Press Release

GREAT PORTLAND ESTATES

13 November 2014

GPE delivers more organic growth with portfolio value up 8.9% in H1

The Directors of Great Portland Estates plc announce the results for the Group for the six months ended 30 September 2014. Highlights[1] for the six months:

Continued strong growth in both capital and rental values

- Portfolio valuation up 8.9%[2] since 31 March 2014 (developments: 13.0%[2]) and 5.0%[2] in Q2
- 12 month capital return of 21.9% outperforming IPD Central London Index of 20.7%, with total property return of 25.0% v 25.1% for IPD Central London; five year capital return of 109.3%, 21.5% ahead of IPD Central London
- Rental value growth of 3.6%[2] (3.6% offices, 3.4% retail)
- Rent roll growth of 7.8% over six months

Excellent financial results

- EPRA[3] NAV per share of 636 pence, up 11.8% in period and 7.3% in Q2
- Net assets of £2,160.8 million (31 March 2014: £1,931.9 million)
- EPRA[3] profit before tax of £21.0 million, up 16.0% on 2013. EPRA[3] EPS of 5.9 pence, up 11.3%
- After revaluation surplus, reported profit before tax of £246.5 million (2013: £146.9 million)
- Interim dividend per share of 3.5 pence, up 2.9%

Development programme delivering significant surpluses with more to come

- Two schemes completed (297,000 sq ft) including Walmar House, W1 in October, profit on cost of 55%
- Three committed schemes (521,500 sq ft) including Rathbone Square, W1, capex to come of £262.8 million, expected profit on cost of 16.4%, all in the West End
- Good progress across further eight near-term schemes (613,400 sq ft), 75% in West End
- Total development programme of 2.2 million sq ft, covering 54% of existing portfolio, 71% in West End, 46% with planning permission

Strong leasing activity ahead of ERV

- 41 new lettings (189,200 sq ft) securing annual income of £9.7 million (our share: £6.6 million), including development lettings of £4.8 million (our share: £2.4 million)
- Market lettings were 3.1% ahead of valuers' March 2014 ERV
- Vacancy rate lower at 2.3%, average office rent only £44.15 sq ft, reversionary potential of 21.0%
- Since 30 September 2014, new lettings of £1.2 million (our share: £0.9 million) and a further £6.0 million (our share: £5.4 million) currently under offer, 5.6% ahead of March 2014 ERV

Disciplined and profitable capital recycling with selective bolt-on acquisitions

- To date, 129 private residential units pre-sold at Rathbone Square, W1 for £220.2 million (78.1% of the total by value); one further unit under offer
- Since 30 September 2014, two further disposals:
    - Sale pre-completion of 142,500 sq ft pre-let development at 12/14 New Fetter Lane, EC4 for £165.8 million (including £92.8 million for the site), 4.5% yield, unlevered IRR of 55.1%
    - Sale of remaining 12.5% interest in the 100 Bishopsgate Partnership for £15.8 million
- Two acquisitions totalling £33.6 million (our share: £20.6 million), both adjoining existing GPE properties

Financial position as strong as ever

- Gearing of 30.0%, pro forma[4] loan to property value of 22.0%, weighted average interest rate only 3.6%
- New £450 million revolving credit facility, pro forma[4] cash and undrawn facilities of £508 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] See Our financial results

Toby Courtauld, Chief Executive, said:

"We are pleased to report a strong performance across the Group during the first half as we focus on capturing the significant organic growth potential across our 100% central London portfolio.

London continues to consolidate its position as one of the world's most successful city economies: jobs are being created at the fastest rate in a generation across a range of industries; the Capital's businesses are investing for growth; and its appeal as an investment destination of choice continues unabated.

Within this positive context, we look forward to a productive second half: we can expect strong leasing interest in both our committed development properties and our limited quantity of vacant space, in both cases at rates ahead of ERV's; we will crystallise further surpluses through our disciplined approach to capital recycling; and our plentiful, low-cost financing will enable us to deliver on our significant growth plans."

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

www.gpe.co.uk

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

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

Half Year Results

Our market

Introduction
Central London's economy and its property markets have strengthened further over the summer as London continues to outperform an improving UK economy.

Over the last six months, UK GDP and London GVA forecasts have been revised further upwards, with confidence and employment intention indicators across London's businesses showing that they remain in growth mode. Looking ahead, London is expected to continue to pull above its weight with the Centre for Economics and Business Research ("CEBR") forecasting that London will account for almost a third of all UK GDP growth over the next 5 years, despite accounting for roughly 13% of total UK employment. Moreover, CEBR upwardly revised its forecasts for London employment growth with employment projected to rise by 2.8% over 2014, with growth of 6.1% expected over the next 5 years. As a result, existing occupier demand arising from lease expiries and building obsolescence is now being supplemented by increased demand for expansionary office space in central London, both from existing occupiers and new business entrants to London seeking access to its deep pool of talented labour. Accordingly, under-offer and take-up levels are on the increase, and when combined with current low vacancy rates and limited new office supply, market balance continues to favour the landlord.

In the investment market, confidence in London's economic position and status as one of only a handful of true global gateway cities is undiminished, as it continues to attract new investors from around the world, including from China and Taiwan. In addition, the growing availability of debt funding and investors increased willingness to move up the risk curve beyond core properties means that competition for stock remains intense, reducing yields further and narrowing the yield spread between prime and secondary. However, as expectations of interest rate increases in the UK continue to be pushed back, the real yield spread remains above the long term average. Recent capital market volatility with investors reassessing expectations for global growth amid concerns of Eurozone deflation, emerging markets weakness and a falling oil price, along with a multitude of geopolitical risks, has not as yet impacted the central London commercial property market.

Our occupational markets
Over the six months to 30 September 2014, central London office take-up was 8.0 million sq ft, an increase of 13.1% on the preceding six months, 28% above the 10 year average of 6.2 million sq ft and its highest level since 2010. This take-up has been from a broad range of industries, including creative businesses (29%), banking & finance (22%) and business services (19%). As a result, the central London availability rate has fallen to 5.4%, its lowest level since 2007.

On the supply side, although development completions across central London are rising, this is from a low base. Across the central London office market as a whole, development completions in the six months to 30 September 2014 were 3.4 million sq ft. However, in the core of the West End, the focus of our development activities, completions totalled only 140,550 sq ft in the six month period. This supply shortage has meant that pre-lets continue to represent more than 20% of central London office take-up.

Looking ahead, the development pipeline remains relatively muted compared with previous cycles. Although we continue to expect a pick-up in the speculative development pipeline as developers respond to stronger occupier demand levels and the prospect of rental growth, the significant barriers to development in the West End combined with the lead time between development starts and completions means that we expect it will take several years for any meaningful amount of new space to be delivered. As we highlighted in May 2014, construction costs are beginning to rise, albeit from a low base, with the major cost consultants forecasting annual cost inflation of 3-6% over the coming years for commercial schemes. Across our business, we expect to be able to mitigate these increases through rental growth, our deep relationships with contractors and effective supply chain management.

West End

Over the six months to 30 September 2014, West End office take-up was 2.3 million sq ft, up 21.2% on the preceding six months, while availability has reduced to 3.7 million sq ft. Vacancy rates remain low at 2.3% with grade A space vacancy estimated by CBRE to be only 1.6%.

Across the West End, CBRE has reported that prime office rental values rose by around 2.4% over the last six months. Looking ahead and focusing on the North of Oxford Street market, rents are forecast by CBRE to show strong growth over the next two years, with Fitzrovia forecast to experience a step change in rents following the completion of new developments, including our own scheme at Rathbone Square, W1.

The West End retail market (where 27.8% of our West End portfolio by value is located) has continued to be robust. Over the six months, strong demand for retail space has maintained a near zero vacancy, with significant leasing activity increasing rental values by 2.5%.

City, Midtown and Southwark

Over the six months to 30 September 2014, City office take-up was 3.7 million sq ft, up 21.0% on the preceding six months, while availability has reduced to 5.0 million sq ft. Although higher than in the West End, vacancy rates remain low at 5.1% with grade A space vacancy estimated by CBRE to be only 3.9%. CBRE has also reported that City prime rental values were up 2.6% during the period.

Midtown and Southwark continue to witness significant leasing activity, driven largely by demand for new space from the TMT sector, as evidenced by our own lettings at 240 Blackfriars Road, SE1. This has supported strong rental growth of 4.2% and 8.0% respectively for the six months, with prime office rents of £62.50 and £54.00 per sq ft respectively at 30 September 2014.

Our investment markets

Following a record year in 2013 with £19.4 billion of central London office investment transactions, activity has remained robust with £11.3 billion of deals in the first nine months of 2014. The decrease in activity reflects the continued shortage of stock available on the market to buy rather than diminished purchasing appetite amongst a growing pool of buyers. Overseas investors continue to be the largest buyer constituency, accounting for 70% of transactions over the last twelve months. In addition, as we have previously highlighted, buying activity by domestic institutions has increased over the last 12 months.

The excess of equity capital to invest over commercial property available to buy across central London remains high (estimated at £34.0 billion versus £3.3 billion respectively). As a result, strong competition for limited stock has helped to maintain investment yields well below the long-term average with prime yields in the West End and City of 3.75% and 4.5% respectively. In the near-term, we expect yields to remain steady, with some downward pressure upon properties with high growth potential. For the medium-term, we maintain our view that yields will increase marginally as rental growth is captured.

While price growth and transaction activity has slowed in the prime central London residential market, our experience at Rathbone Square, W1 demonstrates that well specified, modern apartments in attractive locations in our core West End market, where supply remains restricted, continued to be in high demand over the period.

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

Selected Lead Indicators	Trends in period March – September 2014
Property Capital Values	
Equity prices	Neutral
Bond prices	Up
Real yield spread (West End property)[1]	Neutral
Volume of net new property lending (including from non-bank sources)	Up
Transaction volumes in central London direct real estate investment markets	Down
Direction of pricing on IPD based derivative contracts	Up
Rental Values	
Forecast UK GDP growth	Up
Forecast London GVA growth	Up
West End retail sales	Down
Business confidence levels in the central London economy	Neutral
UK output from the financial and business services sector	Neutral
Employment levels in London's finance and business services sectors	Up
Central London office market balance[2]	Down

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

Overall our property capital value indicators remain supportive, with no indications to date of any slowdown in the weight of capital seeking to purchase well located, quality buildings in our core central London markets, with the reduction in transaction volumes a result of limited stock coming to the investment market. Our rental value indicators continue to improve with upward revisions to both UK and London GDP forecasts, supported by positive business confidence and employment levels in central London. Accordingly, we expect that rental values will continue to rise for sensibly priced, well specified space in attractively located central London properties in the medium-term.

Our business

Our business is accompanied by graphics (see Appendix 1)

Development management

With the successful completion of our developments at 240 Blackfriars Road, SE1 and Walmar House, Regent Street, W1, generating a combined profit on cost of 55%, along with the sale of our fully pre-let development scheme at 12/14 New Fetter Lane, EC4, our development programme continues to deliver significant surpluses. There is more to come; we currently have three committed schemes on site (521,500 sq ft), all in the West End, and these schemes are expected to deliver a profit on cost of 16.4%. In addition, we have eight schemes that could start in the next 24 months, 75% in the West End, including 73/89 Oxford Street, W1, 148 Old Street, EC1 and Hanover Square, W1. Beyond that, our pipeline includes a further twelve uncommitted projects, giving us a total programme of 2.2 million sq ft, covering 54% of GPE's existing portfolio. Taken together, capital expenditure to come at our committed schemes totals £262.8 million, which could rise to £489.1 million if the near-term uncommitted schemes were started.

Completed schemes
Following successful completion in early April of our 236,700 sq ft development at 240 Blackfriars Road, SE1, we completed our 60,300 sq ft mixed-use comprehensive refurbishment of Walmar House, Regent Street, W1 in October. All of the office space (37,700 sq ft) is currently under offer and leasing of the retail space (18,400 sq ft), which comprises five units, is progressing well. Two retail units (7,000 sq ft) are already let and two further units (4,165 sq ft) are currently under offer. The scheme has delivered a profit on cost of 53.3% and an ungeared IRR of 25.5%.

Committed schemes
At our fully consented 411,000 sq ft mixed-use development scheme at Rathbone Square, W1, demolition works continue and the substructure is being prepared ahead of the expected start of the main construction works in early 2015. As detailed below, the successful sales programme of the 142 private residential units continues and we expect to commence our pre-letting campaign for the 215,500 sq ft of office space in the first half of next year. The project is expected to complete in spring 2017 and, based on current market assumptions, is expected to deliver GPE a pre-tax profit on cost of 17.8%. This represents an increase on the estimate of 15.7% at 30 June 2014 as our residential sales successes to date have more than outweighed the small increase in expected development costs. The eventual profit on cost to GPE will be influenced by a variety of factors, including the overage arrangements agreed with the Royal Mail Group on purchase of the site in September 2011.

At St Lawrence House, 26/34 Broadwick Street, W1, following strip-out of the property over the summer, we commenced demolition works in October and construction works for our 91,900 sq ft new-build, fully consented office and retail scheme are expected to commence later this year. The project is expected to complete in autumn 2016 and, based on current market assumptions, is expected to deliver GPE a profit on cost of 12.9%.

We also expect to commence construction works for our 18,600 sq ft redevelopment at 78/82 Great Portland Street, W1 in early 2015. This mixed use scheme will accommodate the off-site residential space associated with our scheme at St Lawrence House, W1, including three affordable housing units which we are preparing to sell on long leases to a housing association.

Project preparation and pipeline
Positive progress has continued to be made across our near-term development programme. At our fully consented development scheme at 73/89 Oxford Street, W1, demolition works are expected to commence in early 2015 on achieving vacant possession and we are progressing our pre-letting initiatives for the 33,500 sq ft of retail space which sits directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station. On the other side of Oxford Street at Oxford House, W1, we expect to submit a planning application in the first quarter of 2015 for a 91,200 sq ft major refurbishment scheme of the mixed-use property, incorporating a significant increase in the retail space.

At Tasman House, 59/63 Wells Street, W1, we expect to submit a planning application by the end of the year to replace a tired 1950's building with 38,100 sq ft of new office and retail space.

At 148 Old Street, EC1, we continue to work up plans for the major refurbishment of the existing 97,800 sq ft building to create around 151,700 sq ft of high quality office space in this rapidly improving location. We have recently submitted our planning application and expect to achieve vacant possession prior to next summer.

At Hanover Square, W1, we continue to prepare the 207,200 sq ft development scheme, owned in our 50/50 joint venture with the Hong Kong Monetary Authority, for a potential start in 2016 on delivery of the station structure by Crossrail. Ahead of this, we are exploring opportunities to enhance the fully consented scheme, subject to a revised planning application.

Asset management

Our asset management team has continued to deliver strong results since March 2014, with highlights including:

- 41 new leases were signed during the first half (2013: 38 leases), generating annual rent of £9.7 million (our share: £6.6 million; 2013: £15.0 million), including development lettings of £4.8 million (our share: £2.4 million);
- market lettings in the first half were 3.1% ahead of March 2014 rental values;
- 96.3% of all tenancies by area, with lease breaks or expiries in the twelve months to 30 September 2014, were retained, re-let, under offer or under refurbishment;
- 14 rent reviews of £5.1 million (our share: £5.1 million; 2013: £2.3 million) were settled during the half year, representing an annualised increase of £1.0 million per annum on the previous passing rent;
- total space covered by new lettings, reviews and renewals during the first half was 286,500 sq ft (2013: 308,300 sq ft); and
- since the period end, we have completed £1.2 million (our share: £0.9 million) of new lettings and 18 potential new lettings are currently under offer which will deliver a further £6.0 million p.a. in rent (our share: £5.4 million), in total 5.6% ahead of March 2014 ERV's.

Leasing activity at recently completed developments continues to be strong. At 240 Blackfriars Road, SE1, following the letting of three floors (31,100 sq ft) to Ramboll Group in April 2014 at a total rent of £1.46 million (£47.00 per sq ft), we have subsequently let a further two floors (24,100 sq ft) to Alternative Networks plc, a leading UK technology and telecommunications provider, who have signed fifteen year leases (with tenant only options to break at year ten) paying a total rent of £1.23 million (£51.00 per sq ft). Together with earlier lettings to UBM and Boodle Hatfield, this means the offices are now 84% let. We have had further letting successes at City Tower, EC2, with 45,000 sq ft of space let since March 2014 at an annual rent of £2.2 million, meaning the refurbished space is now 93% let.

During the first six months of this financial year, we also continued to capture the significant reversionary upside across our investment portfolio, with notable lettings including the fifth floor (15,700 sq ft) at Wells & More, W1 to Lionsgate at £75.00 per sq ft (£1.18 million), almost double the previous passing rent, and 24,500 sq ft (£1.16 million) of lettings at 200 Gray's Inn Road, WC1 to Warner Brothers.

Overall, these asset management successes helped reduce the low vacancy rate to 2.3% at 30 September 2014, compared to 3.7% at 31 March 2014. At 30 September 2014, the average rent across our office portfolio was £44.15 per sq ft and our total annualised rent roll (including share of JVs) was £99.9 million, a 7.8% increase over the six month period.

The table below summarises our leasing transactions in the period:

Leasing Transactions	Three months ended 30 September 2014	Six months ended 30 September 2014	Six months ended 30 September 2013
New leases and renewals completed			
Number	19	41	38
GPE share of rent p.a.	£2.1 million	£6.6 million	£15.0 million
Area (sq ft)	72,200	189,200	267,300
Rent per sq ft (including retail)	£50	£51	£68
Rent reviews settled			
Number	4	14	15
GPE share of rent p.a.	£1.2 million	£5.1 million	£2.3 million
Area (sq ft)	23,300	97,300	41,000
Rent per sq ft (including retail)	£51	£52	£58

Note: Includes joint ventures at share

Investment management

We have had another successful period of profitable recycling with sales of £337.2 million since 1 April 2014, including residential sales at Rathbone Square, W1, with our acquisition activity remaining highly selective and totalling £20.6 million (our share).

Profitable recycling activities
We launched the pre-sales marketing programme of the 142 private residential units at Rathbone Square, W1 on the commencement of the development in July 2014, first in the UK and then overseas, to owner occupiers and private investors. To date, we have exchanged contracts to sell 129 apartments, including the first penthouse, for an aggregate amount of £220.2 million, reflecting an average capital value of £1,869 per sq ft and with a price range from £1,548 per sq ft to £2,624 per sq ft. The 129 apartments sold to date equate to 82.8% of the total private residential by area and 78.1% by value. In addition, there is a further unit under offer with a value of £2.95 million or £2,387 per sq ft, leaving only twelve apartments remaining, eight of which are penthouse units, with a total quoting price of £61.6 million. We have also been marketing for sale the ten residential units at our 240 Blackfriars Road, SE1 scheme which completed in April and, to date, we have completed on the sale of six units.

In the period, we also sold our 7,370 sq ft freehold building at Tudor House, 35 Gresse Street, W1 for £8.4 million, reflecting a net initial yield of 3.1%, a capital value of £1,140 per sq ft and a 5.0% premium to the March 2014 book value.

Since the period end, we have made two further sales.

In November, we exchanged contracts to sell our 151 year leasehold interest in 12/14 New Fetter Lane, EC4. The 142,500 sq ft office development is currently under construction with practical completion expected in Q4 2015. The scheme is fully pre-let to Bird & Bird for 20.25 years at an annual rent of £8.3 million. The purchaser will acquire the site from GPE, subject only to freeholder consent, and will thereafter fund all development costs up to maximum of £165.8 million, reflecting a yield of 4.5%. The site price payable to GPE is £92.8 million (assuming completion at 1 December 2014), 15.5% ahead of the March 2014 valuation. Based on the current cost and programme, GPE will also receive a final payment of £5.1 million on practical completion. The sale crystallises a return on capital since committing to the scheme of 82.7% and an unlevered IRR of 55.1%.

We also sold our remaining 12.5% interest in the 100 Bishopsgate Partnership to Brookfield for £15.8 million, following our exercise of the ‘put’ option that we secured on sale of a 37.5% interest in the partnership in October 2012. As a result, GPE has no residual interests in the 100 Bishopsgate Partnership.

Bolt-on acquisitions
During the period, we made two acquisitions, both of properties adjoining existing holdings.

In July, the Great Ropemaker Partnership (“GRP”), our 50:50 joint venture with BP Pension Fund, completed the purchase of the freehold interest in Elm House, 13/16 Elm Street, WC1 for £26.0 million (our share: £13.0 million). Elm House is a prominent, eleven storey office building totalling approximately 49,700 sq ft and is currently vacant, providing a near-term refurbishment opportunity in a rapidly improving location with good rental prospects. The property sits on a 0.5 acre site adjoining GRP’s fully let 200 Gray’s Inn Road, WC1 office building and, medium-term, provides redevelopment potential in an area set to benefit from both Crossrail and the redevelopment of the adjacent Mount Pleasant site.

In September, we completed the purchase of the virtual freehold interest in 6 Brook Street, W1 for £7.6 million. The 3,630 sq ft office and retail building adjoins our interests at Hanover Square, W1.

Joint ventures

Joint ventures continue to be an important part of our business and, following another active period, our joint ventures currently represent 27.7% of the Group's net assets.

We categorise our current joint ventures into two types:

- access to new properties (12.1% of GPE's net asset value). The relevant joint ventures are the Great Victoria Partnership ('GVP') with Liverpool Victoria Friendly Society, the Great Wigmore Partnership ('GWP') with Scottish Widows and the Great Star Partnership ('GSP') with Starwood Capital; and
- risk sharing on development projects and/or large lot size properties (15.6% of GPE's net asset value). The relevant joint ventures are the GHS Limited Partnership ('GHS') with the Hong Kong Monetary Authority and the Great Ropemaker Partnership ('GRP') with BP Pension Fund.

Overall, our five active joint ventures represent a significant proportion of the Group's business. At 30 September 2014, joint ventures made up 23.9% of the portfolio valuation, 27.7% of net assets and 27.4% of rent roll (at 31 March 2014: 23.9%, 27.2% and 23.3% respectively).

Valuation

Valuation is accompanied by graphics (see Appendix 2)

The valuation of the Group's properties rose to £2,982.8 million as at 30 September 2014, delivering valuation growth of 8.9% on a like-for-like basis since 31 March 2014. At 30 September 2014, the wholly-owned portfolio was valued at £2,271.3 million and the Group had five active joint ventures which owned properties valued at £711.5 million (our share) by CBRE.

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

- lower investment yields – equivalent yields reduced by 18 basis points over the period due to the strength of demand for properties in our market. At 30 September 2014, the portfolio equivalent yield was 4.6%;
- rental value growth – since the start of the financial year, rental values have grown by 3.6%, comprising a 3.6% and 3.4% increase for office and retail rental values respectively. Our asset management successes with an occupational market that has continued to be in the landlord's favour has put upward pressure on rents. At 30 September 2014, the portfolio was 21.0% reversionary;
- intensive asset management – during the period, 55 new leases, rent reviews and renewals were completed, securing £11.7 million (our share) of annual income which supported valuation growth over the period; and
- development and trading properties – the valuation of current development and trading properties increased by 13.0% to £513.5 million. In particular, Rathbone Square, W1 delivered a strong valuation gain (net of capex) of 14.9% in the period following our success in forward selling the majority of the residential units at the scheme.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 30 September 2014 was 3.7%, 20 basis points lower than at the start of the financial year.

Our City, Midtown and Southwark portfolio produced the strongest performance by geographic sector over the period, increasing in value by 11.9% on a like-for-like basis, in part driven by rental value growth of 5.3%. Our North of Oxford Street assets rose in value by 5.6% and the Rest of West End properties grew by 10.3%. Our joint venture properties rose in value by 8.0% over the period while the wholly-owned portfolio rose by 9.2% on a like-for-like basis.

The Group delivered a total property return (TPR) for the twelve months to 30 September 2014 of 25.0%, compared to the central London IPD benchmark of 25.1%, and a strong capital return outperformance of 1.2% (GPE at 21.9% versus 20.7% for IPD). Over the last five years, the Group has delivered a cumulative capital return of 109.3%, outperforming IPD Central London by 21.5%.

Our financial results

Our financial results are accompanied by graphics (see Appendix 3)

The Group's financial results reflect the successful execution of our strategic priorities and robust central London investment and occupational markets. Our profitable development activities, proactive asset management and disciplined capital recycling have boosted the key balance sheet values compared to six months earlier.

Net asset value
EPRA net assets per share (NAV) at 30 September 2014 was 636 pence per share, an increase of 11.8% over the last six months, largely due to the rise in value of the property portfolio. At 30 September 2014, the Group's net assets were £2,160.8 million, up from £1,931.9 million at 31 March 2014.

The main drivers of the 67 pence per share increase in NAV from 31 March 2014 were:

- the rise of 68 pence per share arising from the revaluation of the property portfolio. Of this amount, development and trading properties boosted NAV by around 17 pence;
- EPRA earnings for the period of 6 pence per share enhanced NAV;
- the final dividend of 5 pence per share reduced NAV; and
- other movements reduced NAV by 2 pence per share.

Triple net assets per share (NNNAV) was 614 pence at 30 September 2014 compared to 550 pence at 31 March 2014 (up 11.6%). At the period end, the difference between NAV and NNNAV was the negative mark to market of debt and derivatives of 22 pence, mainly arising from the Group's 2029 debenture, convertible bond and private placement notes. There was no net movement in deferred tax provisions during the period.

Income statement and earnings per share
EPRA profit before tax was £21.0 million, 16.0% higher than for the same period last year. While we have had another period of successful leasing, rental income from wholly-owned properties was £33.8 million, down £1.1 million or 3.2% on last year, principally as a result of our recycling activities including the sales of 90 Queen Street, EC4 and 20 St James's Street, SW1. Joint venture fees were £2.0 million, down £1.7 million on last year following completion of our development at 240 Blackfriars Road, SE1 in April 2014 and the sale of Park Crescent West, W1 in September 2013. Taken together, rental income from wholly-owned properties and joint venture fees totalled £35.8 million, down 7.3% on last year. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 2.9% on the prior period.

Property expenses reduced by £1.8 million to £3.0 million, principally due to lower void costs and lower third party costs associated with our management of joint ventures. Administration costs were £11.4 million, broadly in-line with last year (2013: £11.3 million).

EPRA profits from joint ventures (excluding fair value movements) were £2.2 million, down from £4.4 million last year, predominantly due to the cessation of the Great Capital Partnership and the creation of the GHS Partnership, which holds the currently low income yielding Hanover Square development site.

Underlying net finance costs were 70.5% lower at £2.6 million (2013: £8.8 million). Gross interest paid on our debt facilities was £1.3 million lower than the prior period and we capitalised £5.9 million (2013: £2.1 million) of interest during the period as we progressed our development schemes including Rathbone Square, W1 and 12/14 New Fetter Lane, EC4.

Revaluation gains and underlying profits enabled the Group to report an accounting profit after tax of £246.5 million (2013: £146.9 million). Basic EPS for the period was 71.8 pence, compared to 43.0 pence for 2013. Diluted EPS for the period was 71.5 pence compared to 42.8 pence for 2013.

Diluted EPRA earnings per share were 5.9 pence (2013: 5.3 pence), an increase of 11.3%.

Results of joint ventures

The Group's net investment in joint ventures was £599.3 million, an increase from £524.8 million at 31 March 2014, largely due to investment into GRP for the purchase of Elm House, WC1 and valuation surpluses. Our share of joint venture net rental income was £12.3 million, up £2.3 million on last year as a result of our letting successes at 240 Blackfriars Road, SE1, City Tower, EC2 and 95 Wigmore Street, W1.

The underlying joint venture profits are stated after charging £2.0 million of GPE management fees (2013: £3.7 million). Our share of non-recourse net debt in the joint ventures was broadly stable at £98.9 million at 30 September 2014 (31 March 2014: £101.0 million)

Financial resources and capital management

Group consolidated net debt was £648.0 million at 30 September 2014, up from £586.1 million at 31 March 2014 predominantly as a consequence of our development capital expenditure. Group gearing remained broadly stable at 30.0% at 30 September 2014 (31 March 2014: 30.3%) as the portfolio valuation growth offset the increase in net debt. Including the non-recourse debt in the joint ventures, total net debt was £746.9 million (31 March 2014: £687.1 million) equivalent to a loan to value of 25.0% (31 March 2014: 25.7%). Pro forma for the sale of 12/14 New Fetter Lane, EC4 and the sale of our remaining 12.5% interest in the 100 Bishopsgate Partnership, which both took place post the period end, loan to value was lower at 22.0% with Group gearing reducing to 24.9%. The proportion of the Group's total net debt represented by our share of joint venture net debt was 13.2% at 30 September 2014, compared to 14.7% at 31 March 2014.

We have continued to be successful in our financing activities, again focusing on our objectives of maximising operational flexibility, ensuring the cost of our debt remains one of the lowest in the sector and maintaining a good diversity of funding sources. In October, we replaced the Group's £350 million facility which was due to mature in November 2015 and a £150 million facility which was due to mature in February 2017 with a new £450 million revolving credit facility with a small group of relationship banks. The new facility has a margin grid related to gearing which varies from 105 to 165 basis points and has a maturity of five years which may be extended to a maximum of seven years on our request, and on each bank's approval for its participation. Unamortised arrangement costs of £1.4 million on the replaced facilities will be written off in the second half of the financial year.

At 30 September 2014, the Group, including our share of joint ventures, had cash and undrawn committed credit facilities of £450 million, rising to an estimated £508 million pro forma for the two post period end sales detailed above and the new revolving credit facility. The Group's weighted average cost of debt, including fees and joint venture debt, for the period was 4.1%, compared to 3.9% for the twelve months to 31 March 2014. The weighted average interest rate (excluding fees) at the period end was 3.6% (31 March 2014: 3.5%). At 30 September 2014, 66.1% of the Group's total drawn debt (including non-recourse joint venture debt) was provided on an unsecured basis (31 March 2014: 63.7%) and 82.3% was from non-bank sources (31 March 2014: 87.7%).

At 30 September 2014, 91.6% of the Group's total drawn debt (including non-recourse joint ventures) was at fixed or hedged rates (31 March 2014: 97.8%). However, a significant proportion of hedged debt is subject to capped arrangements and as a result, we are benefiting from low floating rates on around 31.9% of our total debt. Interest cover for the twelve months to 30 September 2014 was 7.1x (2013: 2.8x).

Our weighted average drawn debt maturity was 6.1 years at 30 September 2014 (31 March 2014: 6.9 years). The Group, including its joint ventures, is operating with substantial headroom over its debt covenants.

Cash collection and tenant delinquencies
The quarterly cash collection profile has continued to be strong throughout 2014. We secured 99% of rent within seven working days following the September quarter day, consistent with the March and June quarters earlier this year. Tenants on monthly payment terms represent around 4.2% of our rent roll (30 September 2013: 3.4%). We had one tenant delinquency around the September quarter day and only four in the six month period, accounting for 0.3% of total rent roll; however, we remain vigilant and continue to monitor the financial position of our tenants.

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

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

Dividend
The Board has declared an interim dividend of 3.5 pence per share (2013: 3.4 pence) which will be paid in January 2015. Of this dividend, 2.5 pence per share will be a REIT Property Income Distribution (PID) in respect of the Group's tax exempt property rental business.

Condensed group income statement

For the six months ended 30 September 2014

Year to 31 March 2014 Audited £m		Notes	**Six months to 30 September 2014 Unaudited £m**	Six months to 30 September 2013 Unaudited £m
85.2	Total revenue	2	**40.7**	42.8
69.7	Net rental income	3	**33.8**	34.9
6.9	Joint venture fee income	10	**2.0**	3.7
76.6	Rental and joint venture fee income		**35.8**	38.6
(7.7)	Property expenses	4	**(3.0)**	(4.8)
68.9	**Net rental and related income**		**32.8**	33.8
(24.6)	Administrative expenses		**(11.4)**	(11.3)
(1.6)	Trading property – cost of sales		**(1.9)**	–
42.7	**Operating profit before surplus on investment property and results of joint ventures**		**19.5**	22.5
325.6	Surplus from investment property	8	**168.6**	113.3
105.6	Share of results of joint ventures	10	**50.7**	40.4
473.9	**Operating profit before financing income/(expense)**		**238.8**	176.2
(51.7)	Net finance income/(expense)	5	**7.7**	(29.3)
422.2	**Profit before tax**		**246.5**	146.9
–	Tax	6	–	–
422.2	**Profit for the period**		**246.5**	146.9

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

123.4p	**Basic earnings per share**	7	**71.8p**	43.0p
122.5p	**Diluted earnings per share**	7	**71.5p**	42.8p
11.0p	**EPRA diluted earnings per share**	7	**5.9p**	5.3p

Condensed group statement of comprehensive income

For the six months ended 30 September 2014

Year ended 31 March 2014 Audited £m		**Six months to 30 September 2014 Unaudited £m**	Six months to 30 September 2013 Unaudited £m
422.2	Profit for the period	**246.5**	146.9
	Items that will not be reclassified subsequently to profit and loss:		
(0.7)	Actuarial deficit on defined benefit scheme	**(1.2)**	(1.1)
421.5	**Total comprehensive income for the period**	**245.3**	145.8

Condensed group balance sheet

At 30 September 2014

As at 31 March 2014 Audited £m		Notes	**As at 30 September 2014 Unaudited £m**	As at 30 September 2013 Unaudited £m
	Non-current assets			
1,972.7	Investment property	8	**2,181.7**	2,063.0
524.8	Investment in joint ventures	10	**599.3**	361.8
18.3	Other investment	11	**19.5**	17.6
0.3	Plant and equipment	12	**0.2**	0.4
2,516.1			**2,800.7**	2,442.8
	Current assets			
93.3	Trading property	9	**102.1**	–
26.7	Trade and other receivables	13	**12.5**	105.8
7.8	Cash and cash equivalents		**–**	4.9
127.8			**114.6**	110.7
2,643.9	**Total assets**		**2,915.3**	2,553.5
	Current liabilities			
(58.7)	Trade and other payables	14	**(36.1)**	(42.8)
(58.7)			**(36.1)**	(42.8)
	Non-current liabilities			
(623.5)	Interest-bearing loans and borrowings	15	**(666.7)**	(800.7)
–	Other non-current liabilities	16	**(20.7)**	–
(29.1)	Obligations under finance leases		**(29.1)**	(40.4)
(0.7)	Pension liability		**(1.9)**	(1.3)
(653.3)			**(718.4)**	(842.4)
(712.0)	**Total liabilities**		**(754.5)**	(885.2)
1,931.9	**Net assets**		**2,160.8**	1,668.3
	Equity			
43.0	Share capital	17	**43.0**	43.0
352.0	Share premium		**352.0**	352.0
16.4	Capital redemption reserve		**16.4**	16.4
1,519.5	Retained earnings		**1,743.4**	1,255.4
1.0	Investment in own shares	18	**6.0**	1.5
1,931.9	**Total equity**		**2,160.8**	1,668.3
564p	**Net assets per share**	7	**629p**	487p
569p	**EPRA net assets per share**	7	**636p**	487p

Condensed group statement of cash flows

For the six months ended 30 September 2014

Year to 31 March 2014 Audited £m		Notes	**Six months to 30 September 2014 Unaudited £m**	Six months to 30 September 2013 Unaudited £m
	Operating activities			
473.9	Operating profit before financing income/(expense)		**238.8**	176.2
(433.9)	Adjustments for non-cash items	19	**(221.9)**	(155.4)
–	Deposits received on forward sale of residential units		**20.7**	–
–	Development of trading property		**(15.2)**	–
2.2	Decrease in receivables		**15.8**	1.8
1.6	Decrease in payables		**(10.2)**	(0.7)
43.8	**Cash generated by operations**		**28.0**	21.9
(28.3)	Interest paid		**(13.2)**	(14.1)
1.5	Interest received		–	–
17.0	**Cash flows from operating activities**		**14.8**	7.8
	Investing activities			
153.3	Distributions from joint ventures		**3.5**	55.6
(170.7)	Purchase and development of property		**(44.4)**	(144.7)
312.8	Sale of properties		**8.3**	5.4
(61.9)	Investment in joint ventures		**(0.3)**	–
15.8	Sale of joint ventures		**–**	–
249.3	**Cash flows (utilised)/from investing activities**		**(32.9)**	(83.7)
	Financing activities			
146.7	Issue of convertible bond		**–**	146.7
(224.0)	Borrowings drawn/(repaid)		**52.4**	(29.0)
–	Purchase of derivatives		**(2.2)**	–
(153.8)	Funds to joint ventures		**(21.4)**	(25.2)
(4.1)	Purchase of own shares		**–**	–
(29.6)	Equity dividends paid		**(18.5)**	(18.0)
(264.8)	**Cash flows generated from financing activities**		**10.3**	74.5
1.5	Net (decrease)/increase in cash and cash equivalents		**(7.8)**	(1.4)
6.3	Cash and cash equivalents at 1 April		**7.8**	6.3
7.8	**Cash and cash equivalents at balance sheet date**		–	4.9

Condensed group statement of changes in equity

For the six months ended 30 September 2014 (unaudited)

	Share Capital £m	Share Premium £m	Capital redemption reserve £m	Retained Earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2014	**43.0**	**352.0**	**16.4**	**1,519.5**	**1.0**	**1,931.9**
Profit for the period	–	–	–	**246.5**	**–**	**246.5**
Actuarial deficit on defined benefit scheme	–	–	–	**(1.2)**	**–**	**(1.2)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	**2.1**	**2.1**
Transfer to retained earnings	–	–	–	**(2.9)**	**2.9**	**–**
Dividends	–	–	–	**(18.5)**	**–**	**(18.5)**
Total equity at 30 September 2014	**43.0**	**352.0**	**16.4**	**1,743.4**	**6.0**	**2,160.8**

Condensed group statement of changes in equity

For the six months ended 30 September 2013 (unaudited)

	Share Capital £m	Share Premium £m	Capital redemption reserve £m	Retained Earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2013	43.0	352.0	16.4	1,130.0	(3.7)	1,537.7
Profit for the period	–	–	–	146.9	–	146.9
Actuarial deficit on defined benefit scheme	–	–	–	(1.1)	–	(1.1)
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	2.9	2.9
Transfer to retained earnings	–	–	–	(2.3)	2.3	–
Dividends	–	–	–	(18.1)	–	(18.1)
Total equity at 30 September 2013	43.0	352.0	16.4	1,255.4	1.5	1,668.3

Condensed group statement of changes in equity

For the year ended 31 March 2014 (audited)

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

Condensed notes forming part of the half year results

1 Basis of preparation

The information for the year ended 31 March 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

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

Changes in accounting policy

In the current financial year the Group has applied for the first time IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IAS 28 (2011) "Investments in Associates and Joint Ventures", including the amendments to the transitional guidance. Otherwise the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest financial statements. There have been no changes to the basis of accounting on the adoption of the Standards.

Going concern

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

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

2 Total revenue

Year to 31 March 2014 £m		**Six months to 30 September 2014 £m**	Six months to 30 September 2013 £m
60.5	Gross rental income	**29.1**	30.2
9.2	Amortisation of capitalised lease incentives	**4.8**	4.7
8.6	Service charge income	**4.8**	4.2
6.9	Joint venture fee income	**2.0**	3.7
85.2		**40.7**	42.8

3 Net rental income

Year to 31 March 2014 £m		**Six months to 30 September 2014 £m**	Six months to 30 September 2013 £m
60.5	Gross rental income	**29.1**	30.2
9.2	Amortisation of capitalised lease incentives	**4.8**	4.7
–	Ground rents expense	**(0.1)**	–
69.7		**33.8**	34.9

4 Property expenses

Year to 31 March 2014 £m		**Six months to 30 September 2014 £m**	Six months to 30 September 2013 £m
(8.6)	Service charge income	**(4.8)**	(4.2)
10.6	Service charge expenses	**5.6**	5.5
5.7	Other property expenses	**2.2**	3.5
7.7		**3.0**	4.8

5 Net finance (income)/expense

Year to 31 March 2014 £m		**Six months to 30 September 2014 £m**	Six months to 30 September 2013 £m
7.4	Interest on bank loans	**2.6**	4.5
11.5	Interest on private placement notes	**6.0**	5.8
8.0	Interest on debenture stock	**4.0**	4.0
0.8	Interest on convertible bond	**0.8**	0.1
3.3	Issue costs of convertible bond	**–**	3.3
1.8	Interest on obligations under finance leases	**0.7**	1.0
0.1	Other interest	–	–
32.9	Gross finance costs	**14.1**	18.7
(6.4)	Less: capitalised interest at an average interest cost of 4.1% (2013: 3.7%)	**(5.9)**	(2.1)
26.5	Finance costs before finance income and fair value movements	**8.2**	16.6
(8.5)	Interest income on joint venture balances	**(5.6)**	(3.5)
(1.4)	Interest income from deferred receipts in respect of 100 Bishopsgate Partnership	**–**	(1.0)
16.6	Net finance costs before fair value movements	**2.6**	12.1
23.8	Fair value movement on derivatives	**(6.3)**	16.7
11.3	Fair value movement on convertible bond	**(4.0)**	0.5
51.7		**(7.7)**	29.3

6 Tax

Year to 31 March 2014 £m		**Six months to 30 September 2014 £m**	Six months to 30 September 2013 £m
	Current tax		
–	UK corporation tax	**–**	–
–	Total current tax	**–**	–
–	**Deferred tax**	**–**	–
–	Tax charge for the period	**–**	–

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

Year to 31 March 2014 £m		**Six months to 30 September 2014 £m**	Six months to 30 September 2013 £m
422.2	Profit before tax	**246.5**	146.9
97.1	Tax charge on profit at standard rate of 21% (2013: 23%)	**51.8**	33.8
(90.0)	Non-taxable revaluation surplus	**(45.6)**	(33.3)
(16.9)	REIT tax-exempt rental income and gains	**(5.3)**	(5.3)
9.8	Other	**(0.9)**	4.8
–	Tax charge for the period	**–**	–

During the period £nil (2013: £nil) of deferred tax was credited directly to equity. The Group's deferred tax at 30 September 2014 is £nil (2013: £nil). This consists of a deferred tax liability of £nil (2013: £nil) and a deferred tax asset of £nil (2013: £nil) in respect of sundry short-term timing differences.

A deferred tax asset of £11.9 million (based on a 20% tax rate), mainly relating to tax losses carried forward at 30 September 2014, contingent share awards and the convertible bond, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

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

7 Earnings and net assets per share

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

Weighted average number of ordinary shares

Year to 31 March 2014 No. of shares		**Six months to 30 September 2014 No. of shares**	Six months to 30 September 2013 No. of shares
343,926,149	Issued ordinary share capital at 1 April	**343,926,149**	343,926,149
(1,883,427)	Investment in own shares	**(830,946)**	(2,113,971)
342,042,722	Weighted average number of ordinary shares - basic	**343,095,203**	341,812,178

Basic and diluted earnings per share

Year to 31 March 2014 Earnings per share pence		**Six months to 30 September 2014 Profit after tax £m**	**Six months to 30 September 2014 No. of shares million**	**Six months to 30 September 2014 Earnings per share pence**	Six months to 30 September 2013 Profit after tax £m	Six months to 30 September 2013 No. of shares million	Six months to 30 September 2013 Earnings per share pence
123.4	Basic	**246.5**	**343.1**	**71.8**	146.9	341.8	43.0
(0.9)	Dilutive effect of LTIP shares	–	**1.7**	**(0.3)**	–	1.8	(0.2)
122.5	Diluted	**246.5**	**344.8**	**71.5**	146.9	343.6	42.8

EPRA Earnings per share

Year to 31 March 2014 Earnings per share pence		**Six months to 30 September 2014 Profit after tax £m**	**Six months to 30 September 2014 No. of shares million**	**Six months to 30 September 2014 Earnings per share pence**	Six months to 30 September 2013 Profit after tax £m	Six months to 30 September 2013 No. of shares million	Six months to 30 September 2013 Earnings per share pence
123.4	Basic	**246.5**	**343.1**	**71.8**	146.9	341.8	43.0
(95.2)	Surplus from investment property	**(168.6)**	–	**(49.1)**	(113.3)	–	(33.1)
(28.1)	Surplus from joint venture investment property	**(48.6)**	–	**(14.2)**	(34.4)	–	(10.1)
6.9	Movement in fair value of derivatives	**(6.3)**	–	**(1.8)**	16.7	–	4.9
3.3	Movement in fair value of convertible bond	**(4.0)**	–	**(1.2)**	0.5	–	0.1
1.0	Issue costs of convertible bond	**–**	–	–	3.3	–	1.0
(0.6)	Movement in fair value of derivatives in joint ventures	**0.1**	–	–	(1.6)	–	(0.5)
0.5	Trading property – costs of sale	**1.9**	–	**0.6**	–	–	–
11.2	Basic EPRA earnings	**21.0**	**343.1**	**6.1**	18.1	341.8	5.3
(0.1)	Dilutive effect of LTIP shares	–	**1.7**	**(0.1)**	–	1.8	–
(0.1)	Dilutive effect of convertible bond	**0.8**	**21.0**	**(0.1)**	–	–	–
11.0	Diluted EPRA earnings	**21.8**	**365.8**	**5.9**	18.1	343.6	5.3

7 Earnings and net assets per share (continued)

EPRA Net assets per share

31 March 2014 Net assets per share pence		**30 September 2014 Net assets £m**	**30 September 2014 No. of shares million**	**30 September 2014 Net assets per share pence**	30 September 2013 Net assets £m	30 September 2013 No. of shares million	30 September 2013 Net assets per share pence
564	Basic	**2,160.8**	**343.5**	**629**	1,668.3	342.9	487
(4)	Dilutive effect of LTIP shares	–	**1.7**	**(3)**	–	1.7	(3)
560	Diluted	**2,160.8**	**345.2**	**626**	1,668.3	344.6	484
(11)	Fair value of financial liabilities	**(42.9)**	–	**(12)**	(25.8)	–	(8)
1	Fair value of financial liabilities in joint ventures	**1.1**	–	–	–	–	–
550	EPRA triple net assets	**2,119.0**	**345.2**	**614**	1,642.5	344.6	476
11	Fair value of financial liabilities	**42.9**	–	**12**	25.8	–	8
(1)	Fair value of financial liabilities in joint ventures	**(1.1)**	–	–	–	–	–
4	Fair value of convertible bond	**7.3**	–	**2**	0.5	–	–
5	Fair value of derivatives	**9.0**	–	**3**	10.4	–	3
–	Fair value of derivatives in joint ventures	**0.6**	–	–	(1.0)	–	–
–	Revaluation of trading properties	**16.6**	–	**5**	–	–	–
569	EPRA net assets	**2,194.3**	**345.2**	**636**	1,678.2	344.6	487

8 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2014	**950.1**	**767.4**	**1,717.5**
Acquisitions	**–**	**7.9**	**7.9**
Transfer to investment property under development	**(71.4)**	**–**	**(71.4)**
Costs capitalised	**5.1**	**5.8**	**10.9**
Disposals	**(8.0)**	**–**	**(8.0)**
Net valuation surplus	**70.3**	**58.6**	**128.9**
Book value at 30 September 2014	**946.1**	**839.7**	**1,785.8**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2014	**114.2**	**141.0**	**255.2**
Transfer from investment property	**71.4**	–	**71.4**
Costs capitalised	**13.0**	**11.0**	**24.0**
Interest capitalised	**4.0**	**1.9**	**5.9**
Net valuation surplus	**26.3**	**13.1**	**39.4**
Book value at 30 September 2014	**228.9**	**167.0**	**395.9**
Book value of total investment property at 30 September 2014	**1,175.0**	**1,006.7**	**2,181.7**

	30 September 2014 £m	30 September 2013 £m
Net valuation surplus on investment property	**168.3**	112.9
Profit on sale of investment properties	**0.3**	0.4
Surplus from investment property	**168.6**	113.3

8 Investment property (continued)

The investment and properties under development were valued on the basis of Fair Value by CBRE, external valuers, as at 30 September 2014 in accordance with the RICS Valuation – Professional Standards (2012) ("the Red Book"). The valuation has been primarily derived using comparable recent market transactions on arm's length terms. CBRE have advised us that the total fees paid to CBRE by the Group represent less than five per cent of their total revenue in any year.

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

The book value of investment properties includes £29.1 million (2013: £40.4 million) in respect of the present value of future ground rents, net of these amounts the market value of the investment properties together with the market value of the trading properties was £2,271.3 million. During the period, the Group capitalised £1.1 million (2013: £1.1 million) of employee costs in respect of its development team into trading properties and investment properties under development. At 30 September 2014 the Group had capital commitments of £262.8 million (2013: £110.6 million).

In November 2014, the Group exchanged contracts to sell its leasehold interest in 12/14 New Fetter Lane, EC4, subject to the freeholder's consent, for £92.8 million (£4.9 million ahead of the 30 September 2014 book value adjusted for capital expenditure) assuming completion at 1 December 2014. The Group will complete the development of the property on behalf of the purchaser.

9 Trading property

31 March 2014 Total £m		**30 September 2014 Total £m**	30 September 2013 Total £m
–	At beginning of the period	**93.3**	–
93.3	Additions	**8.8**	–
93.3	At the end of the period	**102.1**	–

During the year ended 31 March 2014, the Group gained full planning consent for its development site at Rathbone Square, W1. Part of the approved scheme consists of residential units which the Group holds for sale. As a result, the residential element of the scheme is held as trading property. At 30 September 2014, the Group had exchanged to sell £207.4 million of the apartments and received initial cash deposits of £20.7 million from the purchasers (see note 16).

10 Investment in joint ventures

	Equity £m	Balances with partners £m	Total £m
At 1 April 2014	**350.8**	**174.0**	**524.8**
Movement on joint venture balances	**–**	**27.0**	**27.0**
Additions	**0.3**	**–**	**0.3**
Share of profit of joint ventures	**2.1**	**–**	**2.1**
Share of revaluation surplus of joint ventures	**48.6**	**–**	**48.6**
Share of results of joint ventures	**50.7**	**–**	**50.7**
Distributions	**(3.5)**	**–**	**(3.5)**
At 30 September 2014	**398.3**	**201.0**	**599.3**

10 Investment in joint ventures (continued)

The investments in joint ventures are all resident in the United Kingdom and comprise the following:

Ownership 31 March 2014		Country of Incorporation	**Ownership 30 September 2014**	Ownership 30 September 2013
50%	The GHS Limited Partnership	Jersey	50%	–
50%	The Great Capital Partnership	United Kingdom	50%	50%
50%	The Great Ropemaker Partnership	United Kingdom	50%	50%
50%	The Great Star Partnership	United Kingdom	50%	50%
50%	The Great Victoria Partnerships	United Kingdom	50%	50%
50%	The Great Wigmore Partnership	United Kingdom	50%	50%

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

31 March 2014 £m		**30 September 2014 £m**	30 September 2013 £m
(162.3)	Movement on joint venture balances during the period	**(27.0)**	(28.7)
174.0	Balances receivable at the period end from joint ventures	**201.0**	40.4
153.3	Distributions	**3.5**	55.6
6.9	Fee income	**2.0**	3.7
202.0	Property sales from the Group to joint ventures	**–**	–

The joint venture balances bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances, the Great Ropemaker Partnership at 6.0%, the Great Star Partnership at 7.0% and the Great Wigmore Partnership at 4.0%.

The 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.

The non-recourse loans of the joint ventures at 30 September 2014 are set out below:

Joint venture debt facilities:	**Nominal value £m**	**Maturity**	**Fixed/Floating**	**Interest rate**
The Great Ropemaker Partnership	**73.0**	November 2018	Floating	LIBOR +2.25-2.70%
The Great Star Partnership	**74.6**	July 2015	Floating	LIBOR +1.75%
The Great Victoria Partnership	**80.0**	July 2022	Fixed	3.74%
Total	**227.6**			

The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the bank loan in 2018. The Great Star Partnership has an interest rate swap with a fixed interest rate of 1.00% and a notional principal amount of £37.3 million and an interest rate cap at 4.00% with a notional principal amount of £37.3 million. The interest rate swap and cap expire coterminously with the bank loan in 2015. At 30 September 2014, the Great Victoria Partnership loan had a fair value of £77.9 million (2013: £75.3 million). All interest bearing loans are in sterling. At 30 September 2014, the joint ventures had £nil undrawn facilities (2013: £nil).

The investment properties include £16.2 million (2013: £16.2 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 £711.5 million. At 30 September 2014 the Group's share of joint venture capital commitments was £32.6 million (2013: £16.3 million).

10 Investment in joint ventures (continued)

Summarised balance sheets

31 March 2014 Total £m		**The GHS Limited Partnership £m**	**The Great Capital Partnership £m**	**The Great Ropemaker Partnership £m**	**The Great Star Partnership £m**	**The Great Victoria Partnerships £m**	**The Great Wigmore Partnership £m**	**30 September 2014 Total £m**	30 September 2013 Total £m
657.4	Investment property	**109.2**	**–**	**270.3**	**106.8**	**132.8**	**108.6**	**727.7**	493.1
1.0	Current assets	**0.1**	**–**	**0.1**	**0.4**	**0.3**	**–**	**0.9**	3.0
(174.0)	Balances to/(from) partners	**(32.2)**	**–**	**(131.6)**	**(27.8)**	**5.5**	**(14.9)**	**(201.0)**	(40.4)
12.4	Cash	**1.0**	**0.1**	**6.5**	**3.2**	**2.1**	**1.1**	**14.0**	11.9
(113.4)	Bank loans	**–**	**–**	**(36.1)**	**(37.1)**	**(39.7)**	**–**	**(112.9)**	(113.8)
(0.6)	Derivatives	**–**	**–**	**(0.6)**	**–**	**–**	**–**	**(0.6)**	(1.0)
(15.8)	Current liabilities	**(0.3)**	**–**	**(7.1)**	**(2.8)**	**(2.5)**	**(0.9)**	**(13.6)**	(15.2)
(16.2)	Finance leases	**–**	**–**	**(5.2)**	**(11.0)**	**–**	**–**	**(16.2)**	(16.2)
350.8	Net assets	**77.8**	**0.1**	**96.3**	**31.7**	**98.5**	**93.9**	**398.3**	321.4

Summarised income statements

31 March 2014 Total £m		**The GHS Limited Partnership £m**	**The Great Capital Partnership £m**	**The Great Ropemaker Partnership £m**	**The Great Star Partnership £m**	**The Great Victoria Partnerships £m**	**The Great Wigmore Partnership £m**	**30 September 2014 Total £m**	30 September 2013 Total £m
20.1	Net rental income	**0.4**	**–**	**4.8**	**2.6**	**2.7**	**1.8**	**12.3**	10.0
(2.6)	Property and administration costs	**(0.1)**	**–**	**(0.7)**	**(0.8)**	**(0.1)**	**(0.3)**	**(2.0)**	(1.3)
(10.1)	Net finance costs	**(0.8)**	**–**	**(4.5)**	**(1.7)**	**(0.8)**	**(0.3)**	**(8.1)**	(4.3)
2.0	Movement in fair value of derivatives	**–**	**–**	**(0.1)**	**–**	**–**	**–**	**(0.1)**	1.6
9.4	Share of profit/(loss) of joint ventures	**(0.5)**	**–**	**(0.5)**	**0.1**	**1.8**	**1.2**	**2.1**	6.0
93.5	Revaluation of investment property	**5.9**	**–**	**25.4**	**6.1**	**9.8**	**1.4**	**48.6**	31.7
2.7	Profit on sale of investment property	**–**	**–**	**–**	**–**	**–**	**–**	**–**	2.7
105.6	Share of results of joint ventures	**5.4**	**–**	**24.9**	**6.2**	**11.6**	**2.6**	**50.7**	40.4

11 Other investment

31 March 2014 Total £m		**30 September 2014 Equity £m**	**30 September 2014 Loans £m**	**30 September 2014 Total £m**	30 September 2013 Total £m
16.7	At beginning of the period	**6.1**	**12.2**	**18.3**	16.7
1.6	Additions	**–**	**1.2**	**1.2**	0.9
18.3	At the end of the period	**6.1**	**13.4**	**19.5**	17.6

At 30 September 2014, the Group had a 12.5% interest in The 100 Bishopsgate Partnership, a venture with Brookfield Properties Corporation (BPO), which is classified as an "other investment". The Group's holding is subject to 'put and call' options, with GPE able to 'put' its investment onto BPO in November 2014 for £15.8 million, and BPO able to 'call' for GPE to sell to a third party investor only in the event that BPO simultaneously sells a 37.5% holding. Under the call option, the transfer price is the higher of £15.8 million, the actual transfer price agreed between BPO and the third party or the market value of GPE's holding at the time of the transfer. BPO is providing 100% of the funding for the Partnership until October 2014, when the loan will be repaid.

In November 2014, the Group exercised the put option. Therefore, in December 2014 the Group will receive £15.8 million, comprising £19.5 million in respect of its 12.5% interest in the Partnership, net of £3.7 million required to repay the loan provided by BPO (see note 15).

The equity element of the investment is classified as level 3 fair value measurement in accordance with IFRS 13. There have been no transfers to or from level 3, nor any fair value movements in this category, during the period. Accordingly, no reconciliation between the opening and closing position has been presented. The fair value of the other investment is based on the underlying net asset value of the Group's interest in the 100 Bishopsgate Partnership.

12 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2014	**2.0**	**1.5**	**3.5**
Additions	–	–	–
At 30 September 2014	**2.0**	**1.5**	**3.5**
Depreciation			
At 1 April 2014	**1.7**	**1.5**	**3.2**
Charge for the period	**0.1**	–	**0.1**
At 30 September 2014	**1.8**	**1.5**	**3.3**
Carrying amount at 30 September 2014	**0.2**	–	**0.2**
Carrying amount at 31 March 2014	0.3	–	0.3

13 Trade and other receivables

31 March 2014 £m		**30 September 2014 £m**	30 September 2013 £m
3.6	Trade receivables	**4.7**	4.8
(0.3)	Allowance for doubtful debts	**(0.1)**	(0.3)
3.3		**4.6**	4.5
0.8	Prepayments and accrued income	**0.8**	1.0
–	Deferred proceeds on property disposals	–	92.6
21.8	Other trade receivables	**4.7**	5.4
0.8	Derivatives – interest rate floors	**2.4**	2.3
26.7		**12.5**	105.8

14 Trade and other payables

31 March 2014 £m		**30 September 2014 £m**	30 September 2013 £m
16.0	Rents received in advance	**16.8**	16.7
42.7	Non-trade payables and accrued expenses	**19.3**	26.1
58.7		**36.1**	42.8

15 Interest-bearing loans and borrowings

31 March 2014 £m		**30 September 2014 £m**	30 September 2013 £m
	Non-current liabilities at amortised cost		
	Secured		
144.1	£142.9 million 5.625% debenture stock 2029	**144.0**	144.1
2.6	Other loan	**3.7**	1.8
	Unsecured		
11.0	Bank loans and overdrafts	**63.9**	205.5
29.9	£30.0 million 5.09% private placement notes 2018	**29.9**	29.9
80.8	$130.0 million 4.81% private placement notes 2018	**80.8**	80.8
48.4	$78.0 million 5.37% private placement notes 2021	**48.5**	48.4
101.7	$160.0 million 4.20% private placement notes 2019	**101.8**	101.7
25.4	$40.0 million 4.82% private placement notes 2022	**25.4**	25.4
	Non-current liabilities at fair value		
	Unsecured		
161.3	£150.0 million 1.00% convertible bonds 2018	**157.3**	150.5
18.3	Derivatives – cross currency swaps	**11.4**	12.6
623.5		**666.7**	800.7

At 30 September 2014, the Group had two floating rate revolving credit facilities of £350.0 million and £150.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR, based on gearing, and expires in 2015. The £150.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 175–250 basis points above LIBOR, based on gearing, and expires in 2017. The Group had £441.0 million (2013: £293.0 million) of undrawn committed credit facilities. In October 2014, the Group replaced the £350.0 million and £150.0 million facilities with a new £450.0 million revolving credit facility. The new facility attracts a floating rate based on a ratchet of between 105–165 basis points above LIBOR, based on gearing, and has a maturity of five years which may be extended to a maximum of seven years on our request, and on each bank's approval for its participation.

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

At 30 September 2014, properties with a carrying value of £332.2 million (2013: £298.8 million) were secured under the Group's debenture stock. The following table details the notional principal amounts and remaining terms of interest rate derivatives outstanding at 30 September:

	Average contracted fixed interest rate		Notional principal amount		Fair value asset/(liability)	
Cash flow hedges	**30 September 2014 %**	30 September 2013 %	**30 September 2014 £m**	30 September 2013 £m	**30 September 2014 £m**	30 September 2013 £m
Interest rate swaps						
Less than one year	**–**	1.87%	**–**	11.0	–	–
Interest rate floors						
Less than one year	**–**	2.53%	**–**	159.7	**–**	**2.3**
Between two and three years	**1.80%**	–	159.7	–	**2.4**	**–**
	1.80%	2.49%	159.7	170.7	**2.4**	**2.3**

15 Interest-bearing loans and borrowings (continued)

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

	Average exchange rate		Foreign currency		Notional principal amount		Fair value asset/(liability)	
Cash flow hedge - cross currency swaps	**30 September 2014 rate**	30 September 2013 rate	**30 September 2014 US$m**	30 September 2013 US$m	**30 September 2014 £m**	30 September 2013 £m	**30 September 2014 £m**	30 September 2013 £m
In excess of five years	**1.585**	1.585	**408.0**	408.0	**257.4**	257.4	**(11.4)**	(12.6)

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

Fair value of financial liabilities

31 March 2014 Book value £m	31 March 2014 Fair value £m	Fair value hierarchy	30 September 2014 Book value £m	30 September 2014 Fair value £m	30 September 2013 Book value £m	30 September 2013 Fair value £m
		Level 1				
161.3	161.3	£150.0 million 1.00% convertible bond 2018	**157.3**	**157.3**	150.5	150.5
		Level 2				
18.3	18.3	Cross currency swaps	**11.4**	**11.4**	12.6	12.6
(0.8)	(0.8)	Interest rate floor	**(2.4)**	**(2.4)**	(2.3)	(2.3)
		Other items not carried at fair value				
144.1	158.0	£142.9 million 5.625% debenture stock 2029	**144.0**	**163.4**	144.1	148.4
286.2	308.3	Private placement notes	**286.4**	**309.9**	286.2	307.7
2.6	2.6	Other loan	**3.7**	**3.7**	1.8	1.8
11.0	11.0	Bank loans and overdrafts	**63.9**	**63.9**	205.5	205.5
622.7	658.7		**664.3**	**707.2**	798.4	824.2

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

16 Other non-current liabilities

31 March 2014 £m		30 September 2014 £m	30 September 2013 £m
–	Deposits received on forward sold residential units	**20.7**	–
–		**20.7**	–

17 Share capital

Year to 31 March 2014 Number	Year to 31 March 2014 £m		Six months to 30 September 2014 Number	Six months to 30 September 2014 £m	Six months to 30 September 2013 Number	Six months to 30 September 2013 £m
		Allotted, called up and fully paid				
343,926,149	43.0	At the beginning of the period	**343,926,149**	**43.0**	343,926,149	43.0
343,926,149	43.0	At the end of the period	**343,926,149**	**43.0**	343,926,149	43.0

18 Investment in own shares

Year to 31 March 2014 £m		Six months to 30 September 2014 £m	Six months to 30 September 2013 £m
3.7	At the beginning of the period	**(1.0)**	**3.7**
(6.5)	Employee Long-Term Incentive Plan and Share Matching Plan charge	**(2.1)**	**(2.9)**
4.1	Purchase of shares	–	–
(2.3)	Transfer to retained earnings	**(2.9)**	**(2.3)**
(1.0)	At the end of the period	**(6.0)**	**(1.5)**

The investment in the Company's own shares is held at cost and comprises 364,569 shares (31 March 2014: 1,663,230 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the period 1,298,661 shares (2013: 1,975,805 shares) were awarded to directors and senior employees in respect of the 2011 LTIP award. The fair value of shares awarded and outstanding at 30 September 2014 was £9.7 million (2013: £13.8 million).

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

Year to 31 March 2014 £m		Six months to 30 September 2014 £m	Six months to 30 September 2013 £m
(325.6)	Surplus from investment property	**(168.6)**	(113.3)
6.5	Employee Long-Term Incentive and Share Matching Plan charge	**2.1**	2.9
(9.2)	Amortisation of capitalised lease incentives	**(4.8)**	(4.7)
(105.6)	Share of results from joint ventures	**(50.7)**	(40.4)
–	Other items	**0.1**	0.1
(433.9)	Adjustments for non-cash items	**(221.9)**	(155.4)

20 Dividends

The declared interim dividend of 3.5 pence per share (2013: 3.4 pence per share) was approved by the Board on 13 November 2014 and is payable on 2 January 2015 to shareholders on the register on 21 November 2014. The dividend is not recognised as a liability in the half year report. The final dividend from the year ended 31 March 2014 of £18.5 million was paid on 8 July 2014 and is included within the Group Statement of Changes in Equity.

21 Operating leases

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

31 March 2014 £m		30 September 2014 £m	30 September 2013 £m
	The Group as a lessor		
52.9	Less than one year	**56.9**	54.7
174.7	Between one and five years	**178.5**	177.5
259.1	More than five years	**254.8**	273.2
486.7		**490.2**	505.4

The Group leases its investment properties under operating leases. The weighted average length of lease at 30 September 2014 was 6.9 years (2013: 7.1 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the period (2013: £nil)

Directors' responsibility statement

We confirm that to the best of our knowledge:

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

By the order of the Board

Toby Courtauld
Chief Executive
13 November 2014

Nick Sanderson
Finance Director
13 November 2014

Independent review report to Great Portland Estates plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 which comprises the condensed group income statement, the condensed group statement of comprehensive income, the condensed group balance sheet, the condensed group statement of cash flows, the group statement of changes in equity and related notes 1 to 21. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
13 November 2014

Directors and shareholders' information

Directors

Martin Scicluna
Chairman, Non-Executive

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Neil Thompson
Portfolio Director

Elizabeth Holden
Non-Executive Director

Jonathan Nicholls
Senior Independent Non-Executive Director

Charles Philipps
Non-Executive Director

Jonathan Short
Non-Executive Director

Shareholders' information

Financial calendar	**2014**
Ex-dividend date for interim dividend	20 November
Registration qualifying date for interim dividend	21 November
	2015
Interim dividend payable	2 January
Announcement of full year results	20 May*
Circulation of Annual Report and Accounts 2015	30 May*
Annual General Meeting	8 July*
Final dividend payable	14 July*

*Provisional.

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

Capita Registrars
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300

(from within the UK calls cost 10p per minute plus network extras, lines are open 8.30 am – 5.30 pm Monday to Friday). If you are calling from overseas please dial +44 208 639 3399.

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

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

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

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

Online dealing - www.capitadeal.com

Telephone dealing – 0871 664 0364

(Calls cost 10 pence per minute plus network extras; lines are open 8.00am – 4.30pm Monday to Friday).

Glossary

Core West End

Areas of London with W1 and SW1 postcodes.

Earnings Per Share (EPS)

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

EPRA adjustments

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

Estimated Rental Value (ERV)

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

Fair value

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

F&BS

Finance and Business Services sector.

IPD

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

IPD central London

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

Like-for-like portfolio

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

Loan To Value (LTV)

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

Net assets per share or Net Asset Value (NAV)

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

Net gearing

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

Net initial yield

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

Non-PIDs

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

Portfolio Internal Rate of Return (IRR)

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

Property Income Distributions (PIDs)

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

REIT

UK Real Estate Investment Trust.

Rent roll

The annual contracted rental income.

Return on shareholders' equity

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

Reversionary or under-rented

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

Glossary (continued)

Reversionary yield

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

Total Property Return (TPR)

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

TMT

Technology, Media and Telecoms sector

Total Shareholder Return (TSR)

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

Triple net asset value (NNNAV)

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

True equivalent yield

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

Vacancy rate

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

Weighted Average Unexpired Lease Term (WAULT)

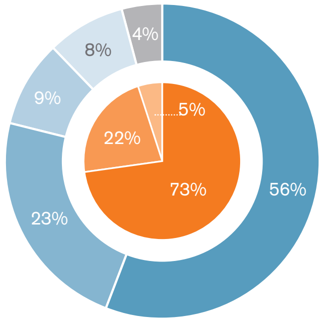
The Weighted Average Unexpired Lease Term expressed in years.

Appendix 1

Portfolio characteristics[1]

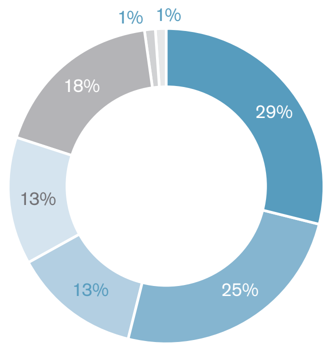
Our locations
- North of Oxford Street £1,663.8m
- Rest of West End £696.5m
- Southwark £277.3m
- Midtown £227.3m
- City £117.9m

Business mix
- Office £2,170.0m
- Retail £662.1m
- Residential £150.7m



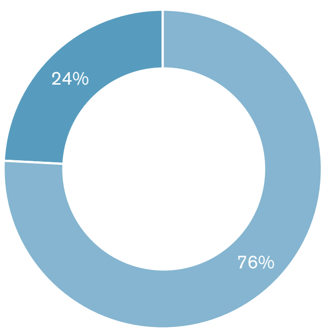
GPE tenant mix[1]

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



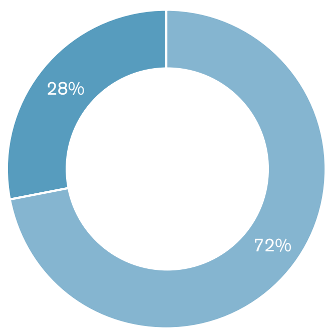
Joint venture business – contribution to the Group

Property assets[1]



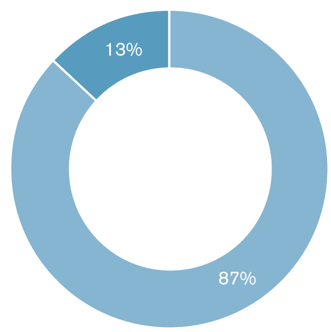
- Wholly-owned £2,271.3 million
- Joint ventures £711.5 million

Net assets[1]



- Wholly-owned £1,561.5 million
- Joint ventures £599.3 million

Net debt[1]



- Wholly-owned £648.0 million
- Joint ventures £98.9 million

1. GPE share at 30 September 2014.

Appendix 1

Rental income

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	36.7	6.1	42.8	3.4	0.2	3.6	46.4
		Retail	8.2	1.6	9.8	5.9	1.1	7.0	16.8
	Rest of West End	Office	10.1	3.0	13.1	1.0	0.6	1.6	14.7
		Retail	8.2	1.8	10.0	1.6	0.8	2.4	12.4
	Total West End		**63.2**	**12.5**	**75.7**	**11.9**	**2.7**	**14.6**	**90.3**
	City, Midtown and Southwark	Office	9.1	2.0	11.1	15.3	3.8	19.1	30.2
		Retail	0.3	–	0.3	0.1	–	0.1	0.4
	Total City, Midtown and Southwark		**9.4**	**2.0**	**11.4**	**15.4**	**3.8**	**19.2**	**30.6**
Total let portfolio			**72.6**	**14.5**	**87.1**	**27.3**	**6.5**	**33.8**	**120.9**
Voids					1.6			2.1	3.7
Premises under development/refurbishment					37.8			2.2	40.0
Total portfolio					**126.5**			**38.1**	**164.6**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Vacancy %	Rent roll secure for five years %	Weighted average lease length Years	Vacancy %
London	North of Oxford Street	Office	50.2	8.9	1.6	100.0	10.6	–
		Retail	32.7	4.6	–	87.7	7.7	0.5
	Rest of West End	Office	13.9	2.7	2.8	22.0	3.0	0.8
		Retail	46.4	5.0	–	78.4	10.0	–
	Total West End		**41.6**	**6.9**	**1.5**	**84.3**	**8.4**	**0.4**
	City, Midtown and Southwark	Office	61.4	6.6	–	48.2	5.5	8.6
		Retail	85.4	15.6	–	–	–	100.0
	Total City, Midtown and Southwark		**62.1**	**6.9**	**–**	**48.2**	**5.5**	**9.0**
Total let portfolio			**44.3**	**6.9**	**1.3**	**64.0**	**6.7**	**5.6**

Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	53	62	84	88	2.5	4.5	0.8	4.2
		Retail	44	55	101	118	3.3	4.3	4.0	4.2
	Rest of West End	Office	45	65	19	29	3.3	4.6	1.0	3.9
		Retail	70	85	44	66	3.5	4.2	1.7	4.1
	Total West End		**52**	**62**	**63**	**73**	**2.9**	**4.5**	**2.1**	**4.1**
	City, Midtown and Southwark	Office	33	47	36	47	4.2	5.0	2.5	5.2
		Retail	25	29	–	35	5.4	5.4	–	4.6
	Total City, Midtown and Southwark		**33**	**45**	**36**	**46**	**4.3**	**5.1**	**2.5**	**5.2**
Total portfolio			**48**	**59**	**44**	**54**	**3.0**	**4.5**	**2.3**	**4.6**

Appendix 1

Market risk

Risk	Impact	Mitigation
Central London real estate market underperforms other UK property sectors	Reduced margin of outperformance	The execution of the Group's strategy covering the key areas of investment, development and asset management is adjusted and updated throughout the year, informed by regular research into the economy, the investment and occupational markets. The Group's strategic priorities and transactions are considered in light of regular review of dashboard lead indicators and operational parameters. The Group aims to maintain low financial leverage throughout the property cycle.
Economic recovery falters	Worse than expected performance of the business	Regular economic updates are received and scenario planning is undertaken for different economic cycles. The Group aims to maintain low financial leverage throughout the property cycle.

Investment management

Risk	Impact	Mitigation
Poor investment decisions and mis-timed recycling of capital	Not sufficiently capitalising on market investment conditions	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Regular review of property cycle by reference to dashboard of lead indicators. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate rotation of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans with joint venture partners.
Inappropriate asset concentration, mix and lot size	Reduced liquidity and relative property performance	Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding.

Asset management

Risk	Impact	Mitigation
Poor management of voids, rental mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	Failure to maximise income from investment properties	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments and liaise regularly with external advisers to ensure correct pricing of lease transactions. The Group has a diverse tenant base with its ten largest tenants representing only 30.7% of rent roll. Tenants' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions.

Appendix 1

Development management

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

Financial risks

Risk	Impact	Mitigation
Limited availability of further capital	Growth of business is constrained or unable to execute business plans	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.
Increased interest rates or a fall in capital values	Adverse market movements negatively impact on debt covenants	Regular review of current and forecast debt levels and financing ratios. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 30 September 2014. We estimate that values could fall by 51% from their 30 September 2014 levels before Group debt covenants could be endangered.
Inappropriate capital structure	Sub-optimal NAV per share growth	Regular review of current and forecast capital requirements and gearing levels and financing ratios.

Appendix 1

People

Risk	Impact	Mitigation
Incorrect level and mix retention of people to execute our business plan. Strategic priorities not achieved	Inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements and succession planning. The Company has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance and identification of training needs. Benchmarking of remuneration packages of all employees is undertaken annually.

Regulatory

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

Business interruption risk

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

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	898.6	80.9	979.5	32.8	4.4
	Retail	179.7	130.3	310.0	10.4	10.2
	Residential	8.2	10.2	18.4	0.6	(4.2)
Rest of West End	Office	248.0	97.2	345.2	11.6	9.0
	Retail	202.4	60.9	263.3	8.8	12.0
	Residential	4.1	–	4.1	0.2	15.4
Total West End		1,541.0	379.5	1,920.5	64.4	7.1
City, Midtown and Southwark	Office	204.1	314.2	518.3	17.4	12.0
	Retail	5.0	1.9	6.9	0.2	13.5
	Residential	0.1	1.9	2.0	0.1	(0.7)
Total City, Midtown and Southwark		209.2	318.0	527.2	17.7	11.9
Investment property portfolio		1,750.2	697.5	2,447.7	82.1	8.1
Development property[1]		513.5	–	513.5	17.2	13.0
Total properties held throughout the period		**2,263.7**	**697.5**	**2,961.2**	**99.3**	**8.9**
Acquisitions		7.6	14.0	21.6	0.7	0.6
Total property portfolio		**2,271.3**	**711.5**	**2,982.8**	**100.0**	**8.8**

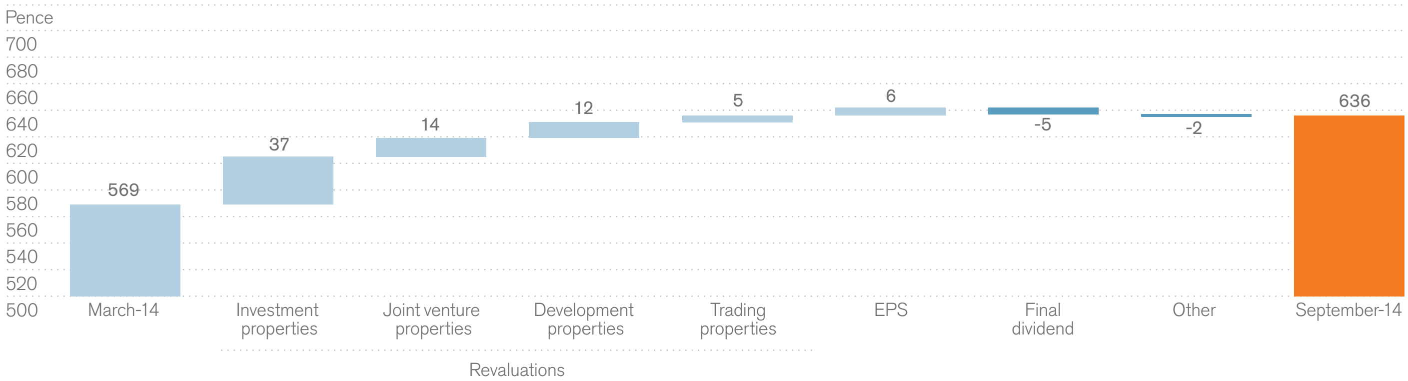
Portfolio characteristics

		Investment properties £m	Development properties[1] £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		1,307.9	355.9	1,663.8	1,146.8	372.4	144.6	1,663.8	1,508
Rest of West End		620.2	76.3	696.5	409.7	282.8	4.0	696.5	638
Total West End		**1,928.1**	**432.2**	**2,360.3**	**1,556.5**	**655.2**	**148.6**	**2,360.3**	**2,146**
City, Midtown and Southwark		541.2	81.3	622.5	613.5	6.9	2.1	622.5	1,433
Total		**2,469.3**	**513.5**	**2,982.8**	**2,170.0**	**662.1**	**150.7**	**2,982.8**	**3,579**
By use:	Office	1,863.3	306.7	2,170.0					
	Retail	581.5	80.6	662.1					
	Residential	24.5	126.2	150.7					
Total		**2,469.3**	**513.5**	**2,982.8**					
Net internal area sq ft 000's		3,162	417	3,579					

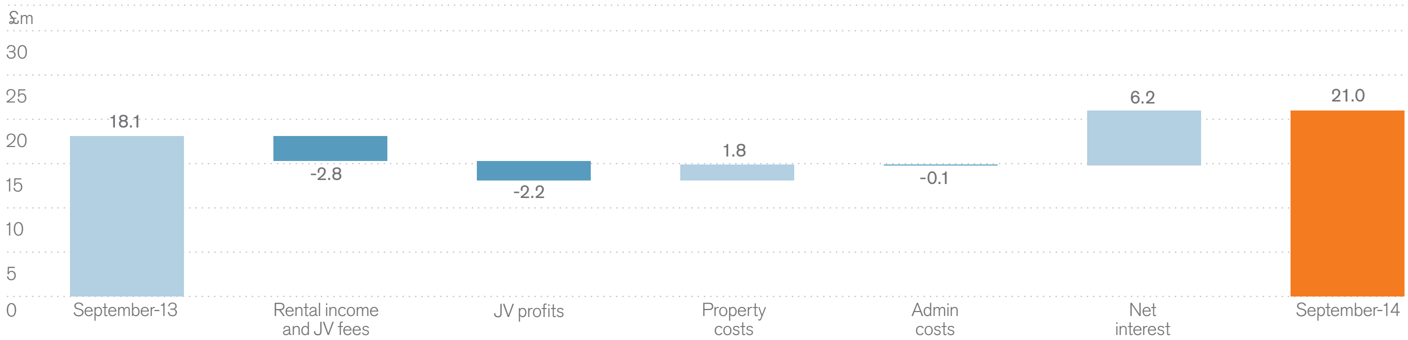
Note 1: Including trading properties.

Appendix 3

EPRA net assets per share



EPRA profit before tax



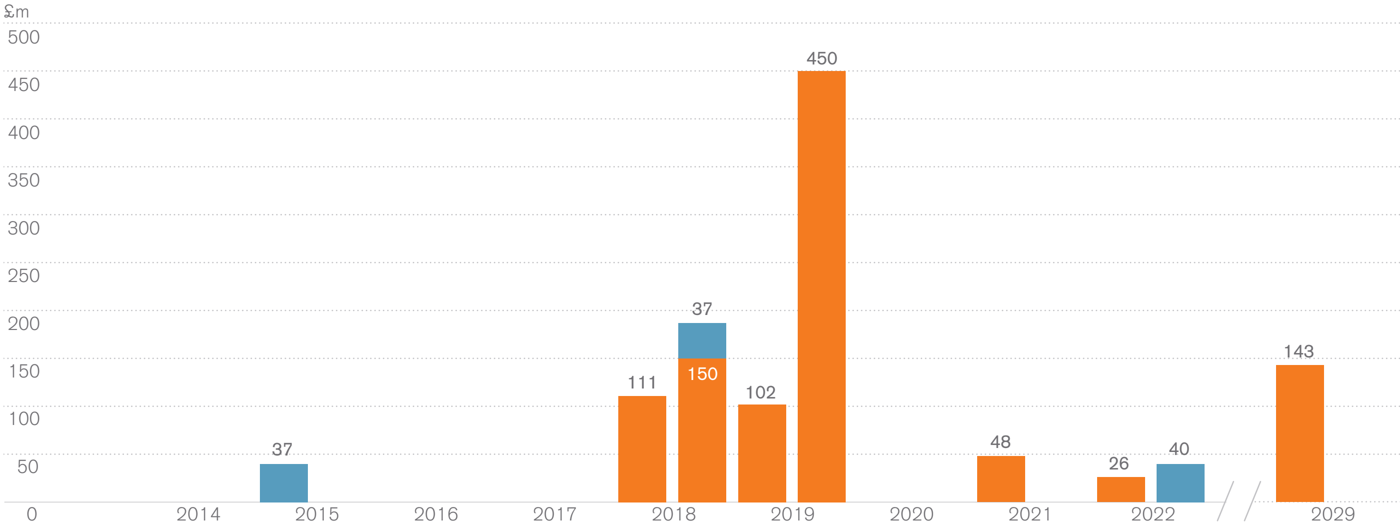
Debt analysis*

	Pro forma* £m	**Sept 2014 £m**	March 2014 £m
Net debt excluding JVs (£m)	538.6	**648.0**	586.1
Net gearing	24.9%	**30.0%**	30.3%
Total net debt including 50% JV non-recourse debt (£m)	637.5	**746.9**	687.1
Loan-to-property value	22.0%	**25.1%**	25.7%
Total net gearing	29.4%	**34.6%**	35.6%
Interest cover		**7.1x**	4.3x
Weighted average interest rate		**3.6%**	3.5%
Weighted average cost of debt		**4.1%**	3.9%
% of debt fixed/hedged		**92%**	98%
Cash and undrawn facilities (£m)	508	**450**	508

* Pro forma for sale of 12/14 New Fetter Lane, EC4, sale of remaining 12.5% interest in 100 Bishopsgate, EC2 and the new £450m RCF.

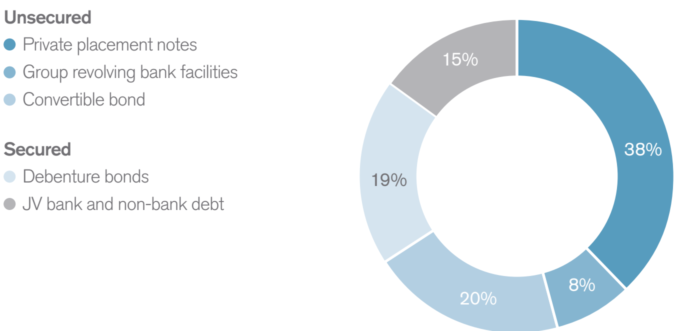
Appendix 3

Debt maturity profile[1]



1. Based on committed facilities at 13 November 2014.

Diversified sources of debt funding[1]



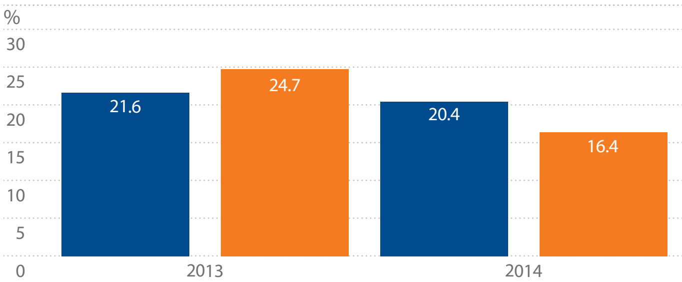
1. Based on drawn position at 30 September 2014.

EPRA performance measures

Measure	Definition of Measure	Sept 2014	Sept 2013
EPRA earnings	Recurring earnings from core operational activities	**£21.0m**	£18.1m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**6.1p**	5.3p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**5.9p**	5.3p
		Sept 2014	March 2014
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£2,194.3m**	£1,961.3m
EPRA net assets per share	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**636p**	569p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£2,119.0m**	£1,898.3m
EPRA triple net assets per share	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**614p**	550p
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**3.7%**	5.0%

Appendix 3

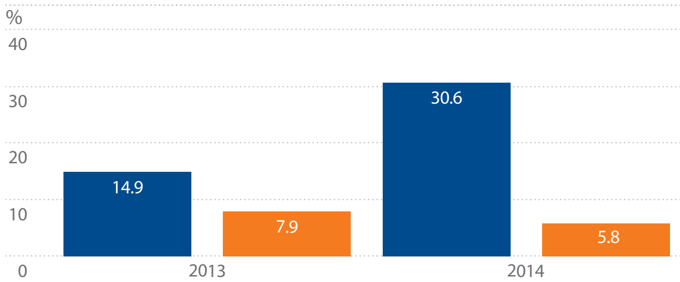
Total Shareholder Return (TSR)*



Commentary

The TSR of the Group was 20.4% for the year compared to 16.4% for the FTSE 350 Real Estate (excluding agencies).

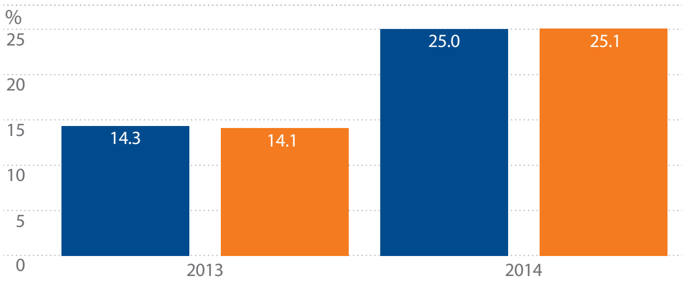
EPRA net assets per share growth*



Commentary

EPRA net assets per share increased by 30.6% over the year as property values grew and the Group benefited from the impact of its successful asset management activity, valuation growth and returns from its near-term development programme.

Total Property Return (TPR)*



Commentary

The Group generated a portfolio TPR of 25.0% in the year whereas the benchmark produced a total return of 25.1% resulting in an absolute and relative underperformance of 0.1 percentage points.

GPE Benchmark

*Year to September