Press release

19 May 2022

Customer first approach delivers record leasing year and strong valuation growth

The Directors of Great Portland Estates plc announce the results for the Group for the year ended 31 March 2022[1].

Toby Courtauld, Chief Executive, said:
We are pleased to report on a strong year, delivering record leasing volumes, well ahead of ERVs which, along with outstanding development returns, profitable disposals and accretive acquisitions, have combined to deliver healthy asset value growth.

Whilst we expect macro-economic and geopolitical uncertainties to persist in the near term, dampening growth, the conditions we highlighted at our Interims in November and which had kick-started the post-pandemic recovery in London's economy and its property markets, remain in evidence today. London is substantially busier than this time last year with office workers and shoppers returning, Crossrail is about to open, job vacancies are rising and inward investment into income yielding real estate is up. Plus, we expect weaker sentiment and cost inflation in the short term, along with further tightening in the planning environment, to impact the appetite for development risk, choking off the supply of new office space, intensifying the already acute shortage as customers continue their flight to quality.

Despite current uncertainties, our outlook is positive; through our Customer first approach, we are addressing today's key customer themes of flexibility, service delivery and amenity provision in well designed, tech-enabled and sustainable spaces; through our strategic focus on HQ and Flex spaces, we are investing in two of the fastest growing sectors of the office market and where we have a competitive advantage and significant ambition, including our £1.1 billion near-term development programme. With our strategic agility, strong balance sheet, plentiful liquidity and our motivated and engaged team, we have the ability to capitalise on London's potential and we look to our future with confidence.

Strong valuation and rental value growth; positive guidance for new financial year
- Portfolio valuation, up 6.1%[2] (+7.9% offices, retail flat); developments up 49%; rental values up 3.0%[2]
- Total property return of 9.4%, with capital return of 6.5% v MSCI Central London (annual index) of 3.8%
- Portfolio rental value guidance of 0% to +5.0% for the new financial year

Robust financial results; solid NTA growth +7.2% and TAR +8.8%
- IFRS NAV and EPRA[3] NTA per share of 835 pence, up 7.2% over twelve months
- EPRA[3] earnings of £27.4 million, down 31.7% on 2021 as expected; EPRA[3] EPS of 10.8 pence, down 31.6%
- After revaluation surplus, IFRS profit after tax of £167.2 million (2021: loss of £201.9 million)
- Total accounting return[4] of 8.8% over twelve months; dividend per share maintained at 12.6 pence

Record leasing year; total potential rent roll growth of 89%
- £38.5 million of new annual rent across 520,900 sq ft, market lettings 9.8% above March 2021 ERV
- Central London retail recovery, 22 deals signed in the year, 203,700 sq ft, 12.3% above ERV
- £9.4 million lettings under offer, 2.5% ahead of March 2022 ERV, further c.£32 million in negotiation
- Vacancy down to 10.8%; 4.4% excl. completed developments (Mar 2021: 6.6%)

Evolving strategy and organisation, innovative Customer first approach, supported by strong culture

- Two complementary, overlapping businesses focusing on satisfying customer needs and sustainability
  - HQ Repositioning, delivering larger, best in class HQ buildings; 8 schemes, 1.3 million sq ft
  - Flex spaces, smaller fitted units, often with higher service levels; 250,000 sq ft today; targeting growth to 600,000 sq ft organically; values up 8.6%[2]
- Strong customer satisfaction (NPS +27.8) and employee engagement (89% recommend GPE)

Excellent development progress; £1.1 bn highly-sustainable development pipeline

- 1 Newman Street, W1 (122,700 sq ft) completed, 69% let or under offer
- Major office Net Zero Carbon refurbishment at 50 Finsbury Square, EC2 (129,200 sq ft); offices 100% pre-let
- Four prime office led schemes in £1.1 billion near-term programme (917,800 sq ft), all targeting Net Zero Carbon with starts in next 24 months. Enabling works progressing well at 2 Aldermanbury Square, EC2 (321,100 sq ft) ahead of expected construction start Q4 2022, good pre-let interest

Two acquisitions for flex, substantial financial capacity

- Two acquisitions (89,000 sq ft) totalling £66.5 million for Fully Managed offer; reviewing further £1.0 billion
- 160 Old Street, EC1 sold for £181.5 million, 5% premium to March 2021 valuation; c.£200m sales under review
- LTV of 20.5%, weighted average interest rate of 2.1% (fully drawn), cash & undrawn facilities of £391 million

[1] All values include share of joint ventures unless otherwise stated [2] On a like-for-like basis [3] In accordance with EPRA guidance [4] We prepare our financial statements using IFRS, however we also use a number of adjusted measures in assessing and managing the performance of the business. These include like-for-like figures to aid in the comparability of the underlying business and proportionately consolidated measures, which represent the Group's gross share of joint ventures rather than the net equity accounted presentation included in the IFRS financial statements. These metrics have been disclosed as management review and monitor performance of the business on this basis. We have also included a number of measures defined by EPRA, which are designed to enhance transparency and comparability across the European Real Estate sector, see note 8 to the financial statements. Our primary NAV metric is EPRA NTA which we consider to be the most relevant measure for the Group.

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

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

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

UK: 0808 109 0701 (freephone) International: +44 (0) 33 0551 0202
Conference PIN: 8374210#

A video interview with Toby Courtauld and Nick Sanderson is available, along with accompanying presentation materials and appendices, at:

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

For further information see www.gpe.co.uk or follow us on Twitter at @GPE_plc

Statement from the Chief Executive

Please see accompanied graphics (see appendix 1)

Evolving our strategy and organisation

We are resolutely focused on providing our customers with great spaces in central London that are flexible, sustainable and beautifully designed, offering high quality services to deliver them an enticing real estate experience. To ensure we meet our customers' evolving needs and changing working patterns, we have evolved our strategy incorporating flexibility, service, technology and sustainability as imperatives to the delivery of a truly differentiated product.

To support our strategy evolution, we are now organising ourselves into two complementary, overlapping activities:

- HQ repositioning – delivering large, best-in-class HQ buildings; and
- Flex spaces – smaller fitted units, often with higher service levels.

Both of these areas are primed for growth, with our £1.1 billion near-term development programme and the opportunity to deliver more than 600,000 sq ft of Flex space across our existing portfolio. These activities are also strongly aligned with our sustainability ambitions and delivering our detailed Roadmap to Net Zero by 2030.

Our 'Customer first' approach

To deliver these ambitions, we are putting customer needs at the centre of everything we do. As well as providing both choice and flexibility, sustainability, and health and wellbeing are integral to our offer, our services are enhancing the customer experience and our use of technology is future-proofing our buildings for tomorrow's working patterns. Positive feedback from our customers is already strong, with our net promoter score of +27.8, significantly ahead of the UK office sector average of +2.0 and in the upper quartile for London offices.

We have also refreshed our corporate brand and redefined our product lines, each tailored to match specific customer needs:

- 'Ready to Fit' – for businesses typically taking larger spaces on longer leases who want to fit out the space themselves;
- 'Fitted' spaces – where businesses can move into fully furnished, well designed workspaces, with their own front door, furniture, meeting rooms, kitchen and branding; and
- 'Fully Managed' – fitted space where GPE handles all day-to-day running of the workplace in one monthly bill.

Record leasing year drives strong operational performance

In a year full of challenges, our strong operational focus has delivered a record leasing year with £38.5 million of leases signed, with market letting 9.8% ahead of ERV. The breadth of our leasing activities demonstrates the ongoing attractions of our spaces, including the £8.5 million pre-letting of all the office space at our 50 Finsbury Square net zero carbon refurbishment scheme and the leasing of the entirety of 103/113 Regent Street for £4.7 million, central London's largest retail letting in the year.

We completed our 1 Newman Street development (122,700 sq ft) at the eastern end of Oxford Street, directly opposite the new Elizabeth Line station which will open this summer. We have also grown our Flex office offer to 13% of our office portfolio, including our most recent Flex partnership deal at the Hickman in Whitechapel, where our tech-enabled refurbishment was awarded a SmartScore 'platinum' rating, the first building in the world to achieve this accolade.

Delivering robust financial results

These successes delivered robust financial results, with IFRS NAV and EPRA NTA per share rising by 7.2% over the year. When combined with an ordinary dividend maintained at 12.6 pence per share, our Total Accounting Return was +8.8%. We delivered an IFRS profit for the year of £167.2 million and a diluted EPRA EPS of 10.8 pence, a decline of 31.6%, in part driven by rental income foregone through our profitable sale of 160 Old Street for £181.5 million during the year and increased provision for performance related pay.

Across our portfolio, property values were up 6.1% over the year, well ahead of our central London benchmarks. Our offices delivered a stronger relative valuation performance, up by 7.9%, whilst retail values remained flat. Office ERVs were up 4.1% in the year, with prime office investment yields holding firm, whilst retail ERVs fell 0.7%, although the retail outlook appears to be improving with West End footfall back to 80% of pre-pandemic levels and our ERVs rising by 0.2% in the second half.

London economic recovery underway

As the London economy continues its recovery from the pandemic, we are seeing some encouraging positive prospects. London remains a dominant global city and is the world's top ranked city for innovation. Whilst inflationary pressures and the unknown full impact of the Ukraine conflict persist, healthy office employment growth is driving demand for prime and flex office space, with buoyant investment market activity demonstrating London's enduring appeal for investors. We have seen this positive momentum feed into our occupational markets, where we expect the future supply of new office space in central London to decline further, leading to a potential shortage of some 55% over the next three years.

As a result, we expect rents for the best office space to rise over the next 12 months by 0.0%–6.0%, with retail rents expected to be between minus 2.5% to 2.5%. Having delivered record leasing volumes in the financial year just ended, we have started the new year well with £2.9 million of lettings to date. Today we have £9.4 million of lettings under offer and a further £32 million under negotiation.

Our opportunity-rich portfolio

With these supportive market conditions and our clear strategy, we have a portfolio which is well positioned to generate growth as we create best-in-class HQ spaces and expand our Flex office offer. Crucially we have the financial strength to deliver on these ambitions with our EPRA loan-to-value ratio at only 20.5%, and £391 million of available firepower.

HQ repositioning – delivering best-in-class developments with £1.1bn programme

We are on track to complete our pre-let 50 Finsbury Square development (129,200 sq ft) in December, where we are forecasting a 39.1% profit on cost and will be delivering our first Net Zero Carbon scheme, eight years ahead of target. We have also made excellent progress in preparing our four near-term schemes which will together deliver 917,800 sq ft of prime, predominantly office space with exemplary sustainability credentials, along with £72 million of ERV following our proposed £1.1 billion of total investment. During the year, we started enabling works at our consented 321,100 sq ft 2 Aldermanbury Square, EC2 scheme, where leasing enquiries are already good. We recently achieved planning permission at our proposed 67,700 sq ft redevelopment on Piccadilly and we submitted our planning application for a major 139,900 sq ft refurbishment of Minerva House in Southwark. Beyond this, we have a further three schemes in our medium-term pipeline.

Flex spaces – targeting growth to more than 600,000 sq ft

In response to market demand, we launched our first Flex office spaces in 2018 across 87,000 sq ft and today we have grown this to 250,000 sq ft across 17 of our buildings. We have been achieving significant rental and cashflow premia on this space, in particular on our Fully Managed offer, where we secured £230 per sq ft on the most recent letting at 16 Dufour's Place, W1. Our portfolio is ideally suited to delivering more Flex, with 87% of our office spaces sub 10,000 sq ft, and we are seeking to grow our Flex office offering to more than 600,000 sq ft within our existing portfolio. We will also look to supplement this growth through acquisitions, as demonstrated by our £36.5 million purchase of 7/15 Gresse Street, W1 in March and more recently our £30 million purchase at 6/10 St Andrew Street, EC4.

Our people and purpose

Our successes this year and the ambitious targets that we have set for the future would not be possible without the efforts of our talented and dedicated team, and their ongoing commitment to delivering our purpose, our sustainability ambitions and living our values. Employee engagement levels across GPE continue to be exceptional and we have made positive strides in broadening skills, capabilities and diversity across our team. With the launch during the year of our People Plan 'OneGPE' there is more to come, including the creation of our Inclusion Committee to champion our ambitious Diversity and Inclusion Plans.

We have also broadened our reach and commitment to our communities in the year through our Social Impact Strategy which will ensure that we create a lasting positive social impact in the communities where we operate, building a sustainable legacy for our great capital city. Finally, we were delighted that our successes have been recognised through winning both Property Company of the Year and Developer of the Year at the Property Awards 2021.

Our valuation

Please see accompanied graphics (see appendix 2 and 5)

Portfolio value up 6.1%; driven by our committed development and leasing successes

The valuation of our portfolio, including our share of joint ventures, increased over the 12 months by 6.1%, on a like-for-like basis, to £2,647.4 million at 31 March 2022.

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

- development gains – the valuation of our committed development properties increased by 48.6% on a like-for-like basis to £167.6 million during the year. Our development returns were supported by securing a major pre-letting, ahead of the valuer's assumptions;
- rental value increases – since the start of the financial year rental values increased by 4.4%, or 3.0% on a like-for-like basis, with our office portfolio up by 4.1% and our retail portfolio reducing by 0.7%;
- active portfolio management – we delivered a record leasing year, signing 75 new leases, rent reviews and renewals, with new lettings 9.8% ahead of ERV. This secured £36.1 million (our share) of annual income, supporting the valuation over the year; and
- lower investment yields – equivalent yields decreased by 13 basis points (2021: +11 basis points) during the year (office: -18 basis points; retail: +3 basis points). At 31 March 2022, the portfolio true equivalent yield was 4.4%.

Including rent from pre-lets and leases currently in rent-free periods, the adjusted initial yield of the investment portfolio at 31 March 2022 was 3.8%, the same as at the start of the financial year.

The overall valuation increase of 6.1% during the year was largely driven by our office portfolio which increased by 7.9% in comparison to our retail assets which were flat, as further restrictions at the start of the year impacted the sector's recovery. Our Flex activities also supported our valuation performance. Buildings with more than 40% of the space in our Flex offerings grew by 8.6. Elements of the portfolio also continued to show greater variation. Short leasehold properties (<100 years), which represent around 9% of the portfolio, reduced in value by 2.9% compared to an increase of 7.0% in the rest of the portfolio, as investor demand for shorter leasehold assets remained low. Our pipeline properties, typically on shorter lease terms, reduced in value by 5.9% during the year, in comparison to our long-dated assets which increased by 12.1%.

Our joint venture properties rose in value by 7.8% over the year, driven by leasing successes at our recently completed development at Hanover Square, W1. The wholly-owned portfolio increased by 5.7% on a like-for-like basis supported by our committed developments at 50 Finsbury Square, EC2.

Our relative performance

The Group delivered a Total Property Return (TPR) for the year of 9.4%, compared to the central London MSCI annual index of 7.0%, and a capital return of 6.5%, versus 3.8% for MSCI. This outperformance was driven by our committed and recently completed development schemes, along with GPE delivering a record leasing year.

Our development activities

HQ repositioning

It has been an active year for the development team. We completed one scheme at 1 Newman Street, W1, which is now 69% let or under offer, and also let the entire office space at our one remaining committed scheme, 50 Finsbury Square, EC2. In addition, we are busy working up plans on our four near-term schemes, with the enabling works already started at 2 Aldermanbury Square, EC2, our 321,100 sq ft scheme in the City. Across the remaining near-term schemes we have achieved planning permission at French Railways House, SW1, submitted a planning application at Minerva House, SE1 and hope to resolve the planning status of New City Court, SE1, during summer 2022.

At 50 Finsbury Square, EC2, our sole committed scheme, we are on track to deliver a highly sustainable office-led development, near Crossrail, our first to be Net Zero Carbon and targeting BREEAM 'Excellent'. Capital expenditure to come on the building is £23.9 million.

Looking forward, our pipeline of future schemes remains substantial, with the team busy preparing a further seven schemes set to deliver 1.1 million sq ft across the coming decade.

One scheme completed in the year

At 1 Newman Street & 70/88 Oxford Street, W1, following the pre-let of the upper three floors in May 2020, we completed the 122,700 sq ft office and retail building in July 2021, which sits directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station. In June 2021, we agreed the letting of all of the basement space to Boom Battle Bar for a new competitive socialisation offer. Since completion, our leasing success has continued. We leased a further 13,800 sq ft of office space to a global investment firm for its new European headquarters. The investment company, who will occupy the fourth floor, has committed to a ten-year lease of prime office space in line with September 2021 ERV and are due to move into its new workspace later this year.

The new building is now 49% let, with both of the remaining office floors under offer and good interest in the retail space. Given the recent challenges in the retail market, the scheme delivered a loss on cost on completion of 9.6%, although we expect this position to improve as the retail environment recovers.

One committed scheme, office space 100% pre-let

At 50 Finsbury Square, EC2, the refurbishment of the 129,200 sq ft building, including construction of the new roof pavilion, is progressing well, and we expect completion later this year. Our extensive repositioning will extend the office floor plates within the existing frame of the building, create a large reception with a concierge as well as an improved retail, leisure and amenity offer. The new building will be a sustainability, wellbeing and technology exemplar delivering on all four pillars of our Sustainability Statement of Intent and is expected to be our first building certified as Net Zero Carbon. We committed to the refurbishment at the start of 2021 and, testament to the quality of the building, in August 2021 we pre-let all of the offices to Inmarsat Global Limited (Inmarsat). Inmarsat have taken the entirety of the 121,800 sq ft office space, on a 20-year lease (15-year break) paying an annual rent of £8.5 million, 11.2% above March 2021 ERV. We are targeting a profit on cost of 39.1%, with completion of the scheme expected in Q4 2022.

In total, we have £25.1 million of committed capital expenditure, including £23.9 million at our committed development.

Four near-term schemes

Beyond our one committed scheme, we have a substantial and flexible pipeline of seven uncommitted schemes, including four schemes in our near-term pipeline, one of which is on-site.

Enabling works started at 2 Aldermanbury Square

Following achieving planning permission in 2021, we are progressing regearing the headlease with the City of London to enable our redevelopment of 2 Aldermanbury Square, EC2. In January this year, we achieved vacant possession of the building and have commenced strip out works ahead of hard demolition of the current structure over the coming months. As part of the demolition we will be working with a specialist firm to carefully remove the steel superstructure (beams and columns) so they can be used on another GPE project as part of a wider circular economy initiative.

Our proposed development will substantially increase the size of the building to 321,100 sq ft (up from 176,000 sq ft) and will incorporate our sustainability aspirations from the outset, with the aim of delivering our second Net Zero Carbon building. The scheme also includes a number of public realm and amenity improvements that will have a positive impact on the local area and improve accessibility to the western entrance of the Liverpool Street Crossrail station. To date, we have been greatly encouraged by the strong customer interest in the scheme.

At New City Court, SE1, we submitted a second planning application for an amended scheme of 389,100 sq ft in April 2021. Having explored all avenues to have both the 2018 and 2021 schemes approved by Southwark without success, we have therefore regretfully appealed for non-determination with the public enquiry due to commence in July 2022.

At Minerva House, SE1, we are finalising plans for a 139,900 sq ft major office refurbishment. Our proposals will reposition this building taking full advantage of its river frontage and, by adding additional storeys, we will be able to create outdoor terraces and amenity space with commanding views over central London. A planning application for the scheme was submitted in November 2021, and we expect a decision in late 2022.

In May 2022, we obtained planning permission at French Railways House and 50 Jermyn Street, SW1, part of our Piccadilly Estate. Our proposed major office-led redevelopment will provide 67,700 sq ft (up from 54,600 sq ft) of new Grade A space. Whilst aspects of the circular economy have been integrated in other development schemes, this scheme is designed to fully embrace the principles of the circular economy. As well as reusing the existing basement and foundations, we are aiming to reuse the structural steel from the demolition of 2 Aldermanbury Square, EC2, in its construction. If successful, this will save around 1,000 tons of carbon and reduce the embodied carbon in the steelwork by around 99%. The development of the building is subject to Crown consent.

Subject to planning, these four near-term schemes could together deliver 917,800 sq ft of Grade A space, with an expected capital expenditure of c.£836 million and an expected ERV of c.£72 million.

Three approaches for low carbon development

We are adopting three approaches for low carbon redevelopment at our near-term schemes.

Reuse and extend

Where an existing building has a structure that suits modern requirements, we aim, where possible, to reuse as much of it as we can and, if feasible, add additional space. We are currently using this technique at 50 Finsbury Square, EC2, which finishes later this year, and it forms the basis of our proposals at Minerva House, SE1 in our near-term pipeline.

Our plans at Minerva House are to retain approximately 80% of the structural frame and reuse the foundations. We also intend to extend the building by adding three new floors, including landscaped terracing, whilst keeping as much of the existing façade as possible. The building will benefit from energy-efficient heating and cooling and potentially openable windows and the building will be fossil-fuel free. Our public realm works include a new public square next to Southwark Cathedral and the entrance has been designed to maximise river views.

It is still early days in the design process, but we are targeting for the building to be Net Zero Carbon and have an embodied carbon level of below 340 kg per square metre.

Low carbon rebuilds

Where it is not possible to reuse the existing building, we undertake low carbon rebuilds, where we reuse elements of the existing building, such as basements and foundations, and then build the new elements of the building using low carbon materials and modular construction techniques. We will utilise this approach at 2 Aldermanbury Square, EC2 and New City Court, SE1.

At 2 Aldermanbury Square, EC2 we are using a number of techniques to reduce the embodied carbon, including:

- increasing the use of cement alternatives in the concrete;
- sourcing steel from electric arc furnaces powered by green energy;
- reusing existing steel for roof plant areas and some structural elements;
- using recycled raised access flooring; and
- employing the electrification of site plant and equipment.

As the design for 2 Aldermanbury Square has progressed, we have reduced its carbon footprint at each design stage. Today we estimate that the building will have embodied carbon level of around 572 kg per square metre, 36% below our 2016 baseline and already meeting our 2030 target, with further reductions still being explored.

Circular economy new builds

The circular economy will require the reuse of as much of the existing building as possible, including basements and foundations, with the new build elements utilising reused materials from other buildings. We are adopting this approach at French Railways House, SW1 where we are proposing a highly sustainable seven-storey building with an extensive landscaped communal roof terrace with new retail on Piccadilly and Jermyn St. We are proposing to reuse the structural steel from City Place House (which is being demolished to make way for 2 Aldermanbury Square). It is at an early stage, but, if successful, we will save over 1,000 tonnes of carbon; and there is a 99% reduction in embodied carbon in the new building's steel frame. There are also a number of other benefits:

- reusing this steel means that we can remove all of the on-floor columns, further improving market appeal;
- we are also proposing to reuse all of the existing stone cladding as well as reusing the existing basement and foundations; and
- there will also be openable windows – and the building will be fossil fuel free.

As our designs progress, we have so far reduced the targeted embodied carbon of the scheme to below 400 kg per square metre, which is comparable to a major refurbishment.

How we are positioned

In addition to our four schemes that are on-site or in our near-term programme, our medium-term pipeline consists of a further three schemes.

This provides a strong platform for organic growth and a wealth of value-creating opportunities. All of the schemes are currently income producing, are well located around major public transport interchanges in the heart of London and have flexible start dates.

Today, our total development programme is substantial, encompassing 24% of the portfolio and set to provide around 1.3 million sq ft of modern, high quality, sustainable space, well matched to evolving customer requirements.

Our leasing and Flex activities

As the UK economy continues its recovery from the pandemic, we have seen this positive momentum feed into our occupational markets, with our peak office utilisation up to around 55% and strong leasing at levels well ahead of rental values, 9.8% overall. We expect the future supply of new prime space in central London to remain limited. This lack of availability, coupled with the strengthening of the UK economy, is expected to have a positive impact on leasing, supporting the demand for our high quality spaces and prime rents.

Whilst our market lettings were 9.8% ahead of ERV, rental values across the portfolio also returned to growth, increasing by 3.0%. Within this, our offices continue to perform better than our retail space, with our office rental values increasing by 4.1% compared to a 0.7% fall in retail rental values, as the retail sector recovery was slower and impacted by further restrictions.

The key leasing highlights for the year included:

- 65 new leases and renewals completed during the year (2021: 27 leases) generating annual rent of £38.5 million (our share: £32.0 million; 2021: £10.9 million), with market lettings 9.8% ahead of ERV;
- flex space c.13% (250,000 sq ft) of office portfolio, with ambitions to grow organically to more than 600,000 sq ft;
- our managed space at 16 Dufour's Place, W1 (16,300 sq ft) which was fully let within six months of launch with the last two lettings at more than £200 per sq ft;
- Ten rent reviews securing £4.1 million of rent (our share: £4.1 million; 2021: £6.8 million) were settled at an increase of 1.9% over the previous rent and 2.1% ahead of ERV at review date; and
- total space covered by new lettings, reviews and renewals was 580,800 sq ft (2021: 300,200 sq ft).

The Group's vacancy rate decreased to 10.8% (31 March 2021: 13.2%) following the successful leasing period, and Group rent roll has increased by 9.3% to £104.1 million, as our leasing successes were offset by achieving vacant possession ahead of our proposed development at 2 Aldermanbury Square, EC2.

Plan to grow our Flex offer to 600,000 sq ft

Evolving patterns of work are changing what many customers want from their office space and we are meeting this demand with our innovative flexible spaces. Our three flexible offerings are Fitted, Fully Managed and Flex Partnerships. During the year we delivered our first Fully Managed offer at 16 Dufour's Place, W1. This 16,300 sq ft building provides customers with fully fitted, fully managed, tech-enabled office space with flexibility of lease term. We leased the entirety of the building at an average all-in rent of £195 per sq ft, some 10.5% ahead of the Valuer's March 2021 ERV.

During the year, we achieved vacant possession at 2 Aldermanbury Square, EC2 to enable redevelopment. This brought our Flex partnership with Knotel in the building to a close. Despite this reduction of 82,300 sq ft, we added around 65,000 sq ft of new space in the year such that our Flex offers now total around 250,000 sq ft or 13% of our office space.

Looking forward, our portfolio is well suited to further growing this Flex exposure. Our average building size is small at around 60,000 sq ft and more than 80% of our floors are sub-10,000 sq ft. Looking forward, we have further ambitions for growth and are targeting to grow our Flex offer organically to more than 600,000 sq ft. This growth would take our Flex offerings to 25% of our office portfolio by 2027 and we are excited about the opportunity for future growth in this space. We will supplement this growth through targeting investment opportunities that lend themselves to our flexible space products, as demonstrated by our recent acquisitions of 7/15 Gresse Street, W1 and 6/10 St Andrew Street, EC4.

Enduring magnetism for best-in-class space

In addition to the Inmarsat pre-let (see our development activities above), we have also seen an increase in demand for our best-in-class workspace, that places a high value on sustainability, technology and customer service. This has resulted in a year of strong leasing activity, across both our

Flex portfolio and at our recently completed developments.

At Hanover Square, W1, we have now completed all the office leasing. In total we completed six lettings across the office space (47,700 sq ft), ahead of our expectations, completing with an average void of just over three months, at rents ranging up to £127.50 per sq ft and on an average term of over 13.5 years. We have also made significant progress with leasing the prime retail units on New Bond Street. In total we have now completed five retail lettings (14,400 sq ft), with Pronovias joining Canali on New Bond Street and Moyses Stevens and Watchhouse within the courtyard space.

At our other recently completed development, 1 Newman Street W1, where we had pre-let the three upper floors to Exane, we completed a letting of the fourth floor to a global investment firm, for its new European headquarters. The investment firm has committed to a ten-year lease for 13,800 sq ft of prime office space and is due to move into its new workspace later this year. We have one floor under offer with strong interest in the one remaining office floor.

At The Hickman, Whitechapel E1, we entered into a new partnership agreement with Runway East, the co-working and flexible office specialist, who will run 20,500 sq ft of workspace across the Lower Ground, Ground and First Floor levels for ten years. This new profit share agreement is in addition to their existing partnership with GPE for the operation of 48,400 sq ft of workspace at New City Court in London Bridge.

Retail recovery in central London

Whilst we have seen significant demand for our high quality office space we have also seen a continued recovery of the central London retail market as footfall recovers to near pre-pandemic levels. The most high profile deal was the leasing of the entirety of 103/113 Regent Street, W1 held in our Great Ropemaker Partnership (GRP) to Uniqlo Europe Limited (Uniqlo). The property, comprising 56,850 sq ft of mixed-use retail and office, was previously let to C-Retail Ltd (Superdry). GRP simultaneously surrendered the Superdry lease for £7.9 million and granted a new lease to Uniqlo. During the year we have let a total of 203,700 sq ft of retail space, to a variety of international and domestic retailers, generating £12.3 million in rent, 12.3% ahead of March 2021 ERVs, demonstrating an increase in confidence in the sector.

Encouraging start to 2022/23

Since 31 March 2022, we have completed a further eleven lettings generating annual rent of £2.9 million (our share: £2.4 million), with market lettings 3.3% ahead of March 2022 ERV. We have a further 29 lettings under offer accounting for £9.4 million p.a. of rent (our share: £8.7 million), 2.5% ahead of 31 March 2022 ERV.

Improved rent collection

Rent collection challenges remained in the early part of the year but rates have since returned to more normalised levels. For the March 2022 quarter, we have so far collected 94.1% of the rent charged (98% for offices). Improved collection rates have also reduced the level of expected credit loss provision in the income statement, from £9.6 million to £4.0 million in the current year (including our share of joint ventures).

At 31 March 2022, we held rent deposits and bank guarantees totalling £18.6 million (March 2021: £17.2 million).

How we are positioned

Despite heightened levels of uncertainty, we expect current trends to continue, with demand for best space outstripping supply and a greater need for smaller spaces to be provided on a flexible basis. Buildings that are unable to meet this evolving demand, particularly in the face of competition from growing secondary supply, will underperform. The gap between the best and the rest is likely to widen further.

Against this backdrop we remain well positioned: our leasing record remains strong; our committed development programme is focused on high quality; well located office-led schemes that have enduring demand; we are delivering innovative products that lease well; our average office rent remains low at £67.50 per sq ft; and 93% of our portfolio is within walking distance of a Crossrail station.

Our investment activities

Please see accompanied graphics (see appendix 3)

In September 2021, the Great Ropemaker Partnership (GRP), our 50:50 joint venture with BP Pension Fund, sold 160 Old Street, EC1 to a fund advised by J.P. Morgan Global Alternatives. The headline price of £181.5 million (our share: £90.8 million) reflected a 5% premium to the March 2021 valuation. The total contracted annual rental income was £7.9 million (our share: £4.0 million), with a weighted average unexpired lease term of approximately 10.3 years to the earlier of breaks or expiries.

In March 2022, we acquired the long leasehold interests at 7/15 Gresse Street and 12/13 Rathbone Place, W1 for £36.5 million (equating to £847 psf, 5.6% NIY). The building has been home to the Fashion Retail Academy since 2005, who we expect will relocate from the building next year.

In May 2022, we acquired the long leasehold interest at 6/10 St Andrew Street for £30.0 million (£650 per sq ft). The 46,200 sq ft building is currently vacant, and benefits from planning permission for a two-storey extension. It will provide approximately 48,000 sq ft over lower ground and eight upper floors, with two private terraces as well as a communal roof terrace and winter garden.

Following comprehensive refurbishment of both these acquisitions, we intend to implement our Fully Managed Flex offering, adding to our growing Flex office portfolio, which currently provides around 250,000 sq ft of space on Fitted and Fully Managed terms, across central London.

How we are positioned

We are constantly reviewing acquisition opportunities, and we currently have £1.0 billion of potential acquisitions under review, predominantly off market.

We are actively seeking new buildings for our Flex offerings, opportunities for repositioning or development and we increasingly expect the sustainability challenge to provide us with opportunities to acquire orphaned assets needing a sustainability solution. However, we will remain disciplined. Any potential purchase needs to outperform the assets we already own, and with our existing portfolio stacked with opportunity, the hurdle is high.

Our financial results

Please see accompanied graphics (see appendix 4)

As is usual practice in our sector, we use Alternative Performance Measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionately consolidated basis to include joint ventures, as it best describes how we manage the portfolio, like-for-like measures and using measures prescribed by EPRA. The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector. Reconciliations of APMs are included in note 8 of the financial statements.

Higher IFRS NAV and EPRA NTA per share driven by valuation gains

IFRS NAV and EPRA NTA per share at 31 March 2022 were 835 pence per share, an increase of 7.2% over the year, largely due to the 6.1% like-for-like valuation increase in the property portfolio. When combined with ordinary dividends paid of 12.6 pence per share, this delivered a Total Accounting Return of 8.8%.

The main drivers of the 56 pence per share increase in EPRA NTA from 31 March 2021 were:

- the increase of 54 pence per share arising from the revaluation of the property portfolio;
- the profit on disposal of 160 Old Street, EC1 increased NTA by one pence per share;
- EPRA earnings for the year of 11 pence per share enhanced NTA;
- ordinary dividends paid of 13 pence per share reduced NTA; and
- other items increased NTA by three pence per share.

At 31 March 2022, the Group's net assets were £2,112.9 million, up from £1,971.6 million at 31 March 2021, with the increase largely attributable to the increase in property valuation of £136.0 million. EPRA NDV and EPRA NRV were 838 pence and 911 pence at 31 March 2022 respectively, compared to 777 pence and 849 pence at 31 March 2021.

Revenue reduced due to lower rental income

Revenue for the year was £84.2 million, down from £88.5 million on the prior year, driven by lower gross rental income which reduced by £7.7 million to £66.1 million and reduced service charge income. The reduction in gross rental income was largely attributable to achieving vacant possession of our committed development at 50 Finsbury Square in the prior year and 2 Aldermanbury Square ahead of its proposed development.

Net rental income, after taking account of expected credit losses (see below), lease incentives and ground rents was £62.6 million, up from £62.1 million in the prior year as we see the benefit from the lease commencements at our recently completed developments.

Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including share of joint ventures) increased by 4.3%, including expected credit losses.

Joint venture fee income for the year was £5.1 million, an increase of £1.4 million, resulting from fees earned on the sale of 160 Old Street, EC1 from the Great Ropemaker Partnership.

Expected credit loss for unpaid rent

The year continued to be affected by the economic impact of COVID-19. However, as the year progressed and London's economy reopened and economic activity returned to more normalised levels, our rent collection performance improved. Overall we secured 95% of all rents due in the year, including in our joint ventures. Whilst we have continued to offer assistance to support our customers through this difficult period, particularly our smaller independent retailers, the level of expected credit loss provisions in the Group reduced to £4.1 million (£4.0 million including our share of joint ventures) from £7.7 million in the prior year.

At 25 March 2022, we had around 8% of our rent roll on monthly payment terms (25 March 2021: 28%). Since 1 April 2021, one of our customers went into administration, representing less than 0.1% of our rent roll. At 31 March 2022, we held rent deposits and bank guarantees totalling £18.6 million.

Cost of sales increased

Cost of sales increased from £24.7 million to £30.1 million for the year ended 31 March 2022. This increase was primarily driven by increased costs associated with our leasing initiatives in our record leasing year and greater business rates on empty space due to higher average levels of portfolio vacancy.

Taken together, net service charge income, other property costs and expected credit loss provisions for service charges rose to £17.7 million from £9.7 million in the prior year.

Joint venture earnings

EPRA earnings from joint ventures were £14.5 million, up from £9.1 million last year, primarily as a result of receiving a one-off surrender premium of £3.9 million (our share) in GRP, as well as strong leasing activity at Hanover Square, W1 and reduced expected credit loss provisions in respect of unpaid rents which totalled a credit of £0.1 million, down from £1.9 million charge last year.

Higher performance related pay

Administration costs were £35.0 million, £9.8 million higher than the previous year. The increase was primarily due to increased provisions for performance-related pay, including share-based payments in respect of our LTIP scheme, given the strong uplift in the property valuation during the year. Costs also rose given increased headcount, as we continue to enhance our teams to deliver on our Customer first and Flex ambitions.

Increased interest cost from new facilities

Gross interest paid on our debt facilities was £14.3 million, £2.2 million higher than the prior year. This increase primarily resulted from the full year impact of drawing on the Group's £150 million 2.77% private placement notes which were issued in November 2020. Capitalised interest increased by £0.9 million to £7.2 million as our development activity increased with the start of enabling works at 2 Aldermanbury Square, EC2. As a result, the Group had net finance costs (including interest receivable) of £1.7 million (2021: income of £0.2 million).

EPRA earnings

EPRA earnings were £27.4 million, 31.7% lower than last year as expected, predominantly due to lower net rental income and increased property and administration costs offset by lower expected credit loss provisions made against doubtful debts.

Revaluation gains in the Group's investment properties, together with reduced EPRA earnings, led to the Group's reported IFRS profit after tax of £167.2 million (2021: loss of £201.9 million). Basic and diluted earnings per share for the year were 66.1 pence and 66.0 pence respectively, compared to a 79.8 pence loss for 2021. Diluted EPRA EPS was 10.8 pence (2021: 15.8 pence), a decrease of 31.6% and cash EPS was 5.7 pence (2021: 12.2 pence).

For the forthcoming year, we anticipate that rental income will reduce due to the sale of 160 Old Street, EC1 and we do not anticipate that we will receive similar levels of surrender premiums. Furthermore, as we create vacancy through accelerating the conversion of our spaces to our Flex offerings and committing to the development of our near-term schemes, we anticipate that for the coming year EPRA EPS will be lower than that of the current year.

Results of joint ventures

The Group's net investment in joint ventures decreased to £582.8 million at 31 March 2022, down from £626.4 million in the previous year. The decrease is largely due a partner distribution after the profitable disposal of 160 Old Street, EC1 partially offset by a 7.8% like-for-like increase in value of the property portfolio. Our share of joint venture net rental income was £24.0 million, up 37.9% from last year. This increase was primarily the result of strong leasing activity at Hanover Square, W1, reduced expected credit loss provisions in respect of unpaid rent of £2.0 million, and the receipt of £3.9 million (our share) in respect of a surrender premium paid by Superdry on their departure from 101/113 Regent Street, W1.

Our capital strength

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

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

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

EPRA LTV low at 20.5%

The Group's consolidated net debt increased to £531.2 million at 31 March 2022, compared to £477.5 million at 31 March 2021. The increase was largely due to £79.2 million development capital expenditure across the Group and the purchase of 7/15 Gresse Street, W1 for £37.5 million (including costs), more than offsetting the sales proceeds from 160 Old Street, EC1 for £90.8 million (our share). As a result, the Group's gearing increased to 25.4% at 31 March 2022 from 24.6% at 31 March 2021.

Including cash balances in joint ventures, total net debt was £502.3 million (2021: £451.0 million), equivalent to a low EPRA LTV of 20.5% (2021: 20.0%). At 31 March 2022, we had no external debt in any of our joint ventures. At 31 March 2022, the Group, including its joint ventures, had cash (£28 million) and undrawn committed credit facilities (£363 million) totalling £391 million.

The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 2.9%, marginally higher than the prior year. The weighted average interest rate (excluding fees) was 2.5% at the year end, unchanged over the 12 months. Our weighted average drawn debt maturity was 6.9 years at 31 March 2022 (31 March 2021: 8.1 years).

At 31 March 2022, 84% of the Group's total debt was at fixed or hedged rates (2021: 91%). The Group is operating with substantial headroom over its debt covenants. At 31 March 2022, given our low levels of leverage, property values would have to fall by around 56% before covenant breach.

Balance sheet discipline

When considering the appropriate level of financial leverage in the business, we apply the same capital discipline that we use when making asset level decisions. Typically, we aim for a loan to value ratio of between 10% to 35% through the cycle and today we are at the lower end of the range given our portfolio activities and market cycle position. Additionally, we have a track record of accretively raising and returning equity capital to shareholders at the appropriate time and in the appropriate circumstances. Our key considerations when making such capital decisions include:

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

An example of this capital discipline in action is the £616 million of surplus equity that we returned to shareholders in recent years.

Taxation

The tax credit in the income statement for the year was £0.5 million (2021: £0.1 million) and the effective tax rate on EPRA earnings was 0% (2021: 0%). The majority of the Group's income is tax-free as a result of its REIT status, and other allowances were available to set against non-REIT profits. The Group complied with all relevant REIT tests for the year to 31 March 2022.

As a REIT, the majority of rental profits and chargeable gains from our property rental business are exempt from UK corporation tax, provided we meet a number of conditions including distributing at least 90% of the rental income profits of this business (known as Property Income Distributions (PIDs)) on an annual basis. These PIDs are then typically treated as taxable income in the hands of shareholders. During the year, the Group paid £26.1 million of PIDs.

The Group's REIT exemption does not extend to either profits arising from the sale of trading properties or gains arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years.

The Group is otherwise subject to corporation tax. Despite being a REIT, we are subject to a number of other taxes and certain sector specific charges in the same way as non-REIT companies. During the year, we incurred £9.4 million in respect of stamp taxes, section 106 contributions, community infrastructure levies, empty rates in respect of vacant space, head office rates, employer's national insurance and irrecoverable VAT.

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

Ordinary dividends

Given the low yielding nature of London real estate, the Group operates a low and progressive ordinary dividend policy, with the aim of maintaining average dividend cover of 1.0x through the cycle. The Board has recommended a final dividend of 7.9 pence per share (2021: 7.9 pence) which will be paid, subject to shareholder approval, on 11 July 2022 to shareholders on the register on 27 May 2022. All of this final dividend will be a REIT PID in respect of the Group's tax exempt property rental business.

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

Group income statement

For the year ended 31 March 2022

	Notes	2022 £m	2021 £m
Revenue	2	84.2	88.5
Cost of sales	3	(30.1)	(24.7)
		54.1	63.8
Administration expenses	4	(35.0)	(25.2)
Expected credit losses	13	(4.1)	(7.7)
Development management losses		(0.4)	(0.1)
Operating profit before surplus/(deficit) from property and results of joint ventures		14.6	30.8
Surplus/(deficit) from investment property	9	107.9	(156.8)
Share of results of joint ventures	10	45.9	(76.2)
Operating profit/(loss)		168.4	(202.2)
Finance income	5	7.4	8.0
Finance costs	6	(9.1)	(7.8)
Profit/(loss) before tax		166.7	(202.0)
Tax	7	0.5	0.1
Profit/(loss) for the year		167.2	(201.9)

Basic earnings/(loss) per share	8	66.1p	(79.8p)
Diluted earnings/(loss) per share	8	66.0p	(79.8p)
Basic EPRA earnings per share	8	10.8p	15.9p
Diluted EPRA earnings per share	8	10.8p	15.8p

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

Group statement of comprehensive income

For the year ended 31 March 2022

	Notes	2022 £m	2021 £m
Profit/(loss) for the year		167.2	(201.9)
Items that will not be reclassified subsequently to profit and loss			
Actuarial gain on defined benefit scheme	24	2.6	0.8
Deferred tax on actuarial gain/(loss) on defined benefit scheme	7	(0.5)	(0.1)
Total comprehensive income/(expense) for the year		169.3	(201.2)

Group balance sheet

At 31 March 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Investment property	9	2,144.4	1,894.5
Investment in joint ventures	10	582.8	626.4
Property, plant and equipment	11	5.0	6.3
Pension asset	24	3.5	0.7
Other investments	12	1.0	1.0
		2,736.7	2,528.9
Current assets			
Trade and other receivables	13	21.1	19.5
Corporation tax	7	–	0.4
Cash and cash equivalents		–	11.1
		21.1	31.0
Total assets		2,757.8	2,559.9
Current liabilities			
Interest-bearing loans and borrowings		(0.2)	–
Trade and other payables	14	(55.2)	(55.1)
		(55.4)	(55.1)
Non-current liabilities			
Interest-bearing loans and borrowings	15	(531.0)	(488.6)
Obligations under head leases	17	(55.6)	(40.7)
Obligations under occupational leases	18	(2.9)	(3.9)
Deferred tax	7	–	–
		(589.5)	(533.2)
Total liabilities		(644.9)	(588.3)
Net assets		2,112.9	1,971.6
Equity			
Share capital	19	38.7	38.7
Share premium account		46.0	46.0
Capital redemption reserve		326.7	326.7
Retained earnings		1,697.9	1,560.0
Investment in own shares	20	3.6	0.2
Total equity		2,112.9	1,971.6
Basic net assets per share (diluted)	8	835p	779p
EPRA NTA (diluted)	8	835p	779p

Approved by the Board on 19 May 2022 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Chief Financial & Operating Officer

Group statement of cash flows

For the year ended 31 March 2022

	Notes	**2022 £m**	2021 £m
Operating activities			
Operating profit / (loss)		168.4	(202.2)
Adjustments for non-cash items	21	(149.7)	238.5
Increase in receivables		(1.6)	(3.4)
Increase / (decrease) in payables		3.0	(6.3)
Cash generated from operations		20.1	26.6
Interest paid		(13.9)	(10.3)
Interest received		0.1	0.2
Tax repaid		0.4	0.1
Cash flows from operating activities		6.7	16.6
Investing activities			
Distributions from joint ventures		7.3	8.3
Funds to joint ventures		–	(45.3)
Funds from joint ventures		89.5	–
Purchase of other investments		–	(0.8)
Purchase and development of property		(120.6)	(60.8)
Purchase of plant and equipment		(0.3)	(0.4)
Sale of properties		–	(0.2)
Investment in joint ventures		–	(10.8)
Cash flows from investing activities		(24.1)	(110.0)
Financing activities			
Revolving credit facility repaid	15	(202.5)	(202.0)
Revolving credit facility drawn	15	244.5	97.0
Issue of private placement notes	15	–	149.1
Payment of lease obligations		(3.0)	(2.8)
Dividends paid	22	(32.7)	(31.7)
Cash flows from financing activities		6.3	9.6
Net decrease in cash and cash equivalents		(11.1)	(83.8)
Cash and cash equivalents at 1 April		11.1	94.9
Cash and cash equivalents at 31 March		–	11.1

Group statement of changes in equity

For the year ended 31 March 2022

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2021		38.7	46.0	326.7	1,560.0	0.2	1,971.6
Profit for the year		–	–	–	167.2	–	167.2
Actuarial gain on defined benefit scheme	24	–	–	–	2.6	–	2.6
Deferred tax on defined benefit scheme		–	–	–	(0.5)	–	(0.5)
Total comprehensive income for the year		–	–	–	169.3	–	169.3
Employee Long-Term Incentive Plan charge	20	–	–	–	–	3.9	3.9
Dividends to shareholders	22	–	–	–	(31.9)	–	(31.9)
Transfer to retained earnings	20	–	–	–	0.5	(0.5)	–
Total equity at 31 March 2022		38.7	46.0	326.7	1,697.9	3.6	2,112.9

Group statement of changes in equity

For the year ended 31 March 2021

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2020		38.7	46.0	326.7	1,792.3	(0.6)	2,203.1
Loss for the year		–	–	–	(201.9)	–	(201.9)
Actuarial gain on defined benefit scheme	24	–	–	–	0.8	–	0.8
Deferred tax on defined benefit scheme		–	–	–	(0.1)	–	(0.1)
Total comprehensive expense for the year		–	–	–	(201.2)	–	(201.2)
Employee Long-Term Incentive Plan charge	20	–	–	–	–	1.5	1.5
Dividends to shareholders	22	–	–	–	(31.8)	–	(31.8)
Transfer to retained earnings	20	–	–	–	0.7	(0.7)	–
Total equity at 31 March 2021		38.7	46.0	326.7	1,560.0	0.2	1,971.6

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 financial statements for the year ended 31 March 2021. Whilst the financial information included in this announcement has been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Company's financial statements for the years ended 31 March 2022 or 2021, but is derived from those financial statements. The auditors' reports on both the 2022 and 2021 financial statements were not qualified or modified.

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

The Directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2022, with particular focus on the impact of geopolitical tensions on macro-economic conditions in which the Group is operating. This assessment is for the 12-month period following the date of approval of the accounts and is based on the Group's financial forecasts, including a going concern scenario which included the following key assumptions:

- a 25% decline in the valuation of the property portfolio; and
- an overall decline of around 41% in EPRA earnings.

The going concern scenario demonstrates that the Group over the next 12 months:

- has significant liquidity to fund its ongoing operations;
- is operating with significant headroom above its Group debt financing covenants:
- property values would have to fall by a further 30% before breach (or 56% from 31 March 2022 values);
- due to the measurement of its income related bank covenants, in particular the treatment of capitalised interest, for the year ended 31 March 2022, the Group did not have a net interest charge. As a result, its interest cover covenant was not measurable. Absent the benefit of capitalised interest, as assumed in the going concern assessment, earnings before interest and tax would need to fall by a further 33% before breach (or 71% from 31 March 2022 levels); and
- has no debt maturities.

The Directors also conducted extensive stress testing sensitising the potential impact of climate change as detailed further in the viability statement as well as the impact of removing non-committed disposal proceeds and capital expenditure. Based on these considerations, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors have adopted the going concern basis in preparing the accounts for the year ended 31 March 2022. The Group has adopted a number of alternative performance measures, see note 8 for further detail.

Critical judgements and key sources of estimation uncertainty

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

No critical judgements have been made.

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

Key source of estimation uncertainty: property portfolio valuation

The valuation to assess the fair value of the Group's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. An adjustment to any of these assumptions could lead to a material change in the property valuation. For the current year and prior year the Directors adopted the valuation without adjustment - further information is provided in the accounting policy for investment property and note 9.

New accounting standards

In the current year, the Group has applied a number of new standards and amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. These new standards and amendments are listed below:

- Amendment to IFRS 16 on COVID-19 related rent concessions
- Amendments to IFRS 9, IAS 29, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark reform phase 2

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

- Amendment to IFRS 16 – COVID-19 related rent concessions beyond 30 June 2021
- Amendments to IAS 16 – Property, plant and equipment proceeds before intended use
- Annual improvements to IFRS Standards 2018-2020 (May 2020)
- Amendments to IFRS 3 (May 2020) – Reference to the conceptual framework
- Amendments to IAS 37 (May 2020) – Onerous contracts, cost of fulfilling a contract
- IFRS 17 – Insurance contracts
- Amendments to IAS 1 – Classification of liabilities as current or non current (including deferral of effective date)
- Amendments to IFRS 4 – Extension of the temporary exemption from applying IFRS 9
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 8 – Definition of accounting estimates
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an investor and its Associate or Joint Venture

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2022. Subsidiary undertakings are those entities controlled by the Group. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Revenue

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

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

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

Cost of sales

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

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

Administration expenses

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

Share-based payments

The cost of granting share-based payments to employees and Directors is recognised within administration expenses in the income statement. The Group has used the Stochastic model to 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 recognised over the vesting period and reversed if it is likely that any non-market-based performance or service criteria will not be met. Any cost in respect of share-based payments relating to the employees of a subsidiary company is recharged accordingly.

Segmental analysis

The Directors are required to present the Group's financial information by business segment or geographical area. This requires a review of the Group's organisational structure and internal reporting system to identify reportable segments and an assessment of where the Group's assets or customers are located.

All of the Group's revenue is generated from investment and trading properties located in central London. The properties are managed as a single portfolio by a portfolio management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed-use, therefore the office, retail and any residential space is managed together. 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 life cycle 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. The components of the valuation, as provided by the external valuer, are set out in note 9.

Investment property

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

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

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

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

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

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

Lease obligations

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

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

Depreciation

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

Fixtures and fittings – over three to five years.

Leasehold improvements – over the term of the lease.

Joint ventures

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

Income tax

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

Pension benefits

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

Capitalisation of interest

Interest associated with direct expenditure on investment and trading properties under development is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop, but does not include the original book cost of a site where no intention existed. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Other investments

Other investments comprise investments in Pi Labs European PropTech venture capital fund which is measured at fair value, based on the net assets of the fund, this is a Level 2 valuation as defined by IFRS 13. Changes in fair value are recognised in profit or loss.

Financial instruments

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

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

iii Trade receivables and payables Trade receivables and payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. See note 13 for further information on trade receivables and associated expected credit losses.

2 Revenue

	2022 £m	2021 £m
Gross rental income	66.1	73.8
Spreading of lease incentives	1.2	(2.7)
Service charge income	11.8	13.7
Joint venture fee income	5.1	3.7
	84.2	88.5

The table below sets out the Group's net rental income, please see note 8 for the Group's alternative performance measures:

	2022 £m	2021 £m
Gross rental income	66.1	73.8
Expected credit loss	(3.6)	(7.7)
	62.5	66.1
Spreading of lease incentives	1.2	(2.7)
Ground rents	(1.1)	(1.3)
Net rental income	62.6	62.1

3 Cost of sales

	2022 £m	2021 £m
Service charge expenses	15.8	15.2
Other property expenses	13.2	8.2
Ground rent	1.1	1.3
	30.1	24.7

The table below sets out the Group's property costs, please see note 8 for the Group's alternative performance measures:

	2022 £m	2021 £m
Service charge income	(11.8)	(13.7)
Service charge expenses	15.8	15.2
Other property expenses	13.2	8.2
Expected credit loss	0.5	–
Property costs	17.7	9.7

4 Administration expenses

	2022 £m	2021 £m
Employee costs	24.5	17.8
Depreciation	1.6	1.6
Other head office costs	8.9	5.8
	35.0	25.2

Included within employee costs is an accounting charge for the Employee Long-Term Incentive Plan and deferred bonus shares of £2.3 million (2021: £1.5 million). Employee costs, including those of Directors, comprise the following:

	2022 £m	2021 £m
Wages and salaries (including annual bonuses)	18.3	14.9
Share-based payments	3.9	1.5
Social security costs	2.7	2.0
Other pension costs	2.2	1.7
	27.1	20.1
Less: recovered through service charges	(1.8)	(1.5)
Less: capitalised into development projects	(0.8)	(0.8)
	24.5	17.8

Key management compensation

The Directors and the Executive Committee are considered to be key management for the purposes of IAS 24 'Related Party Transactions' with their aggregate compensation set out below:

	2022 £m	2021 £m
Wages and salaries (including annual bonuses)	5.4	3.5
Share-based payments	1.5	0.5
Social security costs	1.0	0.4
Other pension costs	0.4	0.4
	8.3	4.8

The number of people considered key management totalled 17 (2021: 12). The Group had loans to key management of £7,206 outstanding at 31 March 2022. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

Employee information

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

	2022 Number	2021 Number
Head office and property management	129	124

Auditor's remuneration

	2022 £000	2021 £000
Audit of the Company's annual accounts	212	173
Audit of subsidiaries	119	113
	331	286
Audit-related assurance services, including the interim review	42	41
Sustainability assurance	61	42
Total audit and audit-related services	434	369

5 Finance income

	2022 £m	2021 £m
Interest on balances with joint ventures	7.3	7.8
Interest on cash deposits	0.1	0.2
	7.4	8.0

6 Finance costs

	2022 £m	2021 £m
Interest on revolving credit facilities	2.1	2.5
Interest on private placement notes	11.0	8.4
Interest on debenture stock	1.2	1.2
Interest on obligations under occupational leases	0.1	0.1
Interest on obligations under head leases	1.9	1.9
Gross finance costs	16.3	14.1
Less: capitalised interest at an average rate of 2.9% (2021: 2.6%)	(7.2)	(6.3)
	9.1	7.8

7 Tax

	2022 £m	2021 £m
Current tax		
UK corporation tax – current period	–	–
UK corporation tax – prior periods	–	–
Total current tax	–	–
Deferred tax	(0.5)	(0.1)
Tax credit for the year	(0.5)	(0.1)

The effective rate of tax is lower (2021: lower) than the standard rate of tax. The difference arises from the items set out below:

	2022 £m	2021 £m
Profit / (loss) before tax	166.7	(202.0)
Tax charge / (credit) on profit / (loss) at standard rate of 19% (2021: 19%)	31.7	(38.4)
REIT tax-exempt rental profits and gains	(8.0)	(8.6)
Changes in fair value of properties not subject to tax	(25.8)	46.0
Other	1.6	0.9
Tax credit for the year	(0.5)	(0.1)

During the year, £0.5 million (2021: £0.1 million) of deferred tax was debited directly to equity. The Group recognised a net deferred tax asset at 31 March 2022 of £nil (2021: £nil). This consists of deferred tax assets of £0.8 million (2021: £0.2 million) and deferred tax liabilities of £0.8 million (2021: £0.2 million).

Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date (including Finance Act 2021 which increases the standard rate of tax on 1 April 2023 (from 19% to 25%)).

Movement in deferred tax

	At 1 April 2021 £m	Recognised in the income statement £m	Recognised in equity £m	At 31 March 2022 £m
Net deferred tax asset / (liability) in respect of other temporary differences	–	0.5	(0.5)	–

A further deferred tax asset of £5.9 million (2021: £3.5 million), mainly relating to revenue losses and contingent share awards, was not recognised because it is uncertain whether future taxable profit will arise against which this asset can be utilised.

As a REIT, the majority of rental profits and chargeable gains from the Group's property rental business are exempt from UK corporation tax. The Group is otherwise subject to corporation tax. In particular, the Group's REIT exemption does not extend to either profits arising from the sale of trading properties or gains arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years.

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

8 Alternative performance measures and EPRA metrics

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

Earnings per share:

Weighted average number of ordinary shares

	2022 Number of shares	2021 Number of shares
Issued ordinary share capital at 1 April	253,867,911	253,867,911
Investment in own shares	(877,335)	(939,617)
Weighted average number of ordinary shares at 31 March – basic	252,990,576	252,928,294

Basic and diluted earnings per share

	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence	Loss after tax 2021 £m	Number of shares 2021 million	Loss per share 2021 pence
Basic	167.2	253.0	66.1	(201.9)	252.9	(79.8)
Dilutive effect of LTIP shares	–	0.1	(0.1)	–	0.2	–
Diluted	167.2	253.1	66.0	(201.9)	253.1	(79.8)

Basic and diluted EPRA earnings per share

	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence	Loss after tax 2021 £m	Number of shares 2021 million	(Loss) / Earnings per share 2021 pence
Basic	167.2	253.0	66.1	(201.9)	252.9	(79.8)
(Surplus) / deficit from investment property net of tax (note 9)	(107.9)	–	(42.7)	156.8	–	62.0
(Surplus) / deficit from joint venture investment property (note 10)	(31.4)	–	(12.4)	83.4	–	33.0
Debt redemption costs from joint ventures (note 10)	–	–	–	1.9	–	0.7
Deferred tax (note 7)	(0.5)	–	(0.2)	(0.1)	–	–
Basic EPRA earnings	27.4	253.0	10.8	40.1	252.9	15.9
Dilutive effect of LTIP shares (note 20)	–	0.1	–	–	0.2	(0.1)
Diluted EPRA earnings	27.4	253.1	10.8	40.1	253.1	15.8

Net assets per share:

In October 2019, EPRA issued new Best Practice Recommendations for Net Asset Value (NAV) metrics, these recommendations are effective for accounting periods starting on 1 January 2020 and have been adopted by the Group. The recommendations include three NAV metrics: EPRA Net Tangible

Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). We consider EPRA NTA to be the most relevant measure for the Group and the primary measure of net asset value.

Number of ordinary shares

	2022 Number of shares	2021 Number of shares
Issued ordinary share capital	253,867,911	253,867,911
Investment in own shares	(877,335)	(877,335)
Number of shares – basic	252,990,576	252,990,576
Dilutive effect of LTIP shares	145,862	203,596
Number of shares – diluted	253,136,438	253,194,172

EPRA net assets per share at 31 March 2022

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	2,112.9	2,112.9	2,112.9	2,112.9
Fair value of financial liabilities (note 16)	–	–	7.9	–
Real estate transfer tax	–	–	–	193.2
Net assets used in per share calculations	2,112.9	2,112.9	2,120.8	2,306.1

	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share (pence)	835	835	838	912
Diluted net assets per share (pence)	835	835	838	911

EPRA net assets per share at 31 March 2021

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	1,971.6	1,971.6	1,971.6	1,971.6
Fair value of financial liabilities (note 16)	–	–	(3.0)	–
Real estate transfer tax	–	–	–	179.3
Net assets used in per share calculations	1,971.6	1,971.6	1,968.6	2,150.9

	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share (pence)	779	779	778	850
Diluted net assets per share (pence)	779	779	777	849

Total Accounting Return (TAR)

	2022 Pence per share	2021 Pence per share
Opening EPRA NTA (A)	779.0	868.0
Closing EPRA NTA	835.0	779.0
Increase/(decrease) in EPRA NTA	56.0	(89.0)
Ordinary dividends paid in the year	12.6	12.6
Total return (B)	68.6	(76.4)
Total Accounting Return (B/A)	8.8%	(8.8%)

EPRA cost ratio (including share of joint ventures)

	2022 £m	2021 £m
Administration expenses	35.0	25.2
Property costs	17.7	9.7
Joint venture management fee income (note 2)	(5.1)	(3.7)
Joint venture property and administration costs (note 10)	1.9	2.1
EPRA costs (including direct vacancy costs) (A)	49.5	33.3
Direct vacancy costs	(8.9)	(4.1)
Joint venture direct vacancy cost	(0.8)	(0.3)
EPRA costs (excluding direct vacancy costs) (B)	39.8	28.9
Net rental income (note 2)	62.6	62.1
Joint venture net rental income (note 10)	24.0	17.4
Gross rental income (C)	86.6	79.5
Portfolio at fair value including joint ventures (D)	2,647.4	2,457.1
Cost ratio (including direct vacancy costs) (A/C)	57.1%	41.9%
Cost ratio (excluding direct vacancy costs) (B/C)	46.0%	36.4%
Cost ratio (by portfolio value) (A/D)	1.9%	1.4%

EPRA Loan-to-Value and net debt

We consider loan-to-property value, including our share of joint ventures, to be the best measure of the Group's risk from financial leverage. We also present net gearing as it is a key covenant on our loan facilities (see note 15).

	2022 £m	2021 £m
£21.9 million 5⅝% debenture stock 2029	21.9	21.9
£450.0 million revolving credit facility	87.0	45.0
Private placement notes	425.0	425.0
Current interest bearing loans and borrowings	0.2	–
Net payables	34.1	35.6
Less: cash balances	–	(11.1)
Net debt excluding joint ventures	568.2	516.4
Joint venture bank loans (at share)	–	–
Joint venture net payables (at share)	4.7	3.4
Less: joint venture cash balances (at share)	(28.9)	(26.5)
Net debt including joint ventures (A)	544.0	493.3
Group properties at market value	2,088.8	1,853.8
Joint venture properties at market value	558.6	603.3
Properties at fair value including joint ventures (B)	2,647.4	2,457.1
EPRA Loan-to-Value (A/B)	20.5%	20.0%

Net gearing

	2022 £m	2021 £m
Nominal value of interest-bearing loans and borrowings (see note 15)	533.9	492.1
Obligations under occupational leases	2.9	3.9
Less: cash balances	–	(11.1)
Adjusted net debt (A)	536.8	484.9
Net assets	2,112.9	1,971.6
Pension asset	(3.5)	(0.7)
Adjusted net equity (B)	2,109.4	1,970.9
Net gearing (A/B)	25.4%	24.6%

Cash earnings per share

	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence	Profit after tax 2021 £m	Number of shares 2021 million	Earnings per share 2021 pence
Diluted EPRA earnings	27.4	253.1	10.8	40.1	253.1	15.8
Capitalised interest	(7.2)	–	(2.8)	(6.3)	–	(2.5)
Capitalised interest in joint ventures	–	–	–	(2.9)	–	(1.1)
Spreading of lease incentives	(1.2)	–	(0.5)	2.7	–	1.0
Spreading of lease incentives in joint ventures	(8.4)	–	(3.3)	(4.1)	–	(1.6)
Employee Long-Term Incentive Plan charge	3.9	–	1.5	1.5	–	0.6
Cash earnings per share	14.5	253.1	5.7	31.0	253.1	12.2

9 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2020	666.0	1,069.6	1,735.6
Costs capitalised	10.0	5.1	15.1
Transfer from investment property under development	62.2	–	62.2
Transfer to investment property under development	(80.0)	–	(80.0)
Net valuation deficit on investment property	(42.3)	(110.0)	(152.3)
Book value at 31 March 2021	615.9	964.7	1,580.6
Costs capitalised	18.9	25.1	44.0
Acquisitions	–	52.3	52.3
Transfer from investment property under development	246.8	–	246.8
Net valuation surplus on investment property	48.0	5.1	53.1
Book value at 31 March 2022	929.6	1,047.2	1,976.8

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2020	251.5	–	251.5
Costs capitalised	43.4	–	43.4
Interest capitalised	6.3	–	6.3
Transfer from investment property	80.0	–	80.0
Transfer to investment property	(62.2)	–	(62.2)
Net valuation deficit on investment property under development	(5.1)	–	(5.1)
Book value at 31 March 2021	313.9	–	313.9
Costs capitalised	38.5	–	38.5
Interest capitalised	7.2	–	7.2
Transfer to investment property	(246.8)	–	(246.8)
Net valuation surplus on investment property under development	54.8	–	54.8
Book value at 31 March 2022	167.6	–	167.6

Total investment property	1,097.2	1,047.2	2,144.4

The book value of investment property includes £55.6 million (2021: £40.7 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £2,088.8 million. The total portfolio value including joint venture properties of £558.6 million (see note 10) was £2,647.4 million. At 31 March 2022, property with a carrying value of £119.5 million (2021: £113.1 million) was secured under the first mortgage debenture stock (see note 16).

Surplus from investment property

	2022 £m	2021 £m
Net valuation surplus/(deficit) on investment property	107.9	(157.4)
Profit on sale of investment properties	–	0.6
	107.9	(156.8)

The Group's investment properties, including those held in joint ventures (note 10), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2022. The valuations have been prepared in accordance with the current versions of the RICS Valuation – Global Standards (incorporating the International Financial Reporting Standards (IFRS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

The total fees, including the fixed fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group are less than 5.0% of total UK revenues. 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 at 31 March 2022

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	79	43 – 96	4.3	3.9 – 5.7
	Retail	65	33 – 111	4.4	4.1 – 7.0
Rest of West End	Office	87	57 – 111	4.8	3.3 – 6.2
	Retail	97	15 – 226	4.5	3.4 – 6.2
City, Midtown and Southwark	Office	57	46 – 67	4.5	3.8 – 5.5
	Retail	29	25 – 71	5.2	4.9 – 5.2

Key inputs to the valuation at 31 March 2021

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	77	43 – 95	4.5	4.1 – 6.8
	Retail	67	30 – 122	4.6	4.3 – 7.0
Rest of West End	Office	81	57 – 94	4.8	3.3 – 6.2
	Retail	95	15 – 255	4.4	3.2 – 6.2
City, Midtown and Southwark	Office	57	46 – 65	5.3	4.4 – 6.2
	Retail	28	24 – 72	5.2	4.4 – 5.2

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and a decrease in rental values will reduce the valuation of the property. Any percentage movement in rental values will translate into approximately the same percentage movement in the property valuation. However, due to the long-term nature of leases, where the passing rent is fixed and often subject to upwards only rent reviews, the impact will not be immediate and will be recognised over a number of years. The relationship between capitalisation yields and the property valuation is negative and more immediate; therefore an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. A decrease in the capitalisation yield by 25 basis points would result in an increase in the fair value of the Group's investment property by £160.3 million, whilst a 25 basis point increase would reduce the fair value by £143.0 million. 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. Additionally, investment property under development is sensitive to income, cost and developer's profit assumptions included in the valuations.

The valuation of the property portfolio reflects its fair value taking into account the market view of all relevant factors including the climate related risks associated with the properties. This includes the impact of expected regulatory changes.

At 31 March 2022, the Group had capital commitments of £28.9 million (2021: £60.5 million). At 31 March 2022, £27.0 million of investment property was held for sale.

EPRA capital expenditure

	2022 £m	2021 £m
Group		
Acquisitions	52.3	–
Developments	38.5	43.4
Interest capitalised	7.2	6.3
Investment properties: incremental lettable space	–	–
Investment properties: no incremental lettable space	42.8	17.8
Lease incentives	1.2	(2.7)
Group total	142.0	64.8
Joint ventures (at share)		
Developments	–	11.1
Interest capitalised	–	2.9
Investment properties: incremental lettable space	–	–
Investment properties: no incremental lettable space	1.2	0.4
Lease incentives	8.4	4.1
Total capital expenditure	151.6	83.3
Conversion from accrual to cash basis	(3.8)	1.7
Total capital expenditure on a cash basis	147.8	85.0

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

	2022 £m	2021 £m
Properties at fair value including joint ventures	2,647.4	2,457.1
Less: properties under development including joint ventures	(167.6)	(313.9)
Less: residential properties	(13.3)	(13.2)
Like-for-like investment property portfolio, proposed and completed developments	2,466.5	2,130.0
Plus: estimated purchasers' costs	180.0	155.4
Grossed-up completed property portfolio valuation (B)	2,646.5	2,285.4
Annualised cash passing rental income[1]	77.8	78.0
Net service charge expense including joint ventures	(4.8)	(2.2)
Other irrecoverable property costs including joint ventures	(13.0)	(8.4)
Annualised net rents (A)	60.0	67.4
Plus: rent-free periods and other lease incentives including joint ventures	22.6	8.3
Topped-up annualised net rents (C)	82.6	75.7
EPRA net initial yield (A/B)	2.3%	3.0%
EPRA topped-up initial yield (C/B)	3.1%	3.3%

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

See note 8 for further detail on EPRA measures.

10 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2022 Total £m	2021 Total £m
At 1 April	326.7	299.7	626.4	647.0
Movement on joint venture balances	–	(82.2)	(82.2)	53.1
Additions	–	–	–	10.8
Share of profit of joint ventures	14.5	–	14.5	7.2
Share of revaluation surplus/(deficit) of joint ventures	28.1	–	28.1	(84.7)
Share of profit on disposal of joint venture properties	3.3	–	3.3	1.3
Share of results of joint ventures	45.9	–	45.9	(76.2)
Distributions	(7.3)	–	(7.3)	(8.3)
At 31 March	365.3	217.5	582.8	626.4

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

	Country of registration	2022 ownership	2021 ownership
The GHS Limited Partnership	Jersey	50%	50%
The Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Victoria Partnerships	United Kingdom	50%	50%

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

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2022 Total £m	2022 At share £m	2021 At share £m
Balance sheets						
Investment property	699.9	339.8	87.8	1,127.5	563.8	608.5
Current assets	1.6	2.8	1.0	5.4	2.7	4.9
Cash	26.5	13.4	17.8	57.7	28.9	26.5
Balances from partners	(235.1)	(126.7)	(73.1)	(434.9)	(217.5)	(299.7)
Current liabilities	(4.4)	(6.4)	(3.9)	(14.7)	(7.4)	(8.3)
Head lease obligations	–	(10.3)	–	(10.3)	(5.2)	(5.2)
Net assets	488.5	212.6	29.6	730.7	365.3	326.7

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2022 Total £m	2022 At share £m	2021 At share £m
Income statements						
Net rental income	15.9	20.6	3.7	40.2	20.1	17.4
Surrender premium	–	7.9	–	7.9	3.9	–
Property and administration costs	(2.7)	0.3	(1.4)	(3.8)	(1.9)	(2.1)
Net finance costs	(10.4)	(4.8)	–	(15.2)	(7.6)	(6.2)
Debt redemption costs	–	–	–	–	–	(1.9)
Profit from joint ventures	2.8	24.0	2.3	29.1	14.5	7.2
Revaluation of investment property	70.0	1.7	(15.6)	56.1	28.1	(84.7)
Profit on sale of investment property	–	6.5	–	6.5	3.3	1.3
Share of results of joint ventures	72.8	32.2	(13.3)	91.7	45.9	(76.2)

At 31 March 2022, the joint ventures had no debt facilities.

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

	2022 £m	2021 £m
Movement on joint venture balances during the year	82.2	(53.1)
Balances receivable at the year end from joint ventures	(217.5)	(299.7)
Interest on balances with partners (see note 5)	7.3	7.8
Distributions	7.3	8.3
Joint venture fees paid (see note 2)	5.1	3.7

The joint venture balances are repayable on demand and bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances and the Great Ropemaker Partnership at 2.0%.

The investment properties include £5.2 million (2021: £5.2 million) in respect of the present value of future ground rents; net of these amounts the market value of our share of the total joint venture properties is £558.6 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's length transactions. See note 9 and note 13 for more information on the valuation of investment properties and expected credit losses in joint ventures.

At 31 March 2022, the Group had £nil contingent liabilities arising in its joint ventures (2021: £nil). At 31 March 2022, the Group had capital commitments in respect of its joint ventures of £1.4 million (2021: £3.3 million).

11 Property, plant and equipment

	Right of use asset for occupational leases £m	Leasehold improvements £m	Fixtures and fittings/other £m	Total £m
Cost				
At 1 April 2020	–	5.6	1.2	6.8
Adoption of IFRS 16	4.9	–	–	4.9
Costs capitalised	–	–	0.4	0.4
At 31 March 2021	4.9	5.6	1.6	12.1
Costs capitalised	–	–	0.3	0.3
At 31 March 2022	4.9	5.6	1.9	12.4
Depreciation				
At 1 April 2021	1.6	2.9	1.3	5.8
Charge for the year	0.8	0.5	0.3	1.6
At 31 March 2022	2.4	3.4	1.6	7.4
Carrying amount at 31 March 2021	3.3	2.7	0.3	6.3
Carrying amount at 31 March 2022	2.5	2.2	0.3	5.0

12 Other investments

	2022 £m	2021 £m
At 1 April	1.0	0.2
Acquisitions	0.7	0.8
Return of capital	(0.7)	–
At 31 March	1.0	1.0

In January 2020, the Group entered into a commitment of up to £5 million to invest in Pi Labs European PropTech venture capital fund. At 31 March 2022, the Group had made net investments of £1.0 million. Launched in 2014, Pi Labs is Europe's longest standing PropTech VC and this third fund has a primary focus to invest in early stage PropTech start-ups across Europe and the UK that use technology solutions to enhance any stage of the real estate value chain. Key areas of focus for the fund include sustainability, future of work, future of retail, commercial real estate technologies, construction technology and smart cities.

13 Trade and other receivables

	2022 £m	2021 £m
Trade receivables	14.4	23.4
Expected credit loss allowance	(6.0)	(7.9)
	8.4	15.5
Prepayments	0.5	0.8
Amounts due on development management contracts	–	0.1
Other taxes	4.0	–
Other trade receivables	8.2	3.1
	21.1	19.5

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

Debtors past due but not impaired were £6.6 million (2021: £14.8 million) of which £2.0 million (2021: £8.7 million) is over 30 days.

	2022 £m	2021 £m
Movements in expected credit loss allowance		
Balance at the beginning of the year	(7.9)	(2.2)
Expected credit loss allowance during the year (see below)	(4.9)	(9.2)
Expected credit loss allowance in respect of future years	1.1	0.1
Amounts written-off as uncollectable	5.7	3.4
	(6.0)	(7.9)

The expected credit loss allowance during the year comprises:

	Gross 2022 £m	Net of VAT 2022 £m	Gross 2021 £m	Net of VAT 2021 £m
Expected credit loss allowance during the year				
Group	4.9	4.1	9.2	7.7
Joint ventures	(0.1)	(0.1)	2.3	1.9
	4.8	4.0	11.5	9.6

The expected credit loss for the year represents 72% of the trade receivables balance at the balance sheet date. Each 5% increase, or decrease, to the expected credit loss would impact the Group loss provision by £0.4 million and joint venture loss provision by £0.1 million.

14 Trade and other payables

	2022 £m	2021 £m
Rents received in advance	16.0	15.1
Accrued capital expenditure	16.9	18.8
Other accruals	19.2	14.7
Other payables	3.1	6.5
	55.2	55.1

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

15 Interest-bearing loans and borrowings

	2022 £m	2021 £m
Non-current liabilities at amortised cost		
Secured		
£21.9 million $5\frac{5}{8}$% debenture stock 2029	22.0	22.0
Unsecured		
£450.0 million revolving credit facility	85.4	43.3
£175.0 million 2.15% private placement notes 2024	174.7	174.6
£40.0 million 2.70% private placement notes 2028	39.9	39.9
£30.0 million 2.79% private placement notes 2030	29.9	29.9
£30.0 million 2.93% private placement notes 2033	29.9	29.9
£25.0 million 2.75% private placement notes 2032	24.9	24.8
£125.0 million 2.77% private placement notes 2035	124.3	124.2
Non-current interest-bearing loans and borrowings	531.0	488.6

In January 2022, the Group extended the maturity of £400 million of its £450 million unsecured revolving credit facility (RCF) to January 2027. The headline margin was unchanged at 90.0 basis points over SONIA (plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years).

At 31 March 2022, the nominal value of the Group's interest-bearing loans and borrowing was £533.9 million (2021: £492.1 million) and the Group had £363.0 million (2021: £405.0 million) of undrawn credit facilities.

16 Financial instruments

Categories of financial instrument	Carrying amount 2022 £m	Amounts recognised in income statement 2022 £m	Gain/(loss) to equity 2022 £m	Carrying amount 2021 £m	Amounts recognised in income statement 2021 £m	Gain/(loss) to equity 2021 £m
Other investments	1.0	–	–	1.0	–	–
Assets at fair value	1.0	–	–	1.0	–	–
Balances with partners	217.5	7.3	–	299.7	7.8	–
Trade receivables	20.6	(4.1)	–	19.1	(7.7)	–
Cash and cash equivalents	–	0.1	–	11.1	0.2	–
Loans and receivables	238.1	3.3	–	329.9	0.3	–
Trade and other payables	(3.1)	–	–	(3.0)	–	–
Interest-bearing loans and borrowings	(531.2)	(7.1)	–	(488.6)	(5.8)	–
Obligations under occupational leases	(2.9)	(0.1)	–	(3.9)	(0.1)	–
Obligations under finance leases	(55.6)	(1.9)	–	(40.7)	(1.9)	–
Liabilities at amortised cost	(592.8)	(9.1)	–	(536.2)	(7.8)	–
Total financial instruments	(353.7)	(5.8)	–	(205.3)	(7.5)	–

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 reviewing the financial information of prospective customers and only dealing with those that are creditworthy and obtaining sufficient rental cash deposits or third-party guarantees as a means of mitigating financial loss from defaults. The concentration of credit risk is limited due to the large and diverse customer base, with no one customer providing more than 10% of the Group's rental income. COVID-19 has had a significant impact on the Group's credit risk, with rent collection rates greatly reduced. As a result, the reliance on historical collection performance has been less relevant, with greater weight placed on the assessment of individual customers' financial status, prospects for the reopening of the economy and the sector in which the customer operates particularly in the retail, hospitality and leisure sectors. Details of the Group's receivables, and the associated expected credit loss, are summarised in note 13 of the financial statements. The Directors believe that there is no further expected credit loss required in excess of that provided.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The Group's cash deposits are placed with a diversified range of 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 operate on a going concern basis and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. Debt comprises long-term debenture stock, private placement notes and drawings against committed revolving credit facilities from banks. The Group aims to maintain a loan-to-property value of between 10–35% (see note 8). 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 has historically been fully hedged through foreign currency derivatives to create a synthetic sterling exposure.

Liquidity risk

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

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

Key covenants	Covenant	March 2022 actuals
Group		
Net gearing (see note 8)	<125%	25.4%
Inner borrowing (unencumbered asset value / unsecured borrowings)	>1.66x	3.82x
Interest cover	>1.35x	n / a

Due to low levels of consolidated Group debt, there was no net interest charge (as measured under our debt covenants) in the year, as a result interest cover was not measurable. The Group has undrawn credit facilities of £363.0 million and has substantial headroom above all of its key covenants. As a result, the Directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

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

At 31 March 2022	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						
Short-term Interest-bearing loans and borrowings	0.2	0.2	0.2	–	–	–
£21.9 million 5⅝% debenture stock 2029	22.0	30.3	1.2	1.2	3.7	24.2
£450.0 million revolving credit facility	85.4	98.6	2.6	2.6	93.4	–
Private placement notes	423.6	511.0	10.8	10.8	196.3	293.1
	531.2	640.1	14.8	14.6	293.4	317.3

At 31 March 2021	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£21.9 million 5⅝% debenture stock 2029	22.0	31.5	1.2	1.2	3.7	25.4
£450.0 million revolving credit facility	43.3	54.1	1.8	1.8	50.5	–
Private placement notes	423.3	521.6	10.8	10.8	200.1	299.9
	488.6	607.2	13.8	13.8	254.3	325.3

Interest rate risk

Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements. At 31 March 2022, the Group had no interest rate derivatives.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date, and represents management's assessment of possible changes in interest rates based on historical trends. For the floating rate liabilities, the analysis is prepared assuming the amount of the liability at 31 March 2022 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2022 £m	2021 £m	2022 £m	2021 £m
Increase of 100 basis points	(0.9)	(0.5)	(0.9)	(0.5)
Increase of 50 basis points	(0.4)	(0.2)	(0.4)	(0.2)
Decrease of 25 basis points	0.2	n/a	0.2	n/a
Decrease of 50 basis points	0.4	n/a	0.4	n/a

Fair value of interest-bearing loans and borrowings

	Book value 2022 £m	Fair value 2022 £m	Book value 2021 £m	Fair value 2021 £m
Items not carried at fair value				
Short-term Interest-bearing loans and borrowings	0.2	0.2	–	–
£21.9 million 5⅝% debenture stock 2029	22.0	25.7	22.0	27.0
£450.0 million revolving credit facility	85.4	85.4	43.3	43.3
Private placement notes	423.6	412.0	423.3	421.3
	531.2	523.3	488.6	491.6

The fair values of the Group's private placement notes were determined by comparing the discounted future cash flows using the contracted yields with those of the reference gilts plus the implied margins, representing Level 2 fair value measurements as defined by IFRS 13 'Fair Value Measurement'. The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements.

17 Head lease obligations

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

	Minimum lease payments 2022 £m	Impact of discounting 2022 £m	Present value of minimum lease payments 2022 £m	Minimum lease payments 2021 £m	Impact of discounting 2021 £m	Present value of minimum lease payments 2021 £m
Less than one year	2.3	(2.3)	–	1.9	(1.9)	–
Between two and five years	11.7	(11.5)	0.2	9.5	(9.4)	0.1
More than five years	234.4	(179.0)	55.4	191.1	(150.5)	40.6
	248.4	(192.8)	55.6	202.5	(161.8)	40.7

During the year, the Group regeared the head lease at 31/34 Alfred Place, WC1 and purchased the leasehold interest of 7/15 Gresse Street, W1.

18 Occupational lease obligations

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

	Minimum lease payments 2022 £m	Impact of discounting 2022 £m	Present value of minimum lease payments 2022 £m	Minimum lease payments 2021 £m	Impact of discounting 2021 £m	Present value of minimum lease payments 2021 £m
Less than one year	1.0	(0.1)	0.9	1.0	(0.1)	0.9
Between two and five years	2.0	–	2.0	3.1	(0.1)	3.0
More than five years	–	–	–	–	–	–
	3.0	(0.1)	2.9	4.1	(0.2)	3.9

19 Share capital

	2022 Number	2022 £m	2021 Number	2021 £m
Allotted, called up and fully paid ordinary shares of 15 5⁄19 pence				
At 1 April and 31 March	253,867,911	38.7	253,867,911	38.7

At 31 March 2022, the Company had 253,867,911 ordinary shares with a nominal value of 15 5⁄19 pence each.

20 Investment in own shares

	2022 £m	2021 £m
At 1 April	(0.2)	0.6
Employee Long-Term Incentive Plan charge and deferred bonus shares	(3.9)	(1.5)
Transfer to retained earnings	0.5	0.7
At 31 March	(3.6)	(0.2)

The investment in the Company's own shares is held at cost and comprises 877,335 shares (2021: 877,335 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met. During the year, no shares (2021: 231,968 shares) were awarded to Directors and senior employees in respect of the 2018 LTIP award and no additional shares were acquired by the Trust (2021: nil shares). The fair value of shares awarded and outstanding at 31 March 2022 was £10.5 million (2021: £7.9 million).

21 Notes to the Group statement of cash flows

Reconciliation of financing liabilities

	1 April 2021 £m	New obligations £m	Inflows/ (outflows) £m	Other £m	31 March 2022 £m
Long-term interest-bearing loans and borrowings	488.6	–	42.0	0.4	531.0
Short-term interest-bearing loans and borrowings	–	–	0.2	–	0.2
Obligations under leases	44.6	14.9	(3.0)	2.0	58.5
	533.2	14.9	39.2	2.4	589.7

	1 April 2020 £m	New obligations £m	Inflows/ (outflows) £m	Other £m	31 March 2021 £m
Long-term Interest-bearing loans and borrowings	444.3	149.1	(105.0)	0.2	488.6
Obligations under leases	45.5	–	(2.8)	1.9	44.6
	489.8	149.1	(107.8)	2.1	533.2

Adjustment for non-cash items

	2022 £m	2021 £m
(Surplus)/deficit from investment property	(107.9)	156.8
Employee Long-Term Incentive Plan charge	3.9	1.5
Spreading of lease incentives	(1.2)	2.7
Share of results of joint ventures	(45.9)	76.2
Depreciation	1.6	1.6
Other	(0.2)	(0.3)
Adjustments for non-cash items	(149.7)	238.5

22 Dividends

	2022 £m	2021 £m
Dividends paid		
Interim dividend for the year ended 31 March 2022 of 4.7 pence per share	11.9	–
Final dividend for the year ended 31 March 2021 of 7.9 pence per share	20.0	–
Interim dividend for the year ended 31 March 2021 of 4.7 pence per share	–	11.9
Final dividend for the year ended 31 March 2020 of 7.9 pence per share	–	19.9
	31.9	31.8

A final dividend of 7.9 pence per share was approved by the Board on 19 May 2022 and, subject to shareholder approval, will be paid on 11 July 2022 to shareholders on the register on 27 May 2022. The dividend is not recognised as a liability at 31 March 2022. The 2021 final dividend and the 2022 interim dividend are included within the Group statement of changes in equity.

23 Lease obligations

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

	2022 £m	2021 £m
The Group as a lessor		
Less than one year	56.4	62.7
Between two and five years	122.1	121.6
More than five years	78.9	51.7
	257.4	236.0

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2022 was 3.4 years (2021: 3.3 years). All investment properties, except those under development, generated rental income and £nil contingent rents were recognised in the year (2021: £nil).

24 Employee benefits

The Group operates a UK-funded approved defined contribution plan. The Group's contribution for the year was £1.3 million (2021: £0.9 million). The Group also contributes to a defined benefit final salary pension plan (the Plan), the assets of which are held and managed by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2020 by a qualified independent actuary using the projected unit method. The Plan was valued using the following key actuarial assumptions:

	2022 %	2021 %
Discount rate	2.80	2.20
Expected rate of salary increases	4.50	4.20
RPI inflation	3.50	3.20
Rate of future pension increases	3.20	3.00

Life expectancy assumptions at age 65:

	2022 Years	2021 Years
Retiring today age 65	24	24
Retiring in 25 years (age 40 today)	27	27

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

	2022 £m	2021 £m
Present value of unfunded obligations	(35.9)	(39.1)
Fair value of the Plan assets	39.4	39.8
Pension asset	3.5	0.7

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

	2022 £m	2021 £m
Current service cost	(0.3)	(0.3)
Net interest cost	–	–
	(0.3)	(0.3)

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

	2022 £m	2021 £m
Defined benefit obligation at 1 April	39.1	35.9
Service cost	0.3	0.3
Interest cost	0.9	0.8
Effect of changes in demographic assumptions	–	(0.2)
Effect of changes in financial assumptions	(3.4)	2.6
Effect of experience adjustments	–	0.5
Benefits paid	(1.0)	(0.8)
Present value of defined benefit obligation at 31 March	35.9	39.1

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

	2022 £m	2021 £m
Fair value of the Plan assets at 1 April	39.8	35.5
Interest income	0.9	0.8
Actuarial (loss) / gain	(0.8)	3.7
Employer contributions	0.5	0.6
Benefits paid	(1.0)	(0.8)
Fair value of the Plan assets at 31 March	39.4	39.8

Net pension asset	(3.5)	(0.7)

The amount recognised immediately in the Group statement of comprehensive income was £2.6 million (2021: £0.8 million).

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

	2022 £m	2021 £m
Cash	0.1	0.1
Equities	16.8	16.6
Bonds	22.5	23.1
	39.4	39.8

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

Changes in bond yields

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

Life expectancy

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

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

	2022 £m	2021 £m
Discount rate -0.25%	37.6	41.0
Discount rate +0.25%	34.4	37.4
RPI inflation -0.25%	35.2	38.3
RPI inflation +0.25%	36.7	40.0
Post-retirement mortality assumption – one year age rating	37.5	40.9

The Group expects to contribute £0.6 million to the Plan in the year ending 31 March 2023. The expected total benefit payments for the year ending 31 March 2023 is £0.8 million, with £5.6 million expected to be paid over the next five years. A funding plan has been agreed committing the Group to cash contributions of £248,000 p.a. over five years as well as a contribution rate of 52.9% p.a. of member pensionable salaries to eliminate any funding shortfalls and the ongoing benefit accrual.

25 Reserves

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

Share capital

The nominal value of the Company's issued share capital, comprising 15 $^{5}/_{19}$ pence ordinary shares.

Share premium

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

Capital redemption reserve

Amount equivalent to the nominal value of the Company's own shares acquired as a result of share buyback programmes.

Retained earnings

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

Investment in own shares

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

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)

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

Cash EPS

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

Core West End

Areas of London with W1 and SW1 postcodes.

Development profit on cost

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

Development profit on cost %

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

Earnings Per Share (EPS)

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

EPRA metrics

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

EPRA Net Disposal Value (NDV)

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

EPRA Net Reinstatement Value (NRV)

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

EPRA Net Tangible Assets (NTA)

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

Estimated rental value (ERV)

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

Fair value – Investment property

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

Ready-to-Fit

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

Fitted spaces

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

Fully Managed

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

Flex space partnerships

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

Internal rate of return (IRR)

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

MSCI

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

MSCI central London

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

Like-for-like (Lfl)

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

EPRA Loan-to-Value (LTV)

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

Net assets per share or net asset value (NAV)

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

Net debt

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

Net gearing

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

Net initial yield

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

Net rental income

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

Non-PIDs

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

Property costs

Service charge income less service charge costs plus other property expenses.

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 potential

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

Topped-up initial yield

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

Total potential future growth

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

Total Accounting Return (TAR)

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

Total Property Return (TPR)

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

Total Shareholder Return (TSR)

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

True equivalent yield

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

Ungeared IRR

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

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.

Whole life surplus

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

Appendix 1

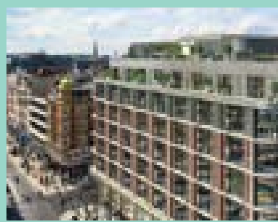
Our markets recovered over 2021 as the impact of COVID-19 abated. However, the recent tragic events in Ukraine have once more clouded the outlook, moderating GDP forecasts and accelerating existing inflationary pressures.

Macro-economic backdrop

- IMF estimates global GDP growth of 6.1% in 2021 and forecasts 3.6% growth for 2022 and 2023.
- UK still forecast to grow; 3.8% GDP growth in 2022 (Oxford Economics).
- Consumer confidence at lowest level since July 2008 led by higher interest rates and rising inflation.
- Deloitte CFO survey: Geopolitical risk now primary concern; 56% rating financial and economic risk 'high' or 'very high' in Q1 2022.
- Composite PMI surveys have moderated but continue to indicate expansion; 57.6 in April 2022.
- Inflationary risks remain; UK CPI 6.2% in March 2022, forecast to remain elevated.

Occupational markets[1]

- Activity levels have recovered; central London take-up 10.6 million sq ft in year, up 134%.
- Central London active demand remains healthy at 6.1 million sq ft, down 5% year on year.
- Availability remains elevated at 26.0 million sq ft, up from 25.4 million at 31 March 21 and 66% ahead of the ten-year average.
- Central London vacancy rate 9.0% at 31 March 2022; up from 8.7% last year.
- Supply remains tight; availability of space newly completed or under construction low at 30% of total stock (7.9 million sq ft).



The West End

- Office take-up 4.0 million sq ft; up 135.0% on preceding year.
- Availability 5.6 million sq ft, down 19.8%.
- Vacancy 4.6% down from 5.8% at March 21, Grade A vacancy only 0.5%.
- Prime office rental values £125.00 per sq ft at 31 March 2022, up 13.6% in year.
- Retail vacancy stabilised; Zone A rents unchanged on key retail streets.

The City

- Office take-up 4.2 million sq ft; up 113.4% on preceding year.
- Availability 12.2 million sq ft, up 8.2%.
- Vacancy 12.9% up from 11.7% at March 21, Grade A vacancy only 2.7%.
- Prime office rental values £71.00 per sq ft, up 1.4% in year.

Investment markets[1]

- Restrictions on international travel still limiting buyers' ability to inspect buildings and conduct effective due diligence.
- Demand for London real estate robust; office investment deals £10.0 billion in 2021; up 32.9% year on year. First quarter of 2022, highest on record at £5.5 billion.
- We estimate that £6.4 billion of real estate is currently on the market to buy versus £36.7 billion of equity demand looking to invest.
- Given the weight of money for offices, prime yields remain firm; CBRE report prime yields of 3.25% and 3.75% for the West End and City respectively.
- Retail yields now stable; 4.00% Regent Street, 4.25% Oxford Street and 2.75% Bond Street.

Near-term outlook

We actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last year, our property capital value indicators have marginally improved, initially driven by the continued economic recovery, but more recently offset by the economic impact of geopolitical tensions.

Today, we expect investment activity in the central London commercial property market to be supportive with yields trending flat in the near term. In the occupational market, given a strong leasing and rental performance of the portfolio, our rental value growth range for the financial year to 31 March 2023 is positive at between 0.0% and 5.0%, predominantly driven by the positive expected performance of our office portfolio.

1. To 31 March 2022 and sourced from CBRE unless otherwise stated.

Appendix 1 continued

Selected lead indicators

Drivers of rents[1]	2021 Outlook	**2022 Outlook**
GDP/GVA growth	●	●
Business investment	●	●
Confidence	●	●
Employment growth	●	●
Active demand/take-up	●	●
Vacancy rates	●	●
Development completions	●	●
Drivers of yields		
Rental growth	●	●
Weight of money	●	●
Gilts	●	●
BBB Bonds	●	●
Exchange rates	●	●
Political risk	●	●

1. Offices.

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	740.3	–	740.3	28.0	5.3
	Retail	190.2	43.9	234.1	8.8	(2.2)
	Residential	4.2	–	4.2	0.2	0.7
Rest of West End	Office	265.9	254.9	520.8	19.7	11.3
	Retail	164.1	124.1	288.2	10.9	1.5
	Residential	5.1	–	5.1	0.2	(5.8)
Total West End		**1,369.8**	**422.9**	**1,792.7**	**67.8**	**5.2**
City, Midtown and Southwark	Office	504.4	135.7	640.1	24.2	1.0
	Retail	5.5	–	5.5	0.2	–
	Residential	4.0	–	4.0	0.1	1.5
Total City, Midtown and Southwark		513.9	135.7	649.6	24.5	1.0
Investment property portfolio		**1,883.7**	**558.6**	**2,442.3**	**92.3**	**4.2**
Development property		167.6	–	167.6	6.3	48.6
Total properties held throughout the year		**2,051.3**	**558.6**	**2,609.9**	**98.6**	**6.1**
Acquisitions		37.5	–	37.5	1.4	(0.1)
Portfolio valuation		**2,088.8**	**558.6**	**2,647.4**	**100.0**	**6.0**

1. GPE share.

Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		1,016.1	–	1,016.1	777.8	234.1	4.2	1,016.1	780
Rest of West End		814.1	–	814.1	520.8	288.2	5.1	814.1	568
Total West End		**1,830.2**	**–**	**1,830.2**	**1,298.6**	**522.3**	**9.3**	**1,830.2**	**1,348**
City, Midtown and Southwark		649.6	167.6	817.2	799.8	13.4	4.0	817.2	1,167
Total		**2,479.8**	**167.6**	**2,647.4**	**2,098.4**	**535.7**	**13.3**	**2,647.4**	**2,515**
By use:	Office	1,938.7	159.7	2,098.4					
	Retail	527.8	7.9	535.7					
	Residential	13.3	–	13.3					
Total		**2,479.8**	**167.6**	**2,647.4**					
Net internal area sq ft 000's		2,386	129	2,515					

Appendix 3

Sales for the year ended 31 March 2022

	Price[1] £m	Premium to book value %	Price per sq ft £	NIY %
Commercial				
160 Old Street, EC1	90.8	5.0	1,091	4.1

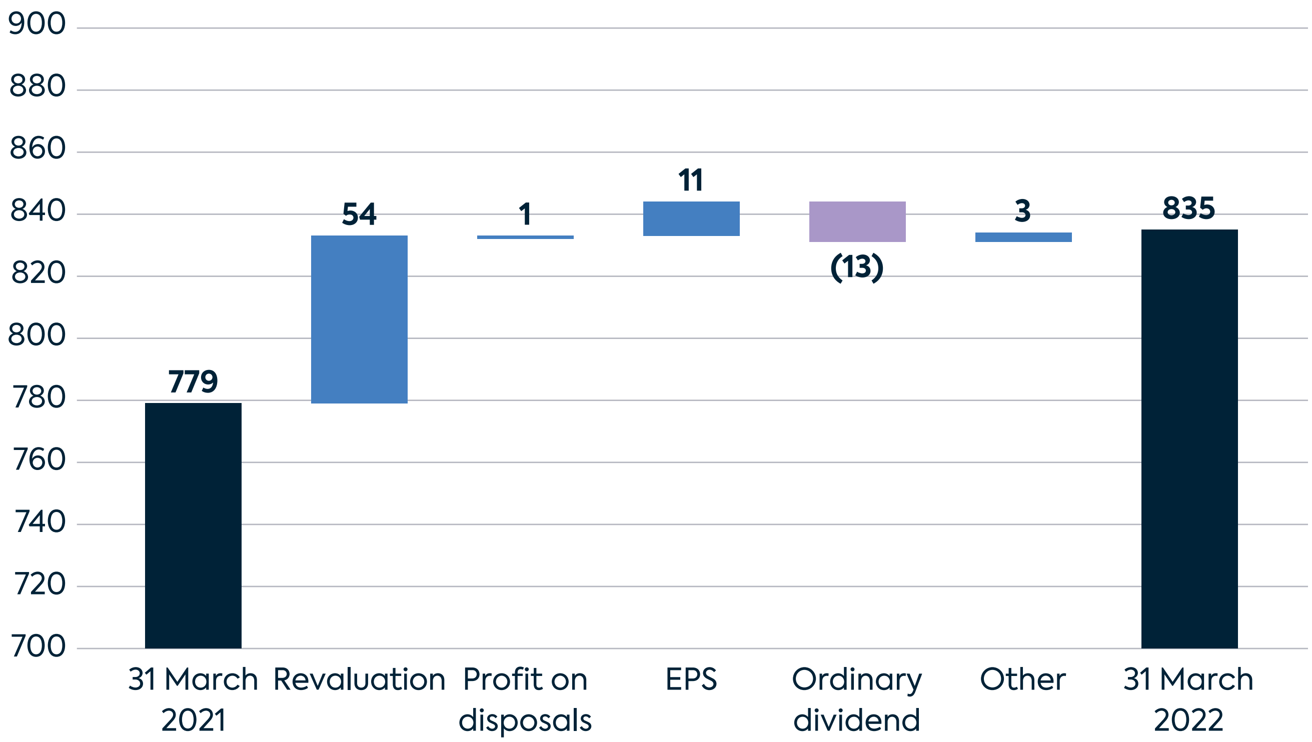
1. Including share of joint ventures.

Acquisitions for the year ended 31 March 2022

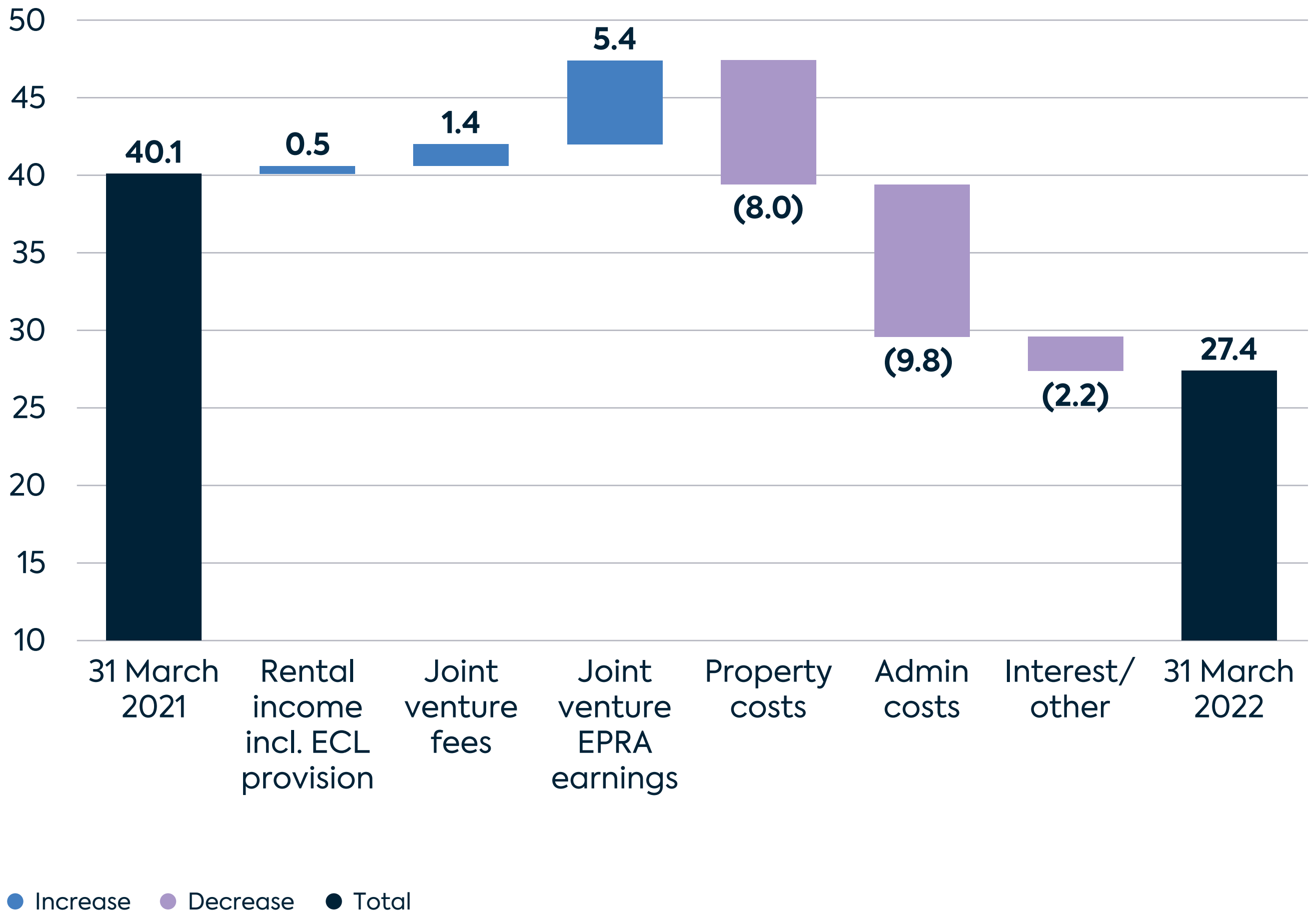
	Price £m	NIY %	Area sq ft	Cost per sq ft
Commercial				
7/15 Gresse Street, W1	36.5	5.6	43,000	847

Appendix 4

EPRA NTA pence per share



EPRA earnings £m



Debt analysis

	March 2022	March 2021
Net debt excluding JVs (£m)	**531.2**	477.5
Net gearing	**25.4%**	24.6%
Total net debt including 50% JV cash balances (£m)	**502.3**	451.0
EPRA LTV	**20.5%**	20.0%
Interest cover	**n/a**	n/a
Weighted average interest rate	**2.5%**	2.5%
Weighted average cost of debt	**2.9%**	2.7%
% of debt fixed/hedged	**84%**	91%
Cash and undrawn facilities (£m)	**391**	443

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	30.3	1.3	31.6	–	–	–	31.6
		Retail	5.9	(0.4)	5.5	3.5	0.3	3.8	9.3
	Rest of West End	Office	17.1	(0.9)	16.2	9.7	0.5	10.2	26.4
		Retail	7.6	0.5	8.1	3.7	(0.2)	3.5	11.6
	Total West End		**60.9**	**0.5**	**61.4**	**16.9**	**0.6**	**17.5**	**78.9**
	City, Midtown and Southwark	Office	17.5	3.1	20.6	6.9	0.9	7.8	28.4
		Retail	1.9	(0.2)	1.7	–	–	–	1.7
	Total City, Midtown and Southwark		**19.4**	**2.9**	**22.3**	**6.9**	**0.9**	**7.8**	**30.1**
Total let portfolio			**80.3**	**3.4**	**83.7**	**23.8**	**1.5**	**25.3**	**109.0**
Voids					14.1			1.8	15.9
Premises under refurbishment and development					21.6			0.7	22.3
Total portfolio					**119.4**			**27.8**	**147.2**

EPRA vacancy

	Wholly-owned £m	Joint ventures £m	Total £m	Void %
Investment void	14.1	1.8	15.9	10.8
Premises under refurbishment	12.6	0.7	13.3	9.1
EPRA vacancy rate	26.7	2.5	29.2	19.9
Premises under development	9.0	–	9.0	6.1
Total void	**35.7**	**2.5**	**38.2**	**26.0**

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	33.6	5.0	16.3	–	–	–
		Retail	47.0	6.2	44.4	12.5	2.6	5.3
	Rest of West End	Office	3.4	1.3	2.3	100.0	13.3	–
		Retail	18.1	2.4	2.4	99.3	7.1	22.8
	Total West End		**24.5**	**3.8**	**15.4**	**81.9**	**9.8**	**7.3**
	City, Midtown and Southwark	Office	18.6	1.9	5.8	3.6	2.3	4.3
		Retail	18.9	3.0	–	–	–	–
	Total City, Midtown and Southwark		**18.7**	**2.0**	**5.5**	**3.6**	**2.3**	**4.4**
Total portfolio			**23.1**	**3.4**	**11.8**	**59.1**	**7.6**	**6.4**

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	73.6	78.7	–	–	3.1	4.3	–	–
		Retail	56.7	65.3	77.9	85.8	2.2	4.4	4.2	5.3
	Rest of West End	Office	92.7	86.7	116.0	121.6	5.0	4.8	–	3.7
		Retail	88.0	96.7	93.9	108.6	4.4	4.5	0.1	3.6
	Total West End		**77.4**	**77.1**	**100.8**	**105.0**	**3.5**	**4.4**	**0.5**	**3.8**
	City, Midtown and Southwark	Office	47.7	57.2	43.3	49.7	2.9	4.5	5.1	4.8
		Retail	26.5	28.6	–	–	6.4	5.2	–	–
	Total City, Midtown and Southwark		**44.3**	**53.0**	**43.3**	**49.7**	**3.0**	**4.6**	**5.1**	**4.8**
Total portfolio			**65.5**	**66.0**	**72.6**	**78.6**	**3.3**	**4.5**	**1.6**	**4.1**