Press Release

21 May 2014

Preliminary announcement of results

The Directors of Great Portland Estates plc announce the results for the Group for the year to 31 March 2014.

Highlights[1] for the year:

Strong growth in both capital and rental values, outperforming London market

- Portfolio valuation up 18.7%[2] in year (developments: 31.4%[2]) and 5.1%[2] in Q4
- 12 month Total Property Return of 22.5% outperforming IPD's Central London index of 20.0%, driven by capital return of 19.2% vs 15.6% for IPD Central London (West End offices capital return of 18.7% vs 16.9% for IPD)
- Rental value growth of 8.2%[2] (7.2% West End offices, 12.1% West End retail) vs 6.7% for IPD Central London

Excellent financial performance

- EPRA[3] NAV per share of 569 pence, up 27.6% in year and 8.0% in Q4
- Net assets of £1,931.9 million (March 2013: £1,537.7 million)
- EPRA[3] profit before tax of £38.4 million, up 73.0% on 2013. EPRA[3] earnings per share of 11.0 pence up 59.4%
- After revaluation surplus, reported profit before tax of £422.2 million (March 2013: £180.6 million)
- Total dividend per share of 8.8 pence (2013: 8.6 pence), up 2.3%

Development programme delivering significant surpluses – more to come

- Three schemes completed (487,100 sq ft), total profit of £103.9 million, profit on cost of 53.3%
- Two committed schemes (202,800 sq ft), 69% pre-let, expected profit on cost of 40.7%, completions from summer 2014
- 760,000 sq ft of new planning consents achieved, 100% in West End
- Further seven near-term schemes (828,100 sq ft), 83% in West End including Rathbone Square, W1
- Total development programme of 2.2 million sq ft covering 50% of existing portfolio, 77% in West End, 55% with planning permission

Record leasing year – beating ERVs

- 84 new lettings (422,300 sq ft) securing annual income of £25.9 million (our share: £20.8 million), including pre-lets of £12.1 million p.a. (our share: £10.2 million)
- Market lettings were 3.7% ahead of valuers' March 2013 ERV (4.2% excluding pre-lets)
- Vacancy rate of 3.7% (March 2013: 2.3%), average office rent only £42.00 sq ft, reversionary potential of 22.6%
- Since year end:
  - Lettings of £3.3 million, including £1.5 million at 240 Blackfriars Road, SE1
  - Further £3.1 million under offer, 4.3% premium to March 2014 ERV

Disciplined and profitable capital recycling with selective acquisition activity

- Disposals of £422.5 million (our share: £269.0 million) at an average 9.5% premium to March 2013 book value, including creation of new JV at Hanover Square Estate
- Purchase of Oxford House, W1 (79,000 sq ft) for £90.0 million increases total development potential at east end of Oxford Street to c.690,000 sq ft

Robust financial position with low leverage and high liquidity

- Gearing conservative at 30.3%, loan to property value of 25.7%, weighted average interest rate low at 3.5%
- Significant cash and undrawn facilities of £508 million, weighted average drawn debt maturity of 6.9 years

[1] All values include share of joint ventures unless otherwise stated
[2] On a like-for-like basis
[3] In accordance with EPRA guidance

Toby Courtauld, Chief Executive, said:

"We are pleased to be able to report another strong set of results and a year of many successes, soundly outperforming all of our main benchmarks and setting a new leasing record for the Group.

With London's growth outpacing a resurgent UK economy, we can expect conditions in our markets to strengthen further; employment levels are on the rise whilst order books are growing, suggesting that the space needs of the Capital's businesses will follow suit. With the current and prospective supply of space to let in central London remaining tight, we can expect rents to continue growing.

Following record turnover in 2013, demand for London assets continues unabated. Having acquired 54% of the Group's properties since 2009 at attractive prices, we believe we can generate higher returns from investing within our portfolio than from competing in today's crowded market. As a result, we will be focused on generating organic growth from the numerous asset management and development opportunities in our 3.3 million sq ft central London portfolio. Central to this growth will be our 1.0 million sq ft committed and near-term development programme, delivering well designed, new properties into an undersupplied market and building on this year's 31.4% capital growth.

With a deep and talented team, plentiful low cost finance and supportive market conditions, we are confident that we will continue generating attractive returns for shareholders."

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

www.gpe.co.uk/investors/reports-and-presentations/presentations

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

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

Interviews with Toby Courtauld, Chief Executive and Nick Sanderson, Finance Director are available at www.gpe.co.uk/investors/reports-and-presentations/presentations and www.cantos.com

Disclaimer

This announcement contains certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of Great Portland Estates plc ("GPE") speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. GPE does not undertake to update forward-looking statements to reflect any changes in GPE's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this announcement relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.

An overview of the year

Statement from the Chief Executive

The successful execution of our strategic priorities has produced another year of excellent results. We have generated property and shareholder returns ahead of our benchmarks, driven by our development successes and a record leasing year.

EPRA NAV per share increased by 27.6% over the year and the property portfolio delivered underlying capital growth of 18.7% with a total property return of 22.5%. The total shareholder return for the year was 29.3%, ahead of our FTSE 350 Real Estate benchmark of 27.4%. Dividends of 8.8 pence per share for the year are up 2.3% on 2013.

Conditions across central London's property markets, particularly in the West End, have continued to strengthen with London outperforming an improving UK economy. Employment growth and business expansion is driving an increase in tenant demand for new space in central London, and the 'war for talent' means businesses need to seek out well-specified, efficient space in attractive central London locations which appeals to current and prospective employees. With vacancy levels already low and the supply of new space remaining noticeably below trend, we maintain our expectation of further rental growth. In the investment market, despite a significant increase in transaction activity, competition remains very strong as investor demand materially outstrips the available stock to buy, driving yields lower over the year. However, we expect yields to move up in the medium term as rental growth is captured.

Notwithstanding these attractive conditions and London's enduring status as a true global city, we remain focused on flexing our activities as we move through the property cycle. Having acquired more than half of the Group's properties since 2009 during a period of opportune pricing, we are now focused on executing our development and asset management strategies across our portfolio. We have also increased our disciplined capital recycling activity to crystallise returns, with sales totalling £269 million (our share) during the year, all at healthy premiums to book value. We continue to assess selective acquisition opportunities and added to our exciting redevelopment exposure at the East End of Oxford Street with the purchase of Oxford House, W1 last summer.

The significant development programme that we commenced four years ago has now delivered 786,300 sq ft of high quality space across eight completed projects generating an aggregate surplus for shareholders of 49% over total costs. The three projects completed this year at 95 Wigmore Street, W1, City Tower, EC2 and 240 Blackfriars Road, SE1 delivered a combined profit of £84.2 million and an average profit on cost of 53.3%. We currently have two committed schemes onsite; our 60,300 sq ft scheme at Walmar House, W1 on Regent Street is due for completion this summer whilst our 142,500 sq ft scheme at 12/14 New Fetter Lane, EC4 is already 100% pre-let ahead of expected completion in 2015. Our pipeline of development opportunities continues to grow and we made significant progress preparing our schemes during the year. Three-quarters (by area) of the near-term programme is focused on the rapidly improving East End of Oxford Street and we secured valuable planning consents from the City of Westminster for our schemes at Rathbone Square, W1 and 73/89 Oxford Street, W1 during the year. These schemes will materially contribute to the regeneration of this previously blighted part of the West End and demolition works at our 411,800 sq ft mixed use scheme at Rathbone Square, W1, will commence imminently. We also created a new joint venture during the year to own and develop our Hanover Square Estate, W1, partnering with the Hong Kong Monetary Authority.

Our asset management team has delivered another year of record leasing activity with lettings and lease renewals of more than £25.9 million in annual rent (including £12.1 million of pre-lettings). The market lettings were at an average of 3.7% above our valuers' ERV. We continue to see good tenant demand for our space and have already secured a further £3.3 million of new lettings so far this year.

On the financing side, our balance sheet is as strong as ever with a low loan to value ratio at March 2014 of 26%. We have significant firepower available to deliver our growth plans, which was enhanced with the issue of a £150 million convertible bond during the year at a record low coupon.

Looking ahead, with our clear strategic focus, supportive market conditions and a portfolio full of opportunity, I remain confident that we are well positioned to continue delivering market-leading returns, supported by our strong financial position and first-class team.

Toby Courtauld
Chief Executive

Our market

Our market is accompanied by graphics (see Appendix 1)

Central London's commercial property markets have further strengthened as London continues to outperform an improving UK economy.

Over the past 12 months, the UK economic outlook has substantially improved, with the focus shifting from the risk of an impending Eurozone crisis to economic growth and the outlook for interest rates. A number of key economic indicators have showed significant improvement: PMI surveys show record growth in business confidence, the UK housing market has grown strongly, UK services have increased at their fastest rate since 1997, inflation has fallen to its lowest level in four years and office-based employment continues to grow. Latest estimates suggest that UK GDP increased by 1.8% during the year to December 2013, compared to a forecast of 0.9% at the start of the year. The forecast for 2014 now stands at 2.6%, which would represent the strongest outturn since 2007.

The wider economic recovery has been felt most keenly in the capital and London continues to outperform. Latest estimates put London GDP growth at 3.8% for the year to December 2013 and total employment in London is comfortably outpacing growth across the UK. These trends are forecast to continue. Moreover, London's position as one of only a handful of true global cities continues to strengthen, attracting international capital for real estate investment as well as occupiers seeking access to its deep pool of talented labour. The recent 'London Futures' report by Deloitte highlighted London's position as the pre-eminent business centre in Europe, hosting the headquarters of 40% of the world's 250 largest companies and nearly half of all high-skilled workers in knowledge-based sectors across Europe's leading business cities.

Our occupational markets – overview

On the demand side, the speed of the economic recovery has surprised on the upside, and renewed optimism is driving business confidence. A recent survey by The London Chambers of Commerce and Industry found that 72% of firms in London expect turnover to rise in the year ahead, the most optimistic outlook since the quarterly surveys began in 1989. The strengthening of business confidence is feeding into business expansion and, in turn, tenant demand for new space. For the year ended March 2014, central London take-up was 13.7 million sq ft, exceeding its ten year annual average for the first time since 2011. This trend is expected to continue with office-based employment in inner London, a key driver of demand for office space, expected to increase by an average of 2.1% p.a. over the coming five years.

On the supply side, the development pipeline remains relatively muted compared with previous cycles with development activity still constrained by a lack of development finance. Meanwhile vacancy levels in our core markets remain low. Across the central London office market as a whole, development completions in the year to March 2014 of 4.5 million sq ft were 178% higher than the prior year. In the core of the West End, the focus of our activities, completions totalled only 1.6 million sq ft.

Looking forward, as shown in the chart in Appendix 1, we can expect a pick up in the speculative development pipeline as developers have started to respond to improved levels of demand and the prospect of rental growth. However, forecast supply remains below the long-term average and the lead time between development starts and completions means it will be some years before any meaningful amount of new space can be introduced.

West End

Office space leased in the West End for the year to March 2014 was 4.1 million sq ft, up 31% on 2013. Meanwhile, availability peaked at 5.5 million sq ft in June 2013 and was down 16% by March 2014. Vacancy rates remain low at 3.4% with grade A space vacancy estimated by CBRE to be only 2.4%.

Across the West End, CBRE has reported that prime office rental values rose by around 11% in the year to March 2014 (2013: 5.5%). North of Oxford Street, where 57% of our portfolio is located, prime rents rose 12.5% in the year to 31 December 2013.

The West End retail market (comprising 26.7% of our West End portfolio by value) has continued to perform strongly. Over the course of the year, strong demand has maintained a near zero vacancy, with CBRE reporting that rental values grew by 11% during the year. Rents on Bond Street increased by 24% to a record £1,300 per sq ft (Zone A).

City

Take-up in the City finished the year strongly, with an annual total of 5.6 million sq ft to March 2014, a 29% increase from the 4.3 million sq ft recorded in 2013. In contrast to last year, 31% of take-up was driven by banking and finance. Although higher than in the West End, the City office vacancy rate of 5% at 31 March 2014 remains low compared to the long-run average and CBRE has reported that City prime rental values were up 6.4% during the financial year (2013: 0.6%).

Midtown
Midtown has witnessed a year of significant leasing activity, driven largely by demand for new space from the TMT sector. This has supported strong rental growth of 9.1% for the year ended March 2014, with prime rents rising to £60.00 per sq ft. Midtown take-up for the year to March 2014 was 1.6 million sq ft, 24% above the ten year average, which was bolstered by some large lettings including Google at King's Cross and Bird & Bird at our own 12/14 New Fetter Lane scheme.

Southwark
In Southwark, over the course of 2013, TMT occupiers dominated take-up accounting for 64% of the total. Southwark availability fell by 20% over the financial year to 5.8 million sq ft, reflecting an availability rate of 6.7% (2013: 5.8%). CBRE reported that Southwark prime rents increased by 11% in the financial year to £50.00 per sq ft, above 2007 peak levels. This increase was driven by high levels of demand for new and refurbished space.

Our occupational markets – other considerations
There are a number of other factors which are influencing conditions in our occupational markets and accordingly how we operate.

Tenant needs continue to evolve and in particular there is strong evidence that employers remain focused on positioning their businesses to win the 'war for talent' through providing their current and prospective employees with an attractive working environment. Equally, businesses remain cost-conscious and are attracted to well-located, modern space, preferably close to good public transport links and crucially where they are able to increase the density of their occupation.

The barriers to development continue to increase, with the often lengthy planning consent process becoming both more complex and costly. In addition, construction costs are beginning to rise, although from a low base. These increases are being mitigated so far by rental growth, our deep relationships with contractors and effective supply chain management.

Our occupational markets – outlook
The upturn in central London take-up over the past 12 months has been driven by strengthening occupier confidence and we expect this trend to continue in 2014 as the economy grows.

With the imbalance between improving occupational demand and restricted supply favouring the landlord, we can expect further rental growth in our key markets. As the chart in Appendix 1 shows, independent forecaster PMA is predicting healthy rental growth in both the West End and the City office markets over the medium term. We estimate that for the next 12 months office rental growth in our portfolio will be between 5% and 10%. Additionally, with our office portfolio let off low average rents of only £42.00 per sq ft, there is further reversionary potential across the Group of 22.6%.

Our investment markets
In the year to December 2013, investment transactions in central London offices rose to £19.4 billion, a 39% increase on 2012 and the highest level ever recorded. In part this increase has been driven by strong overseas demand, accounting for 68% of transactions, looking for well-located, good quality buildings in a market that can provide the prospect of attractive rental growth. 2014 has also started strongly with £2.7 billion of investment transactions in the first quarter, and increased activity by domestic investors with 54% of transactions involving UK-based buyers.

However, as the chart in Appendix 1 demonstrates, the surfeit of buyers over sellers of commercial property across central London has further increased (estimated at £27.8 billion of equity demand versus £2.3 billion of assets in the market to sell). As a result, strong competition for limited stock has helped to tighten investment yields with prime yields in the West End and City reducing to 3.75% and 4.50% respectively, well below the long-term average.

The prime central London residential market continued to strengthen during 2013. CBRE reported transaction levels up 30% on the previous year with values increasing by 9.5% over the year to December 2013. The volume of new residential development across London also increased over the course of 2013. However, residential supply remains restricted in our core West End market and is still surpassed by overall housing demand. This has been reflected in the good sales rates of newly developed private units.

Our investment markets – outlook
Prime central London commercial property prices have risen by more than two-thirds (in sterling terms) since their post-Lehman trough largely driven by a growing weight of money competing for a limited pool of assets. With yields at cyclical lows, we believe that future valuation growth will be driven by those assets best placed to capture rental growth and we expect yields to move up in the medium-term. Having acquired 54% of our current portfolio during the low point in the cycle, our focus has shifted away from acquisition activity to executing asset strategies including delivering our developments into a market where good quality space is increasingly hard to find.

Lead indicators
Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our market place which are described in the table in Appendix 1.

Compared to a year ago, the property capital value indicators are broadly neutral, although bond yields have increased and the real yield spread has reduced. However, the weight of money looking for London property has not diminished resulting in a record year for investment transactions and supporting property values. Rental value indicators remain strong with economic growth metrics, the key driver for rents, surprising on the upside. As a result, we expect that the occupational market will continue to favour the landlord with rental values for sensibly priced, well-located buildings growing over the medium-term.

Valuation

Valuation is accompanied by graphics (see Appendix 2).

The valuation of the Group's properties rose to £2,678 million during the year, delivering valuation growth of 18.7% on a like-for-like basis.

At 31 March 2014, the wholly-owned portfolio was valued at £2,036.9 million and the Group had five active joint ventures which owned properties valued at £641.2 million (our share) by CBRE. The combined valuation of the portfolio of £2,678.1 million was up 18.7% on a like-for-like basis or £404.2 million since 31 March 2013.

Performance in the year
The key drivers behind the Group's valuation movement for the year were:

- rental value growth – since the start of the financial year, rental values have grown by 8.2%, comprising a 7.2% and 12.1% increase for office and retail rental values respectively. A combination of our asset management successes with an occupational market that has continued to be in the landlord's favour has put upward pressure on rents. At 31 March 2014, the portfolio was 22.6% reversionary;
- intensive asset management – during the year, 107 new leases, rent reviews and renewals were completed, securing £26.8 million (our share) of annual income which supported valuation growth over the period;
- development properties – the valuation of current development properties increased by 31.4% to £481.3 million during the year. In particular, Rathbone Square, W1 delivered a strong valuation gain (net of capex) of 24.5% in the year following planning consent; and
- lower investment yields – equivalent yields reduced by 45 basis points over the year due to the strength of demand for properties in our market (2013: 16 basis point reduction). At 31 March 2014, the portfolio equivalent yield was 4.7%.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 31 March 2014 was 3.9%, 10 basis points lower than at the start of the financial year.

Our Rest of West End portfolio produced the strongest performance by geographic sector over the year, increasing in value by 18.3% on a like-for-like basis, in part driven by retail capital value growth of 27.5%. Our North of Oxford Street assets saw a 16.5% uplift in values and the City, Midtown and Southwark properties grew by 11.1%. Our joint venture properties rose in value by 19.1% over the year while the wholly-owned portfolio rose by 18.6% on a like-for-like basis.

The Group delivered a total property return (TPR) for the year of 22.5%, compared to the central London IPD benchmark of 20.0% and a strong capital return outperformance of 3.6% (GPE at 19.2% versus 15.6% for IPD). Our West End offices delivered 1.8% capital return outperformance (GPE at 18.7% versus 16.9% for IPD), in large part due to the valuation gains of our completed development schemes.

Our business

Our business accompanied by graphics (see Appendix 3).

Investment management

Overview
With around £1.1 billion of acquisitions since summer 2009, we have now increased our profitable recycling activity with sales of £269 million in the year, all at healthy premiums to book value. However, we continue to assess selective acquisition opportunities and have added to our exposure at the East End of Oxford Street during the year.

Disciplined capital recycling with £269 million of sales in the year
We have had another successful year of capital recycling selling properties where we had executed our business plans or were able to monetise our expected future development profits. Our disposals in the year totalled £422.5 million (our share: £269.0 million), at a blended premium of 9.5% to 31 March 2013 book values.

In July 2013, we exchanged contracts to sell 90 Queen Street, EC4 for £61.0 million, reflecting a net initial yield of 5.4%, a capital value of £891 per sq ft and a 1.7% premium to the March 2013 book value. Having purchased the property in 2009 for £45.8 million, we subsequently restructured the leases and this sale crystallised the strong performance since acquisition, delivering an ungeared IRR of c.13% p.a. This sale completed in December 2013.

In September 2013, The Great Capital Partnership ('GCP') completed the sale of its last remaining asset, Park Crescent West, W1 for £105.0 million (our share: £52.5 million). The sale price was 8.6% ahead of book value and reflected a net initial yield of c.2.0% and a capital value of £813 per sq ft on the net internal area.

In November 2013, we created a new 50/50 joint venture, the GHS Limited Partnership ('GHS'), with the Hong Kong Monetary Authority ('HKMA') to own and develop the Hanover Square Estate in the heart of London's West End. GPE transferred the properties forming part of the Hanover Square Estate to GHS for £202.0 million and the partners intend to develop the site in accordance with the existing planning permission for a 208,000 sq ft redevelopment scheme. Part of the site is owned by Crossrail who are developing the eastern ticket hall of the Bond Street Crossrail station and GHS has an agreement to acquire this element of the site once Crossrail have completed construction of the station structure, currently anticipated to be during 2016, ahead of target delivery date for the development project in 2018. GPE will act as both asset and development manager to GHS.

In December 2013, we exchanged contracts to sell 20 St James's Street, SW1 for £54.5 million. The sales price reflected a net initial yield to the purchaser of 2.1% and a capital value of £982 per sq ft for the leasehold interest. We purchased the property in 2010 for £42.5 million and were planning a comprehensive refurbishment of the property in 2015. However, following a strong off-market approach, the transaction allowed us to crystallise our expected development profit early and the sale completed in January 2014.

During the year, we also sold all 11 apartments at our residential development at Picton Place, W1, at prices ahead of business plan.

Selective acquisition activity with one purchase of £90 million in the year
With £271 million (our share) of purchases in the year to March 2013 and total purchases of around £1.1 billion since August 2009 (representing 54% of today's portfolio), the pace of our acquisition activity has now slowed as we focus on executing our business plans on the properties purchased over recent years. However, we remain alert to acquisition opportunities, particularly where there is a synergy with our existing holdings. We made one purchase this financial year, adjacent to some of our other interests at the East End of Oxford Street.

In July 2013, we purchased Oxford House, 76 Oxford Street, W1, a prominent 79,000 sq ft freehold property at the junction of Oxford Street and Newman Street, adjoining our 2.3 acre Rathbone Square redevelopment site, for £90.0 million. On purchase, the property was fully let generating a total rent of £3.2 million p.a. and a net initial yield of 3.5% reflecting the rents which are low for this location at £26.17 per sq ft on the office accommodation and £238 per sq ft Zone A on the retail. Since purchase, we have concluded a number of asset management wins ahead of business plan and are working up a comprehensive refurbishment proposal. We expect to submit a planning application during the autumn.

Development management

Overview
Our development activities are delivering significant surpluses and, with a total potential programme of 2.2 million sq ft, we are well positioned to generate significant further development returns.

Our profitable development programme
So far this cycle we have completed eight schemes, including three this year, delivering 786,300 sq ft of high quality space and an average profit on cost of 49%. We currently have two committed schemes on-site (202,800 sq ft of space), one in the West End and one in Midtown. Taken together, 69.3% of the projected income is already secured on these schemes with an expected profit on cost of 40.7%. Our substantial pipeline of opportunities includes an additional 20 uncommitted projects including seven schemes (828,100 sq ft) with potential starts in the next 24 months, giving us a total potential development programme of 2.2 million sq ft, covering 50% of GPE's existing portfolio. Capital expenditure to come at our committed schemes totals £54.4 million, which could rise to £428.1 million if the seven near-term uncommitted schemes were started.

Completed schemes
We completed three significant developments totalling 487,100 sq ft during the year, 72.3% of the income secured and delivering a combined profit on cost of 53.3% and profit of £84.2 million.

In July 2013, we completed our 112,200 sq ft development at 95 Wigmore Street, W1, owned in the Great Wigmore Partnership ('GWP'), delivering a profit on cost of 62.3% and an ungeared IRR of 23.9%. The offices were fully let within six weeks of completion, delivering rent of £6.9 million p.a., equating to £84.50 per sq ft on average. The weighted average lease term of the office lettings was 11.7 years. Three of the six retail units (16,000 sq ft) are now let with a further two under offer and all of the 11 residential apartments have been sold, in both cases at rents and sales rates ahead of business plan.

At City Tower, EC2, our Grade A office refurbishment scheme (138,200 sq ft) owned in The Great Star Partnership ('GSP'), development works completed in September 2013, delivering a profit on cost of 33.1% and an ungeared IRR of 26.9%. Shortly after completion, we let the entirety of Sky Light, the 25,400 sq ft self-contained podium space to Porta Communications for 15 years with a tenant break at the tenth year, paying a rent of £1.0 million p.a. (equating to £39.50 per sq ft). This deal follows the letting of the twenty-first floor of City Tower in October to PH Media on a ten year lease with a tenant break at the fifth year, paying £60.00 per sq ft. Further lettings mean over one third of the space at the refurbished City Tower is now let with healthy interest in the remaining 54,600 sq ft.

In April 2014, we completed our 236,700 sq ft development at 240 Blackfriars Road, SE1, owned in the Great Ropemaker Partnership ('GRP'), delivering a profit on cost of 56.6% and an ungeared IRR of 35.1%. During the year, we pre-let the ninth and tenth floors (together 23,600 sq ft) of this 20 storey office building to the law firm Boodle Hatfield on a ten year lease, paying a total initial annual rent of £1.2 million, equating to £50.00 per sq ft (above the £47.00 per sq ft secured last year from UBM plc on the nine upper floors). Since year end, we have let a further three floors (31,100 sq ft) to Ramboll Group on a 15 year lease (tenant break option at year ten) paying an annual rent of £1.5 million (£47.00 per sq ft). The remaining five floors have strong interest from prospective tenants.

Committed schemes
At Walmar House, W1, our 60,300 sq ft mixed-use refurbishment is progressing well and is due to complete in summer 2014. Marketing has commenced and interest from prospective tenants is encouraging.

In May 2013, we committed to develop our 142,500 sq ft office scheme at 12/14 New Fetter Lane, EC4 following the pre-let of the entire building to Bird & Bird. Demolition works are now complete and the main building contract has been awarded with practical completion of the scheme scheduled for September 2015.

Project preparation and pipeline
At Rathbone Square, W1, we submitted a planning application in May 2013 for our mixed-use scheme and took vacant possession of the site in August 2013. In February 2014, the 411,800 sq ft development (which will include 42,500 sq ft of retail space, 214,800 sq ft of offices and 154,500 sq ft in 162 residential units) received planning consent from the City of Westminster, who described the scheme as "a distinctive, characterful proposal, of high architectural and urban design quality". With the section 106 agreement signed and resolution of the outstanding neighbourly matters progressing well, demolition works are expected to commence imminently and the project is due for completion in late 2016, ahead of Crossrail opening in 2018. We expect to launch the sales programme of the 142 private residential units later this year.

During the year, we also received planning permission for our proposed schemes at 73/89 Oxford Street, W1 and St Lawrence House, 26/34 Broadwick Street, W1, which together will deliver 180,200 sq ft of new space into the vicinity of the resurgent Eastern End of Oxford Street. Both schemes will be completed by 2017 in advance of the opening of Crossrail.

At Tasman House, 59/63 Wells Street, W1, we have now obtained vacant possession and are currently preparing our development plans in order to submit a planning application in summer 2014. The proposed scheme will transform a tired 1950's building into 38,100 sq ft of new office and retail space. Subject to planning, we expect construction to start in Q4 2014 with completion spring 2016.

Asset management

Overview

We have had another record leasing year; we have agreed 84 new lettings, securing £25.9 million of annual rent, with market lettings 3.7% ahead of the valuer's March 2013 ERV.

Our asset management successes

The highlights of another active year were:

- 84 new leases and renewals agreed (2013: 84 leases) generating annual rent of £25.9 million (our share: £20.8 million; 2013: £13.4 million, our share £10.2 million) market lettings 3.7% ahead of ERV;
- since 31 March 2014, we have completed a further ten lettings delivering £3.3 million (our share: £1.9 million) with a further 16 lettings under offer accounting for £3.1 million p.a. of rent (our share: £2.6 million) 4.3% ahead of March 2014 ERV;
- 23 rent reviews securing £6.4 million of rent (our share: £6.0 million; 2013: £4.4 million) were settled during the year at an increase of 9.7% over the previous rent;
- total space covered by new lettings, reviews and renewals during the year was 557,000 sq ft (2013: 340,750 sq ft); and
- a low investment portfolio vacancy rate of 3.7% at 31 March 2014 (2013: 2.3%).

New leasing activity

We had another record leasing year; of the 84 total lettings agreed overall, the 63 open-market transactions were at rents 3.7% ahead of the valuer's 31 March 2013 ERV estimates. Excluding pre-lets, the remaining market transactions were completed at 4.2% ahead of the 31 March 2013 ERV. The remaining 21 smaller lettings were below the 31 March 2013 ERV as they were short-term deals to maintain income ahead of potential future redevelopments.

Letting activity during the year has continued to be dominated by leasing in our development portfolio. During the year we completed £12.1 million (£10.2 million our share) of pre-lets comprising Bird & Bird at 12/14 New Fetter Lane, EC4, Bridgepoint Advisors at 95 Wigmore Street, W1 and Boodle Hatfield at 240 Blackfriars Road, SE1. We have now secured £33.4 million of annual rent through eight pre-lettings across six development projects since the start of this development cycle in 2009.

Since 31 March 2014, our letting successes have continued and we have completed £3.3 million (our share: £1.9 million) of new lettings with a further 16 potential new lettings currently under offer which could deliver an additional £3.1 million in annual rent. In particular, shortly after completing our development at 240 Blackfriars Road, we have agreed a further letting to Ramboll Group for three floors at a rent of £1.5 million. Only six weeks after completion, the office space is 73% let with only five floors remaining.

Tenant retention

In the year, 65 leases covering around 184,000 sq ft of space with a rental value of £6.4 million were subject to lease expiry or tenant break. After stripping out 18.5% where we are refurbishing the space or need vacant possession to enable development, tenants were retained for 51.4% of this space by area and by the end of March 2014, we had leased or put under offer a further 24.7%, leaving only 5.4% to transact.

Together, our strong letting and tenant retention performance has helped keep our vacancy rate low at 3.7% at 31 March 2014.

Rent collection

The quarterly cash collection performance has been very strong throughout the year. We secured a record 99.8% of rent after seven working days following the March 2014 quarter day, slightly ahead of our performance for the September and December 2013 quarters. Tenants on monthly payment terms represent around 3.6% of our rent roll (March 2013: 3.2%).

Financial management

Overview
Conservative levels of flexible, low-cost financial leverage are consistently maintained to enhance shareholder returns. Our strong balance sheet provides a robust platform to fund further growth, with a low loan to value ratio of 25.7% and over £500 million of committed liquidity.

Financing activity
Our financing activity this year focused on reducing the already low cost of our debt book, further diversifying our funding sources and enhancing our debt maturity profile. The key transaction which enabled us to deliver these objectives successfully was the issue in September 2013 of a £150.0 million five year unsecured convertible bond on highly attractive terms which benefited from strong investor demand. The conversion price was set at £7.15, a 35% premium to the share price on the launch date, and the annual fixed coupon is 1.0% which we understand represented the lowest ever achieved for a sterling denominated convertible bond in the UK public markets. If converted, the Group has the option to settle in shares or cash or a combination of the two. Including this convertible bond issue, we have raised more than £1.2 billion of attractively priced new debt facilities since summer 2010.

Looking ahead, we have commenced discussions with our relationship banks in respect of our £350 million November 2015 maturing revolving credit facility, which we expect to refinance in the coming financial year. Over the next 12 months, it is also possible that we will seek to refinance The Great Star Partnership's £75.6 million non-recourse bank debt facility which matures in July 2015. In addition, we will continue to monitor opportunities to enhance our already strong liquidity position further through our proven track record of capital recycling and our excellent access to a variety of other financing sources.

Diverse low-cost debt sources and strong liquidity
The new convertible bond has further diversified our funding sources, with 88% of our total drawn debt provided by non-bank sources and 64% borrowed on an unsecured basis. Our weighted average drawn debt maturity was 6.9 years (2013: 6.9 years) at 31 March 2014.

As detailed in Our financial results section later, our debt metrics continue to be conservative. With net gearing of 30.3% and a loan to value ratio of 25.7% at 31 March 2014, the weighted average interest rate across our drawn debt is low at only 3.5% and we have £508 million of committed firepower. The continued reduction in our weighted average interest rate and a significant increase in earnings, reflected in EPRA earnings per share rising 59.4% to 11.0 pence for the year, have combined to deliver interest cover of 4.3x for the year, up from 2.4x in the prior year and well ahead of our 1.35x covenant level.

Looking ahead, we expect that our weighted average interest rate may increase in the current year following expiry in June 2014 of the capped arrangements on the £159.7 million of private placement notes issued in 2011, which will increase the interest rate on these notes from the current 3.4% to 5.3%. The pro forma impact would be to increase our weighted average interest rate from 3.5% (as at 31 March 2014) to approximately 3.9%.

Joint ventures

Joint ventures continue to be an important part of our business and following an active year, our joint ventures currently represent 27.2% of the Group's net assets.

We categorise our current joint ventures into two types:

- access to new properties (12.5% of GPE's net asset value). The relevant joint ventures are the Great Victoria Partnership ('GVP') with Liverpool Victoria Friendly Society, the Great Wigmore Partnership ('GWP') with Scottish Widows and the Great Star Partnership ('GSP') with Starwood Capital; and
- risk sharing on development projects and/or large lot size properties (14.7% of GPE's net asset value). The relevant joint ventures are the GHS Limited Partnership ('GHS') with the Hong Kong Monetary Authority ('HKMA') and the Great Ropemaker Partnership ('GRP') with BP Pension Fund.

In November 2013, we created a new 50/50 joint venture, GHS, with the HKMA to own and develop the Hanover Square Estate in the heart of London's West End. GPE transferred the properties forming part of the Hanover Square Estate to GHS for £202.0 million and the partners intend to develop the site in accordance with the planning permission. GPE will act as both asset and development manager to GHS.

During the year, the Great Capital Partnership ('GCP'), our joint venture with Capital & Counties Properties PLC, completed the sale of its last remaining asset bringing the joint venture to its planned conclusion.

Overall, our five active joint ventures represent a significant proportion of the Group's business, increasing over the year as a result of development activity and the inception of GHS. At 31 March 2014, they made up 23.9% of the portfolio valuation, 27.2% of net assets and 23.3% of rent roll (at 31 March 2013: 20.2%, 22.7% and 20.3% respectively).

Our financial results

Our financial results are accompanied by graphics (see Appendix 4)

The Group has had a strong year, reflecting our continued success against our strategic priorities combined with a portfolio well positioned to take advantage of the robust demand in the central London property market.

Net asset value
EPRA net assets per share (NAV) at 31 March 2014 was 569 pence per share, an increase of 27.6% over the year, largely due to the rise in value of the property portfolio. At 31 March 2014, the Group's net assets were £1,931.9 million, up from £1,537.7 million at 31 March 2013.

The main drivers of the 123 pence per share increase in NAV from 31 March 2013 were:

- the rise of 114 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 33 pence;
- profit on property disposals, including the sale of Hanover Square into a new joint venture, added 9 pence per share to NAV;
- EPRA earnings for the year of 11 pence per share enhanced NAV;
- dividends of 9 pence per share reduced NAV; and
- other movements reduced NAV by 2 pence per share.

Triple net assets per share (NNNAV) was 550 pence at 31 March 2014 compared to 434 pence at 31 March 2013 (up 26.7%). At the year end, the difference between NAV and NNNAV was the negative mark to market of debt and derivatives of 19 pence, mainly arising from the Group's 2029 debenture, convertible bond and private placement notes. There was no net movement in deferred tax provisions during the year.

Income statement and earnings per share
As we highlighted last year, the income statement is benefiting from the rental income generated from the successful letting of our completed development properties and accretive property acquisitions. As a result, EPRA profit before tax was £38.4 million, 73.0% higher than last year.

We have had another year of successful leasing. Rental income from wholly-owned properties and joint venture fees for the year were £69.7 million and £6.9 million respectively, generating a combined income of £76.6 million, up £13.4 million or 21.2% on last year. This increase predominantly resulted from the full year impact of the Savills' leases at 33 Margaret Street, W1 and the full year impact of the prior year's property purchases. Increased joint venture fees resulted from increased transactional and development activity in the year including the final property disposal in GCP. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 3.0% on the prior year.

Property expenses increased by £1.2 million to £7.7 million and administration costs were £24.6 million, an increase of £1.8 million on last year, following the 12% increase over the year in headcount to deliver our growth plans.

EPRA profits from joint ventures (excluding fair value movements) were £7.4 million, up from £7.2 million last year, predominantly due to reduced joint venture interest expenses which were marginally lower year on year largely due to the repayment of GCP bank debt.

Underlying net finance costs were 29.6% lower at £13.3 million (2013: £18.9 million). Gross interest paid on our debt facilities was lower due to reduced Group net debt, as a result of disposals more than offsetting investment in our development programme, and the impact of a lower weighted average cost of debt. Moreover, during the period we capitalised £6.4 million (2013: £1.8 million) of interest as we progressed our development schemes including Rathbone Square, W1 and 12/14 New Fetter Lane, EC4.

Revaluation gains and underlying profits enabled the Group to report an accounting profit after tax of £422.2 million (2013: £180.6 million). Basic EPS for the year was 123.4 pence, compared to 56.3 pence for 2013. Diluted EPS for the year was 122.5 pence compared to 55.7 pence for 2013.

Diluted EPRA earnings per share were 11.0 pence (2013: 6.9 pence), an increase of 59.4% and in line with our expectations.

Results of joint ventures
The Group's net investment in joint ventures was £524.8 million, an increase from £348.3 million at 31 March 2013, largely due to the inception of the GHS Partnership and capital expenditure at 95 Wigmore Street, W1 and 240 Blackfriars Road, SE1. Our share of joint venture net rental income was £20.1 million, consistent with last year, as a

result of our letting activity at our newly completed developments at City Tower, EC2 and 95 Wigmore Street, W1 offsetting the loss of rental income from the cessation of GCP.

The underlying joint venture profits are stated after charging £6.9 million of GPE management fees (2013: £6.1 million). Our share of non-recourse net debt in the joint ventures was broadly stable at £101.0 million at 31 March 2014 (2013: £102.2 million) after the completion of the GVP re-financing in the prior year.

Financial resources and capital management

Group consolidated net debt was £586.1 million at 31 March 2014 down from £658.9 million at 31 March 2013 as a consequence of property disposals more than offsetting acquisitions and development capital expenditure. Group gearing fell to 30.3% at 31 March 2014 from 42.8% at 31 March 2013 as lower debt levels combined with the portfolio valuation rise. Including the non-recourse debt in the joint ventures, total net debt was £687.1 million (2013: £761.1 million) equivalent to a loan to value of 25.7% (2013: 32.7%). Pro forma for the remaining deferred consideration of £15.8 million due to the Group on sale of the 37.5% interest in 100 Bishopsgate, EC2, loan to value was 25.1%. The proportion of the Group's total net debt represented by our share of joint venture net debt was 14.7% at 31 March 2014, compared to 13.4% a year earlier.

At 31 March 2014, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £508.2 million. The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 3.9%, a reduction of 40 basis points compared to the prior year. The weighted average interest rate (excluding fees) at the year end was lower at 3.5% (2013: 3.7%) primarily driven by the issue of our convertible bond.

At 31 March 2014, 98% of the Group's total debt (including non-recourse joint ventures) was at fixed or hedged rates (2013: 71%). Interest cover for the year was 4.3x (2013: 2.4x). The Group, including its joint ventures, is operating with substantial headroom over its debt covenants. The financial covenants on the unsecured private placement notes are identical to those on our £350 million and £150 million unsecured revolving credit facilities which mature in November 2015 and February 2017 respectively.

Tenant delinquencies

One of our tenants went into administration around the March 2014 quarter day, accounting for less than 0.1% of total rent roll. Tenant delinquencies in the year were low at 0.7% of total rent roll (2013: 0.1%) and rent deposits have predominantly mitigated their financial impact. We are vigilant and continue to monitor the financial position of our tenants on a regular basis.

Taxation

The tax charge in the income statement for the year is £nil (2013: £nil) and the underlying effective tax rate was 0% (2013: 0%) as a result of the tax-free nature of much of the Group's income and other allowances being available to set against non-REIT profits. The Group complied with all relevant REIT tests for the year to 31 March 2014.

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 as part of its low-risk tax strategy.

As a REIT, we are exempt from UK corporation tax in respect of our property rental business, 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.

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 £6.8 million in respect of stamp duty land tax, empty rates in respect of vacant space and s106 contributions.

Dividend

The Board has declared a final dividend of 5.4 pence per share (2013: 5.3 pence) which will be paid in July 2014. Of this final dividend, 1.2 pence per share will be a REIT PID in respect of the Group's tax exempt property rental business. Together with the interim dividend of 3.4 pence, the total dividend for the year is 8.8 pence per share (2013: 8.6 pence).

Outlook

We are pleased to be able to report another strong set of results and a year of many successes, soundly outperforming all of our main benchmarks and setting a new leasing record for the Group.

With London's growth outpacing a resurgent UK economy, we can expect conditions in our markets to strengthen further; employment levels are on the rise whilst order books are growing, suggesting that the space needs of the Capital's businesses will follow suit. With the current and prospective supply of space to let in central London remaining tight, we can expect rents to continue growing.

Following record turnover in 2013, demand for London assets continues unabated. Having acquired 54% of the Group's properties since 2009 at attractive prices, we believe we can generate higher returns from investing within

our portfolio than from competing in today's crowded market. As a result, we will be focused on generating organic growth from the numerous asset management and development opportunities in our 3.3 million sq ft central London portfolio. Central to this growth will be our 1.0 million sq ft committed and near-term development programme, delivering well designed, new properties into an undersupplied market and building on this year's 31.4% capital growth.

With a deep and talented team, plentiful low cost finance and supportive market conditions, we remain confident that we will continue generating attractive returns for shareholders.

Group income statement

For the year ended 31 March 2014

	Notes	**2014 £m**	2013 £m
Total revenue	2	**85.2**	69.0
Net rental income	3	**69.7**	57.1
Joint venture fee income	12	**6.9**	6.1
Rental and joint venture fee income		**76.6**	63.2
Property expenses	4	**(7.7)**	(6.5)
Net rental and related income		**68.9**	56.7
Administration expenses	5	**(24.6)**	(22.8)
Trading property – cost of sales		**(1.6)**	–
Operating profit before surplus on property and results of joint ventures		**42.7**	33.9
Surplus from investment property	10	**325.6**	99.0
Share of results of joint ventures	12	**105.6**	61.2
Loss on disposal of joint venture		**–**	(0.5)
Operating profit		**473.9**	193.6
Finance income	6	**9.9**	8.4
Finance costs	7	**(61.6)**	(21.4)
Profit before tax		**422.2**	180.6
Tax	8	**–**	–
Profit for the year		**422.2**	180.6

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

Basic earnings per share	9	**123.4p**	56.3p
Diluted earnings per share	9	**122.5p**	55.7p
EPRA earnings per share	9	**11.0p**	6.9p

Group statement of comprehensive income

For the year ended 31 March 2014

	Notes	**2014 £m**	2013 £m
Profit for the year		**422.2**	180.6
Items that will not be reclassified subsequently to profit and loss:			
Actuarial deficit on defined benefit scheme	25	**(0.7)**	(0.2)
Items that may be reclassified subsequently to profit and loss:			
Fair value movement on derivatives taken to equity in joint ventures	12	**–**	3.0
Total comprehensive income and expense for the year		**421.5**	183.4

Group balance sheet
At 31 March 2014

	Notes	**2014 £m**	2013 £m
Non-current assets			
Investment property	10	**1,972.7**	1,899.5
Investment in joint ventures	12	**524.8**	348.3
Other investment	13	**18.3**	16.7
Plant and equipment	14	**0.3**	0.6
		2,516.1	2,265.1
Current assets			
Trading property	11	**93.3**	–
Trade and other receivables	15	**26.7**	51.2
Cash and cash equivalents		**7.8**	6.3
		127.8	57.5
Total assets		**2,643.9**	2,322.6
Current liabilities			
Trade and other payables	16	**(58.7)**	(78.2)
		(58.7)	(78.2)
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(623.5)**	(666.0)
Obligations under finance leases	19	**(29.1)**	(40.4)
Pension liability	25	**(0.7)**	(0.3)
		(653.3)	(706.7)
Total liabilities		**(712.0)**	(784.9)
Net assets		**1,931.9**	1,537.7
Equity			
Share capital	20	**43.0**	43.0
Share premium account		**352.0**	352.0
Capital redemption reserve		**16.4**	16.4
Retained earnings		**1,519.5**	1,130.0
Investment in own shares	21	**1.0**	(3.7)
Total equity		**1,931.9**	1,537.7
Net assets per share	9	**564p**	451p
EPRA net assets per share	9	**569p**	446p

Approved by the Board on 21 May 2014 and signed on its behalf by

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Group statement of cash flows
For the year ended 31 March 2014

	Notes	**2014 £m**	2013 £m
Operating activities			
Operating profit		**473.9**	193.6
Adjustments for non-cash items	22	**(433.9)**	(158.5)
Decrease in receivables		**2.2**	0.8
Increase in payables		**1.6**	2.7
Cash generated from operations		**43.8**	38.6
Interest paid		**(28.3)**	(26.5)
Interest received		**1.5**	0.4
Tax paid		**–**	–
Cash flows from operating activities		**17.0**	12.5
Investing activities			
Distributions from joint ventures		**153.3**	110.6
Purchase and development of property		**(170.7)**	(401.4)
Purchase of fixed assets		**–**	(0.1)
Sale of properties		**312.8**	59.8
Investment in joint ventures		**(61.9)**	(15.6)
Sale of joint ventures		**15.8**	15.3
Payment to acquire control of G.P.E. (Marcol House) Limited		**–**	(25.5)
Cash acquired on consolidation of G.P.E. (Marcol House) Limited		**–**	15.8
Cash flows from/(utilised) in investing activities		**249.3**	(241.1)
Financing activities			
Issue of share capital – proceeds from equity placing		**–**	140.6
Issue of share capital – associated costs		**–**	(2.8)
Issue of convertible bond		**146.7**	–
Borrowings (repaid)/drawn		**(224.0)**	33.0
Draw down of private placement notes		**–**	127.2
Funds to joint ventures		**(153.8)**	(39.5)
Purchase of own shares		**(4.1)**	–
Equity dividends paid		**(29.6)**	(27.6)
Cash flows from financing activities		**(264.8)**	230.9
Net increase in cash and cash equivalents		**1.5**	2.3
Cash and cash equivalents at 1 April		**6.3**	4.0
Cash and cash equivalents at balance sheet date		**7.8**	6.3

Group statement of changes in equity
For the year ended 31 March 2014

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2013		**43.0**	**352.0**	**16.4**	**1,130.0**	**(3.7)**	**1,537.7**
Profit for the year		–	–	–	**422.2**	–	**422.2**
Actuarial deficit on defined benefit scheme	25	–	–	–	**(0.7)**	–	**(0.7)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	21	–	–	–	–	**6.5**	**6.5**
Purchase of own shares	21	–	–	–	–	**(4.1)**	**(4.1)**
Dividends to shareholders	23	–	–	–	**(29.7)**	–	**(29.7)**
Transfer to retained earnings		–	–	–	**(2.3)**	**2.3**	–
Total equity at 31 March 2014		**43.0**	**352.0**	**16.4**	**1,519.5**	**1.0**	**1,931.9**

Group statement of changes in equity
For the year ended 31 March 2013

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2012		39.1	218.1	16.4	976.2	(11.5)	1,238.3
Issue of share capital	20	3.9	133.9[1]	–	–	–	137.8
Profit for the year		–	–	–	180.6	–	180.6
Actuarial deficit on defined benefit scheme	25	–	–	–	(0.2)	–	(0.2)
Fair value movement on derivatives taken to equity in joint ventures	12	–	–	–	3.0	–	3.0
Employee Long-Term Incentive Plan and Share Matching Plan charge	21	–	–	–	–	5.5	5.5
Dividends to shareholders	23	–	–	–	(27.3)	–	(27.3)
Transfer to retained earnings		–	–	–	(2.3)	2.3	–
Total equity at 31 March 2013		43.0	352.0	16.4	1,130.0	(3.7)	1,537.7

1. Net of issue costs.

Notes forming part of the Group financial statements

1 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 statutory accounts for the year ended 31 March 2014. Whilst the financial information included in this announcement has been computed in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Company's statutory accounts for the years ended 31 March 2014 or 2013, but is derived from those accounts. Those accounts give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole. Statutory accounts for 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the Company's Annual General Meeting. The auditor's reports on both the 2014 and 2013 accounts were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under s498(2) or (3) of the Companies Act 2006 or preceding legislation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties, other investment, financial instruments and pension liability.

Key accounting judgements

In the process of applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that may affect the financial statements. The directors believe that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the adoption of the external portfolio valuation without adjustment, the recognition of purchases and disposal of assets and the adoption of a single reporting segment. The accounting policies for these areas of judgement are set out in the accounting policies below.

New accounting standards

During the year ended 31 March 2014, the following accounting standards and guidance were adopted by the Group, the pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

– IFRS 13 – Fair Value Measurement

– IAS 1 (amended June 2011) – Presentation of Items of Other Comprehensive Income

– IAS 19 (revised June 2011) – Employee Benefits

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

– IFRS 9 – Financial Instruments (will impact both the measurement and disclosures of financial instruments)

– IFRS 10 – Consolidated Financial Statements

– IFRS 11 – Joint Arrangements

– IFRS 12 – Disclosure of Interest in Other Entities (will impact the disclosure of interests the Group has in other entities)

– IAS 12 – Deferred Tax: Recovery of Underlying Assets

– IAS 27 (revised May 2011) – Separate Financial Statements

– IAS 28 (revised May 2011) – Investments in Associates and Joint Ventures

– IAS 32 (amended) – Offsetting Financial Assets and Financial Liabilities (will impact the measurement of certain assets and liabilities)

The directors do not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group, except as set out above.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2014. Subsidiary undertakings are those entities controlled by the Group. Control is assumed when the Group directs the financial and operating policies of an entity to benefit from its activities.

Rental income
This comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable.

Tenant leases
The directors have considered the potential transfer of risks and rewards of ownership in accordance with IAS 17 – Leases for all properties leased to tenants and in their judgement have determined that all such leases are operating leases.

Lease incentives
Lease incentives including rent-free periods and payments to tenants, 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.

Other property expenses
Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the income statement as other property expenses. 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 payment
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 value the grants which is dependent upon factors including the share price, expected volatility and vesting period and the resulting fair value is amortised through the income statement over the vesting period. The charge is reversed if it is likely that any non-market based criteria will not be met.

Investment property
Investment properties and investment properties under development are professionally valued quarterly 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 valuations of investment properties and investment properties under development have been prepared in accordance with the RICS Valuation – Professional Standards (2012) (the Red Book).

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, planning, building and environmental factors that might affect the property.

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.

Trading property
Trading property is being developed for sale or being held for sale after development is complete, and is carried at the lower of cost and net realisable value. Cost includes direct expenditure and capitalised interest. Costs of sale are expensed to the income statement as incurred.

Depreciation
No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less estimated residual value, based on prices 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.

Other investments
Other investments are carried at fair value through profit and loss, with the loan element carried at cost less any recognised impairment loss.

Deferred tax
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. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

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 on to the balance sheet at each balance sheet date. Actuarial gains and losses are taken to reserves; all other movements are taken to the income statement.

Capitalisation of interest
Interest associated with direct expenditure on investment and trading properties under development 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 previously held as an investment property. 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.

Financial instruments:
i Derivatives The Group uses derivative financial instruments to hedge its exposure to foreign currency fluctuations and interest rate risks. The Group's derivatives are measured at fair value in the balance sheet. To the extent that a derivative is a designated hedge and provides an effective cash flow hedge against the Group's underlying exposure the movements in the fair value of the hedge are taken to equity. To the extent that the derivative is not a designated hedge or does not effectively hedge the underlying exposure the movement in the fair value of the hedge is taken to the income statement.

ii 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.

iii Convertible bond The Group's convertible bond can be settled in shares, cash or a combination of both at the Group's discretion. The bonds have been designated at fair value through profit and loss upon initial recognition, with any gains or losses arising subsequent re-measurement recognised in the income statement.

iv 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.

v Trade receivables and payables Trade receivables and payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Head leases
The present value of future ground rents is added to the carrying value of a leasehold investment property and to long-term liabilities. On payment of a ground rent, virtually all of the cost is charged to the income statement, principally as interest payable, and the balance reduces the liability; an equal reduction to the asset's valuation is charged to the income statement.

Segmental analysis
All of the Group's revenue is generated from investment properties located in central London. The properties are managed as a single portfolio by an asset 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. Within the property portfolio the Group has a number of properties under development. The directors view the Group's development activities as an integral part of the lifecycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed, it returns to the investment property portfolio, or if it is a trading property, it is sold. 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 one reportable segment.

2 Total revenue

	2014 £m	2013 £m
Gross rental income	**60.5**	52.5
Amortisation of capitalised lease incentives	**9.2**	4.5
Service charge income	**8.6**	5.9
Joint venture fee income	**6.9**	6.1
	85.2	69.0

3 Net rental income

	2014 £m	2013 £m
Gross rental income	**60.5**	52.5
Amortisation of capitalised lease incentives	**9.2**	4.5
Ground rent credit	**–**	0.1
Rental income	**69.7**	57.1

4 Property expenses

	2014 £m	2013 £m
Service charge income	**(8.6)**	(5.9)
Service charge expenses	**10.6**	8.1
Other property expenses	**5.7**	4.3
	7.7	6.5

5 Administration expenses

	2014 £m	2013 £m
Employee costs	**21.1**	19.7
Other	**3.5**	3.1
	24.6	22.8

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £6.5million (2013: £5.5 million).

Employee costs, including those of directors, comprise the following:

	2014 £m	2013 £m
Wages and salaries	**19.6**	16.8
Social security costs	**3.5**	3.2
Other pension costs	**1.2**	1.9
	24.3	21.9
Less: recovered through service charge	**(0.8)**	(0.7)
Less: capitalised into development projects	**(2.4)**	(1.5)
	21.1	19.7

The Executive Directors are considered to be key management for the purposes of IAS 24 'Related Party Transactions'. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

Employee information

The average number of employees of the Group, including directors, was:

	2014 Number	2013 Number
Head office and property management	**91**	85

Auditor's remuneration

	2014 £000's	2013 £000's
Audit of the Company's annual accounts	**92**	78
Audit of subsidiaries	**81**	63
	173	141
Audit-related assurance services, including the interim review	**74**	61
Total audit and audit-related services	**247**	202
Services related to taxation (advisory)	**109**	15
Other non-audit services	**8**	33
	364	250

6 Finance income

	2014 £m	2013 £m
Interest on balances with joint venture partners	**8.5**	7.5
Interest on deferred receipts in respect of 100 Bishopsgate Partnership sale (note 13)	**1.4**	0.9
	9.9	8.4

7 Finance costs

	2014 £m	2013 £m
Interest on bank loans	**7.4**	8.0
Interest on private placement notes	**11.5**	11.3
Interest on debenture stock	**8.0**	8.0
Interest on convertible bond	**0.8**	–
Issue costs of convertible bond	**3.3**	–
Interest on obligations under finance leases	**1.8**	1.8
Other interest	**0.1**	–
Gross finance costs	**32.9**	29.1
Less: capitalised interest at an average rate of 3.9% (2013: 4.4%)	**(6.4)**	(1.8)
	26.5	27.3
Fair value movement on convertible bond	**11.3**	–
Fair value movement on derivatives in ineffective hedging relationships	**23.8**	(5.9)
	61.6	21.4

8 Tax

	2014 £m	2013 £m
Current tax		
UK corporation tax	–	–
Tax over provided in previous years	–	–
Total current tax	–	–
Deferred tax	–	–
Tax charge for the year	–	–

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

	2014 £m	2013 £m
Profit before tax	**422.2**	180.6
Tax charge on profit at standard rate of 23% (2013: 24%)	**97.1**	43.3
REIT tax-exempt rental profits and gains	**(16.9)**	(7.7)
Non-taxable revaluation surplus	**(90.0)**	(36.0)
Other	**9.8**	0.4
Tax charge for the year	–	–

During the year, £nil (2013: £nil) of deferred tax was credited directly to equity. The Group's net deferred tax at 31 March 2014 was £nil (2013: £nil). This consists of a deferred tax liability of £nil (2013: £nil) and a deferred tax asset of £nil (2013: £nil) in respect of sundry short-term differences.

A deferred tax asset of £10.1 million (based on a 20% tax rate), mainly relating to tax losses carried forward at 31 March 2014 and deferred tax arising in respect of contingent share awards and the convertible bond, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

As a REIT, the Group is largely exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax.

The Group estimates that as the majority of its future profits will not be subject to corporation tax, it will have a low tax charge over the coming years. In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (including a minimum distribution test) must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Corporation Tax Act 2010.

9 Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the new Best Practice Recommendations issued by the European Public Real Estate Association (EPRA).

Weighted average number of ordinary shares

	2014 Number of shares	2013 Number of shares
Issued ordinary share capital at 1 April	**343,926,149**	312,676,149
Issue of share capital	**–**	11,458,334
Investment in own shares	**(1,883,427)**	(3,173,663)
Weighted average number of ordinary shares – Basic	**342,042,722**	320,960,820

Basic and diluted earnings per share

	Profit after tax 2014 £m	**Number of shares 2014 million**	**Earnings per share 2014 pence**	Profit after tax 2013 £m	Number of shares 2013 million	Earnings per share 2013 pence
Basic	**422.2**	**342.0**	**123.4**	180.6	321.0	56.3
Dilutive effect of LTIP shares	**–**	**2.6**	**(0.9)**	–	3.0	(0.6)
Diluted	**422.2**	**344.6**	**122.5**	180.6	324.0	55.7

Basic and diluted EPRA earnings per share

	Profit after tax 2014 £m	**Number of shares 2014 million**	**Earnings per share 2014 pence**	Profit after tax 2013 £m	Number of shares 2013 million	Earnings per share 2013 pence
Basic	**422.2**	**342.0**	**123.4**	180.6	321.0	56.3
Surplus from investment property (note 10)	**(325.6)**	**–**	**(95.2)**	(99.0)	–	(30.9)
Surplus from joint venture investment property (note 12)	**(96.2)**	**–**	**(28.1)**	(58.8)	–	(18.3)
Movement in fair value of derivatives (note 7)	**23.8**	**–**	**6.9**	(5.9)	–	(1.8)
Movement in fair value of convertible bond (note 7)	**11.3**	**–**	**3.3**	–	–	–
Issue costs of convertible bond (note 7)	**3.3**	**–**	**1.0**	–	–	–
Movement in fair value of derivatives in joint ventures (note 12)	**(2.0)**	**–**	**(0.6)**	4.5	–	1.4
Trading property – costs of sale	**1.6**	**–**	**0.5**	–	–	–
Loss on sale of joint venture	**–**	**–**	**–**	0.5	–	0.1
Debt break cost in joint venture (note 12)	**–**	**–**	**–**	0.3	–	0.1
Basic EPRA earnings	**38.4**	**342.0**	**11.2**	22.2	321.0	6.9
Dilutive effect of LTIP shares	**–**	**2.6**	**(0.1)**	–	3.0	–
Dilutive effect of convertible bond	**0.8**	**11.6**	**(0.1)**	–	–	–
Diluted EPRA earnings	**39.2**	**356.2**	**11.0**	22.2	324.0	6.9

EPRA net assets per share

	Net assets 2014 £m	**Number of shares 2014 million**	**Net assets per share 2014 pence**	Net assets 2013 £m	Number of shares 2013 million	Net assets per share 2013 pence
Basic	**1,931.9**	**342.3**	**564**	1,537.7	341.0	451
Dilutive effect of LTIP shares	**–**	**2.6**	**(4)**	–	3.0	(4)
Diluted	**1,931.9**	**344.9**	**560**	1,537.7	344.0	447
Fair value of financial liabilities (note 18)	**(36.0)**	**–**	**(11)**	(46.3)	–	(13)
Fair value of liabilities in joint venture (note 12)	**2.4**	**–**	**1**	–	–	–
EPRA triple net assets	**1,898.3**	**344.9**	**550**	1,491.4	344.0	434
Fair value of financial liabilities (note 18)	**36.0**	**–**	**11**	46.3	–	13
Fair value of liabilities in joint venture (note 12)	**(2.4)**	**–**	**(1)**	–	–	–
Fair value of convertible bond (note 18)	**11.3**	**–**	**4**	–	–	–
Fair value of derivatives (note 18)	**17.5**	**–**	**5**	(6.3)	–	(2)
Fair value of derivatives in joint ventures (note 12)	**0.6**	**–**	**–**	2.5	–	1
EPRA net assets	**1,961.3**	**344.9**	**569**	1,533.9	344.0	446

On 10 September 2013, the Group issued £150 million of convertible bonds with an initial conversion price of £7.15. The dilutive effect of the contingently issuable shares within the convertible bond is required to be recognised in accordance with IAS33 – Earnings per Share. For the year ended 31 March 2014, there was no dilutive impact on the calculation of earnings per share or net assets per share as a result of the convertible bond. In accordance with the EPRA Best Practice Recommendations, we have presented EPRA earnings per share on a basic and diluted basis.

10 Investment property

Investment property

	Freehold £m	**Leasehold £m**	**Total £m**
Book value at 1 April 2012	890.4	355.3	1,245.7
Acquisitions	71.9	354.7	426.6
Costs capitalised	10.8	6.2	17.0
Disposals	(20.0)	–	(20.0)
Transfer from investment property under development	88.3	–	88.3
Net valuation surplus on investment property	62.7	31.2	93.9
Book value at 31 March 2013	1,104.1	747.4	1,851.5
Acquisitions	**93.7**	**–**	**93.7**
Costs capitalised	**8.5**	**12.4**	**20.9**
Disposals	**(248.4)**	**(57.0)**	**(305.4)**
Transfer to investment property under development	**(136.7)**	**(28.0)**	**(164.7)**
Net valuation surplus on investment property	**128.9**	**92.6**	**221.5**
Book value at 31 March 2014	**950.1**	**767.4**	**1,717.5**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2012	82.9	37.4	120.3
Costs capitalised	5.2	5.5	10.7
Interest capitalised	0.2	1.6	1.8
Transfer to investment property	(88.3)	–	(88.3)
Net revaluation surplus on investment property under development	–	3.5	3.5
Book value at 31 March 2013	–	48.0	48.0
Costs capitalised	**26.4**	**17.6**	**44.0**
Interest capitalised	**3.6**	**2.8**	**6.4**
Transfer from investment property	**136.7**	**28.0**	**164.7**
Net revaluation surplus on investment property under development	**40.8**	**44.6**	**85.4**
Transfer to trading property	**(93.3)**	**–**	**(93.3)**
Book value at 31 March 2014	**114.2**	**141.0**	**255.2**
Total investment property	**1,064.3**	**908.4**	**1,972.7**

The book value of investment property includes £29.1 million (2013: £40.4 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £1,943.6 million. The market value of the Group's total property portfolio, including trading properties, was £2,036.9 million.

The cumulative interest capitalised in investment property was £8.4 million (2013: £3.0 million).

Surplus from investment property

	2014 £m	2013 £m
Net valuation surplus on investment property	**306.9**	97.4
Profit on sale of investment properties	**18.7**	1.6
	325.6	99.0

The Group's investment properties, including those held in joint venture (note 12), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2014 in accordance with the RICS Valuation Professional Standards (2012) (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

The total fees, including the fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group is less than 5.0% of total UK revenues.

The principal signatories of the CBRE valuation reports have continuously been the signatories of valuations for the same addressee and valuation purpose as this report since 2012. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years. CBRE has carried out Valuation, 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, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the 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.

Key inputs to the valuation

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	**60**	**7 – 82**	**4.6**	**3.9 – 5.3**
	Retail	**53**	**18 – 162**	**4.7**	**3.9 – 6.3**
Rest of West End	Office	**55**	**30 – 86**	**4.8**	**4.3 – 6.0**
	Retail	**82**	**15 – 204**	**4.4**	**3.9 – 5.5**
City, Midtown & Southwark	Office	**44**	**34 – 59**	**5.4**	**4.8 – 5.5**
	Retail	**28**	**23 – 45**	**5.6**	**4.8 – 5.7**
		Capital value			
		Average £ per sq ft	Range £ per sq ft		
Residential		**1,767**	**200 – 1,850**	**n/a**	**n/a**

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

At 31 March 2014, the Group had capital commitments of £54.4 million (2013: £48.9 million).

At 31 March 2014, properties with a carrying value of £311.9 million (2013: £278.9 million) were secured under the first mortgage debenture stock (see note 17).

11 Trading property

	Total £m
At 1 April 2013	–
Transfer from investment property	**93.3**
At 31 March 2014	**93.3**

During March 2014, the Group gained full planning consent for its development site at Rathbone Square, W1. Part of the approved scheme consists of residential units which the Group holds for sale. As a result, the residential element of the scheme has been transferred to trading property.

12 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2014 Total £m	2013 Total £m
At 1 April	336.6	11.7	348.3	538.2
Movement on joint venture balances	–	**162.3**	**162.3**	72.6
Additions	**61.9**	–	**61.9**	15.6
Share of profit of joint ventures	**9.4**	–	**9.4**	2.4
Share of revaluation surplus of joint ventures	**93.5**	–	**93.5**	52.5
Share of profit on disposal of joint venture properties	**2.7**	–	**2.7**	6.3
Share of results of joint ventures	**105.6**	–	**105.6**	61.2
Fair value movement on derivatives taken to equity	–	–	–	3.0
Sale of interest in 100 Bishopsgate Partnership	–	–	–	(63.2)
Transfer to subsidiaries - G.P.E. (Marcol House) Limited	–	–	–	(168.5)
Distributions	**(153.3)**	–	**(153.3)**	(110.6)
At 31 March	**350.8**	**174.0**	**524.8**	348.3

In November 2013, the Group formed a new 50/50 joint venture, the GHS Limited Partnership ('GHS'), with the Hong Kong Monetary Authority ('HKMA') to own and develop the Hanover Square Estate.

The Group sold properties to GHS for £202.0 million and the Partners intend to develop the site in accordance with an existing planning permission for Grade A office, retail and residential accommodation with a target delivery date of 2018.

The investments in joint ventures comprise the following:

	Country	2014 ownership	2013 ownership
The GHS Limited Partnership	Jersey	**50%**	–
The Great Capital Partnership	United Kingdom	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Star Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnerships	United Kingdom	**50%**	50%
The Great Wigmore Partnership	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 Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Star Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2014 Total £m	2013 Total £m
Balance sheets								
Investment property	**102.5**	–	**226.1**	**100.2**	**123.0**	**105.6**	**657.4**	486.0
Current assets	**0.1**	–	**0.1**	**0.2**	**0.5**	**0.1**	**1.0**	3.6
Cash	**0.9**	**0.1**	**4.9**	**3.0**	**1.7**	**1.8**	**12.4**	11.8
Balances (from)/ to Partners	**(31.2)**	–	**(106.8)**	**(26.4)**	**5.5**	**(15.1)**	**(174.0)**	(11.7)
Bank loans	–	–	**(36.1)**	**(37.6)**	**(39.7)**	–	**(113.4)**	(114.0)
Derivatives	–	–	**(0.5)**	**(0.1)**	–	–	**(0.6)**	(2.5)
Current liabilities	**(0.3)**	–	**(9.1)**	**(2.8)**	**(2.4)**	**(1.2)**	**(15.8)**	(20.2)
Finance leases	–	–	**(5.2)**	**(11.0)**	–	–	**(16.2)**	(16.4)
Net assets	**72.0**	**0.1**	**73.4**	**25.5**	**88.6**	**91.2**	**350.8**	336.6
Income statements								
Net rental income	**0.3**	**0.6**	**6.7**	**4.6**	**5.3**	**2.6**	**20.1**	20.1
Property and administration costs	**(0.1)**	**0.1**	**(1.0)**	**(0.6)**	**(0.5)**	**(0.5)**	**(2.6)**	(2.6)
Net finance costs	**(0.6)**	–	**(4.6)**	**(2.8)**	**(1.5)**	**(0.6)**	**(10.1)**	(10.3)
Debt break costs	–	–	–	–	–	–	–	(0.3)
Movement in fair value of derivatives	–	–	**1.8**	**0.2**	–	–	**2.0**	(4.5)
Share of profit from joint ventures	**(0.4)**	**0.7**	**2.9**	**1.4**	**3.3**	**1.5**	**9.4**	2.4
Revaluation of investment property	**10.3**	–	**39.3**	**5.6**	**19.7**	**18.6**	**93.5**	49.0
Profit on sale of investment property	–	**2.8**	–	–	–	**(0.1)**	**2.7**	6.3
Share of results of joint ventures	**9.9**	**3.5**	**42.2**	**7.0**	**23.0**	**20.0**	**105.6**	57.7

The non-recourse debt facilities of the joint ventures at 31 March 2014 are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/floating	Interest rate
The Great Ropemaker Partnership	73.0	November 2018	Floating	LIBOR +2.25%-2.70%
The Great Star Partnership	75.6	July 2015	Floating	LIBOR +1.75%-1.90%
The Great Victoria Partnership	80.0	July 2022	Fixed	3.74%
Total	228.6			

The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the bank loan in 2018. The Great Star Partnership has an interest rate swap with a fixed interest rate of 1.00% and a notional principal amount of £37.8 million and an interest rate cap at 4.00% with a notional principal amount of £37.8 million. The interest rate swap and cap expire coterminously with the bank loan in 2015. At 31 March 2014, the Great Victoria Partnership loan had a fair value of £75.3 million (2013: £80.0 million). All interest-bearing loans are in sterling. At 31 March 2014, the joint ventures had £nil undrawn facilities (2013: £nil).

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

	2014 £m	2013 £m
Movement on joint venture balances during the year	**162.3**	72.6
Balances receivable at the year end from joint ventures	**(174.0)**	(11.7)
Distributions	**153.3**	110.6
Fee income	**6.9**	6.1
Property sales from the Group to joint ventures	**202.0**	–
Property purchases from joint ventures by the Group	–	120.0

The joint venture balances bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances, the Great Ropemaker Partnership at 6.0%, the Great Star Partnership at 7.0% and the Great Wigmore Partnership at 4.0%. The investment properties include £16.2 million (2013: £16.4 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 £641.2 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.

At 31 March 2014, the Group had £nil contingent liabilities arising in its joint ventures (2013: £nil). At 31 March 2014, the Group had capital commitments in respect of its joint ventures of £40.5 million (2013: £38.6 million).

13 Other investment

	Equity £m	Loans £m	Total £m
At 1 April 2013	6.1	10.6	16.7
Additions	–	**1.6**	**1.6**
At 31 March 2014	**6.1**	**12.2**	**18.3**

The other investment represents a 12.5% interest in The 100 Bishopsgate Partnership. The Group's 12.5% holding is subject of 'put and call' options, with GPE able to 'put' its remaining investment, net of the associated loan (see note 17), onto Brookfield Properties Corporation ('BPO') in October 2014 at £15.8 million, and BPO able to 'call' for GPE to sell to a third-party investor only, and only in the event that BPO simultaneously sells a 37.5% holding. Under the call option, the transfer price is the higher of £15.8 million, the actual transfer price agreed between BPO and the third-party or the market value of GPE's holding at the time of the transfer. BPO is providing 100% of the funding for the Partnership until October 2014, when the loan will be repaid. The fair value of the Group's equity component of its other investment and the related put option in respect of The 100 Bishopsgate Partnership is carried at director's valuation based on the underlying net assets of the Partnership and the value the Group could achieve for exercising its put option, representing a Level 3 fair value measurement as defined by IFRS 13. There were no recognised gains or losses in relation to the valuation of the other investment during the year (2013: £nil).

14 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2012	2.0	1.4	3.4
Costs capitalised	–	0.1	0.1
At 31 March 2013	2.0	1.5	3.5
At 31 March 2014	**2.0**	**1.5**	**3.5**
Depreciation			
At 1 April 2013	1.5	1.4	2.9
Charge for the year	**0.2**	**0.1**	**0.3**
At 31 March 2014	**1.7**	**1.5**	**3.2**
Carrying amount at 31 March 2013	0.5	0.1	0.6
Carrying amount at 31 March 2014	**0.3**	–	**0.3**

15 Trade and other receivables

	2014 £m	2013 £m
Trade receivables	**3.6**	5.4
Allowance for doubtful debts	**(0.3)**	(0.5)
	3.3	4.9
Prepayments and accrued income	**0.8**	1.0
Other trade receivables	**21.8**	38.2
Derivatives	**0.8**	7.1
	26.7	51.2

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the tenant's lease. Trade receivables are provided for based on estimated irrecoverable amounts determined by past default experience and knowledge of the individual tenant's circumstance. At 31 March 2014, other trade receivables include £15.8 million in respect of remaining deferred sale proceeds on the disposal of the 37.5% interest in The 100 Bishopsgate Partnership. Debtors past due but not impaired were £1.6 million (2013: £4.0 million) of which £0.9 million is over 30 days.

	2014 £m	2013 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.5)**	(0.3)
Amounts provided for during the year	**–**	(0.2)
Amounts written off as uncollectable	**0.2**	–
	(0.3)	(0.5)

16 Trade other payables

	2014 £m	2013 £m
Rents received in advance	**16.0**	16.8
Non-trade payables and accrued expenses	**42.7**	61.4
	58.7	78.2

Non-trade payables at 31 March 2014 included £nil million in respect of property purchases exchanged but not completed at the balance sheet date (2013: £34.8 million).

17 Interest-bearing loans and borrowings

	2014 £m	2013 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**144.1**	144.1
Other loan	**2.6**	0.9
Unsecured		
Bank loans – revolving credit facilities	**11.0**	234.1
£30.0 million 5.09% private placement notes 2018	**29.9**	29.9
$130.0 million 4.81% private placement notes 2018	**80.8**	80.7
$78.0 million 5.37% private placement notes 2021	**48.4**	48.4
$160.0 million 4.20% private placement notes 2019	**101.7**	101.7
$40.0 million 4.82% private placement notes 2022	**25.4**	25.4
Non-current liabilities at fair value		
Unsecured		
£150.0 million 1.00% convertible bonds 2018	**161.3**	–
Derivatives	**18.3**	0.8
	623.5	666.0

In September 2013, the Group issued £150 million of senior, unsecured Convertible Bonds due 2018. The Bonds have a fixed coupon of 1.0% p.a. and an initial conversion price of £7.15 per share, representing a premium of 35% above the volume weighted average price of the Company's shares from launch to pricing.

The Group has two floating rate revolving credit facilities of £350.0 million and £150.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR, based on gearing, and expires in 2015. The £150.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 175–250 basis points above LIBOR, based on gearing, and expires in 2017. At 31 March 2014, the Group had £488.0 million (2013: £264.0 million) of undrawn committed credit facilities.

The other loan relates to the Group's funding requirements in respect of its 12.5% interest in The 100 Bishopsgate Partnership (note 13). Brookfield Properties Corporation is funding the Group's funding obligations until October 2014 when the facility expires. The loan is secured and attracts a floating rate of 200 basis points above LIBOR.

18 Financial instruments

Categories of financial instrument	**Carrying amount 2014 £m**	**Income/ (expense) 2014 £m**	**Gain/(loss) to equity 2014 £m**	Carrying amount 2013 £m	Income/ (expense) 2013 £m	Gain/(loss) to equity 2013 £m
Interest rate swap	–	**0.1**	–	(0.1)	–	–
Cross currency swaps	**(18.3)**	**(18.0)**	–	(0.7)	0.7	–
Non-current liabilities at fair value	**(18.3)**	**(17.9)**	–	(0.8)	0.7	–
Other investment	**6.1**	–	–	6.1	–	–
Interest rate floor	**0.8**	–	–	3.8	1.3	–
Cross currency swaps	–	**(3.3)**	–	3.3	5.6	–
Non-current assets held at fair value	**6.9**	**(3.3)**	–	13.2	6.9	–
Trade receivables	**25.1**	**1.3**	–	43.1	0.7	–
Other investment – loan element	**12.2**	–	–	10.6	–	–
Cash and cash equivalents	**7.8**	–	–	6.3	–	–
Loans and receivables	**45.1**	**1.3**	–	60.0	0.7	–
Trade and other payables	**(24.6)**	–	–	(43.6)	–	–
Interest-bearing loans and borrowings	**(605.2)**	**(38.6)**	–	(665.2)	(27.2)	–
Finance leases	**(29.1)**	**(1.8)**	–	(40.4)	(1.8)	–
Liabilities at amortised cost	**(658.9)**	**(40.4)**	–	(749.2)	(29.0)	–
Total financial instruments	**(625.2)**	**(60.3)**	–	(676.8)	(20.7)	–

Financial risk management objectives

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 only dealing with creditworthy tenants 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 tenant base. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. 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 without taking account of the value of rent deposits obtained. Details of the Group's receivables are summarised in note 15 of the financial statements.

The Group's cash deposits are placed with a diversified range of banks and strict counterparty limits ensure the Group's exposure to bank failure is minimised.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns 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, convertible bonds and drawings against committed revolving credit facilities from banks.

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. The currency risk on overseas transactions is fully hedged through foreign currency derivatives to create a synthetic sterling exposure.

Liquidity risk

The Group operates a framework for the management of the Group's 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 facilities. The availability of these facilities depends on the Group complying with a number of key financial covenants; these covenants and the Group's compliance with these covenants are set out in the table below:

Key covenants	Covenant	March 2014 actuals
Group		
Net debt/net equity	**<1.25x**	**0.30x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**3.43x**
Interest cover	**>1.35x**	**4.32x**

The Group has undrawn credit facilities of £488.0 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 based on the earliest date on which the Group is required to pay and conditions existing at the balance sheet date:

At 31 March 2014	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						
£142.9 million 5⅝% debenture stock 2029	**144.1**	**262.0**	**8.0**	**8.0**	**24.1**	**221.9**
Other loan	**2.6**	**2.6**	**2.6**	–	–	–
Bank loans – revolving credit facilities	**11.0**	**13.4**	**0.3**	**13.1**	–	–
Private placement notes	**286.2**	**359.1**	**13.0**	**13.2**	**146.5**	**186.4**
£150.0 million 1.00% convertible bonds 2018	**161.3**	**156.6**	**1.5**	**1.5**	**153.6**	–
Derivative financial instruments						
Cross currency swaps	**18.3**	**2.4**	**0.5**	**0.4**	**1.1**	**0.4**
Interest rate floor (note 15)	**(0.8)**	**(1.5)**	**(1.5)**	–	–	–
	622.7	**794.6**	**24.4**	**36.2**	**325.3**	**408.7**

At 31 March 2013	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						
£142.9 million 5⅝% debenture stock 2029	144.1	270.1	8.0	8.0	24.1	230.0
Bank loans – revolving credit facilities	234.1	250.6	5.4	5.4	239.8	–
Other loan	0.9	0.9	–	0.9	–	–
Private placement notes	286.1	372.3	13.0	13.0	39.6	306.7
Derivative financial instruments						
Cross currency swaps	(2.6)	2.8	0.5	0.5	1.1	0.7
Interest rate swap	0.1	0.1	0.1	–	–	–
Interest rate floor (note 15)	(3.8)	(4.6)	(3.1)	(1.5)	–	–
	658.9	892.2	23.9	26.3	304.6	537.4

Market 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 eliminate 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 swaps
Interest rate swaps enable the Group to exchange its floating rate interest payments on its bank debt for fixed rate payments on a notional value. Such contracts allow the Group to mitigate the risk of changing interest rates on the cash flow exposures on its variable rate bank loans by locking in a fixed rate on a proportion of its debt.

Interest rate floors
Under the terms of an interest rate floor, one party (the 'seller') makes a payment to the other party (the 'buyer') if an underlying interest rate is below a specified rate. The Group has bought an interest rate floor, which, when combined with its fixed rate private placement notes raised in 2011, gives rise to the same economic effect as purchasing an interest rate cap in respect of floating rate debt.

Put option
A put option is a contract between two parties to exchange an asset at a specified price by a set date. The Group has a 12.5% holding in The 100 Bishopsgate Partnership and has a put option to enable it to sell its net investment to Brookfield Properties Corporation for £15.8 million in October 2014. The value of the option will only be greater than a nominal amount in the event that the value of the underlying investment is impaired below its cost. Therefore, the value of the underlying investment together with the put option total the £15.8 million put option price.

Cross currency swaps
Cross currency swaps enable the Group to exchange receipts or payments denominated in currencies other than sterling for receipts or payments denominated in sterling. Such contracts allow the Group to eliminate foreign exchange risk arising from fluctuating exchange rates between sterling and other currencies.

The following table details the notional principal amounts and remaining terms of interest rate derivatives outstanding at 31 March:

	Average contracted fixed interest rate		**Notional principal amount**		**Fair value (asset)/liability**	
	2014 %	2013 %	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Cash flow hedges						
Interest rate swap						
Less than one year	–	1.87	–	11.0	–	0.1
Interest rate floor						
Less than one year	**2.53**	2.53	**159.7**	159.7	**(0.8)**	(3.8)
	2.53	2.49	**159.7**	170.7	**(0.8)**	(3.7)

The following table details the notional principal amounts and remaining terms of exchange rate derivatives outstanding at 31 March:

	Average exchange rate		**Foreign currency**		**Notional principal amount**		**Fair value (asset)/liability**	
	2014 rate	2013 rate	**2014 US$m**	2013 US$m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Cash flow hedges								
Cross currency swaps								
In excess of five years	**1.585**	1.585	**408.0**	408.0	**257.4**	257.4	**18.3**	(2.6)
	1.585	1.585	**408.0**	408.0	**257.4**	257.4	**18.3**	(2.6)

As at 31 March 2014 the aggregate amount of unrealised losses in respect of cash flow hedges was £nil (2013: £nil).

Interest rate sensitivity
The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represents management's assessment of possible changes in interest rates. For the floating rate liabilities the analysis is prepared assuming the amount of the liability at 31 March 2014 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Increase of 100 basis points	**1.2**	(1.7)	**1.2**	(1.7)
Increase of 50 basis points	**0.7**	(0.7)	**0.7**	(0.7)
Decrease of 25 basis points	**(0.4)**	0.3	**(0.4)**	0.3
Decrease of 50 basis points	**(0.9)**	0.5	**(0.9)**	0.5

Foreign exchange sensitivity
The sensitivity analysis below has been determined based on the exposure to foreign exchange rates for derivative financial instruments at the balance sheet date and represents management's assessment of changes to the fair value of the Group's cross currency swaps as a result of possible changes in foreign exchange rates:

	Impact on profit		Impact on equity	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Increase of 20% in the exchange spot rate	**(47.2)**	(51.3)	**(47.2)**	(51.3)
Increase of 10% in the exchange spot rate	**(25.7)**	(28.0)	**(25.7)**	(28.0)
Decrease of 10% in the exchange spot rate	**31.4**	34.2	**31.4**	34.2
Decrease of 20% in the exchange spot rate	**70.8**	77.0	**70.8**	77.0

Fair value of interest-bearing loans and borrowings

	Book value 2014 £m	**Fair value 2014 £m**	Book value 2013 £m	Fair value 2013 £m
Level 1				
£150.0 million 1.00% convertible bonds 2018	**161.3**	**161.3**	–	–
Level 2				
Cross currency swaps	**18.3**	**18.3**	0.8	0.8
Interest rate floor (note 15)	**(0.8)**	**(0.8)**	(7.1)	(7.1)
Other items not carried at fair value				
£142.9 million 5⅝% debenture stock 2029	**144.1**	**158.0**	144.1	158.0
Private placement notes	**286.2**	**308.3**	286.1	318.5
Other loan	**2.6**	**2.6**	0.9	0.9
Bank loans – revolving credit facilities	**11.0**	**11.0**	234.1	234.1
	622.7	**658.7**	658.9	705.2

The fair values of the Group's listed convertible bonds have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 13 Fair Value Measurement. The fair values of the Group's outstanding interest rate floor has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. The fair value of the Group's cross currency swaps have been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 13. None of the Group's financial derivatives are designated as financial hedges.

The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements.

19 Finance leases

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

	Minimum lease payments 2014 £m	**Interest 2014 £m**	**Principal 2014 £m**	Minimum lease payments 2013 £m	Interest 2013 £m	Principal 2013 £m
Less than one year	**1.5**	**(1.5)**	**–**	2.0	(2.0)	–
Between two and five years	**5.9**	**(5.9)**	**–**	7.8	(7.8)	–
More than five years	**242.4**	**(213.3)**	**29.1**	289.3	(248.9)	40.4
	249.8	**(220.7)**	**29.1**	299.1	(258.7)	40.4

20 Share capital

	2014 Number	**2014 £m**	2013 Number	2013 £m
Allotted, called up and fully paid ordinary shares of 12.5 pence				
At 1 April	**343,926,149**	**43.0**	312,676,149	39.1
Issue of shares	**–**	**–**	31,250,000	3.9
At 31 March	**343,926,149**	**43.0**	343,926,149	43.0

At 31 March 2014, the Company's authorised share capital was 600,000,000 shares.

21 Investment in own shares

	2014 £m	2013 £m
At 1 April	**3.7**	11.5
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(6.5)**	(5.5)
Purchase of shares	**4.1**	–
Transfer to retained earnings	**(2.3)**	(2.3)
At 31 March	**(1.0)**	3.7

The investment in the Company's own shares is held at cost and comprises 1,663,230 shares (2013: 2,939,035 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, 1,975,805 shares (2013: 1,481,891 shares) were awarded to directors and senior employees in respect of the 2009 LTIP and SMP award and a further 700,000 shares (2013: nil) were acquired by the Trust. The fair value of shares awarded and outstanding at 31 March 2014, was £11.8 million (2013: £13.7 million).

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

	2014 £m	2013 £m
Surplus from investment property	**(325.6)**	(99.0)
Employee Long-Term Incentive Plan and Share Matching Plan charge	**6.5**	5.5
Amortisation of capitalised lease incentives	**(9.2)**	(4.5)
Share of results of joint ventures	**(105.6)**	(61.2)
Loss on disposal of joint venture	**–**	0.5
Other non-cash items	**–**	0.2
Adjustments for non-cash items	**(433.9)**	(158.5)

23 Dividends

	2014 £m	2013 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2014 of 3.4 pence per share	**11.6**	–
Final dividend for the year ended 31 March 2013 of 5.3 pence per share	**18.1**	–
Interim dividend for the year ended 31 March 2013 of 3.3 pence per share	–	11.2
Final dividend for the year ended 31 March 2012 of 5.2 pence per share	–	16.1
	29.7	27.3

A final dividend of 5.4 pence per share was approved by the Board on 21 May 2014 and will be paid on 8 July 2014 to shareholders on the register on 30 May 2014. The dividend is not recognised as a liability at 31 March 2014. The 2013 final dividend and the 2014 interim dividend were paid in the year and are included within the Group statement of changes in equity.

24 Operating leases

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

	2014 £m	2013 £m
The Group as a lessor		
Less than one year	**52.9**	57.9
Between two and five years	**174.7**	180.5
More than five years	**259.1**	286.8
	486.7	525.2

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2014 was 7.0 years (2013: 7.5 years). All investment properties, except those under development, generated rental income and no contingent rents were recognised in the year (2013: £nil).

25 Employee benefits

The Group contributes to a defined benefit final salary pension plan ('the Plan'), the assets of which are held 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 2012 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2014 %	2013 %
Discount rate	**4.60**	4.50
Expected rate of salary increases	**4.40**	4.25
Future pension increases	**5.00**	5.00

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

	2014 £m	2013 £m
Present value of unfunded obligations	**(24.4)**	(23.1)
Fair value of the Plan assets	**23.7**	22.8
Pension liability	**(0.7)**	(0.3)

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

	2014 £m	2013 £m
Current service cost	**(0.3)**	(0.2)
Past service cost	–	(0.5)
Net interest cost	–	(0.2)
	(0.3)	(0.9)

Actuarial deficit recognised immediately in the Group statement of changes in equity	**(0.7)**	(0.2)
Cumulative actuarial gains recognised in the Group statement of changes in equity	**0.7**	1.4

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

	2014 £m	2013 £m
Defined benefit obligation at 1 April	**23.1**	19.9
Service cost	**0.3**	0.2
Past service cost	–	0.5
Interest cost	**1.1**	1.0
Actuarial loss	**0.5**	2.1
Benefits paid	**(0.6)**	(0.6)
Present value of defined benefit obligation at 31 March	**24.4**	23.1

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

	2014 £m	2013 £m
Fair value of the Plan assets at 1 April	**22.8**	20.3
Expected return on the Plan assets	**1.1**	0.8
Actuarial (loss)/gain	**(0.2)**	1.8
Contributions	**0.5**	0.5
Benefits paid	**(0.5)**	(0.6)
Fair value of the Plan assets at 31 March	**23.7**	22.8
Net liability	**(0.7)**	(0.3)

The fair value of the Plan assets at the balance sheet date is analysed as follows:

	2014 £m	2013 £m
Equities	**9.9**	9.1
Bonds	**13.8**	13.7
	23.7	22.8

Life expectancy assumptions:

	2014 Years	2013 Years
Male aged 65	**23**	23
Female aged 65	**26**	26
Male from age 65 if aged 45 today	**26**	25
Female from age 65 if aged 45 today	**28**	28

The Group expects to contribute £0.6 million to the Plan in the year ended 31 March 2015.

Responsibility statement

The statement of Directors' responsibilities below has been prepared in connection with the Company's full Annual Report for the year ended 31 March 2014. Certain parts of the Annual Report have not been included in the announcement as set out in note 1 of the financial information. We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Approved by the Board on 21 May 2014 and signed on its behalf by

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)
Building Research Establishment method of assessing, rating and certifying the sustainability of buildings.

Core West End
Areas of London with W1 and SW1 postcodes.

Earnings Per Share (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue.

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

Estimated Rental Value (ERV)
The market rental value of lettable space as estimated by the Company's valuers at each balance sheet date.

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

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

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

Like-for-like portfolio
Properties that have been held for the whole of the period of account.

Loan To Value (LTV)
Total bank loans, private placement notes, convertible bonds at nominal value and debenture stock, net of cash (including our share of joint ventures balances), expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

Net assets per share or Net Asset Value (NAV)
Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Net gearing
Total Group borrowings (including the convertible bonds at nominal value) less short-term deposits and cash as a percentage of equity shareholders' funds, 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 purchaser's costs.

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

PMI
Purchasing Managers Index.

Portfolio Internal Rate of Return (IRR)
The rate of return that if used as a discount rate and applied to the projected cash flows from the portfolio would result in a net present value of zero.

Property Income Distributions (PIDs)
Dividends from profits of the Group's tax-exempt property rental business.

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

Reversionary or under-rented
The percentage by which ERV exceeds rents passing, together with the estimated rental value of vacant space.

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

Total Property Return (TPR)
Capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value.

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

Triple net asset value (NNNAV)
NAV adjusted to include the fair value of the Group's financial liabilities on a diluted basis.

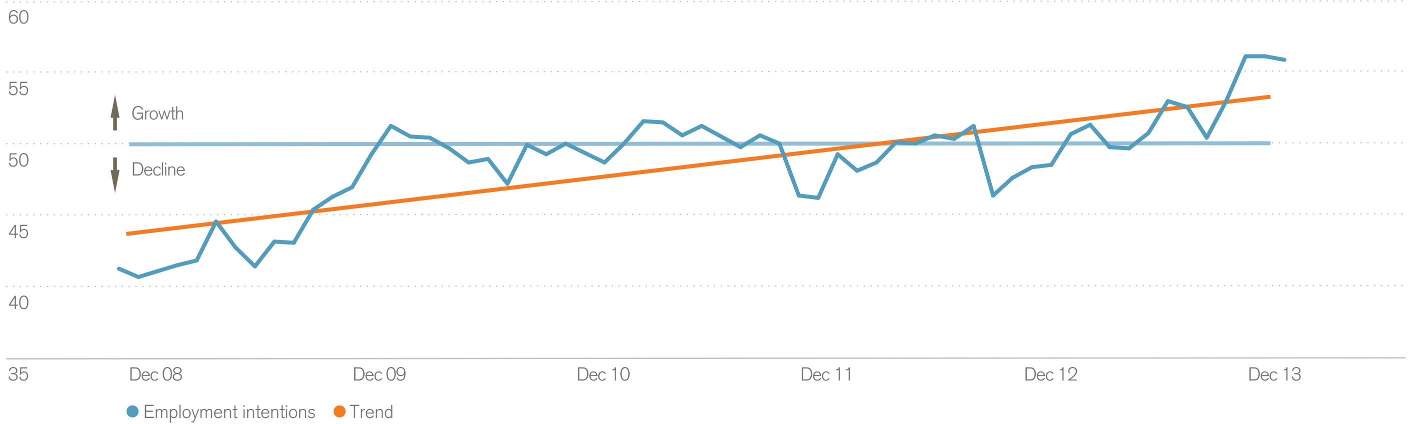
True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchaser's costs.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

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

Weighted Average Unexpired Lease Term (WAULT)
The Weighted Average Unexpired Lease Term expressed in years.

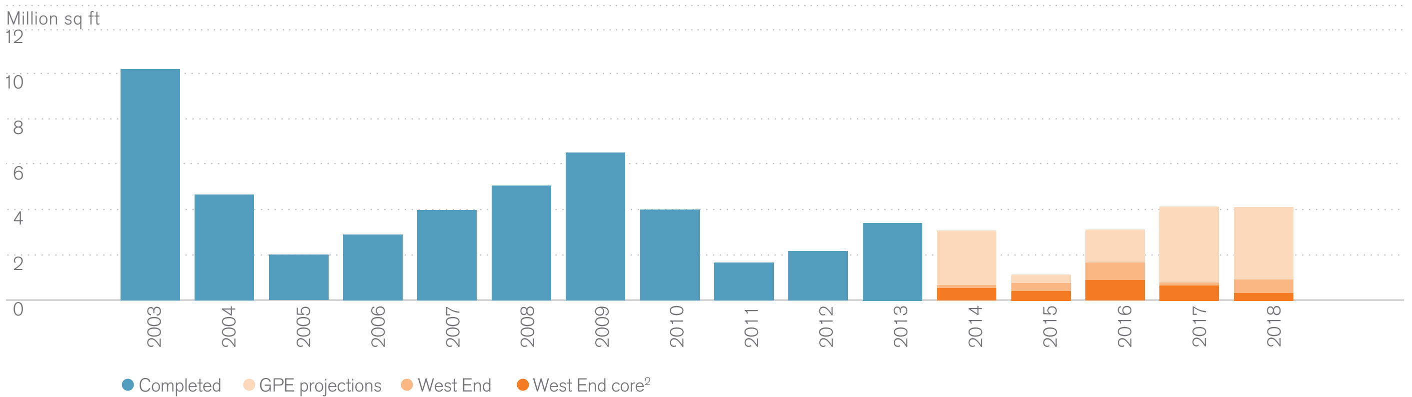
Appendix 1

London Economy: Jobs growth



Source: Lloyds Purchasing Manager Index (PMI) Report.

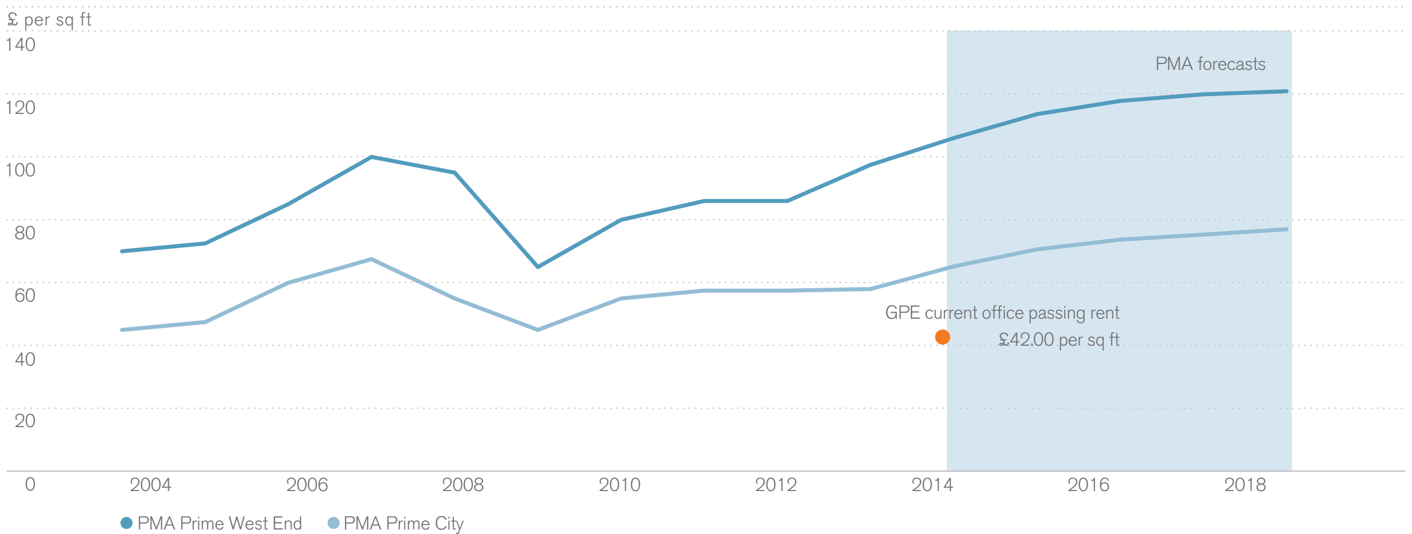
Central London office potential completions[1]



Source: CBRE and GPE data.

1. Excluding pre-lets.
2. Includes W1 & SW1 postcode.

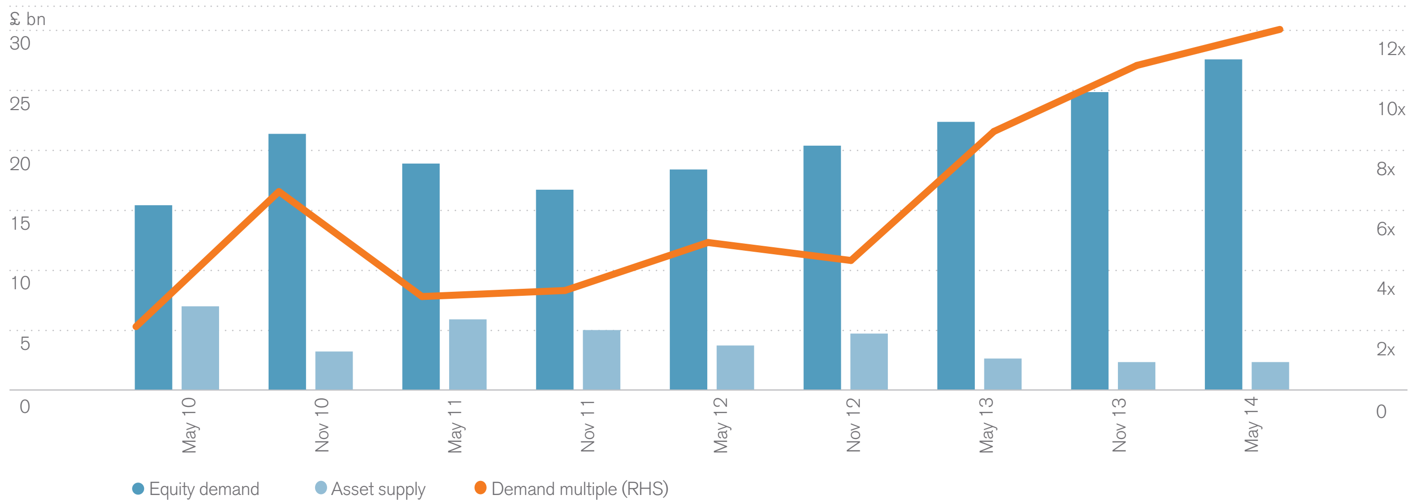
Headline office rents



Source: PMA

Appendix 1

London equity demand and asset supply



Lead indicators

Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our market place which are described in the table below:

Selected lead indicators	Trends in year
Property capital values	
Equity prices	↑
Bond prices	↓
Real yield spread (West End property)[1]	↓
Volume of net new commercial property lending (including from non-bank sources)	→
Transaction volumes in central London direct real estate investment markets	↑
Direction of pricing on IPD based derivative contracts	↑
Rental values	
Forecast UK GDP growth	↑
Forecast London GVA growth	↑
West End retail sales	↑
Business confidence levels in the central London economy	↑
UK output from the financial and business services sector	→
Employment levels in London's finance and business services sectors	↑
Central London office market balance[2]	→

1. West End property yields over ten year gilt yields adjusted for inflation.
2. Amount of space available to let given current rates of take-up expressed in terms of months.

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	806.7	78.5	885.2	33.1	19.4
	Retail	117.1	122.2	239.3	8.9	19.1
	Residential[1]	7.3	10.5	17.8	0.7	(53.3)
Rest of West End	Office	272.4	17.5	289.9	10.8	12.1
	Retail	191.7	25.0	216.7	8.1	27.8
	Residential[1]	3.6	–	3.6	0.1	(9.4)
Total West End		1,398.8	253.7	1,652.5	61.7	17.1
City, Midtown and Southwark	Office	177.4	151.1	328.5	12.3	11.2
	Retail	4.8	–	4.8	0.1	4.4
Total City, Midtown and Southwark		182.2	151.1	333.3	12.4	11.1
Investment property portfolio		1,581.0	404.8	1,985.8	74.1	16.0
Development property		347.4	133.9	481.3	18.0	31.4
Total properties held throughout the year		**1,928.4**	**538.7**	**2,467.1**	**92.1**	**18.7**
Acquisitions		108.5	102.5	211.0	7.9	7.8
Total property portfolio		**2,036.9**	**641.2**	**2,678.1**	**100.0**	**17.8**

Portfolio characteristics

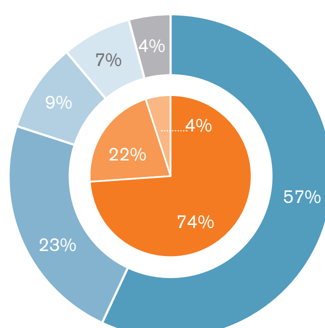
		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		1,250.7	281.7	1,532.4	1,090.7	330.6	111.1	1,532.4	1,255
Rest of West End		612.8	–	612.8	367.0	242.1	3.7	612.8	616
Total West End		**1,863.5**	**281.7**	**2,145.2**	**1,457.7**	**572.7**	**114.8**	**2,145.2**	**1,871**
City, Midtown and Southwark		333.3	199.6	532.9	521.8	6.0	5.1	532.9	1,385
Total		**2,196.8**	**481.3**	**2,678.1**	**1,979.5**	**578.7**	**119.9**	**2,678.1**	**3,256**
By use:	Office	1,642.6	336.9	1,979.5					
	Retail	532.7	46.0	578.7					
	Residential	21.5	98.4	119.9					
Total		**2,196.8**	**481.3**	**2,678.1**					
Net internal area sq ft 000's		2,784	472	3,256					

1. Residential values have been reduced as a result of our successful planning applications during the year which move lower value social housing requirements off-site to other parts of the portfolio.

Our portfolio – 100% central London

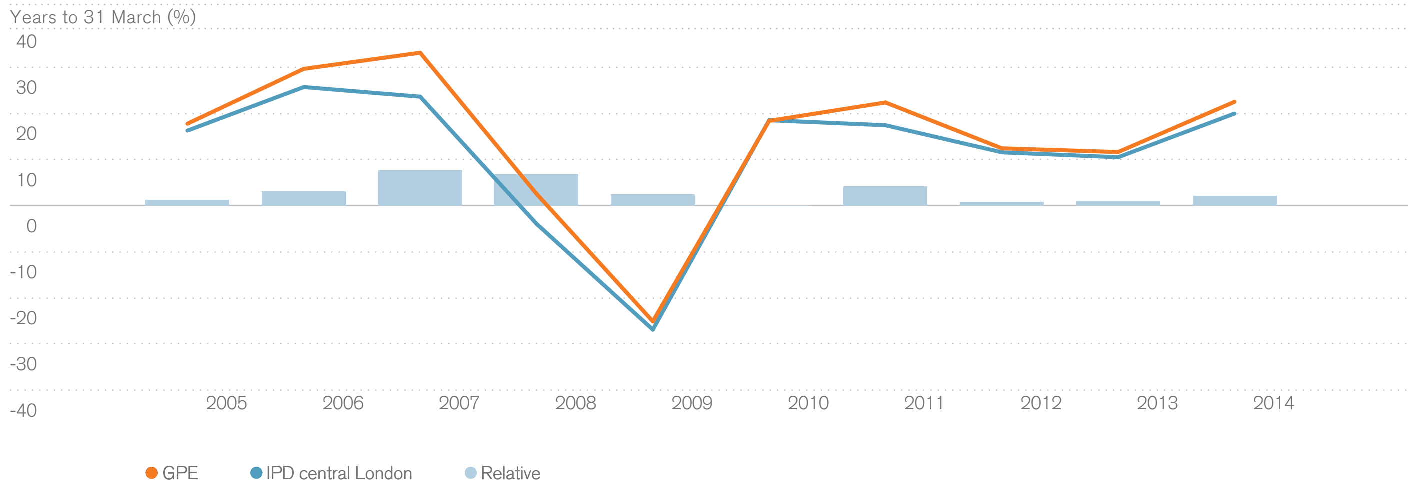
Locations
- North of Oxford Street £1,532.4m
- Rest of West End £612.8m
- Southwark £241.8m
- Midtown £182.2m
- City £108.9m

Business mix
- Office £1,979.5m
- Retail £578.7m
- Residential £119.9m



Appendix 2

Total property return (% p.a.) relative to IPD central London benchmark



Appendix 3

Purchases for the year to 31 March 2014

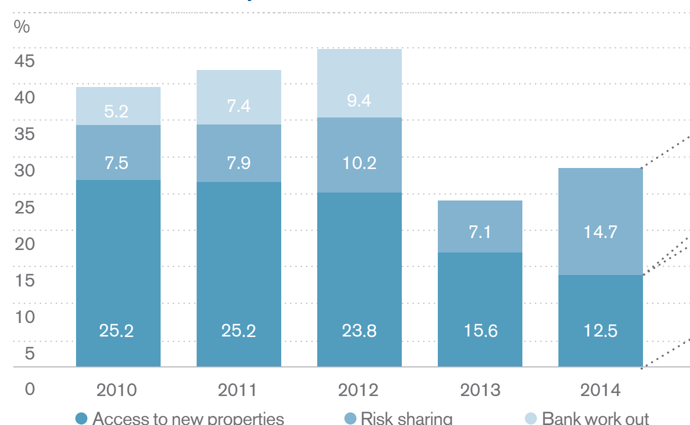
Description	Price £m	Net initial yield	Net internal area sq ft	£ per sq ft
Oxford House, W1	90.0	3.5%	79,000	1,139
Total	**90.0**	**3.5%**	**79,000**	**1,139**

Sales for the year to 31 March 2014

Description	Price £m	Net initial yield	Net internal area sq ft	£ per sq ft
90 Queen Street, EC4	61.0	5.4%	68,400	891
Park Crescent West, W1[1]	52.5	2.0%	129,200	813
Hanover Square, W1[1]	101.0	0.7%	208,000	971
20 St James's Street, SW1	54.5	2.1%	55,500	982
Total	**269.0**	**2.3%**	**461,100**	**916**

1. Our share.

GPE's net investment in joint ventures



Joint venture – partner

GRP – BP Pension fund	£180.2m
GHS – Hong Kong Monetary Authority	£103.2m
GVP – Liverpool Victoria	£83.1m
GWP – Scottish Widows	£106.3m
GSP – Starwood Capital	£51.9m
GCP – Capital & Counties	£0.1m
Total	**£524.8m**
As % of Group net assets	**27.2%**

Committed schemes and pipeline

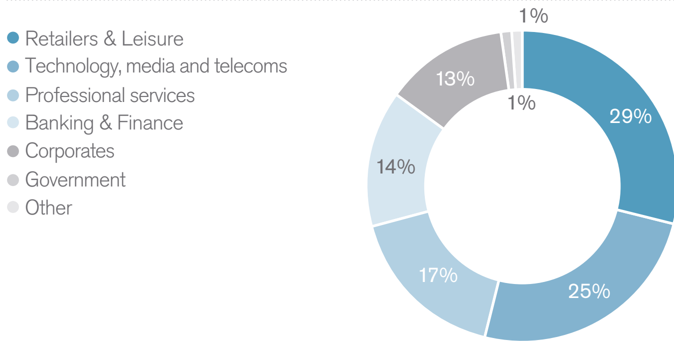
Development	Anticipated finish	New building area[1]	Cost to come £m[2]	Current ERV £m[2]	Secured income £m[2]	Profit on cost
Committed						
Walmar House, 288/300 Regent Street, W1	Aug 2014	60,300	4.4	4.1	0.3	39%
12/14 New Fetter Lane, EC4	Sept 2015	142,500	50.0	8.3	8.3	42%
Total of committed		**202,800**	**54.4**	**12.4**	**8.6**	**41%**
Near-term						
7 projects	2015–2017	828,100				
Pipeline						
13 projects		1,162,400				
Total programme						
22 projects, 50% of GPE's existing portfolio		**2,193,300**				

1. Areas in sq ft and at 100%.

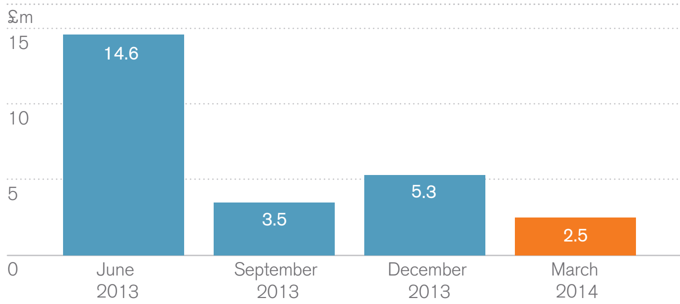
2. For those held in JV, amounts shown at 50%.

Appendix 3

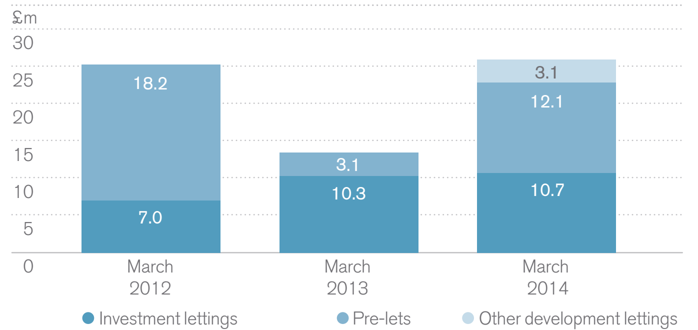
GPE tenant mix



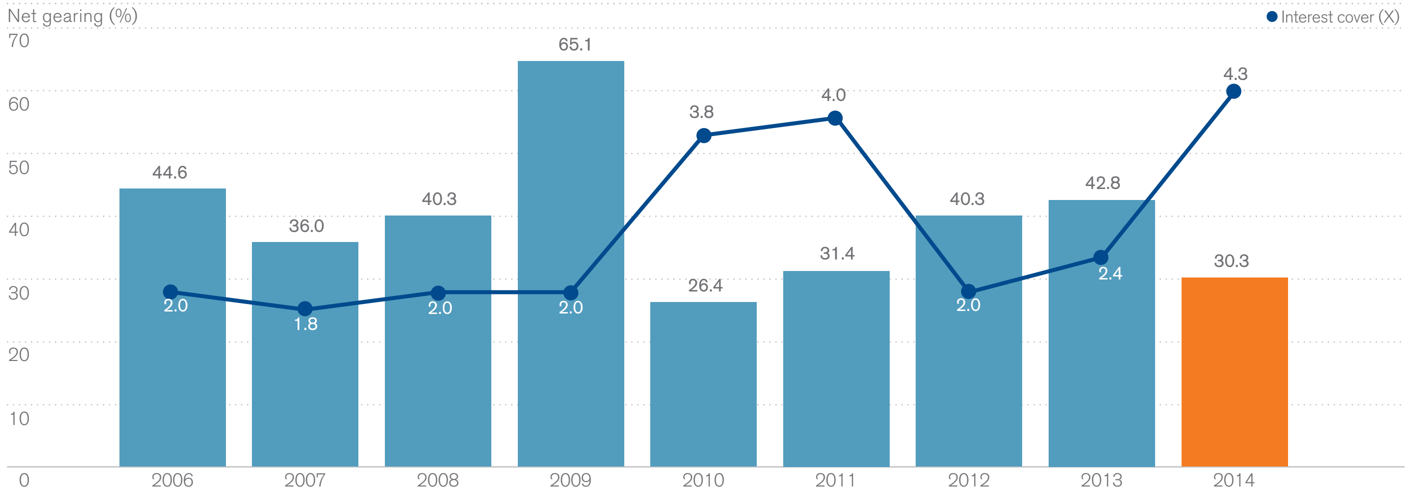
New letting and renewals by quarter



Annual lettings by type

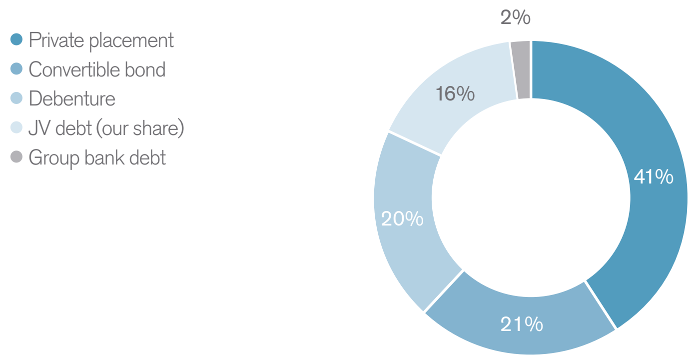


Net gearing and interest cover



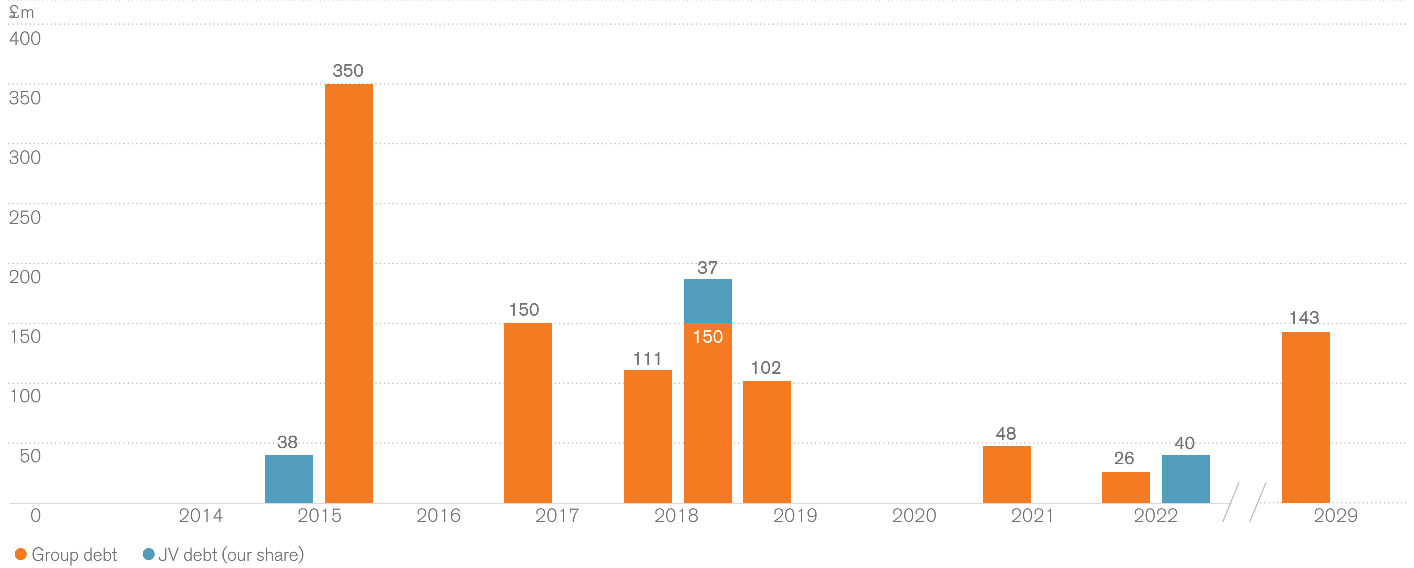
Appendix 3

Sources of debt funding[1]



1. Based on drawn position at 31 March 2014.

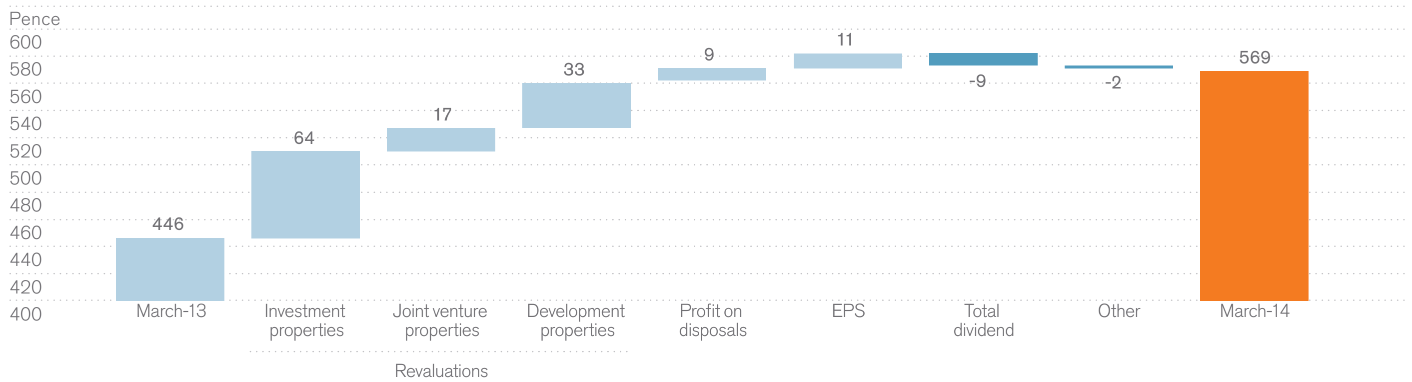
Debt maturity profile[1]



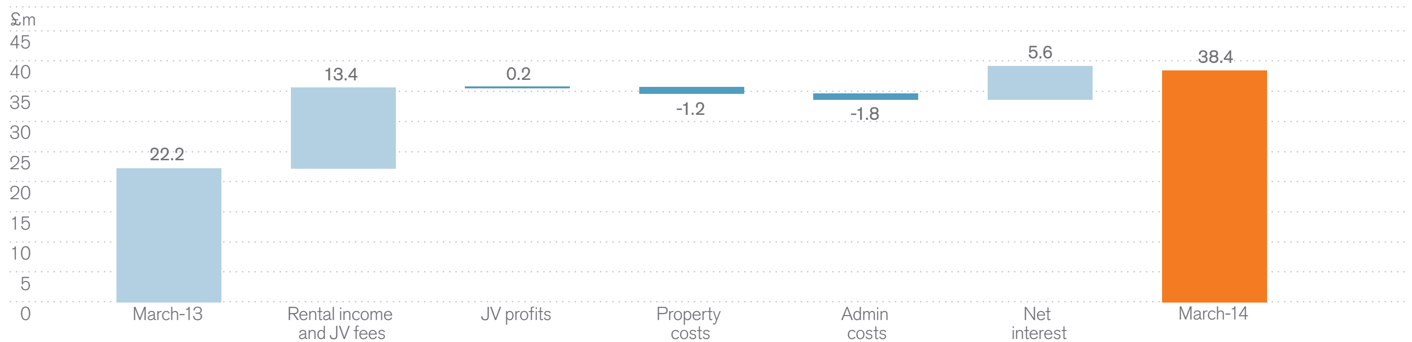
1. Based on committed facilities at 31 March 2014.

Appendix 4

EPRA net assets per share



EPRA profit before tax



Appendix 4

Debt analysis

	March 2014	March 2013
Net debt excluding JVs (£m)	**586.1**	658.9
Net gearing	**30.3%**	42.8%
Total net debt including 50% JV non-recourse debt (£m)	**687.1**	761.1
Loan-to-property value	**25.7%**	32.7%
Total net gearing	**35.6%**	49.5%
Interest cover	**4.3x**	2.4x
Weighted average interest rate	**3.5%**	3.7%
Weighted average cost of debt	**3.9%**	4.3%
% of debt fixed/hedged	**98%**	71%
Cash and undrawn facilities (£m)	**508**	282

EPRA performance measures

Measure	Definition of Measure	March 2014	March 2013
EPRA earnings	Recurring earnings from core operational activities	**£38.4m**	£22.2m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**11.2p**	6.9p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**11.0p**	6.9p
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£1,961.3m**	£1,533.9m
EPRA net assets per share	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**569p**	446p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£1,898.3m**	£1,491.4m
EPRA triple net assets per share	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**550p**	434p
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**5.0%**	4.3%

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	34.3	7.4	41.7	3.5	0.1	3.6	45.3
		Retail	7.5	1.7	9.2	5.6	1.1	6.7	15.9
	Rest of West End	Office	12.1	3.8	15.9	0.9	0.6	1.5	17.4
		Retail	7.8	1.7	9.5	1.6	0.6	2.2	11.7
	Total West End		**61.7**	**14.6**	**76.3**	**11.6**	**2.4**	**14.0**	**90.3**
	City, Midtown and Southwark	Office	9.1	1.0	10.1	10.0	2.9	12.9	23.0
		Retail	0.3	–	0.3	–	–	–	0.3
	Total City, Midtown and Southwark		**9.4**	**1.0**	**10.4**	**10.0**	**2.9**	**12.9**	**23.3**
Total let portfolio			**71.1**	**15.6**	**86.7**	**21.6**	**5.3**	**26.9**	**113.6**
Voids					3.0			2.1	5.1
Premises under refurbishment					14.2			6.1	20.3
Total let portfolio					**103.9**			**35.1**	**139.0**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Voids %	Rent roll secure for five years %	Weighted average lease length Years	Voids %
London	North of Oxford Street	Office	49.4	9.7	3.9	100.0	11.1	–
		Retail	31.3	4.6	–	87.3	8.0	–
	Rest of West End	Office	13.0	2.2	4.6	25.4	3.3	5.6
		Retail	45.0	5.0	–	78.4	10.5	–
	Total West End		**39.5**	**7.0**	**3.5**	**85.0**	**8.9**	**0.6**
	City, Midtown and Southwark	Office	61.4	7.1	–	23.9	4.1	10.1
		Retail	85.4	15.9	–	–	–	–
	Total City, Midtown and Southwark		**62.1**	**7.3**	**–**	**23.9**	**4.1**	**10.0**
Total let portfolio			**42.5**	**7.0**	**2.9**	**56.8**	**6.7**	**6.0**

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	49	60	84	88	2.5	4.6	–	4.2
		Retail	42	53	105	118	3.5	4.7	3.6	4.5
	Rest of West End	Office	41	55	17	28	3.6	4.8	0.9	4.0
		Retail	68	82	44	62	3.4	4.4	2.0	4.3
	Total West End		**48**	**58**	**63**	**71**	**2.9**	**4.6**	**1.8**	**4.3**
	City, Midtown and Southwark	Office	33	44	33	44	4.9	5.4	5.1	5.6
		Retail	25	28	–	32	5.8	5.6	–	–
	Total City, Midtown and Southwark		**33**	**42**	**33**	**43**	**4.9**	**5.4**	**5.1**	**5.6**
Total let portfolio			**45**	**55**	**44**	**52**	**3.1**	**4.7**	**2.8**	**4.7**

Appendix 5

Top ten tenants

	Tenant	Rent roll (our share) £m	% of rent roll (our share)
1	Savills plc	7.0	7.6
2	Double Negative	4.8	5.2
3	The Engine Group	3.8	4.1
4	New Look	3.0	3.3
5	Ipsos Mori UK	2.0	2.2
6	VNU Business Publications	1.8	1.9
7	Standard Chartered Bank	1.7	1.8
8	Fallon London Limited	1.6	1.7
9	Lane Clark & Peacock	1.5	1.7
10	Carlton Communications	1.5	1.6
	Total	**28.7**	**31.1**

Appendix 6

Market risk

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Central London real estate market underperforms other UK property sectors	Reduced margin of outperformance	The execution of the Group's strategy covering the key areas of investment, development and asset management is adjusted and updated throughout the year, informed by regular research into the economy, the investment and occupational markets. The Group's strategic priorities and transactions are considered in light of regular review of dashboard lead indicators and operational parameters. The Group aims to maintain low financial leverage throughout the property cycle.	→	↗	The central London real estate market has considerably outperformed the wider UK market during the year ended 31 March 2014, demonstrated by IPD's central London TPR exceeding IPD's universe by 2.5 percentage points on an absolute basis and the outlook continues to be favourable.
Economic recovery falters	Worse than expected performance of the business	Regular economic updates are received and scenario planning is undertaken for different economic cycles. 69.3% of income from committed developments already secured. The Group aims to maintain low financial leverage throughout the property cycle.	→	↓	Over the last 12 months, the UK economy has substantially improved, with the focus shifting from the risk of an impending Eurozone crisis to economic growth and the outlook for interest rates.

Investment management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and mis-timed recycling of capital	Not sufficiently capitalising on market investment conditions	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Regular review of property cycle by reference to dashboard of lead indicators. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate rotation of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans with joint venture partners.	→	→	The Group has continued to invest and recycle capital against a backdrop of moderate capital value growth in central London and a surfeit of buyers to sellers in the investment market. Lack of available stock mitigated by depth of opportunity in current portfolio. During the year one acquisition of £90 million was made together with disposals of £269 million at premium to book value of 9.5%.
Inappropriate asset concentration, mix and lot size	Reduced liquidity and relative property performance	Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding.	→	→	The Group continues to monitor its portfolio mix and asset concentration risk. Our largest asset is only 7.7% of the total portfolio and 23.9% of the portfolio is held in joint ventures.

Appendix 6

Asset management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Poor management of voids, rental mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	Failure to maximise income from investment properties	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments and liaise regularly with external advisers to ensure correct pricing of lease transactions. The Group has a diverse tenant base with its ten largest tenants representing only 31.1% of rent roll. Tenants' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions.	↘	↘	The Group continues to monitor a low void rate which was 3.7% at 31 March 2014. Tenant delinquencies were 0.7% of the rent roll for the year to 31 March 2014. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. During the year we secured £25.9 million of new rental income including £12.1 million pre-lets. 69.3% of income from committed developments already secured.

Appendix 6

Development management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Poor execution of development programme through: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – failure to reach agreement with adjoining owners on acceptable terms; – level of speculative development; – construction cost inflation; – contractor availability and insolvency risk; – a building being inappropriate to tenant demand; – poor demand for residential apartments – quality and benchmarks of the completed buildings; – construction and procurement delays; – ineffective marketing to prospective tenants; and – poor development management.	Poor development returns	See Market risk above. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Early engagement with adjoining owners. 69.3% of income from committed developments already secured. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk. Due diligence is undertaken of the financial stability of demolition, main contractors and material sub-contractors prior to awarding of contracts. Working with agents, potential occupiers' and purchasers' needs and aspirations are identified during the planning application and design stages. In-house Leasing/Marketing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing/marketing objectives. All our major developments are subject to BREEAM ratings with a target to achieve a rating of 'Very Good' on major refurbishments and 'Excellent' on new build properties. Pro-active liaison with existing tenants before and during the development process. Selection of contractors and suppliers based on track record of delivery and credit worthiness. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Regular review of the prospective performance of individual assets and their business plans with joint venture partners. Post-completion reviews undertaken on all developments to identify best practice and areas for improvement.	↗	→	The Group's development programme of high quality core central London projects continues to attract quality tenants with £12.1 million of pre-lets secured since 1 April 2013.

Appendix 6

Development management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
An inappropriate level of development undertaken as a percentage of the portfolio	Underperformance against KPIs	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed when pre-lets obtained and/ or market supply considered to be sufficiently constrained.	↗	→	With forecasted supply of central London office space expected to be scarce in the near to medium term, the Group has continued its near-term development programme to capitalise on the expected resulting rental growth given improving tenant demand.

Financial risks

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Limited availability of further capital	Growth of business is constrained or unable to execute business plans	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.	→	↓	The Group has continued to diversify the source and extend the maturity ladder of its debt financing. In September 2013, the Company raised £150 million through a convertible bond at 1% coupon. Cash and undrawn credit facilities are £508 million.
Increased interest rates or a fall in capital values	Adverse market movements negatively impact on debt covenants	Regular review of current and forecast debt levels and financing ratios. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 31 March 2014. We estimate that values could fall by 48% from their 31 March 2014 levels before group debt covenants could be endangered.	↘	→	Central London property values are expected to benefit from rental value growth and continued strong investment demand. Short term interest rates have remained low over the last 12 months, although there is a growing expectation of increases in the medium term as the economy grows.
Inappropriate capital structure	Sub-optimal NAV per share growth	Regular review of current and forecast capital requirements and gearing levels and financing ratios.	→	→	The Group's existing capital structure is well placed to take advantage of opportunities as they arise and to deliver our near-term development programme.

Appendix 6

People

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Incorrect level and mix retention of people to execute our business plan. Strategic priorities not achieved	Inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements and succession planning. The Company has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance and identification of training needs. Benchmarking of remuneration packages of all employees is undertaken annually.	→	→	An additional Project Manager and Development Manager were recruited in 2014. Staff retention is high at 95% against a backdrop of an increasingly competitive employment market. Other senior managers remain unchanged.

Regulatory

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base	Reduces flexibility and may influence potential investor and occupier interest in buildings	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies. Environmental Policy Committee meets at least quarterly to consider strategy in respect of environmental legislation.	→	→	During 2013 new building regulations came into effect requiring further reductions on carbon emissions which will impact on BREEAM requirements and planning. The risk to the Group from increasing regulation including certain EU directives having unforeseen consequences remains. However, post publication of FCA rules in June 2013, the Group was determined to be outside scope of AIFMD.
Health and Safety incidents Loss of or injury to employees, contractors or tenants	Resultant reputational damage	The Group has dedicated Health and Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health and Safety areas including employee, contractor and tenant safety. On developments, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors which includes a Health and Safety assessment. Contractors' responses to accidents and near misses are actively monitored and followed-up by our Project Managers and Head of Sustainability.	→	→	The Group had no reportable accidents during the year. There were no other incidents across the Group's investment or development portfolio.