaces as a separate segment.

Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including share of joint ventures) increased by 4.1% excluding expected credit losses.

Joint venture fee income for the year was £1.7 million, a decrease of £0.7 million, as a result of limited leasing or sales activity in the joint ventures during the year.

Strong rent collection

We secured in excess of 99% of all rents, including in our joint ventures, within seven days of the due date. Since 1 April 2023, four of our customers have gone into administration, representing less than 0.7% of our rent roll. At 31 March 2024, we held rent deposits and bank guarantees totalling £21.3 million, including our share of joint ventures.

Cost of sales increased

Cost of sales increased from £32.2 million to £33.3 million for the year ended 31 March 2024. This increase was primarily driven by increased service charge expenses, which includes Fully Managed services costs, which rose as our Fully Managed spaces grew over the year. At 31 March 2023, we had 55 Fully Managed units, at 31 March

2024 this rose to 82 units. Other property expenses reduced by £5.0 million, due to lower average levels of vacancy reducing payments for business rates on empty spaces, reduced leasing costs as activity was lower given last year's record performance and lower amounts paid to third parties in respect of joint venture transactions due to lower levels of activity.

Taken together, net service charge income, net Fully Managed services income and expenses, other property costs and expected credit loss provisions for service charges reduced to £11.4 million from £15.2 million in the prior year.

Joint venture earnings

EPRA earnings from joint ventures were £9.8 million, unchanged on the prior year, with a £1.2 million increase in net rental income offset by higher property and administration costs.

Administration costs

Administration costs were £42.3 million, £4.0 million higher than the previous year. The increase in the Group's overhead was due to an increase in employment costs, due to inflationary salary uplifts and the cost associated with team restructuring of around £2.0 million. In addition, provisions for share-based payments returned to more normalised levels as the reversal of prior year charges under the Group's LTIP scheme in the year ended 31 March 2023 did not reoccur in the current year. Looking forward, we anticipate that recent years' growth in the Group's overhead cost will moderate significantly.

Increased interest costs

Gross interest paid on our debt facilities was £26.5 million, £8.7 million higher than the prior year. This increase was primarily due to a combination of higher levels of average drawn debt (including the utilisation of the Group's new £250 million term loan), which was used to fund both our recent acquisitions as well capital expenditure on the Group's development and Flex refurbishments, together with higher underlying interest rates.

Capitalised interest increased by £2.5 million to £11.3 million as our development activity increased, including the commitments to develop French Railways House & 50 Jermyn Street, SW1 and Minerva House, SE1 as well as the commencement of a growing number of refurbishment schemes to deliver on our Flex ambitions, including 141 Wardour Street, W1, Egyptian & Dudley House, SW1 and 31/34 Alfred Place, WC1. As a result, the Group had net finance costs (including interest receivable) of £11.6 million (2023: £5.5 million).

EPRA earnings

EPRA earnings were £17.9 million, 25.4% lower than last year as expected, predominantly due to higher finance costs and administration expenses offset by increased net rental income and lower property costs.

Revaluation declines in the Group's investment properties, together with reduced EPRA earnings, led to the Group's reported IFRS loss after tax of £307.8 million (2023: £163.9 million).

Basic and diluted loss per share for the year were both a 121.7 pence loss, compared with 64.8 pence for 2023. Diluted EPRA EPS was 7.1 pence (2023: 9.5 pence), a decrease of 25.3% and cash EPS was 1.4 pence (2023: 1.4 pence).

Results of joint ventures

The Group's net investment in joint ventures decreased to £491.3 million at 31 March 2024, down from £538.8 million in the previous year. The decrease is largely due to the 10.2% like-for-like decrease in value of the joint venture property portfolio. Our share of joint venture net rental income was £19.4 million, up 6.6% from last year. This increase was primarily as a result of completing the leasing of the retail space at Hanover Square, W1 in the GHS Partnership.

Our capital strength

While our primary objective is to deliver returns consistently ahead of our cost of capital, we also seek to minimise the cost of our capital through the appropriate mix of equity and debt finance, and to ensure that we have access to sufficient financial resources to implement our business plans. Optimising and flexing the allocation of capital across our portfolio, including between our investment and development activities, is key to our business and ensuring that we maximise returns on a risk-adjusted basis through the property cycle. Accordingly, we operate with four key 'givens':

- conservative leverage to enhance, not drive, returns;
- sustainable ordinary dividends;
- disciplined capital allocation; and
- balance sheet efficiency – track record of accretively raising and returning capital.

Our preference for low financial leverage helps to provide downside protection when operating in the cyclical central London property market and to maintain the financial flexibility to allow us to act quickly on new investment opportunities as they arise.

Our capital strength; EPRA LTV of 32.6%

The Group's consolidated net debt increased to £721.0 million, or £738.0 million excluding customer deposits at 31 March 2024, compared with £457.7 million at 31 March 2023. The increase was largely due to the acquisition of three buildings during the year for £122.9 million (excluding costs), together with £142.4 million of development and refurbishment capital expenditure across the Group. As a result, the Group's gearing increased to 46.8% at 31 March 2024 from 24.0% at 31 March 2023. Including cash balances in joint ventures, total net debt, excluding net liabilities, was £695.3 million (2023: £440.0 million) or £713.5 million excluding customer deposits, equivalent to an EPRA LTV of 32.6% (2023: 19.8%). At 31 March 2024, we had no external debt in any of our joint ventures. At 31 March 2024, the Group, including its joint ventures, had unrestricted cash (£30.4 million) and undrawn committed credit facilities (£603.0 million) totalling £633.4 million.

During the year, to support the delivery of our strategic priorities, including funding the Group's near-term development programme and the £175 million private placement debt maturity in May 2024, we secured a new £250 million term loan at a headline margin of 175 basis points over SONIA with three existing relationship banks. The loan has an initial three-year term which may be extended to a maximum of five years. Given the elevated interest rate environment, and our greater weighting to SONIA rates through the drawdown of our £250 million loan facility, the Group's weighted average cost of debt for the year, including fees, was 4.1% and its weighted average interest rate (excluding fees) was 4.3% up from 3.0% and 2.7% respectively. At 31 March 2024, our weighted average drawn debt maturity was at 3.4 years (31 March 2023: 6.4 years). At 31 March 2024, 87% of the Group's total drawn debt was at fixed or hedged rates (2023: 97%). The Group is operating with substantial headroom over its debt covenants. At 31 March 2024, given our low levels of leverage, property values would have to fall a further 34% before covenant breach.

Balance sheet discipline

When considering the appropriate level of financial leverage in the business, we apply the same capital discipline that we use when making asset-level decisions. Typically, we aim for an LTV ratio of between 10% and 35% through the cycle. Additionally, we have a track record of accretively raising and returning equity capital to shareholders at the appropriate time and in the appropriate circumstances, including returning £616 million to shareholders between 2017 and 2020, following profitable recycling activity. Our key considerations when making such capital decisions include:

- the market outlook;
- opportunities for growth (both capital expenditure and acquisitions);
- opportunities for profitable recycling activity; and
- current and prospective debt ratios (including LTV and interest cover).

Taxation

The tax credit in the income statement for the year was £nil million (2023: £0.1 million) and the effective tax rate on EPRA earnings was 0% (2023: 0%). The majority of the Group's income is tax free as a result of its REIT status, and other allowances were available to set against non-REIT profits. The Group complied with all relevant REIT tests for the year to 31 March 2024.

As a REIT, the majority of rental profits and chargeable gains from our property rental business are exempt from UK corporation tax, provided we meet a number of conditions, including distributing at least 90% of the rental income profits of this business (known as Property Income Distributions (PIDs)) on an annual basis. These PIDs are then typically treated as taxable income in the hands of shareholders. During the year, the Group paid £20.0 million of PIDs.

The Group's REIT exemption does not extend to either profits arising from the sale of trading properties or gains arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years (including the sale of 50 Finsbury Square, EC2, which completed in February 2023). The Group is otherwise subject to corporation tax. Despite being a REIT, we are subject to a number of other taxes and certain sector-specific charges in the same way as non-REIT companies. During the year, we incurred £10.6 million in respect of stamp taxes, section 106 contributions, community infrastructure levies, empty rates in respect of vacant space, head office rates, employer's National Insurance and irrecoverable VAT.

All entities within the Group are UK tax resident; as our business is located wholly in the UK, we consider this to be appropriate. The Group maintains an open working relationship with HMRC and seeks pre-clearance in respect of complex transactions. HMRC regards the Group as 'low risk' and maintaining this status is a key objective of the Group.

Ordinary dividends

Given the low yielding nature of London real estate, the Group operates a low and progressive ordinary dividend policy, with the aim of maintaining average dividend cover of 1.0x through the cycle. The Board has recommended a final dividend of 7.9 pence per share (2023: 7.9 pence) which will be paid, subject to shareholder approval, on 8 July 2024 to shareholders on the register on 31 May 2024. Approximately half of the final dividend will be a REIT PID in respect of the Group's tax-exempt property rental business.

Together with the interim dividend of 4.7 pence per share, the total dividend for the year is 12.6 pence per share, consistent with the prior 12 months.

Group income statement

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Revenue	3	**95.4**	91.2
Cost of sales	4	**(33.3)**	(32.2)
		62.1	59.0
Administration expenses	5	**(42.3)**	(38.3)
Expected credit losses		**(0.1)**	(0.8)
Development management losses		**–**	(0.1)
Operating profit before deficit from investment property, revaluation movements and results of joint ventures		**19.7**	19.8
Deficit from investment property	10	**(267.3)**	(145.0)
(Deficit)/surplus on revaluation of other investments	13	**(0.2)**	0.1
Share of results of joint ventures	11	**(46.7)**	(33.4)
Operating loss		**(294.5)**	(158.5)
Finance income	6	**6.1**	6.0
Finance costs	7	**(17.7)**	(11.5)
Fair value loss on derivatives	17	**(1.7)**	–
Loss before tax		**(307.8)**	(164.0)
Tax	8	**–**	0.1
Loss for the year		**(307.8)**	(163.9)
Basic loss per share	9	**(121.7p)**	(64.8p)
Diluted loss per share	9	**(121.7p)**	(64.8p)
Basic EPRA earnings per share	9	**7.1p**	9.5p
Diluted EPRA earnings per share	9	**7.1p**	9.5p

All results are derived from continuing operations in the UK and are attributable to ordinary equity holders.

Group statement of comprehensive income

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Loss for the year		**(307.8)**	(163.9)
Items that will not be reclassified subsequently to profit and loss			
Actuarial gain on defined benefit scheme	26	**0.1**	0.3
Deferred tax on actuarial gain on defined benefit scheme	8	**–**	(0.1)
Total comprehensive expense for the year		**(307.7)**	(163.7)

Group balance sheet

At 31 March 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Investment property	10	**1,911.0**	1,922.2
Investment in joint ventures	11	**491.3**	538.8
Property, plant and equipment	12	**2.0**	3.5
Pension asset	26	**4.9**	4.1
Derivative financial instruments	17	**0.4**	–
Other investments	13	**2.4**	1.8
		2,412.0	2,470.4
Current assets			
Trade and other receivables	14	**24.9**	15.8
Cash and cash equivalents	22	**22.9**	19.4
		47.8	35.2
Current assets held for sale			
Investment property held for sale	10	**18.2**	–
		18.2	–
Total assets		**2,478.0**	2,505.6
Current liabilities			
Interest-bearing loans and borrowings	16	**(175.0)**	–
Trade and other payables	15	**(76.2)**	(56.8)
Corporation tax	8	**(0.3)**	–
		(251.5)	(56.8)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(565.4)**	(458.5)
Head lease obligations	18	**(74.1)**	(66.7)
Occupational lease obligations	19	**(1.0)**	(2.0)
Provisions in respect of warranties on sold buildings		**(3.0)**	(3.0)
		(643.5)	(530.2)
Total liabilities		**(895.0)**	(587.0)
Net assets		**1,583.0**	1,918.6
Equity			
Share capital	20	**38.7**	38.7
Share premium account		**46.0**	46.0
Capital redemption reserve		**326.7**	326.7
Retained earnings		**1,166.0**	1,504.4
Investment in own shares	21	**5.6**	2.8
Total equity		**1,583.0**	1,918.6

Basic net assets per share (diluted)	9	**624p**	757p
EPRA NTA (diluted)	9	**624p**	757p

Approved by the Board on 22 May 2024 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Chief Financial & Operating Officer

Group statement of cash flows

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Operating activities			
Operating loss		**(294.5)**	(158.5)
Adjustments for non-cash items	23	**313.4**	175.1
(Increase)/decrease in receivables		**(8.6)**	5.3
Increase/(decrease) in payables		**4.1**	(6.1)
Cash generated from operations		**14.4**	15.8
Interest paid		**(22.3)**	(17.6)
Interest received		**0.3**	0.1
Cash flows used in operating activities		**(7.6)**	(1.7)
Investing activities			
Distributions from joint ventures		**–**	7.5
Repayment of loans by joint ventures		**6.7**	9.0
Investment in joint ventures		**(0.1)**	–
Purchase of other investments		**(0.8)**	(0.7)
Development of investment property		**(121.7)**	(80.5)
Purchase of investment property		**(128.3)**	(39.9)
Purchase of plant and equipment		**(0.1)**	(0.2)
Sale of properties		**12.6**	217.4
Cash flows (used in)/generated from investing activities		**(231.7)**	112.6
Financing activities			
Revolving credit facility repaid	16	**(275.4)**	(387.0)
Revolving credit facility drawn	16	**308.4**	314.0
Term loan drawn	16	**248.0**	–
Purchase of derivative	17	**(2.1)**	–
Payment of lease obligations		**(3.4)**	(3.3)
Dividends paid	24	**(32.7)**	(31.9)
Cash flows generated from/(used in) financing activities		**242.8**	(108.2)
Net increase in cash and cash equivalents		**3.5**	2.7
Cash and cash equivalents at 1 April		**19.4**	16.7
Cash and cash equivalents at 31 March	22	**22.9**	19.4

Group statement of changes in equity

For the year ended 31 March 2024

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2023		**38.7**	**46.0**	**326.7**	**1,504.4**	**2.8**	**1,918.6**
Loss for the year		**–**	**–**	**–**	**(307.8)**	**–**	**(307.8)**
Actuarial gain on defined benefit scheme	26	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Deferred tax on defined benefit scheme		**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive expense for the year		**–**	**–**	**–**	**(307.7)**	**–**	**(307.7)**
Employee incentive plan charges	21	**–**	**–**	**–**	**–**	**4.0**	**4.0**
Dividends to shareholders	24	**–**	**–**	**–**	**(31.9)**	**–**	**(31.9)**
Transfer to retained earnings	21	**–**	**–**	**–**	**1.2**	**(1.2)**	**–**
Total equity at 31 March 2024		**38.7**	**46.0**	**326.7**	**1,166.0**	**5.6**	**1,583.0**

Group statement of changes in equity

For the year ended 31 March 2023

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2022		38.7	46.0	326.7	1,697.9	3.6	2,112.9
Loss for the year		–	–	–	(163.9)	–	(163.9)
Actuarial gain on defined benefit scheme	26	–	–	–	0.3	–	0.3
Deferred tax on defined benefit scheme		–	–	–	(0.1)	–	(0.1)
Total comprehensive expense for the year		–	–	–	(163.7)	–	(163.7)
Employee Long-Term Incentive Plan charge	21	–	–	–	–	1.3	1.3
Dividends to shareholders	24	–	–	–	(31.9)	–	(31.9)
Transfer to retained earnings	21	–	–	–	2.1	(2.1)	–
Total equity at 31 March 2023		38.7	46.0	326.7	1,504.4	2.8	1,918.6

Notes forming part of the Group financial statements

1 Material accounting policies

Basis of preparation

The financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the financial statements for the year ended 31 March 2024. Whilst the financial information included in this announcement has been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Company's financial statements for the years ended 31 March 2024 or 2023, but is derived from those financial statements. The auditors' reports on both the 2024 and 2023 financial statements were not qualified or modified.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties and certain financial instruments which are held at fair value. The consolidated financial statements, including the results and financial position, are expressed in sterling (£), which is the presentation currency of the Group.

The Directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2024, with particular focus on the impact of the macro-economic conditions in which the Group is operating. The Directors also considered the Group's net current liability position as at 31 March 2024, which is primarily driven by the maturity in May 2024 of a £175 million private placement note (see note 16). The Directors' assessment is based on the next 12 months of the Group's financial forecasts from the date of approval of the annual report, including a going concern scenario which included the following key assumptions:

- a 14% decline in the valuation of the property portfolio; and
- a 35% decline in earnings before interest and tax.

The going concern scenario did not include the proceeds of the intended rights issue and demonstrates that the Group over the next 12 months:

- has sufficient liquidity to fund its ongoing operations;
  - is operating with significant headroom above its Group debt financing covenants;
  - property values would have to fall by 18% before breach (or 34% from 31 March 2024 values);
  - earnings before interest and tax would need to fall by 42% before breach (or 63% from 31 March 2024 levels); and
- has sufficient liquidity to continue its operations on repayment of the Group's £175 million private placement notes, that mature in May 2024, as were repaid on 22 May 2024.

The Directors also conducted extensive stress testing, sensitising the potential impact of climate change as detailed further in the viability statement as well as the impact of removing non-committed disposal proceeds and capital expenditure. Based on these considerations, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors have adopted the going concern basis in preparing the accounts for the year ended 31 March 2024. The Group has adopted a number of alternative performance measures, see note 9 for further detail.

Critical accounting judgements and key sources of estimation uncertainty

In the process of preparing the financial statements, the Directors are required to make certain judgements, assumptions and estimates. Not all of the Group's accounting policies require the Directors to make difficult, subjective or complex judgements or estimates. Any estimates and judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the Directors' best knowledge of the amount, event or actions, actual results may differ from those estimates.

No critical judgements have been made.

The following is intended to provide an understanding of the estimates that management consider critical because of the level of complexity, judgement or estimation involved in their application and their material

impact on the financial statements.

Key source of estimation uncertainty: investment property portfolio valuation

The valuation to determine the fair value of the Group's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions and estimations, including future rental income, anticipated capital expenditure, including future development costs and an appropriate discount rate. The valuer also makes reference to market evidence of transaction prices for similar properties. Information about the valuation techniques, significant assumptions and associated key unobservable inputs sensitivity disclosures are disclosed in note 10. An adjustment to any of these assumptions could lead to a material change in the property valuation. For the current year and prior year, the Directors adopted the valuation without adjustment – further information is provided in the accounting policy for investment property and note 10.

New accounting standards

In the current year, the Group has applied a number of amendments to IFRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. These new standards and amendments are listed below:

- IFRS 17 – Insurance contracts;
- Disclosure of accounting policies amendments to IAS 1 and IFRS Practice Statement 2;
- Amendments to IAS 8 – Accounting policies – definition of accounting estimates;
- Amendments to IAS 12 – Income taxes – deferred tax relating to assets and liabilities arising from a single transaction; and
- OECD Pillar Two Rules (out of scope).

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IAS 1 – Presentation of financial statements – classification of liabilities as current or non-current and non-current liabilities with covenants;
- Amendments to IFRS 16 – Leases – lease liability in a sale and leaseback;
- IFRS 18 – Presentation and Disclosure in Financial Statements;
- Amendments to IAS 7 and IFRS 7 – supplier finance arrangements; and
- Amendments to IFRS 10 and IAS 28 – sale or contribution of assets between an investor and its associate or joint venture.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, with the exception of IFRS 18, where the Directors are assessing its potential impact.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2024. Subsidiary undertakings are those entities controlled by the Group. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Revenue

Gross rental income comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable, on a straight-line basis. Initial direct costs incurred in arranging a lease are added to the carrying value of investment properties and are subsequently recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives, including rent-free periods and payments to customers, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of resulting accrued rental income is included within the respective property, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease.

Revenue from Fully Managed spaces is split between an amount attributable to the rent on a fitted basis and services income as set out in the lease agreement, which is based on stand-alone selling prices. Where the lease agreement does not provide an attribution, the Group splits the revenue based on the ERV of the fitted rent, which represents the stand-alone selling price. The rent is recognised in gross rental income (see above) and the services income is recorded over the period when the services are provided and benefit the customer.

The Group's Flex Partnerships represent leases with third-party operators where the rent payable is calculated by reference to the profitability of the space under management. The rent is recognised in gross rental income (see above).

Service charge income is recorded over the period when the services are provided and benefit the customer.

Cost of sales

Service charge expenses represent the costs of operating the Group's portfolio and are expensed as incurred.

Fully Managed service costs represent the costs of operating the Group's Fully Managed spaces and are expensed as incurred.

Other property expenses represent irrecoverable running costs directly attributable to specific properties within the Group's portfolio. Costs incurred in the improvement of the portfolio which, in the opinion of the Directors, are not of a capital nature are written-off to the income statement as incurred.

Administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

Share-based payments

The cost of granting share-based payments to employees and Directors is recognised within administration expenses in the income statement. The Group has used the stochastic model to fair value LTIP grants, which is dependent upon factors including the share price, expected volatility and vesting period. The fair value of the RSP is based on the share price at grant date. The resulting fair value is amortised through the income statement over the vesting period. The charge is recognised over the vesting period and reversed if it is likely that any non-market-based performance or service criteria will not be met. Any cost in respect of share-based payments relating to the employees of a subsidiary company is recharged accordingly.

Investment property

Both leasehold and freehold investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the Directors must ensure that they are satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts without adjustment. The valuation of the property portfolio reflects its fair value taking into account the market view of all relevant factors, including the climate-related risks associated with the properties. This includes the impact of expected regulatory changes.

The valuations have been prepared in accordance with the current versions of the RICS Valuation – Global Standards (incorporating the International Valuation Standards (IVS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods.

These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, non-payment of rent, planning, building and environmental factors that might affect the property.

An investment property will be classified as held for sale where it is available for immediate sale in its present condition and the sale is highly probable.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

The Group recognises sales and purchases of property when control passes on completion of the contract. Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure.

Lease obligations

Where the Group is a lessee, a right of use asset and lease liability are recognised at the outset of the lease. The lease liability is initially measured at the present value of the lease payments based on the Group's expectations of the likelihood of the lease term. The lease liability is subsequently adjusted to reflect an imputed finance charge, payments made to the lessor and any lease modifications.

The right of use asset is initially measured at cost, which comprises the amount of the lease liability and direct costs incurred, less any lease incentives received by the Group. The Group has two categories of right of use assets: those in respect of head leases related to its leasehold properties and an occupational lease for its head office. The right of use asset in respect of head leases is classified as investment property and is added to the carrying value of the leasehold investment property. The right of use asset in respect of its occupational leases is classified as property, plant and equipment and is subsequently depreciated over the length of the lease.

Depreciation

No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Plant and equipment is held at cost less accumulated depreciation. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less residual value prevailing at the balance sheet date of each asset evenly over its expected useful life, as follows:

Fixtures and fittings – over three to five years.

Leasehold improvements – over the term of the lease.

Joint ventures

Joint ventures are accounted for under the equity method where, in the Directors' judgement, the Group has joint control of the entity. The Group's level of control in its joint ventures is driven both by the individual agreements which set out how control is shared by the partners and how that control is exercised in practice. The Group balance sheet contains the Group's share of the net assets of its joint ventures. Balances with partners owed to or from the Group by joint ventures are included within investments. The Group's share of joint venture profits and losses are included in the Group income statement in a single line. All of the Group's joint ventures adopt the accounting policies of the Group for inclusion in the Group financial statements. There have been no new joint ventures during the year and no changes to any of the agreements in place.

Income tax

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax assets can be utilised. No provision is made for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, with the exception of leases. Tax is included in the income statement except when it relates to items recognised directly in other comprehensive income or equity, in which case the related tax is also recognised directly in other comprehensive income or equity.

Pension benefits

The Group contributes to a defined benefit pension plan which is funded with assets held separately from those of the Group. The full value of the net assets or liabilities of the pension fund is brought onto the balance sheet at each balance sheet date. Actuarial gains and losses are taken to other comprehensive income; all other movements are taken to the income statement.

Capitalisation of interest

Interest associated with direct expenditure on investment and trading properties under development and refurbishment is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased

with the specific intention to redevelop, but does not include the original book cost of a site where no intention existed. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Other investments

Other investments comprise investments in Pi Labs European PropTech venture capital fund, which is measured at fair value, based on the net assets of the fund; this is a Level 3 valuation as defined by IFRS 13. Changes in fair value are recognised in profit or loss.

Financial instruments

i Borrowings The Group's borrowings in the form of its debentures, private placement notes and bank loans are recognised initially at fair value, after taking account of any discount or premium on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, with any discounts, premiums and attributable costs charged to the income statement using the effective interest rate method.

ii Cash and cash equivalents Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in value.

iii Trade receivables and payables Trade receivables are initially measured at the transaction price, and are subsequently measured at amortised cost using the effective interest rate method. See note 14 for further information on trade receivables and associated expected credit losses. Trade payables are initially measured at fair value and subsequently measured at amortised cost.

iv Derivative financial instruments The Group uses derivatives (principally interest rate caps) in managing interest rate risk, and does not use them for trading. They are recorded, and subsequently revalued, at fair value, with revaluation gains or losses being immediately taken to the income statement. Derivatives with a maturity of less than 12 months or that expect to be settled within 12 months of the balance sheet date are presented as current assets or liabilities. Other derivatives are presented as non-current assets or liabilities.

2 Segmental analysis

IFRS 8 Operating Segments requires the identification of operating segments based on internal financial reports detailing components of the Group regularly reviewed by the chief operating decision makers (the Group's Executive Committee) in order to allocate resources to the segments and to assess their performance.

In recent years, the Group has evolved the types of office space it provides to its customers. This has included a Fully Managed offer with additional service provision. As this element of the Group's business has grown, so has the level of financial information and oversight. As a result, the Directors have concluded that, based on the level of information provided to the Executive Committee, for the current year this element of the business is an operating segment as defined by IFRS 8. Furthermore, given the revenue for the current financial year is in excess of 10% of wider Group revenue, the segment should be separately reported from the remainder of the Group's activities. The Executive Committee reviews the performance of its Fully Managed offer based on gross revenue (including Fully Managed services income) net of cost of sales on a proportionally consolidated basis (including the Group's joint ventures at share). The cost of sales information is not available for the prior year due to the information not being available and the cost to develop it would be excessive. Total assets and liabilities are not monitored by segment.

The remainder of the Group's components are managed together, with their operating results reviewed on an aggregated basis. All of the Group's revenue is generated from investment properties located in a small radius within central London. The properties are managed as a single portfolio by a portfolio management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed-use, therefore the office, retail and any residential space is managed together. The Directors have considered the nature of the business, how the business is managed and how they review performance, and in their judgement, the Group has only two reportable segments.

Segmental analysis for the year ended 31 March 2024

	Fully Managed offices including joint ventures £m	Joint ventures £m	Group Fully Managed offices £m	Remainder of portfolio £m	Total 2024 £m	Total 2023 £m
Revenue	**13.6**	**(1.4)**	**12.2**	**83.2**	**95.4**	91.2
Cost of sales	**(8.6)**	**0.5**	**(8.1)**	**(25.2)**	**(33.3)**	n/a
Net result	**5.0**	**(0.9)**	**4.1**	**58.0**	**62.1**	n/a

Revenue for the Group's Fully Managed offices in the year to 31 March 2023 was £7.8 million (£8.0 million including share of joint ventures).

3 Revenue

	2024 £m	2023 £m
Gross rental income	**67.2**	66.6
Spreading of lease incentives	**5.7**	5.9
Service charge income	**14.4**	12.5
Fully Managed services income	**6.4**	3.7
Trading property revenue	**–**	0.1
Joint venture fee income	**1.7**	2.4
	95.4	91.2

The table below sets out the Group's gross rental income split between types of space provided:

	2024 £m	2023 £m
Ready to Fit	**37.9**	42.4
Retail	**10.5**	11.1
Fitted	**6.8**	3.8
Fully Managed	**5.8**	4.1
Flex Partnerships	**3.8**	3.2
Hotel	**2.4**	2.0
	67.2	66.6

The table below sets out the Group's net rental income, which is an alternative performance measure:

	2024 £m	2023 £m
Gross rental income	**67.2**	66.6
Expected credit loss	**(0.2)**	(0.6)
Rental income	**67.0**	66.0
Spreading of lease incentives	**5.7**	5.9
Ground rent	**(0.6)**	(1.0)
Net rental income	**72.1**	70.9

4 Cost of sales

	2024 £m	2023 £m
Service charge expenses (including Fully Managed service costs – see note 2)	**25.8**	19.3
Other property expenses	**6.9**	11.9
Ground rent	**0.6**	1.0
	33.3	32.2

For the year ended 31 March 2024, the Fully Managed service costs comprised £8.1 million of the £25.8 million service charge expenses (see note 2).

The table below sets out the Group's property costs, which is an alternative performance measure:

	2024 £m	2023 £m
Service charge income	**(14.4)**	(12.5)
Fully Managed services income	**(6.4)**	(3.7)
Service charge expenses (including Fully Managed service costs)	**25.8**	19.3
Other property expenses	**6.9**	11.9
Expected credit (recovery)/loss	**(0.1)**	0.2
Property costs	**11.8**	15.2

5 Administration expenses

	2024 £m	2023 £m
Employee costs	**30.9**	26.3
Depreciation (see note 12)	**1.6**	1.7
Other head office costs	**9.8**	10.3
	42.3	38.3

Included within employee costs is an accounting charge for the Employee Long Term Incentive Plan and deferred bonus shares of £4.0 million (2023: £1.3 million). Employee costs, including those of Directors, comprise the following:

	2024 £m	2023 £m
Wages and salaries (including annual bonuses)	**24.4**	22.4
Share-based payments	**4.1**	1.5
Social security costs	**3.7**	3.4
Other pension costs	**2.4**	2.3
	34.6	29.6
Less: recovered through service charges	**(1.9)**	(2.0)
Less: capitalised into development projects	**(1.8)**	(1.3)
	30.9	26.3

Key management compensation

The emoluments and pension benefits of the Directors are set out in detail within the Directors' remuneration report. The Directors and the Executive Committee are considered to be key management for the purposes of IAS 24 – Related Party Transactions with their aggregate compensation set out below:

	2024 £m	2023 £m
Wages and salaries (including annual bonuses)	**6.8**	6.8
Share-based payments	**1.9**	0.3
Social security costs	**1.1**	1.0
Other pension costs	**0.5**	0.5
	10.3	8.6

The number of people considered key management totalled 17 (2023: 18). The Group had loans to key management of £2,880 (2023: £17,882) outstanding at 31 March 2024. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

Employee information

The monthly average number of employees of the Group, including Directors, was:

	2024 Number	2023 Number
Head office and property management	**150**	145

Auditor's remuneration

	2024 £000	2023 £000
Audit of the Group and Company's annual accounts	**394**	242
Audit of subsidiaries	**107**	94
	501	336
Audit-related assurance services, including the interim review	**61**	49
Sustainability assurance	**68**	63
Auditor's remuneration	**630**	448

For the year ended 31 March 2024, PricewaterhouseCoopers LLP was appointed as auditor to the Group, succeeding Deloitte LLP.

6 Finance income

	2024 £m	2023 £m
Interest income on joint ventures balances	**5.8**	5.9
Interest on cash deposits	**0.3**	0.1
	6.1	6.0

7 Finance costs

	2024 £m	2023 £m
Interest on revolving credit facilities	**5.8**	5.7
Interest on term loan	**8.5**	–
Interest on private placement notes	**11.0**	10.9
Interest on debenture stock	**1.2**	1.2
Interest on obligations under occupational leases	**–**	0.1
Interest on obligations under head leases	**2.4**	2.4
Other	**0.1**	–
Gross finance costs	**29.0**	20.3
Less: capitalised interest	**(11.3)**	(8.8)
	17.7	11.5

The Group capitalised interest on certain developments with specific associated borrowings at 6.8% (2023: nil), with the remainder at the Group's weighted average cost of non-specific borrowings of 3.5% (2023: 3.0%).

8 Tax

	2024 £m	2023 £m
Current tax		
UK corporation tax – current period	–	–
UK corporation tax – prior periods	–	–
Total current tax	–	–
Deferred tax	–	(0.1)
Tax credit for the year	–	(0.1)

The effective rate of tax is lower (2023: lower) than the standard rate of tax. The difference arises from the items set out below:

	2024 £m	2023 £m
Loss before tax	**(307.8)**	(164.0)
Tax credit on loss at standard rate of 25% (2023: 19%)	**(77.0)**	(31.2)
REIT tax exempt rental profits and gains	**(7.4)**	(7.1)
Changes in fair value of properties not subject to tax	**80.5**	35.1
Difference between accounting profit and tax profit on disposal	–	2.0
Other	**3.9**	1.1
Tax credit for the year	–	(0.1)

During the year, £nil million (2023: £0.1 million) of deferred tax was debited directly to equity. The Group recognised a net deferred tax asset at 31 March 2024 of £nil (2023: £nil). This consists of deferred tax assets of £1.6 million (2023: £1.2 million) and deferred tax liabilities of £1.6 million (2023: £1.2 million).

Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. The standard rate of tax increased on 1 April 2023 from 19% to 25%.

Movement in deferred tax

	At 1 April 2023 £m	Recognised in the income statement £m	Recognised in equity £m	At 31 March 2024 £m
Net deferred tax asset/(liability) in respect of other temporary differences	–	–	–	–

The Group has not recognised further deferred tax assets in respect of gross temporary differences arising from the following items, because it is uncertain whether future taxable profits will arise against which these assets can be utilised:

	2024 £m	2023 £m
Revenue losses	**24.6**	15.7
Share-based payments	**8.4**	10.5
Other	**1.3**	1.4
	34.3	27.6

As a REIT, the majority of rental profits and chargeable gains from the Group's property rental business are exempt from UK corporation tax. 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 trading properties or gains arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years (including the sale of 50 Finsbury Square, EC2, which completed in February 2023).

In order to ensure that the Group is able to both retain its status as a REIT and 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.

9 Alternative performance measures and EPRA metrics

As is usual practice in our sector, we use alternative performance measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionally consolidated basis to include joint ventures, as it best describes how we manage the portfolio, and using measures prescribed by the European Public Real Estate Association (EPRA). The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector in accordance with its Best Practice Recommendations. The Directors consider these EPRA metrics, and the other metrics provided, to be the most appropriate method of reporting the value and performance of the business.

Earnings per share

Weighted average number of ordinary shares

	2024 Number of shares	2023 Number of shares
Issued ordinary share capital at 1 April	**253,867,911**	253,867,911
Investment in own shares	**(887,159)**	(941,432)
Weighted average number of ordinary shares at 31 March – basic	**252,980,752**	252,926,479

Basic and diluted earnings per share

	Loss after tax 2024 £m	**Number of shares 2024 million**	**Loss per share 2024 pence**	Loss after tax 2023 £m	Number of shares 2023 million	Loss per share 2023 pence
Basic	**(307.8)**	**253.0**	**(121.7)**	(163.9)	252.9	(64.8)
Dilutive effect of LTIP shares	**–**	**–**	**–**	–	–	–
Diluted	**(307.8)**	**253.0**	**(121.7)**	(163.9)	252.9	(64.8)

Basic and diluted EPRA earnings per share

	(Loss)/ Earnings after tax 2024 £m	**Number of shares 2024 million**	**(Loss)/ Earnings per share 2024 pence**	(Loss)/ Earnings after tax 2023 £m	Number of shares 2023 million	(Loss)/ Earnings per share 2023 pence
Basic	**(307.8)**	**253.0**	**(121.7)**	(163.9)	252.9	(64.8)
Deficit from investment property net of tax (note 10)	**267.3**	**–**	**105.7**	145.0	–	57.3
Deficit from joint venture investment property (note 11)	**56.5**	**–**	**22.3**	43.2	–	17.1
Trading property revenue	**–**	**–**	**–**	(0.1)	–	–
Deficit on revaluation of derivatives	**1.7**	**–**	**0.7**	–	–	–
Deficit/(surplus) on revaluation of other investments (note 13)	**0.2**	**–**	**0.1**	(0.1)	–	–
Deferred tax in respect of adjustments (note 8)	**–**	**–**	**–**	(0.1)	–	(0.1)
Basic EPRA earnings	**17.9**	**253.0**	**7.1**	24.0	252.9	9.5
Dilutive effect of LTIP shares (note 21)	**–**	**0.2**	**–**	–	0.2	–
Diluted EPRA earnings	**17.9**	**253.2**	**7.1**	24.0	253.1	9.5

Net assets per share

The Group has adopted EPRA's Best Practice Recommendations for Net Asset Value (NAV) metrics. The recommendations include three NAV metrics: EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). We consider EPRA NTA to be the most relevant measure for the Group and the primary measure of IFRS net asset value, definitions are included in the glossary.

Number of ordinary shares

	2024 Number of shares	2023 Number of shares
Issued ordinary share capital	**253,867,911**	253,867,911
Investment in own shares	**(887,159)**	(887,159)
Number of shares – basic	**252,980,752**	252,980,752
Dilutive effect of LTIP shares	**563,956**	326,340
Number of shares – diluted	**253,544,708**	253,307,092

EPRA net assets per share at 31 March 2024

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	**1,583.0**	**1,583.0**	**1,583.0**	**1,583.0**
Fair value of derivative financial instruments	**–**	**(0.4)**	**–**	**(0.4)**
Fair value of financial liabilities (note 17)	**–**	**–**	**50.7**	**–**
Real estate transfer tax	**–**	**–**	**–**	**170.1**
Net assets used in per share calculations	**1,583.0**	**1,582.6**	**1,633.7**	**1,752.7**

	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share (pence)	**626**	**626**	**646**	**693**
Diluted net assets per share (pence)	**624**	**624**	**644**	**691**

EPRA net assets per share at 31 March 2023

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	1,918.6	1,918.6	1,918.6	1,918.6
Fair value of financial liabilities (note 17)	–	–	83.4	–
Real estate transfer tax	–	–	–	173.6
Net assets used in per share calculations	1,918.6	1,918.6	2,002.0	2,092.2

	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share (pence)	758	758	791	827
Diluted net assets per share (pence)	757	757	790	826

Total Accounting Return (TAR)

	2024 Pence per share	2023 Pence per share
Opening EPRA NTA (A)	**757.0**	835.0
Closing EPRA NTA	**624.0**	757.0
Decrease in EPRA NTA	**(133.0)**	(78.0)
Ordinary dividends paid in the year	**12.6**	12.6
Total return (B)	**(120.4)**	(65.4)
Total Accounting Return (B/A)	**(15.9%)**	(7.8%)

EPRA loan-to-property value and net debt

We consider loan-to-property value, including our share of joint ventures, to be the best measure of the Group's risk from financial leverage. We also present net gearing as it is a key covenant on our loan facilities (see note 16).

	2024 £m	2023 £m
£21.9 million 5⅝% debenture stock 2029	**21.9**	21.9
£450.0 million revolving credit facility	**47.0**	14.0
£250.0 million term loan	**250.0**	–
Private placement notes	**425.0**	425.0
Less: cash and cash equivalents	**(22.9)**	(19.4)
Group net debt	**721.0**	441.5
Net payables (including customer rent deposits)	**54.6**	44.0
Group net debt including net payables	**775.6**	485.5
Joint venture net payables (at share)	**10.5**	3.4
Less: joint venture cash and cash equivalents (at share)	**(25.7)**	(17.7)
Net debt including joint ventures (A)	**760.4**	471.2
Group properties at market value	**1,855.1**	1,855.5
Joint venture properties at market value (at share)	**476.1**	524.5
Property portfolio at market value including joint ventures (B)	**2,331.2**	2,380.0
EPRA loan-to-property value (A/B)	**32.6%**	19.8%

Group cash and cash equivalents includes customer rent deposits (as restated) held in separate designated bank accounts of £17.0 million (2023: £16.2 million), the use of the deposits is subject to restrictions as set out in the customer's lease agreement and therefore not available for general use by the Group.

EPRA cost ratio (including share of joint ventures)

	2024 £m	2023 £m
Administration expenses	**42.3**	38.3
Net property costs (excluding Fully Managed services income and costs[1])	**10.1**	15.2
Joint venture management fee income (note 3)	**(1.7)**	(2.4)
Joint venture property and administration costs (note 11)	**3.6**	2.2
EPRA costs (including direct vacancy costs) (A)	**54.3**	53.3
Direct vacancy costs	**(5.1)**	(7.8)
Joint venture direct vacancy cost	**(2.2)**	(0.3)
EPRA costs (excluding direct vacancy costs) (B)	**47.0**	45.2
Net rental income (note 3)	**72.1**	70.9
Joint venture net rental income (note 11)	**19.4**	18.2
Gross rental income (C)	**91.5**	89.1
Portfolio at fair value including joint ventures (D)	**2,331.2**	2,380.0
Cost ratio (including direct vacancy costs) (A/C)	**59.3%**	59.8%
Cost ratio (excluding direct vacancy costs) (B/C)	**51.4%**	50.7%
Cost ratio (by portfolio value) (A/D)	**2.3%**	2.2%

1. For 2024 only, the information is not available for the prior year see note 2.

Net gearing

	2024 £m	2023 £m
Nominal value of interest-bearing loans and borrowings (see note 16)	**743.9**	460.9
Obligations under occupational leases	**1.0**	2.0
Less: cash and cash equivalents (unrestricted) (see note 22)	**(5.9)**	(3.2)
Adjusted net debt (A)	**739.0**	459.7
Net assets	**1,583.0**	1,918.6
Pension scheme asset	**(4.9)**	(4.1)
Adjusted net equity (B)	**1,578.1**	1,914.5
Net gearing (A/B)	**46.8%**	24.0%

Cash earnings per share

	Profit after tax 2024 £m	**Number of shares 2024 million**	**Earnings per share 2024 pence**	Profit after tax 2023 £m	Number of shares 2023 million	Earnings per share 2023 pence
Diluted EPRA earnings	**17.9**	**253.2**	**7.1**	24.0	253.1	9.5
Capitalised interest	**(11.3)**	**–**	**(4.5)**	(8.8)	–	(3.5)
Spreading of lease incentives	**(5.7)**	**–**	**(2.3)**	(5.9)	–	(2.3)
Spreading of lease incentives in joint ventures	**(1.4)**	**–**	**(0.5)**	(7.0)	–	(2.8)
Employee incentive plan charges	**4.0**	**–**	**1.6**	1.3	–	0.5
Cash earnings per share	**3.5**	**253.2**	**1.4**	3.6	253.1	1.4

10 Investment property

Investment property

	Freehold £m	**Leasehold £m**	**Total £m**
Book value at 1 April 2022	929.6	1,047.2	1,976.8
Costs capitalised	17.6	11.2	28.8
Movement in lease incentives	4.8	1.1	5.9
Acquisitions	7.5	36.1	43.6
Disposals	(27.3)	–	(27.3)
Transfer to investment property under development	–	(101.2)	(101.2)
Net valuation deficit on investment property	(48.7)	(69.4)	(118.1)
Book value at 31 March 2023	883.5	925.0	1,808.5
Costs capitalised	**28.0**	**57.3**	**85.3**
Movement in lease incentives	**7.8**	**(0.4)**	**7.4**
Interest capitalised	**2.2**	**2.6**	**4.8**
Acquisitions	**128.3**	**–**	**128.3**
Disposals	**(5.8)**	**(8.4)**	**(14.2)**
Transfer to investment property under development	**(50.1)**	**(59.6)**	**(109.7)**
Transfer to investment property held for sale	**–**	**(18.2)**	**(18.2)**
Net valuation deficit on investment property	**(108.8)**	**(106.0)**	**(214.8)**
Book value at 31 March 2024 (A)	**885.1**	**792.3**	**1,677.4**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2022	167.6	–	167.6
Costs capitalised	21.1	32.0	53.1
Disposals	(193.4)	–	(193.4)
Interest capitalised	4.7	4.1	8.8
Transfer from investment property	–	101.2	101.2
Net valuation deficit on investment property under development	–	(23.6)	(23.6)
Book value at 31 March 2023	–	113.7	113.7
Costs capitalised	**–**	**54.6**	**54.6**
Interest capitalised	**–**	**6.5**	**6.5**
Transfer from investment property	**50.1**	**59.6**	**109.7**
Net valuation deficit on investment property under development	**–**	**(50.9)**	**(50.9)**
Book value at 31 March 2024 (B)	**50.1**	**183.5**	**233.6**
Book value of investment property & investment property under development (A+B)	**935.2**	**975.8**	**1,911.0**

Investment property held for sale

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2022 and 31 March 2023	–	–	–
Transfer from investment property – held for sale	**–**	**18.2**	**18.2**
Book value of investment property held for sale at 31 March 2024 (C)	**–**	**18.2**	**18.2**

Book value of total investment property at 31 March 2024 (A+B+C)	**935.2**	**994.0**	**1,929.2**

The book value of investment property includes £74.1 million (2023: £66.7 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £1,855.1 million. The total portfolio value including joint venture properties of £476.1 million (see note 11) was £2,331.2 million. At 31 March 2024, property with a carrying value of £107.0 million (2023: £111.0 million) was secured under the first mortgage debenture stock (see note 16). At the balance sheet date, one property had exchanged for sale and accordingly was classified as held for sale. The sale is anticipated to complete in January 2025.

Surplus from investment property

	2024 £m	2023 £m
Net valuation deficit on investment property	**(265.7)**	(141.7)
Loss on sale of investment properties	**(1.6)**	(3.3)
	(267.3)	(145.0)

The Group's investment properties, including those held in joint ventures (note 11), were valued on the basis of fair value by CBRE Limited (CBRE), external valuers, as at 31 March 2024. The valuations have been prepared in accordance with the current versions of the RICS Valuation – Global Standards (incorporating the International Valuation Standards (IVS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

The total fees, including the fixed fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group are less than 5.0% of its total UK revenues. CBRE has carried out valuation instructions, agency and professional services on behalf of the Group for in excess of 20 years.

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

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 a decrease in rental values will reduce the valuation of the property. Any percentage movement in rental values will translate into approximately the same percentage movement in the property valuation. However, due to the long-term nature of leases, where the passing rent is fixed and often subject to upwards only rent reviews, the impact will not be immediate and will be recognised over a number of years. The relationship between capitalisation yields and the property valuation is negative and more immediate; therefore, an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. There is a negative relationship between development costs and the property valuation, such that an increase in estimated development costs will decrease the valuation of a property under development and a decrease in estimated development costs will increase the valuation of a property under development.

An increase of 10% on the capital expenditure on the Group's three HQ development schemes and four Flex conversion schemes, which the Directors believe is a reasonable variance to budgeted cost based on industry experience, would reduce the valuation by £49.8 million, with a decrease of 10% increasing the valuation by £49.8 million.

A decrease in the capitalisation yield by 50 basis points would result in an increase in the fair value of the Group's investment property by £203.2 million (£241.4 million including a share of joint ventures), whilst a 50 basis point increase would reduce the fair value by £166.7 million (£200.0 million including a share of joint ventures). A movement of 60 basis points (56 including share of joint ventures) was shown across the portfolio over the last 12 months and a 50 basis point movement is therefore considered to be a reasonably possible change. Given there is only a marginal difference in the overall yields for office and retail and the movement in year, we feel this sensitivity to be appropriate. 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 valuation of the property portfolio reflects its fair value taking into account the climate related risks associated with the properties. This includes the impact of expected regulatory changes, and we estimate that the investment required to upgrade our existing buildings to the new minimum EPC B rating by 2030 is less than £10 million (including share of joint ventures) over and above specific refurbishment and development assumptions included in the valuation.

During the year, the Group capitalised £1.8 million (2023: £1.3 million) of employee costs in respect of its development team into investment properties under development. At 31 March 2024, the Group had capital commitments of £502.3 million (2023: £311.6 million). For further detail, see Our development activities.

In April 2024, the Group exchanged contracts to buy The Courtyard, WC1 for £10.4 million of cash and through a property exchange of 95/96 New Bond Street for £18.2 million. At the reporting date, the acquisition has not yet completed.

Key inputs to the valuation (by building and location) at 31 March 2024

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	**102**	**74 – 174**	**5.3**	**4.8 – 7.3**
	Retail	**67**	**34 – 110**	**5.3**	**4.5 – 10.0**
Rest of West End	Office	**143**	**70 – 249**	**5.8**	**5.0 – 7.3**
	Retail	**115**	**15 – 295**	**5.0**	**3.2 – 6.8**
City, Midtown and Southwark	Office	**83**	**47 – 173**	**5.7**	**5.4 – 7.3**
	Retail	**36**	**28 – 363**	**5.9**	**5.5 – 6.7**

Key inputs to the valuation (by building and location) at 31 March 2023

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	88	54 – 131	4.8	4.3 – 6.8
	Retail	63	33 – 107	4.5	4.2 – 7.5
Rest of West End	Office	101	57 – 163	5.4	3.3 – 7.3
	Retail	96	15 – 266	4.7	3.2 – 7.1
City, Midtown and Southwark	Office	75	47 – 167	5.0	4.5 – 6.1
	Retail	25	25 – 27	5.5	4.6 – 5.9

EPRA capital expenditure

	2024 £m	2023 £m
Group		
Acquisitions	**128.3**	43.6
Developments	**54.6**	53.1
Interest capitalised	**11.3**	8.8
Investment properties: incremental lettable space	**–**	–
Investment properties: no incremental lettable space	**85.3**	28.8
Movement in lease incentives	**7.4**	5.9
Group total	**286.9**	140.2
Joint ventures (at share)		
Developments	**–**	–
Interest capitalised	**–**	–
Investment properties: incremental lettable space	**–**	–
Investment properties: no incremental lettable space	**5.7**	1.3
Movement in lease incentives	**2.4**	7.8
Total capital expenditure	**295.0**	149.3
Conversion from accrual to cash basis	**(12.0)**	7.3
Total capital expenditure on a cash basis	**283.0**	156.6

EPRA net initial yield (NIY) and topped-up NIY

	2024 £m	2023 £m
Properties at fair value including joint ventures	**2,331.2**	2,380.0
Less: properties under development including joint ventures	**(201.5)**	(89.0)
Less: residential properties	**(4.7)**	(12.4)
Like-for-like investment property portfolio, proposed and completed developments	**2,125.0**	2,278.6
Plus: estimated purchasers' costs	**155.0**	166.3
Grossed-up completed property portfolio valuation (B)	**2,280.0**	2,444.9
Annualised cash passing rental income[1]	**85.9**	76.7
Net service charge expense including joint ventures	**(5.1)**	(3.3)
Other irrecoverable property costs including joint ventures	**(7.9)**	(12.9)
Annualised net rents (A)	**72.9**	60.5
Plus: rent-free periods and other lease incentives including joint ventures	**3.9**	16.8
Topped-up annualised net rents (C)	**76.8**	77.3
EPRA net initial yield (A/B)	**3.2%**	2.5%
EPRA topped-up initial yield (C/B)	**3.4%**	3.2%

1. Annualised passing rental income as calculated by the Group's external valuers including joint ventures at share.

See note 9 for further detail on EPRA measures which are Alternative Performance Metrics.

11 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2024 Total £m	2023 Total £m
At 1 April	**324.4**	**214.4**	**538.8**	582.8
Movement on joint venture balances	**–**	**(0.9)**	**(0.9)**	(3.1)
Additions	**0.1**	**–**	**0.1**	–
Share of profit of joint ventures	**9.8**	**–**	**9.8**	9.8
Share of revaluation deficit of joint ventures	**(56.5)**	**–**	**(56.5)**	(43.2)
Share of results of joint ventures	**(46.7)**	**–**	**(46.7)**	(33.4)
Distributions	**–**	**–**	**–**	(7.5)
At 31 March	**277.8**	**213.5**	**491.3**	538.8

All of the Group's joint ventures operate solely in the United Kingdom and comprise the following:

	Country of registration	2024 ownership	2023 ownership
The GHS Limited Partnership	Jersey	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnerships	United Kingdom	**50%**	50%

The Group's share in the assets and liabilities, revenues and expenses for the joint ventures is set out below:

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2024 Total £m	2024 At share £m	2023 At share £m
Balance sheets						
Investment property	**643.6**	**245.4**	**73.5**	**962.5**	**481.2**	529.6
Current assets	**0.5**	**3.8**	**1.1**	**5.4**	**2.7**	3.6
Cash and cash equivalents	**13.1**	**19.6**	**18.7**	**51.4**	**25.7**	17.7
Balances from partners	**(222.0)**	**(131.8)**	**(73.1)**	**(426.9)**	**(213.5)**	(214.4)
Current liabilities	**(12.0)**	**(13.2)**	**(1.3)**	**(26.5)**	**(13.2)**	(7.0)
Obligations under head leases	**–**	**(10.2)**	**–**	**(10.2)**	**(5.1)**	(5.1)
Net assets	**423.2**	**113.6**	**18.9**	**555.7**	**277.8**	324.4

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2024 Total £m	2024 At share £m	2023 At share £m
Income statements						
Revenue	**24.7**	**21.5**	**6.8**	**53.0**	**26.5**	25.5
Net rental income	**20.1**	**14.6**	**4.1**	**38.8**	**19.4**	18.2
Property and administration costs	**(2.0)**	**(3.2)**	**(2.0)**	**(7.2)**	**(3.6)**	(2.2)
Net finance costs	**(9.0)**	**(3.1)**	**0.1**	**(12.0)**	**(6.0)**	(6.2)
Share of profit from joint ventures	**9.1**	**8.3**	**2.2**	**19.6**	**9.8**	9.8
Revaluation of investment property	**(25.8)**	**(77.4)**	**(9.8)**	**(113.0)**	**(56.5)**	(43.2)
Results of joint ventures	**(16.7)**	**(69.1)**	**(7.6)**	**(93.4)**	**(46.7)**	(33.4)

At 31 March 2024 and 31 March 2023, the joint ventures had no external debt facilities.

Transactions during the year between the Group and its joint ventures, which are related parties, are disclosed below:

	2024 £m	2023 £m
Movement on joint venture balances during the year	**0.9**	3.1
Balances receivable at the year end from joint ventures	**(213.5)**	(214.4)
Interest on balances with partners (see note 6)	**5.8**	5.9
Distributions	**–**	7.5
Joint venture fees paid (see note 3)	**1.7**	2.4

The joint venture balances are repayable on demand and bear interest as follows: the GHS Limited Partnership at 4.0% and the Great Ropemaker Partnership at 2.0%. In measuring expected credit losses of the balances receivable at the year end from joint ventures under IFRS 9, the ability of each joint venture to repay the loan at the reporting date if demanded by the Group is assumed to be through the sale of the investment properties held by the joint venture. Investment properties are held at fair value at each reporting date as described in note 10. Therefore, the net asset value of the joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the loan balance and the requirement to recognise expected credit losses.

The investment properties include £5.1 million (2023: £5.1 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 £476.1 million. 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. See notes 10, 14 and 17 for more information on the valuation of investment properties and expected credit losses in joint ventures.

At 31 March 2024, the Group had £nil contingent liabilities arising in its joint ventures (2023: £nil). At 31 March 2024, the Group had capital commitments in respect of its joint ventures of £nil million (2023: £0.4 million).

12 Property, plant and equipment

	Right of use asset for occupational leases £m	Leasehold improvements £m	Fixtures and fittings/ other £m	Total £m
Cost				
At 1 April 2022	4.9	5.6	1.9	12.4
Costs capitalised	–	–	0.2	0.2
At 31 March 2023	4.9	5.6	2.1	12.6
Costs capitalised	**–**	**–**	**0.1**	**0.1**
At 31 March 2024	**4.9**	**5.6**	**2.2**	**12.7**
Depreciation				
At 1 April 2023	3.3	3.9	1.9	9.1
Charge for the year	**0.8**	**0.6**	**0.2**	**1.6**
At 31 March 2024	**4.1**	**4.5**	**2.1**	**10.7**
Carrying amount at 31 March 2023	1.6	1.7	0.2	3.5
Carrying amount at 31 March 2024	**0.8**	**1.1**	**0.1**	**2.0**

13 Other investments

	2024 £m	2023 £m
At 1 April	**1.8**	1.0
Acquisitions	**0.8**	0.7
(Deficit)/surplus on revaluation	**(0.2)**	0.1
At 31 March	**2.4**	1.8

In January 2020, the Group entered into a commitment of up to £5.0 million to invest in the Pi Labs European PropTech venture capital fund. At 31 March 2024, the Group had made net investments of £2.5 million. Launched in 2014, Pi Labs is Europe's longest standing PropTech VC, and this third fund has a primary focus to invest in early stage PropTech start-ups across Europe and the UK that use technology solutions to enhance any stage of the real estate value chain. The valuation of the fund is based on the net assets of its investments therefore, given these are not readily traded, we have classified the valuation of the investments as Level 3 as defined by IFRS 13. Key areas of focus for the fund include sustainability, future of work, future of retail, commercial real estate technologies, construction technology and smart cities.

14 Trade and other receivables

	2024 £m	2023 £m
Trade receivables	**6.7**	8.3
Expected credit loss allowance	**(0.3)**	(1.7)
	6.4	6.6
Prepayments	**0.2**	4.4
Other sales taxes	**5.9**	–
Other receivables	**12.4**	4.8
	24.9	15.8

Trade receivables consist of rent and service charge monies, which are typically due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the customer's lease. Trade receivables are provided for based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on an assessment of each individual customer's circumstances. This assessment reviews the outstanding balances of each individual customer and makes an assessment of the likelihood of recovery, based on an evaluation of their financial situation. Where the expected credit loss relates to revenue already recognised, this has been recognised immediately in the income statement.

Of the gross trade receivables of £6.7 million, £4.4 million (2023: £5.5 million) was past due, of which £1.2 million (2023: £3.0 million) was over 30 days.

	2024 £m	2023 £m
Movements in expected credit loss allowance		
Balance at the beginning of the year	**(1.7)**	(6.0)
Expected credit loss allowance during the year	**(0.3)**	(1.0)
Expected credit loss allowance in respect of prior years	**–**	0.8
Amounts written-off as uncollectable	**1.7**	4.5
	(0.3)	(1.7)

The expected credit loss for the year represents 5% (2023: 26%) of the net trade receivables balance at the balance sheet date.

15 Trade and other payables

	2024 £m	2023 £m
Rents received in advance	**16.4**	15.1
Accrued capital expenditure	**18.1**	5.9
Payables in respect of customer rent deposits	**17.0**	16.2
Other accruals	**23.3**	15.2
Other taxes	**–**	0.7
Other payables	**1.4**	3.7
	76.2	56.8

The Directors consider that the carrying amount of trade payables approximates their fair value.

16 Interest-bearing loans and borrowings

	2024 £m	2023 £m
Current liabilities at amortised cost		
Unsecured		
£175.0 million 2.15% private placement notes 2024	**175.0**	–
Non-current liabilities at amortised cost		
Secured		
£21.9 million 5⅝% debenture stock 2029	**22.0**	22.0
Unsecured		
£450.0 million revolving credit facility	**46.1**	12.8
£250.0 million term loan	**248.3**	–
£175.0 million 2.15% private placement notes 2024	**–**	174.8
£40.0 million 2.70% private placement notes 2028	**39.9**	39.9
£30.0 million 2.79% private placement notes 2030	**29.9**	29.9
£30.0 million 2.93% private placement notes 2033	**29.9**	29.9
£25.0 million 2.75% private placement notes 2032	**24.9**	24.9
£125.0 million 2.77% private placement notes 2035	**124.4**	124.3
Non-current interest-bearing loans and borrowings	**565.4**	458.5
Total interest-bearing loans and borrowings	**740.4**	458.5

In April 2023, the Group extended the maturity of £50 million of its £450 million unsecured revolving credit facility (RCF) to January 2027, coterminous with the remainder of the facility. The facility is unsecured, attracts a floating rate based on a headline margin that was unchanged at 90.0 basis points over SONIA (plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years).

In September 2023, the Group arranged a new £250 million unsecured term loan at a headline margin of 175 basis points over SONIA with three existing relationship banks. The loan has an initial three-year term which may be extended to a maximum of five years at GPE's request, subject to bank consent. The Group also entered a £200 million interest rate cap (at a cost of £2.1 million) to protect against any further increases in rates whilst preserving the benefit of any reductions. The loan and interest rate cap were both effective from 9 October 2023.

In January 2024, the Group arranged a new £200 million loan facility at a headline margin of 75 basis points over SONIA, with the margin stepping up by 0.25% after six months, a further 0.25% after 12 months and a final step-up of 0.50% at 18 months. The loan has a one-year term, which may be extended by up to a further year at GPE's request and was undrawn at 31 March 2024.

The Group's £175.0 million 2.15% private placement notes 2024 were repaid on 22 May 2024.

At 31 March 2024, the nominal value of the Group's interest-bearing loans and borrowing was £743.9 million (2023: £460.9 million) and the Group had £603 million (2023: £436.0 million) of undrawn credit facilities.

17 Financial instruments

Categories of financial instrument	**Carrying amount 2024 £m**	**Amounts recognised in income statement 2024 £m**	**Gain/(loss) to equity 2024 £m**	Carrying amount 2023 £m	Amounts recognised in income statement 2023 £m	Gain/(loss) to equity 2023 £m
Other investments	**2.4**	**(0.2)**	**–**	1.8	0.1	–
Interest rate cap	**0.4**	**(1.7)**	**–**	–	–	–
Assets at fair value	**2.8**	**(1.9)**	**–**	1.8	0.1	–
Balances with joint ventures	**213.5**	**5.8**	**–**	214.4	5.9	–
Trade receivables	**24.7**	**(0.1)**	**–**	11.4	(0.8)	–
Cash and cash equivalents	**22.9**	**0.3**	**–**	19.4	0.1	–
Assets at amortised cost	**261.1**	**6.0**	**–**	245.2	5.2	–
Trade and other payables	**(1.4)**	**–**	**–**	(4.4)	–	–
Payables in respect of customer rent deposits	**(17.0)**	**–**	**–**	(16.2)	–	–
Interest-bearing loans and borrowings	**(740.4)**	**(15.2)**	**–**	(458.5)	(9.0)	–
Obligations under occupational leases	**(1.0)**	**–**	**–**	(2.0)	(0.1)	–
Obligations under finance leases	**(74.1)**	**(2.4)**	**–**	(66.7)	(2.4)	–
Liabilities at amortised cost	**(833.9)**	**(17.6)**	**–**	(547.8)	(11.5)	–
Total financial instruments	**(570.0)**	**(13.5)**	**–**	(300.8)	(6.2)	–

Financial risk management objectives

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to operate on a going concern basis and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. Debt comprises long-term debenture stock, private placement notes and drawings against committed revolving credit facilities from banks. The Group aims to maintain a loan-to-property value of between 10–35% (see note 10). The Group operates solely in the United Kingdom, and its operating profits and net assets are sterling denominated. As a result, the Group's policy is to have no unhedged assets or liabilities denominated in foreign currencies.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of reviewing the financial information of prospective customers and only dealing with those that are creditworthy and obtaining sufficient rental cash deposits or third-party guarantees as a means of mitigating financial loss from defaults. The concentration of credit risk is limited due to the large and diverse customer base, with no one customer providing more than 10% of the Group's rental income. Details of the Group's receivables, and the associated expected credit loss, are summarised in notes 11 and 14 of the financial statements. The Directors believe that there is no further expected credit loss required in excess of that provided. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group's cash deposits are placed with a diversified range of investment grade banks, and strict counterparty limits ensure the Group's exposure to bank failure is minimised.

Liquidity risk

The Group operates a framework for the management of its short-, medium- and long-term funding requirements. Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. The Group's funding sources are diversified across a range of bank and bond markets and strict counterparty limits are operated on deposits.

The Group meets its day-to-day working capital requirements through the utilisation of its revolving credit facility. The availability of this facility depends on the Group complying with a number of key financial covenants; these covenants and the Group's compliance with them are set out in the table below:

Key covenants	Covenant	March 2024 actuals
Group		
Net gearing (see note 9)	**<125%**	**46.8%**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**2.42x**
Interest cover	**>1.35x**	**3.65x**

The Group has undrawn credit facilities of £603.0 million and has substantial headroom above all of its key covenants. As a result, the Directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

The following tables detail the Group's remaining contractual maturity on its financial instruments and have been drawn up based on the undiscounted cash flows of financial liabilities, including associated interest payments, based on the earliest date on which the Group is required to pay, and conditions existing at the balance sheet date:

At 31 March 2024	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£21.9 million 5⅝% debenture stock 2029	**22.0**	**27.8**	**1.2**	**1.2**	**25.4**	**–**
£450.0 million revolving credit facility	**46.1**	**58.9**	**4.2**	**4.2**	**50.5**	**–**
£250.0 million term loan	**248.3**	**291.3**	**17.2**	**17.2**	**256.9**	**–**
Private placement notes	**424.0**	**489.6**	**182.5**	**7.0**	**60.0**	**240.1**
Derivative financial instruments						
Interest rate cap	**(0.4)**	**(0.3)**	**(0.2)**	**(0.1)**	**–**	**–**
	740.0	**867.3**	**204.9**	**29.5**	**392.8**	**240.1**

At 31 March 2023	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£21.9 million 5⅝% debenture stock 2029	22.0	29.0	1.2	1.2	3.7	22.9
£450.0 million revolving credit facility	12.8	22.0	2.1	2.1	17.8	–
Private placement notes	423.7	500.2	10.8	182.5	20.8	286.1
	458.5	551.2	14.1	185.8	42.3	309.0

The maturity of lease obligations is set out in notes 18 and 19.

Interest rate risk

Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements.

Interest rate caps

Interest rate caps protect the Group from rises in short-term interest rates by making a payment to the Group when the underlying interest rate exceeds a specified rate (the 'cap rate') on a notional value. If the underlying rate exceeds the cap rate, the payment is based upon the difference between the two rates, ensuring the Group only pays the maximum of the cap rate. At 31 March 2024, the Group's only interest rate derivative was a £200 million interest rate cap.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date, and represents management's assessment of possible changes in interest rates based on historical trends. For the floating rate liabilities, the analysis is prepared assuming the amount of the liability at 31 March 2024 was outstanding for the whole year:

	Impact on loss		Impact on equity	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Increase of 50 basis points	**(0.5)**	(0.1)	**(0.5)**	(0.1)
Increase of 25 basis points	**(0.2)**	(0.1)	**(0.2)**	(0.1)
Decrease of 25 basis points	**0.7**	0.1	**0.7**	0.1
Decrease of 50 basis points	**1.5**	0.1	**1.5**	0.1

Fair value of interest-bearing loans and borrowings

	Book value 2024 £m	**Fair value 2024 £m**	Book value 2023 £m	Fair value 2023 £m
Items carried at fair value				
Interest rate cap (asset)	**(0.4)**	**(0.4)**	–	–
Items not carried at fair value				
£21.9 million 5⅝% debenture stock 2029	**22.0**	**22.0**	22.0	22.4
£450.0 million revolving credit facility	**46.1**	**46.1**	12.8	12.8
£250.0 million term loan	**248.3**	**248.3**	–	–
Private placement notes	**424.0**	**373.3**	423.7	339.9
	740.0	**689.3**	458.5	375.1

The fair values of the Group's private placement notes were determined by comparing the discounted future cash flows using the contracted yields with those of the reference gilts plus the implied margins, representing Level 2 fair value measurements as defined by IFRS 13 – Fair Value Measurement. The fair values of the Group's outstanding interest rate cap 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 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.

The following table details the principal amounts and remaining terms of interest rate derivatives outstanding:

	Average contracted fixed interest rate		Notional principal amount		Fair value asset	
	2024 %	2023 %	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Cash flow hedges						
Interest rate cap	**5.094%**	–	**200.0**	–	**0.4**	–

The Group entered a £200 million interest rate cap (at a cost of £2.1 million) effective from 9 October 2023 and expires in September 2025.

18 Head lease obligations

Head lease obligations in respect of the Group's leasehold properties are payable as follows:

	Minimum lease payments 2024 £m	**Interest 2024 £m**	**Principal payments 2024 £m**	Minimum lease payments 2023 £m	Interest 2023 £m	Principal payments 2023 £m
Less than one year	**2.9**	**(2.9)**	**–**	2.4	(2.4)	–
Between one and five years	**11.5**	**(11.3)**	**0.2**	9.7	(9.5)	0.2
More than five years	**358.0**	**(284.1)**	**73.9**	304.5	(238.0)	66.5
	372.4	**(298.3)**	**74.1**	316.6	(249.9)	66.7

19 Occupational lease obligations

Obligations in respect of the Group's occupational leases for its head office are payable as follows:

	Minimum lease payments 2024 £m	**Interest 2024 £m**	**Principal payments 2024 £m**	Minimum lease payments 2023 £m	Interest 2023 £m	Principal payments 2023 £m
Less than one year	**1.0**	**–**	**1.0**	1.0	–	1.0
Between one and five years	**–**	**–**	**–**	1.0	–	1.0
	1.0	**–**	**1.0**	2.0	–	2.0

20 Share capital

	2024 Number	**2024 £m**	2023 Number	2023 £m
Allotted, called up and fully paid ordinary shares of 15 5/19 pence				
At 1 April and 31 March	**253,867,911**	**38.7**	253,867,911	38.7

At 31 March 2024, the Company had 253,867,911 ordinary shares with a nominal value of 15 5/19 pence each.

21 Investment in own shares

	2024 £m	2023 £m
At 1 April	**(2.8)**	(3.6)
Employee share-based incentive charges	**(4.0)**	(1.3)
Transfer to retained earnings	**1.2**	2.1
At 31 March	**(5.6)**	(2.8)

The investment in the Company's own shares is held at cost and comprises 887,159 shares (2023: 887,159 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 year, no shares (2023: 192,112) vested to Directors and senior employees and no additional shares were acquired by the Trust (2023: 201,936). The fair value of shares awarded and outstanding at 31 March 2024 was £9.8 million (2023: £8.4 million).

Details of outstanding share plans are set out below:

Date of Grant /Fair value (pence)	At 1 April 2023 No. of shares	Granted No. of shares	Vested No. of shares	Lapsed/ forfeit No. of shares	At 31 March 2024 No. of shares	Vesting dates
Long Term Incentive Plan						
29 July 2020 / 581p	1,619,621	**–**	**–**	**(1,619,621)**	**–**	28 July 2023
12 November 2020 / 704p	19,522	**–**	**–**	**(19,522)**	**–**	11 November 2023
7 June 2021 / 733p	1,358,980	**–**	**–**	**(19,545)**	**1,339,435**	6 June 2024
27 May 2022 / 645p	1,926,632	**–**	**–**	**(126,942)**	**1,799,690**	26 May 2025
Restricted Share Plan						
7 July 2023 / 422p	–	**1,220,784**	**–**	**(119,474)**	**1,101,310**	6 July 2026
24 November 2023 / 408p	–	**10,283**	**–**	**–**	**10,283**	23 November 2026
	4,924,755	**1,231,067**	**–**	**(1,905,104)**	**4,250,718**	

22 Cash and cash equivalents

	2024 £m	2023 £m
Cash held at bank (unrestricted)	**5.9**	3.2
Amounts held in respect of customer rent deposits (restricted)	**17.0**	16.2
	22.9	19.4

Amounts held in respect of customer rent deposits are subject to restrictions as set out in the customers' lease agreement and therefore not available for general use by the Group.

23 Notes to the Group statement of cash flows

Reconciliation of financing liabilities

	1 April 2023 £m	**New obligations £m**	**Inflows/ (outflows) £m**	**Other non-cash movements £m**	**31 March 2024 £m**
Long-term interest-bearing loans and borrowings	458.5	**248.0**	**33.5**	**(174.6)**	**565.4**
Short-term interest-bearing loans and borrowings	–	**–**	**–**	**175.0**	**175.0**
Obligations under leases	68.7	**7.4**	**(3.3)**	**2.3**	**75.1**
	527.2	**255.4**	**30.2**	**2.7**	**815.5**

	1 April 2022 £m	New obligations £m	Inflows/ (outflows) £m	Other non cash movements £m	31 March 2023 £m
Long-term interest-bearing loans and borrowings	531.0	–	(73.0)	0.5	458.5
Short-term interest-bearing loans and borrowings	0.2	–	(0.2)	–	–
Obligations under leases	58.5	11.1	(3.3)	2.4	68.7
	589.7	11.1	(76.5)	2.9	527.2

Adjustment for non-cash items

Adjustments for non-cash items used in the reconciliation of cash generated used in operations in the Group statement of cash flows' is disclosed below.

	2024 £m	2023 £m
Deficit from investment property	**267.3**	145.0
Deficit/(surplus) on revaluation of other investments	**0.2**	(0.1)
Employee share-based incentive charge	**4.0**	1.3
Spreading of lease incentives	**(5.7)**	(5.9)
Share of results of joint ventures	**46.7**	33.4
Depreciation	**1.6**	1.7
Other	**(0.7)**	(0.3)
Adjustments for non-cash items	**313.4**	175.1

24 Dividends

	2024 £m	2023 £m
Dividends paid		
Interim dividend for the year ended 31 March 2024 of 4.7 pence per share	**11.9**	–
Final dividend for the year ended 31 March 2023 of 7.9 pence per share	**20.0**	–
Interim dividend for the year ended 31 March 2023 of 4.7 pence per share	**–**	11.9
Final dividend for the year ended 31 March 2022 of 7.9 pence per share	**–**	20.0
	31.9	31.9

A final dividend of 7.9 pence per share was approved by the Board on 22 May 2024 and, subject to shareholder approval, will be paid on 8 July 2024 to shareholders on the register on 31 May 2024. The dividend is not recognised as a liability at 31 March 2024. The 2023 final dividend and the 2023 interim dividend are included within the Group statement of changes in equity.

25 Lease receivables

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

	2024 £m	2023 £m
The Group as a lessor		
Less than one year	**66.0**	58.3
Between two and five years	**141.0**	129.9
More than five years	**62.9**	66.7
	269.9	254.9

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2024 was 3.4 years (2023: 3.2 years). All investment properties, except those under development, generated rental income, and £nil contingent rents were recognised in the year (2023: £nil).

26 Employee benefits

The Group operates a UK-funded approved defined contribution plan. The Group's contribution for the year was £1.8 million (2023: £1.5 million). The Group also contributes to a defined benefit final salary pension plan (the Plan), the assets of which are held and managed by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2023 by a qualified independent actuary using the projected unit method. The Plan was valued using the following key actuarial assumptions:

	2024 **%**	2023 %
Discount rate	**4.90**	4.80
Expected rate of salary increases	**4.10**	4.20
RPI inflation	**3.10**	3.20
Rate of future pension increases	**2.90**	2.90

Life expectancy assumptions at age 65:

	2024 **Years**	2023 Years
Retiring today age 65 – male:female	**23:25**	25:26
Retiring in 25 years (age 40 today) – male:female	**25:27**	27:29

Changes in the present value of the pension obligation are as follows:

	2024 **£m**	2023 £m
Defined benefit obligation at 1 April	**26.9**	35.9
Service cost	**0.2**	0.3
Interest cost	**1.2**	1.1
Effect of changes in demographic assumptions	**(1.9)**	–
Effect of changes in financial assumptions	**(0.5)**	(10.5)
Effect of experience adjustments	**1.3**	1.1
Benefits paid	**(1.3)**	(1.0)
Present value of defined benefit obligation at 31 March	**25.9**	26.9

Changes to the fair value of the Plan assets are as follows:

	2024 £m	2023 £m
Fair value of the Plan assets at 1 April	**31.0**	39.4
Interest income	**1.5**	1.1
Actuarial loss	**(1.0)**	(9.1)
Employer contributions	**0.6**	0.6
Benefits paid	**(1.3)**	(1.0)
Fair value of the Plan assets at 31 March	**30.8**	31.0
Net pension asset	**4.9**	4.1

The amount recognised immediately in the Group statement of comprehensive income was £0.1 million (2023: £0.3 million).

The amount recognised in the balance sheet in respect of the Plan is as follows:

	2024 £m	2023 £m
Present value of unfunded obligations	**(25.9)**	(26.9)
Fair value of the Plan assets	**30.8**	31.0
Pension asset	**4.9**	4.1

Amounts recognised as administration expenses in the income statement are as follows:

	2024 £m	2023 £m
Current service cost	**(0.2)**	(0.3)
Net interest income	**0.3**	–
	0.1	(0.3)

All equity and debt instruments have quoted prices in active markets. The fair value of the Plan assets at the balance sheet date is analysed as follows:

	2024 £m	2023 £m
Cash	**0.1**	0.1
Equities	**1.6**	11.9
Bonds	**27.6**	19.0
Derivatives	**1.5**	–
	30.8	31.0

Other than market and demographic risks, which are common to all retirement benefit schemes, there are no specific risks in the relevant benefit schemes which the Group considers to be significant or unusual. Detail on two of the more specific risks are detailed below:

Changes in bond yields

Falling bond yields tend to increase the funding and accounting liabilities. However, the investment in corporate and government bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting liabilities. In this way, the exposure to

movements in bond yields is reduced.

Life expectancy

The majority of the obligations are to provide a pension for the life of the member on retirement, so increases in life expectancy will result in an increase in the liabilities. The inflation-linked nature of the majority of benefit payments increases the sensitivity of the liabilities to changes in life expectancy.

The effect on the defined benefit obligation of changing the key assumptions, calculated using approximate methods based on historical trends, is set out below:

	2024 £m	2023 £m
Discount rate -0.25%	**26.9**	27.9
Discount rate +0.25%	**25.1**	26.0
RPI inflation -0.25%	**25.6**	26.5
RPI inflation +0.25%	**26.3**	27.4
Post-retirement mortality assumption – one year age rating	**26.9**	27.9

Given the Plan surplus, the Group has agreed to pause contributions to the Plan. Accordingly, the Group expects to contribute £nil (2023: £0.6 million) to the Plan in the year ending 31 March 2024. The expected total benefit payments for the year ending 31 March 2024 are £0.9 million, rising to around £1.1 million per annum over the next five years. A total of c.£6.6 million is expected to be paid over the subsequent five year period.

27 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 15⁵⁄₁₉ 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 buyback 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 less accounting charges.

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)

Building Research Establishment method of assessing, rating and certifying the sustainability of buildings.

Cash EPS

EPRA EPS adjusted for certain non-cash items (including our share of joint ventures): lease incentives, capitalised interest and charges for share-based payments.

Core West End

Areas of London with W1 and SW1 postcodes.

Development profit on cost

The value of the development at completion, less the value of the land at the point of development commencement and costs to construct (including finance charges, letting fees, void costs and marketing expenses).

Development profit on cost %

The development profit on cost divided by the land value at the point of development commencement together with the costs to construct.

Earnings Per Share (EPS)

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

EPRA metrics

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

EPRA Net Disposal Value (NDV)

Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. Diluted net assets per share adjusted to remove the impact of goodwill arising as a result of deferred tax and fixed interest rate debt.

EPRA Net Reinstatement Value (NRV)

Represents the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives, real estate transfer taxes and deferred taxes on property valuation surpluses, are therefore excluded.

EPRA Net Tangible Assets (NTA)

Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of goodwill arising as a result of deferred tax and other intangible assets.

Estimated rental value (ERV)

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

Fair value – investment property

The amount as estimated by the Group'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.

Ready to fit

For businesses typically taking larger spaces on longer leases who want to fit out the space themselves.

Fitted spaces

Where businesses can move into fully furnished, well designed workspaces, with their own front door, furniture, meeting rooms, kitchen and branding.

Fully Managed

Fitted space where GPE handles all day-to-day services and running of the workplace in one monthly bill.

Flex space partnerships

Revenue share agreements with flexible space operators; these are typically structured via lease arrangements with the revenue share recognised within rental income.

Full repairing and Insuring (FRI) lease

In an FRI lease, the customer is responsible for managing the space they occupy, including all costs associated with repairing and maintaining the property, as well as obtaining insurance coverage.

IFRS

United Kingdom adopted international accounting standards.

Internal rate of return (IRR)

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

Like-for-like (Lfl)

The element of the portfolio that has been held for the whole of the period of account.

MSCI

Morgan Stanley Capital International (MSCI) is a company that produces an independent benchmark of property returns.

EPRA Loan-to-Value (LTV)

The nominal value of total bank loans, private placement notes, debenture stock and any net liabilities/assets, 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).

MSCI central London

An index, compiled by MSCI, of the central and inner London properties in their March annual valued universes.

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 Group borrowings at nominal value plus obligations under occupational leases less short-term deposits and cash as a percentage of equity shareholders' funds adjusted for value of the Group's pension scheme, calculated in accordance with our bank covenants.

Net initial yield

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

Net rental income

Gross rental income adjusted for the spreading of lease incentives less expected credit losses for rental income and ground rents.

Non-PIDs

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

Property costs

Service charge and Fully Managed services income less service charge expenses, Fully Managed services cost, other property expenses and expected credit losses for service charges.

Property Income Distributions (PIDs)

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

PMI

Purchasing Managers Index.

REIT

UK Real Estate Investment Trust.

Rent roll

The annual contracted rental income.

Reversionary potential

The percentage by which ERV exceeds rent roll on let space.

Topped-up initial yield

Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchasers' costs and contracted uplifts from tenant incentives.

Total potential future growth

Portfolio rent roll plus the ERV of void space, space under refurbishment and the committed development schemes, expressed as a percentage uplift on the rent roll at the end of the period.

Total Accounting Return (TAR)

The growth in EPRA NTA per share plus ordinary dividends paid, expressed as a percentage of EPRA NTA per share at the beginning of the period.

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.

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.

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 purchasers' costs. Assumes rent is received quarterly in advance.

Ungeared IRR

The ungeared internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero, without the benefit of financing. The internal rate of return is used to evaluate the attractiveness of a project or investment.

EPRA vacancy rate

The element of a property which is unoccupied, expressed as the ERV of the vacant space divided by the ERV of the total portfolio, excluding committed developments.

Weighted Average Unexpired Lease Term (WAULT)

The Weighted Average Unexpired Lease Term expressed in years.

Whole life surplus

The value of the development at completion, less the value of the land at the point of acquisition and costs to construct (including finance charges, letting fees, void costs and marketing expenses), plus any income earned over the period.

Appendix 1

Interest rates were elevated over the course of the year, as inflation remained persistently higher than many had forecast. The resultant upward pressure on property yields more than outweighed any positive impact from supportive occupational markets, reducing investment market turnover and lowering property values. Looking forward, the UK has recently emerged from a shallow recession, the UK GDP outlook is more positive and inflation is abating, but many macro-economic risks remain.

Macro-economic backdrop

- IMF estimates global GDP growth to be stable at 3.2% in both 2024 and 2025.
- UK forecast to grow; 0.9% GDP growth in 2024, or 1.8% p.a. over the next three years, with London expected to outperform at nearly double for the UK as whole at 0.5% p.a. (Oxford Economics).
- Consumer confidence recovering from 2022 lows, now at highest level since January 2022.
- Deloitte CFO survey: sentiment among UK CFOs has risen for the third consecutive quarter, with uncertainty at a two-and-a-half year low.
- UK composite PMI surveys have improved in Q1 2024 and indicate expansion; >50 at March 2024.
- Inflationary risks abating; UK CPI 3.2% in March 2024, anticipated to reduce over the remainder of the year.

Occupational markets[1]

- Occupational market active; central London take-up 10.5 million sq ft in year, but down 13.8% from prior year.
- Central London active demand 7.8 million sq ft, up 16.7% year on year (Knight Frank).
- Availability remains elevated at 25.9 million sq ft, marginally ahead of 31 March 2023 and remains 45.9% ahead of the ten-year average.
- Space under offer high at 4.1 million sq ft, up from 3.0 million sq ft at 31 March 2023 and above the ten-year average of 3.4 million sq ft.
- Central London vacancy rate 8.8% at 31 March 2024; up from 7.8% last year, newly completed vacancy rate at 1.9%.
- Supply remains tight; availability of space newly completed or under construction low, at 32.9% of total stock (8.5 million sq ft).
- Rents for prime spaces to significantly outperform Grade B rents at +19,1% v -3.5% respectively for the West End between 31 December 2023 and 2028 (Savills).

The West End

- Office take-up 3.3 million sq ft, down 32.1% on preceding year.
- Availability 6.4 million sq ft, up 5.5%.
- Vacancy 4.7%, up from 3.3% at 31 March 2023; vacancy of newly completed space only 1.1%.
- Prime office rental values £155 per sq ft at 31 March 2024, up 10.7% in year.
- Retail vacancy stabilised; Zone A rents maintained on key retail streets.

The City

- Office take-up 5.6 million sq ft, up 13.2% on preceding year.
- Availability 10.4 million sq ft, down 2.4%.
- Vacancy 11.8%, up from 10.9% at 31 March 2023; vacancy of newly completed space only 2.2%.
- Prime office rental values £77 per sq ft, up 6.9% in year.
- City space under offer 2.2 million sq ft, the highest for ten years.

Investment markets[1]

- Investment markets challenged given heightened interest rate environment.
- Office investment deals £5.2 billion in 2024, down significantly from £11.2 billion in 2023.
- Turnover in Q1 2024 still muted at £1.1 billion.
- We estimate that £3.9 billion of real estate is currently on the market to buy versus £19.2 billion of equity demand looking to invest.
- Given elevated global interest rates, prime yields have risen; CBRE reports prime yields of 4.0% and 5.75% for the West End and City respectively.
- Prime retail yields 4.25% Regent Street, 4.5% Oxford Street both stable and Bond Street softened by 25 bps to 3.0%.

Near-term outlook

We actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last year, our property capital value indicators have improved, along with a with more optimistic outlook for interest rates. However, risks remain, including the continued macro-economic uncertainty and ongoing geopolitical tensions.

Today we expect the flight to quality to continue, with investment demand to support prime yields in the near term, with potential compression as rents grow and interest rates settle. In the occupational market, given a strong leasing and rental performance of the portfolio, our rental value growth range for the financial year to 31 March 2025 is positive at between 3.0% and 6.0%, predominantly driven by the positive expected performance of our office portfolio.

1. To 31 March 2024 and sourced from CBRE unless otherwise stated.

Appendix 1 continued

Selected lead indicators

Drivers of rents[1]	May 2023	Today
GDP/GVA growth	Orange	Orange
Business investment	Orange	Green
Confidence	Orange	Orange
Employment growth	Orange	Orange
Active demand/take-up	Orange	Green
Vacancy rates	Orange	Green
Development completions	Green	Green
Drivers of yields		
Rental growth	Orange	Green
Weight of money	Orange	Red
Gilts	Orange	Green
BBB Bonds	Orange	Green
Exchange rates	Orange	Orange
Political risk	Orange	Orange

1. Offices.

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	677.3	–	677.3	29.1	(10.5)
	Retail	152.3	36.7	189.0	8.1	(11.4)
	Residential	4.0	–	4.0	0.2	(13.8)
Rest of West End	Office	218.1	239.2	457.3	19.6	0.6
	Retail	127.1	109.5	236.6	10.2	(11.4)
	Residential	0.7	–	0.7	–	(26.9)
Total West End		**1,179.5**	**385.4**	**1,564.9**	**67.2**	**(7.8)**
City, Midtown and Southwark	Office	340.0	90.7	430.7	18.5	(17.2)
	Retail	7.7	–	7.7	0.3	(7.7)
	Residential	–	–	–	–	–
Total City, Midtown and Southwark		347.7	90.7	438.4	18.8	(17.0)
Investment property portfolio		**1,527.2**	**476.1**	**2,003.3**	**86.0**	**(10.0)**
Development property		201.5	–	201.5	8.6	(28.7)
Total properties held throughout the year		**1,728.7**	**476.1**	**2,204.8**	**94.6**	**(12.1)**
Acquisitions		126.4	–	126.4	5.4	(6.6)
Portfolio valuation		**1,855.1**	**476.1**	**2,331.2**	**100.0**	**(11.8)**

1. GPE share.

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		870.3	–	870.3	677.3	189.0	4.0	870.3	760
Rest of West End		804.9	44.7	849.6	560.8	288.1	0.7	849.6	651
Total West End		**1,675.2**	**44.7**	**1,719.9**	**1,238.1**	**477.1**	**4.7**	**1,719.9**	**1,411**
City, Midtown and Southwark		454.5	156.8	611.3	600.2	8.6	2.5	611.3	1,319
Total		**2,129.7**	**201.5**	**2,331.2**	**1,838.3**	**485.7**	**7.2**	**2,331.2**	**2,730**
By use:	Office	1,684.9	153.4	1,838.3					
	Retail	440.1	45.6	485.7					
	Residential	4.7	2.5	7.2					
Total		**2,129.7**	**201.5**	**2,331.2**					
Net internal area sq ft 000's		2,197	533	2,730					

Appendix 3

Sales for the year ended 31 March 2024

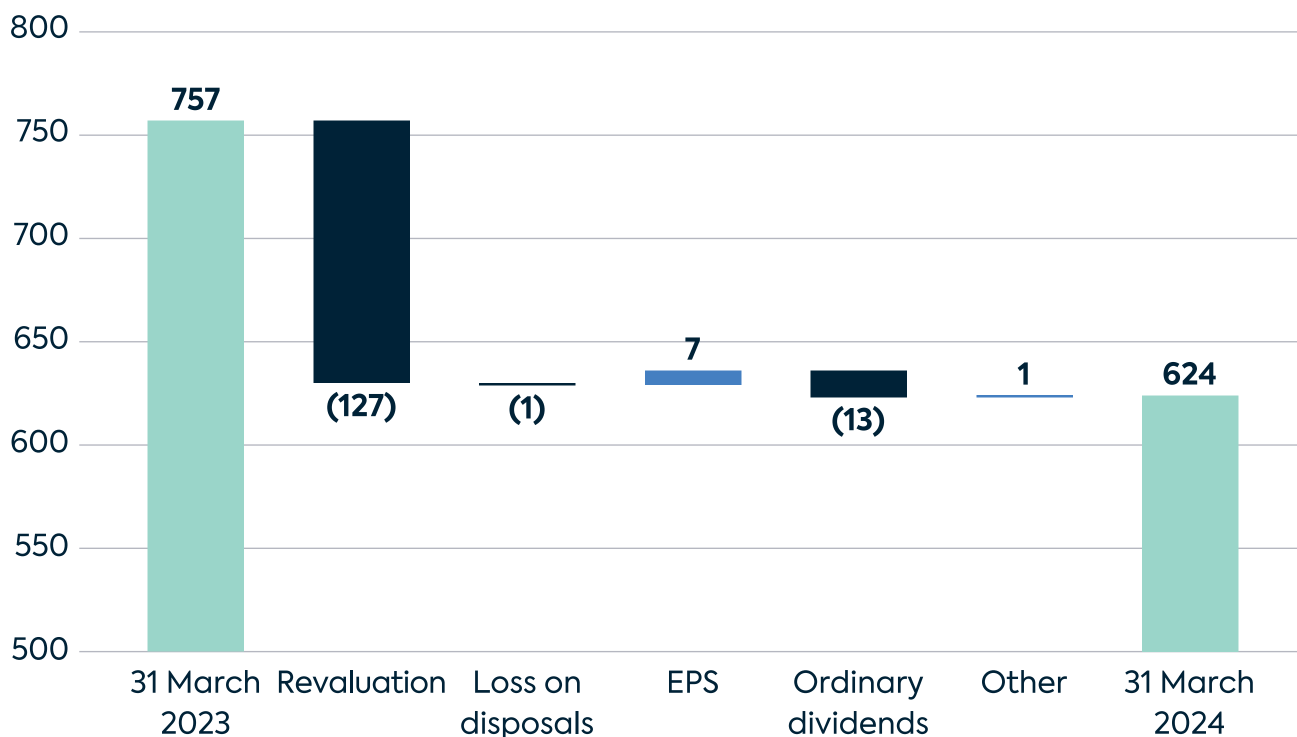
	Price £m	Premium/ (discount) to book value %	Price per sq ft £	NIY %
Commercial				
Poland Street, W1	5.0	(13.4%)	995	5.5%
6 Brook Street, W1	8.4	–	2,306	3.0%
Total	**13.4**	**(5.4%)**	**1,546**	

Acquisitions for the year ended 31 March 2024

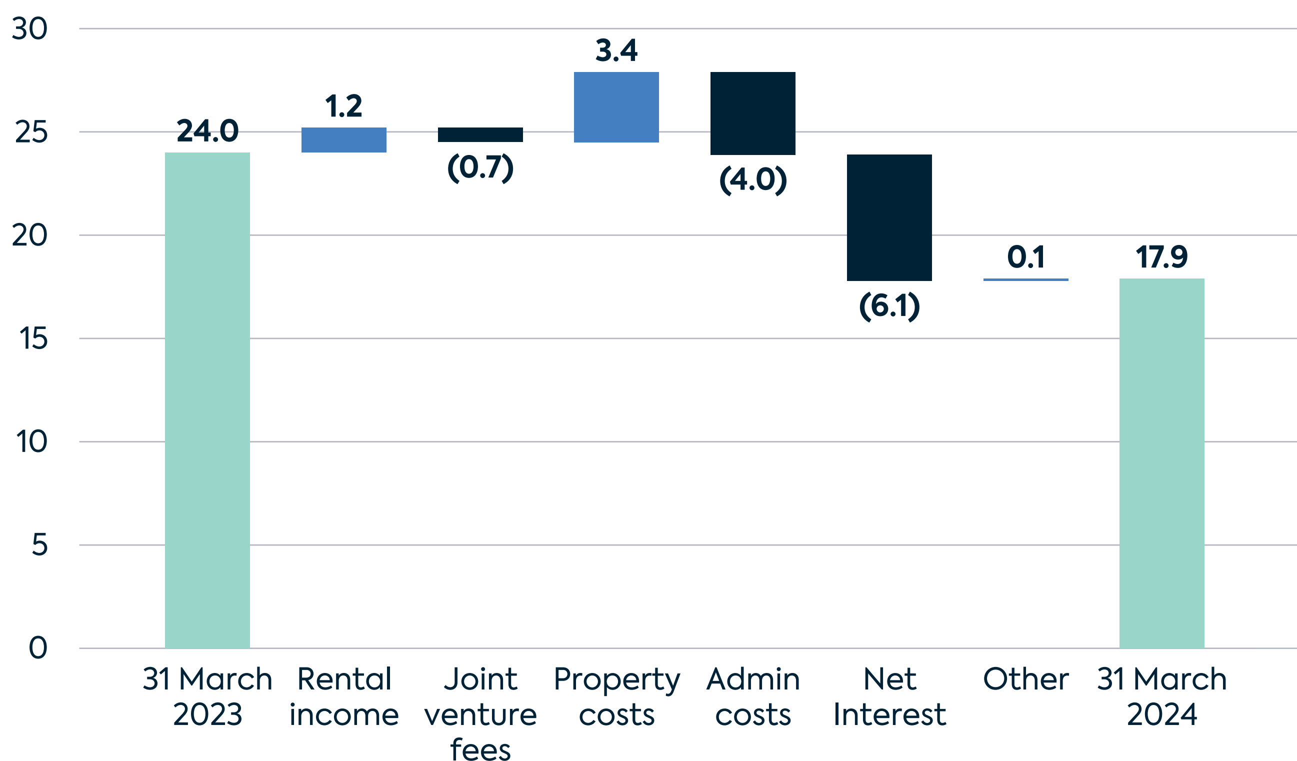
	Price £m	NIY %	Area sq ft	Cost per sq ft
Commercial				
Soho Square Estate, W1	70.0	2.1%	57,500	7721
141 Wardour Street, W1	39.0	n/a	33,700	1,156
Bramah House, SE1	13.9	5.9%	16,000	892
Total	**122.9**		**107,200**	**911**

Appendix 4

EPRA NTA pence per share



EPRA earnings £m



● Increase ● Decrease ● Total

Appendix 4 continued

Debt analysis

	March 2024	March 2023
Net debt excluding JVs (£m)[1]	**738.0**	457.7
Net gearing	**46.8%**	24.0%
Total net debt including 50% JV cash balances (£m) [1]	**713.5**	440.0
EPRA LTV	**32.6%**	19.8%
Interest cover	**3.7x**	10.2x
Weighted average interest rate	**4.3%**	2.7%
Weighted average cost of debt	**4.1%**	3.0%
% of drawn debt fixed/hedged	**87%**	97%
Cash and undrawn facilities (£m)	**633.4**	457.0

1. Excludes customer deposits.

Appendix 5

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	32.5	3.1	35.6	–	–	–	35.6
		Retail	8.1	0.9	9.0	3.0	0.1	3.1	12.1
	Rest of West End	Office	14.6	2.3	16.9	9.7	1.8	11.5	28.4
		Retail	6.5	0.7	7.2	5.3	0.2	5.5	12.7
	Total West End		**61.7**	**7.0**	**68.7**	**18.0**	**2.1**	**20.1**	**88.8**
	City, Midtown and Southwark	Office	20.0	2.1	22.1	5.0	0.3	5.3	27.4
		Retail	2.8	(0.7)	2.1	–	–	–	2.1
	Total City, Midtown and Southwark		**22.8**	**1.4**	**24.2**	**5.0**	**0.3**	**5.3**	**29.5**
Total let portfolio			**84.5**	**8.4**	**92.9**	**23.0**	**2.4**	**25.4**	**118.3**
Voids (A)					2.7			–	2.7
Premises under refurbishment and development					89.0			4.5	93.5
Total portfolio (B)					**184.6**			**29.9**	**214.5**
Vacancy rate % (A/B)					**1.5**			**–**	**1.3**

EPRA vacancy

	Wholly-owned £m	Joint ventures £m	Total £m
Voids and premises under refurbishment excluding development (A)	42.5	4.5	47.0
Total portfolio	**184.6**	**29.9**	**214.5**
Less: premises under development	(49.2)	–	(49.2)
Total (B)	135.4	29.9	165.3
EPRA vacancy rate % (A/B)	**31.4**	**15.1**	**28.4**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Void %	Rent roll secure for five years %	Weighted average lease length Years	Void %
London	North of Oxford Street	Office	34.2	4.2	1.2	–	–	–
		Retail	48.4	5.6	2.0	–	1.7	–
	Rest of West End	Office	0.7	1.6	0.7	89.1	11.3	–
		Retail	19.8	4.0	1.2	30.7	5.3	–
	Total West End		**25.8**	**3.7**	**1.1**	**57.2**	**7.9**	**–**
	City, Midtown and Southwark	Office	13.9	2.6	2.0	–	1.6	–
		Retail	11.3	2.2	–	–	–	–
	Total City, Midtown and Southwark		**13.6**	**2.5**	**2.0**	**–**	**1.6**	**–**
Total portfolio			**22.5**	**3.4**	**1.5**	**44.7**	**6.5**	**–**

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	86	102	–	–	3.3	5.3	–	–
		Retail	66	67	83	83	2.2	5.3	4.7	5.8
	Rest of West End	Office	99	143	116	138	4.6	5.8	3.6	4.6
		Retail	99	115	108	113	3.9	5.0	4.1	4.4
	Total West End		**86**	**106**	**107**	**113**	**3.5**	**5.4**	**3.9**	**4.8**
	City, Midtown and Southwark	Office	64	83	46	53	4.4	5.7	4.5	6.1
		Retail	39	36	–	–	4.3	5.9	–	–
	Total City, Midtown and Southwark		**59**	**76**	**46**	**53**	**4.4**	**5.7**	**4.5**	**6.1**
Total portfolio			**77**	**91**	**83**	**84**	**3.7**	**5.4**	**4.0**	**5.1**