Press Release

21 May 2008

Preliminary Announcement of Results

The Directors of Great Portland Estates plc, announce the results for the Group for the year ended 31 March 2008.

Highlights:

- Adjusted net assets per share[2] down 2.0% to 582p
- Total property return of 2.6%, significantly outperforming the IPD central London benchmark by 7.4%
- Portfolio value[1] of £1,635.9 million, down 0.2% or £2.7 million on a like-for-like basis

- Total rental[1] and joint venture fee income up 33.1% to £72.0 million
- Adjusted profit before tax[2] up 36.8% to £23.8 million
- After revaluation deficit, reported loss before tax of £3.0 million (2007: £326.0 million profit)
- Adjusted earnings per share[2] up 23.5% to 12.6p
- Total dividend per share up 5.3% to 11.9p

- Continued capital recycling with £354.6 million of acquisitions and £336.0 million of sales
- Two new joint ventures established with £675 million of assets providing a pipeline of opportunity and derisking the development portfolio
- £350 million property swap with The Crown Estate unlocking both immediate value and future repositioning potential
- £25 million of new leases signed (Group share £19.8 million) including the pre-letting of the office space at the Group's 90,000 sq.ft. development at 60 Great Portland Street, W1
- Significant liquidity with over £280 million of cash and committed undrawn facilities

[1] Includes share of joint ventures
[2] EPRA adjustments – see note 7

Toby Courtauld, Chief Executive, said:

"With capital market turbulence continuing, property valuations are expected to come under continued pressure during 2008. Although there exists a considerable quantity of equity available to acquire real estate, limited debt capital and a lack of confidence may restrict its deployment.

Against this backdrop of investment market uncertainty, the dynamics of our principal occupational market, the West End, present a more favourably balanced picture with the supply of new office stock remaining restricted. So long as the UK economy avoids a significant contraction, the key variable, the demand for space, although expected to slow from its recent high levels, should remain around the long-term average.

We are in an enviably strong position to withstand short-term market challenges:

- more than 80% of our properties are in the undersupplied core of the West End;

- our current rents are substantially lower than market levels providing opportunities for growth;

- the current development programme has been derisked whilst the pipeline of opportunities is both long and strong. The next phase has flexible start dates and an income return in the interim; and

- Group financial leverage is low and liquidity high allowing us to respond quickly to emerging investment opportunities.

We remain confident, therefore, that our focused operating approach and sector specialism will underpin the long-term prospects of the Group."

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The results presentation will be broadcast live at 9.30am today on http://www.gpe.co.uk/investors/presentations.

Also an interview with Toby Courtauld, Chief Executive and Timon Drakesmith, Finance Director, is available in video, audio and text on http://www.gpe.co.uk/investors/presentations and http://www.cantos.com.

Chairman's statement

The year under review has proved to be a particularly testing one, with most property companies and funds experiencing a sharp fall in capital values. Whilst we could not expect to be immune from the impact of rising interest rates and the credit crunch, it is with a degree of satisfaction that I report briefly on our own figures. Both adjusted earnings per share at 12.6 pence and the proposed final dividend of 8.0 pence show healthy advances, whilst the triple net asset value per share of 590 pence is only fractionally down, bearing testimony to the success of our strategy (implemented at, and honed since, the beginning of the decade) of concentrating on central London; we have now outperformed our peer group and the relevant indices for five consecutive years.

Activity has remained at a high level – opportune sales and important lettings have been effected, several subtle transactions have been completed, particularly in respect of our growing joint ventures, whereby our West End holdings have been cemented and enhanced with a simultaneous reduction in the exposure to our major Southwark development. In addition, notwithstanding the current difficulties, new credit facilities have been put in place, providing further firepower for the future.

Looking ahead, I cannot get away from the conclusion that it has rarely been more difficult to read the runes. On the one hand, for the time being our core West End market appears to be holding up, on the other there is no question that a deep seated sense of fragility and uncertainty pervades and this is not going to disappear overnight. Some seasoned operators suspect that the current malaise is partly due to an all or nothing, almost a lemming-like it's now or never, attitude which has been taken for a couple of years by a few highly leveraged, possibly less experienced, investors. Not unnaturally, each generation believes that the previous one is out of time and that it has discovered the new paradigm. How often have we heard the cyclical comment – "it really is different this time"? It may be true once in a blue moon, but it is always vital to get back to fundamental principles and one can never overstress the importance of taking a long-term view of commercial property. Equally, from our own focused portfolio stance, I firmly believe that the Capital, a real tower of strength for the British economy, will not surrender its pre-eminent status as the European financial centre.

On 16 March 2009 Great Portland Estates, all being well, will have been listed on the London Stock Exchange for 50 years. By then I will have been a director of your Company for 40 of them and your Chairman for nearly a quarter of a century; that is why, not wishing to outstay my welcome, a while ago now I made up my mind that this golden anniversary represents the perfect date for me to retire. This is the last time, therefore, that I shall be penning my annual statement to shareholders and, by a happy coincidence and with quite extraordinarily good timing, in the past few months Great Portland has won three prestigious awards in the form of overall winner of The Property Accounts Awards, The Best Accounts in the FTSE 250 and Property Company of the Year. These are tremendous achievements and congratulations are due to all of our talented people.

The one thing I can say with confidence about the future is that my successor, about whom we anticipate making an announcement later this year, will find Great Portland in excellent shape for whatever conditions emerge, and she or he will inherit a skilled and talented Board, with the young ones in the management team complemented by the greyer hairs of the non-executives.

After such a lengthy career with one Company, I suppose that it's not unusual for me to be feeling somewhat emotional as I approach the moment when, in the words of the title of a 1960's Number One, it's all over now, so to speak, for me personally. Nevertheless, I shall resist the temptation to wallow in nostalgia and simply confine myself to taking this opportunity of expressing – and I'm sorry if, in the circumstances, it is impossible to name particular individuals – my enormous appreciation of the help, advice, support and fun so many colleagues and advisers have given me over such a long period. I am lucky that my time at Great Portland has produced more highs than lows, more laughter than tears, and it has been a rare and real privilege to have been involved with a great industry and a host of fascinating personalities. Above all, I am proud and honoured to have served you, the shareholders, and retained your trust, for 40 years.

Our market

Our market is accompanied by graphics (see Appendix 1)

London
London is our market. Throughout 2007, the Capital continued to consolidate its position as a global city, dominating the European finance and business services (F&BS) sector. For the eighteenth year in succession, it was voted Europe's number one city for business; it attracted more foreign direct investment than any other European country, providing the headquarters for one-third of the world's largest corporations, and generating around 20% of the UK's economic activity.

In part because of its world financial status, London has not been immune to the dramatic events in global capital markets, particularly since last summer. In the short term, although the extent of the impact on London's economy is difficult to gauge and will be influenced by the duration of the credit crunch and the policy response, we expect the demand for office space, particularly from the F&BS sector to moderate from last year's high levels. Longer term, we remain firm believers in the prospects for London's economy and its real estate markets.

Occupational markets

West End
For much of 2007, strong demand from a broad range of tenants across the West End sub-markets combined with constrained supply of new office space to keep the market balance favouring the landlord at only seven months supply at December (see chart 1, Appendix 1). Since then, take-up has slowed and availability has increased marginally to leave the year end balance slightly higher at nine months.

Tenant take up in the West End for the year to March 2008 was 5.4 million sq ft (2007: 5.8 million sq ft) whilst vacancy rates have risen marginally to 4.5% (2007: 4.3%). Prime rental values rose around 12.8% in the year to March 2008 (2007: 15%) with the rental range between "superprime" small suites in Mayfair and mid-market properties widening dramatically.

Looking forward, with limited new supply of offices coming on stream in the West End (see chart 2, Appendix 1) and the challenging planning environment acting as a drag on future supply, the direction of rents will be principally determined by the level of demand for space. We monitor closely the level of requirements from occupiers and the latest data suggests a reduction in demand from companies actively seeking office space of around 15% since last December's high point. We expect rental values for "superprime" units to be impacted by this slowdown more than the mid-market, where rents remain at more affordable levels.

The Group's valuers estimate the rental value of our West End office portfolio to be an average of £54 per sq ft in its current state, compared to its average passing rent of £38 per sq ft, providing reversionary potential of 42%. The significant discount this rent passing represents to prime West End rental values provides the Group with the opportunity to generate significant increases over time as we invest in our portfolio, repositioning properties from the IPD average rent line up towards the PMA prime rent line (see chart 3, Appendix 1). Interestingly, not only do average rents in the West End remain significantly lower than the small number of top rents paid (see Rental village map in Appendix 2), but they have continuously taken a smaller share of London businesses cost base (see chart 4, Appendix 1) implying a steady improvement in affordability over the past 35 years.

The West End retail market (comprising 24.8% of our West End portfolio by rent roll) has also performed solidly in the year with retail sales in central London up 7.2% in the year to March 2008 (2007: 11.8%). Footfall in the three main retail thoroughfares of Oxford Street, Regent Street and Bond Street, where over 65% of our retail portfolio is located, was up during the year. Demand from international retailers for these key shopping streets remains strong.

City and Southwark
The first quarter of the financial year saw continued growth of the financial services sector with significant tenant requirements for new offices in the City and its neighbouring markets. Major dislocations in the world's capital markets since July 2007 have affected employment and expansion plans of many businesses throughout

the City. This dampening effect, combined with new potential supply from speculative development schemes, has started to shift market balance away from the landlord.

Take up in the City market for the year to March 2008 was 8.3 million sq ft (2007: 8.8 million sq ft) and vacancy rates have risen to 7.9% (2007: 7.5%). Prime office rental values increased by 4.4% over the same period although they reduced by 5.5% in the three months to March and are forecast to soften further this year. We remain concerned about the effects of reduced tenant requirements and new development supply on rental levels in the City market.

Investment markets in central London
Central London real estate transaction volumes declined in the second half of the year due to the lower availability of debt capital and uncertainty over rental growth prospects leading to a lack of confidence by many market participants.

During the course of the year we predicted that rising yields in the wider global investment markets would have a negative impact on property valuations. This has proved to be the case as investors reappraised risk and sentiment deteriorated, particularly in the last six months of the financial year, putting upward pressure on investment yields.

Looking forward, investment market turbulence is forecast to continue, particularly for poorly located, secondary properties and where rental growth opportunities are limited.

In this environment the Group's portfolio of well located assets with low rents is well positioned.

Our business

Our business is accompanied by graphics (see Appendix 2)

Valuation

The valuation of the Group's properties as at 31 March 2008, including both acquisitions made during the year and our share of gross assets in joint ventures, was £1,635.9 million. The valuation of the portfolio held throughout the year was £1,276.3 million, a decrease of £2.7 million or 0.2% on a like-for-like basis, net of capital expenditure. Positive valuation trends in the first half of the year reversed sharply in the third quarter as turmoil in the credit markets affected the real estate industry. The portfolio's first half growth of 8.0% contrasts with a second half decline of 7.5%. Acquisitions made during the year were valued at March 2008 at £359.6 million and fell in value by 1.7% net of capital expenditure and acquisition costs.

There were three main influences on the Group's valuation movement for the year:

- **Growth in rental values** – Positive growth in each quarter delivered a total uplift for the year of 12.4%, although the rate slowed in the fourth quarter as tenant demand moderated. Properties being developed or refurbished generated the strongest growth with rental values up by 19.3%.

- **Development gains** – Like last year, the strongest performance came from our development properties which increased in value by 5.6% over the year. The Group's successful project at 60 Great Portland Street, W1 was transferred to the investment portfolio during the year following its pre-letting and completion of the works. Net of capital expenditure it increased in value by 22% during the year.

- **Adverse yield shift** – Equivalent yields widened by 68 basis points over the 12 month period (2007: 55 basis points contraction) from 4.88% to 5.56% on a like-for-like basis. In the first half yields were broadly static but following the difficulties in the capital markets during the summer, they moved steadily higher. The IPD central London equivalent yield increased by more than our portfolio (80 basis points to 6.1%) during the year illustrating the positive impact from our portfolio management activities and the defensive nature of the Group's properties.

The initial yield of the investment portfolio was 3.5% at March 2008 (2007: 3.4%) which rises to 4.4% when contracted pre-lets and leases currently in rent free arrangements are added back. The near-term reversionary yield of the portfolio including committed developments at March 2008 was 6.1% (2007: 5.2%). See chart in Appendix 2.

The North of Oxford Street portfolio was the best performing investment segment over the year increasing by 2.3% on a like-for-like basis. City and Southwark was the worst performer as the valuers expressed concerns over the prospects for rental growth in the City. The joint venture properties fell in value by 2.0% compared to a 0.2% rise for the wholly owned portfolio over the year but outperformed the wholly owned portfolio during the second half partly due to the value created by The Crown Estate transaction in the Great Capital Partnership.

The Group delivered a total property return for the year of 2.6%, significantly outperforming the IPD central London benchmark of minus 4.5% for the fifth year running. Measured over a one, three and five year period, a key driver of our outperformance has been the active management of the "held" portfolio, where our repositioning in driving rental value improvements has helped unlock value and driven healthy rental growth.

Development

The improvements we bring to our assets through innovative development and refurbishment is one of our core skills and has again helped generate higher levels of rental growth than the market. Throughout the period, our development business made good progress across all of its main activities:

- leasing and pre-letting of schemes;
- construction and completion of projects according to plan;
- securing planning consents;
- design and feasibility studies for future projects; and
- site acquisition and assembly.

Some examples of our achievements in these categories are set out below.

Today, the development pipeline encompasses 23 projects with a potential total area of 2.79 million sq ft representing a 79% increase over the current area and includes projects currently on site to prospects with possible start dates after 2015. The near-term programme alone has an estimated completed value of £604.9 million, equivalent to 56% of the existing portfolio. This value is lower than the March 2007 equivalent due to the transfer of a number of successfully completed and let projects to the investment portfolio.

The Group currently has minimal exposure to speculative development – with only three schemes on site costing an estimated £25.9 million to complete, or less than 2% of our existing portfolio. The remaining schemes within the near-term programme will be analysed carefully in the context of current market conditions before commencement to ensure that appropriate, risk weighted returns are available. Further details are set out in the table in Appendix 2.

Leasing

The successful leasing of space has been one of the highlights of the year, with new tenants being secured for all the office space of over 340,000 sq ft of space at 180 Great Portland Street, 60 Great Portland Street, both W1 and 160 Tooley Street, SE1.

The two Great Portland Street developments delivered an exceptional combined surplus of £67.1 million, or 80.2% on their total cost, partly because the lettings were at levels significantly higher than that expected by the Group's valuers. In September, we announced the pre-let of the entire office element at 60 Great Portland Street, W1 totalling 60,000 sq ft over the basement, ground and fifth floors on a 20 year lease, generating an initial rent of £3.5 million per annum after a 17 month rent free period. We are in discussions with potential retail tenants about the remaining showroom unit. The Tooley Street scheme, pre-sold last year, was entirely pre-let to London Borough of Southwark at an average rent of £38.50 per sq ft, crystallising an additional payment due to the Group on practical completion.

Construction

The construction programmes at schemes on Mortimer Street, W1 (125,000 sq ft), Foley Street, W1 (20,000 sq ft) and at Bermondsey Street, SE1 (47,000 sq ft) are proceeding according to plan. We achieved practical

completion at 60 and 79/83 Great Portland Street, W1 in January, Met Wharf, E1 in April 2008 and we expect the Tooley Street site to complete by June 2008. Demolition is also complete at Blackfriars Road, SE1.

We have continued to employ procurement and project management techniques to control construction cost inflation and ensure project milestones are achieved.

Planning consents
We gained planning permission for the 136,000 sq ft redevelopment of our Wigmore Street, W1 holdings in February 2008. The City of London is currently reviewing our refurbishment proposals for Buchanan House, Holborn, EC1 which were submitted in March 2008. We anticipate submitting a planning application for the Fetter Lane, EC4 (140,000 sq ft) and Broadway, SW1 (85,000 sq ft) projects before the end of 2008.

Design and feasibility studies
At the Hanover Square Estate, W1, we are working on a major mixed use scheme with Westminster City Council and Crossrail to facilitate a potential redevelopment which would lead to the creation of enhanced public amenities in the heart of the West End. The proposed Crossrail transport initiative gained Government support in the autumn and is moving through its legislative and funding phases. We are also advancing feasibility studies for possible schemes at various prime locations including Jermyn Street, SW1, Oxford Street, W1, Regent Street, W1, Portland Place, W1 and Great Portland Street, W1.

In designing and procuring our developments we aim to deliver buildings which will meet rapidly changing environmental legislation and resulting occupational market requirements.

Site acquisition and assembly
The year under review has seen numerous examples of acquisitions to augment existing holdings, enhancing our development prospects. These acquisitions will enhance our medium-term programme, providing first class growth opportunities from 2009 onwards. In addition, a recent swap transaction with The Crown Estate has improved the likelihood of several major refurbishment schemes coming forward by improving the flexibility of these buildings' headleases.

Joint ventures

Joint ventures in the context of the Group

It has been a year of significant expansion and major transactions for the JV business.

The JVs have facilitated good relative portfolio performance at Group level for the second half and brought in assets with repositioning, refurbishment and redevelopment potential. All the JVs are structured as 50:50 partnerships with the Group managing the property for an appropriate fee. Our JV partners are well regarded, long term, major owners of UK real estate who rely on our specialism in the central London markets.

Our JVs are increasingly material to the Group, making up 50% of property assets, 37% of net assets and 36% of rent roll at March 2008 (at March 2007: 24%, 16% and 13% respectively).

We believe that the JVs will continue to provide a competitive advantage to the Group as their portfolios are rich with rental growth opportunity and our partners are supportive in terms of capital, reputation and relationships.

Good performance
On an overall basis, the JVs combined rental income grew by 289% to £21.8 million and adjusted profit before tax increased by 419% to £16.1 million due mainly to the investment in the Great Capital Partnership ("GCP"). On an underlying, like-for-like basis, rental income grew by 36% primarily due to leasing at 180 Great Portland Street, W1.

Management fees payable to the Group by the joint ventures were up substantially to £5.8 million (2007: £1.6 million).

The portfolio movement for the joint ventures produced a reduction of 2.0%, as rental value growth and lease restructuring gains were outweighed by rising investment yields and up front acquisition costs.

Further information on JV financing and commitments are set out in “Our financial position”.

Composition and activities of our JV business
The major change during the year was the formation of GCP in April 2007 which subsequently saw further investments in August and December. In early 2008, GCP announced a major property swap and lease restructuring with The Crown Estate and arranged a new £225 million non-recourse debt facility. Further details on these events are set out both in “Great Capital Partnership investments” and in “Our financial position” below.

At Great Wigmore Partnership (“GWP”) we have seen excellent results in leasing at the completed 180 Great Portland Street, W1 development, where the last office lease was signed at £67.50 per sq ft in January, some 38% ahead of the rental value of the building at the start of the letting campaign a year earlier. At the Wigmore Street Island site there has been good progress in working up a potential redevelopment of the offices through securing planning consent and aligning occupational leases to gain vacant possession.

The two Great Victoria joint ventures, (“GVP1”) and (“GVP2”), produced solid performance with encouraging lettings at the Mount Royal retail block in Oxford Street and the completion of the redevelopment at the former Liberty department store at 208/222 Regent Street, W1 where the retailer GAP, the last of the new lettings at the building, opened for trading in August.

Just before the year end, we set up The Great Ropemaker Partnership (“GRP”), a new 50:50 JV with BP Pension Fund, to own and potentially develop 240 Blackfriars Road, SE1. GRP acquired the site from the Group for an initial consideration of £20.5 million. In addition, £2.0 million is payable in enhanced fees if the site is redeveloped and a further £5.0 million in priority payments become due if various performance hurdles are met.

Capital recycling – investment management
This year has seen exceptional levels of investment activity across the Group with the equivalent of 45% of our starting portfolio either bought or sold. We have crystallised attractive returns and improved the Group’s liquidity by selling £336.0 million of properties and bought £354.6 million of new assets with multiple opportunities to generate significant rental value growth.

Great Capital Partnership investments
In April 2007, we invested £233.4 million to create GCP, a new joint venture with Liberty International subsidiary Capital & Counties which started with a portfolio of 17 holdings across central London.

In August, GCP acquired a further five properties in four transactions at a cost of £159.6 million (£79.8 million our share) in Jermyn Street, SW1, Fetter Lane, EC4 and Regent Street, W1 all adjacent or near to existing holdings providing enhanced opportunities for asset repositioning. In December, GCP purchased a 29,500 sq ft holding fronting Broadwick Street, W1 for £18.2 million (£9.1 million our share) bringing the Group’s total property investment in GCP to £322.3 million for the year.

In February, GCP completed a swap transaction with The Crown Estate involving 580,000 sq ft of property valued at £358 million across the West End. GCP swapped three of its properties worth £61 million in exchange for three new leasehold properties, one freehold and more favourable terms on a number of its other leaseholds generating an immediate value uplift of £81 million. In addition to unlocking value instantly, GCP now has a number of future repositioning opportunities through the improved head lease terms negotiated. There are three elements to the deal:

- the acquisition of a freehold interest in 26/40 Kensington High Street, W8 (previously GCP held a 104 year leasehold interest) and three further 150 year leasehold properties adjoining the Park Crescent Estate, W1;
- the extension and improvement of GCP’s existing leasehold interests from The Crown Estate at eight holdings on Argyll Street, Regent Street, Park Crescent and Portland Place, W1. GCP and The Crown Estate have regeared the leasehold interests extending their length, reducing the rent paid to The Crown Estate and loosening various operational, user and development restrictions which will enable GCP to refurbish and redevelop the properties over time; and

- the transfer by GCP to The Crown Estate of 21 Sackville Street, W1, 99/101 Regent Street, W1 and 203 Regent Street, W1. The assets were valued at £61.1 million at 31 December 2007 and produced an annual rent, net of ground rents of £2.6 million per annum.

Other acquisitions
In our wholly owned portfolio, we made three acquisitions at a cost of £21.8 million during the year, all adjacent to existing holdings. 18 Dering Street, W1 was purchased to augment our holding on the western side of Hanover Square; Bramah House, 65/71 Bermondsey Street together with 1 Black Swan Yard, both in Southwark were acquired to extend our holdings in this part of the Southbank; and 9 Holyrood Street, SE1 was acquired in March to enhance the expansion potential of our adjacent buildings in Shand Street opposite our successful Tooley Street, SE1 development.

Sales
We have continued to recycle capital, either selling properties where we have executed our strategy, using properties to seed joint ventures or swapping properties for those which offer the Group better opportunity for value creation. At the beginning of the period, our initial GCP assets were sold into the new joint venture. In September, we sold Met Building, 22 Percy Street, W1, the Group's successful development completed in 2005, for £107.0 million, off a net initial yield of 4.1%, and crystallised a return on total capital employed of 156% since purchase in June 2003.

In December, two buildings located in Whitfield Street, W1 were sold for £16.1 million, generating a profit of £2.1 million or 15% above their March 2007 valuation, net of transaction costs.

Asset management
The asset management team has continued to deliver across the portfolio:

- 85 new leases completed (2007: 47 leases) generating annual rent of £19.8 million (2007: £7.2 million) or 28% of year end rent roll;
- some 5.9% ahead of our valuers' March 2007 rental levels and providing positive momentum across our portfolio;
- rent reviews of £3.6 million (2007: £3.0 million) were settled during the year;
- total space covered by new lettings, reviews and renewals was 648,500 sq ft up 137% from 273,200 sq ft in 2007; and
- voids in the investment portfolio have been kept consistently low with the March 2008 position of 3.2% compared to 5% at March 2007.

The Group (including our share of JVs) took lease surrenders worth £10.4 million per annum associated with 294,000 sq ft in the year to March 2008 (2007: 64,000 sq ft). In many cases these transactions enabled rental levels to be enhanced from the previous passing rent or to allow a refurbishment scheme to be implemented. In addition to the 53,000 sq ft vacated by tenants at lease expiry or break, of the total, 30,400 sq ft has been re-let with the remainder taken into the rolling refurbishment programme for subsequent re-letting at higher levels.

At 160 Great Portland Street, W1 we regeared the occupational leases to Virgin Media, which were due to expire in June 2008, to new eleven year leases at slightly higher than the valuers' estimate of rental value at March 2007.

Other operational achievements during the half year included lettings at Kent House, Market Place, W1 and Elsley House, Great Titchfield Street, W1 following completion of comprehensive refurbishments at both properties. New retail and office rental evidence has been set in Regent Street, W1 and Oxford Street, W1 following judicious lease surrenders; successful refurbishment projects were also completed at Pollen House, Cork Street, W1, 67/75 Kingsway, WC2, and Carrington House, Regent Street, W1.

Our financial position

Our financial position is accompanied by graphics (see Appendix 3)

Financial results
The Group delivered a resilient financial performance in the face of difficult market conditions particularly during the second half of the year.

Portfolio valuation reductions from September 2007 have impacted year end net assets per share. In contrast, income statement measures show significant growth from 2007, primarily due to successful leasing and enhanced joint venture revenue.

Net asset value
Adjusted net assets per share fell slightly by 2.0% in the year to 582 pence, reflecting the expansion in market yields in the latter part of the financial year. In the second half adjusted net assets per share fell 11.8% from 660 pence as at September 2007. At March 2008, the Group's net assets were £1,049.4 million, down from £1,076.0 million at March 2007. The value of the Group has been supported by growth from the development programme and well executed portfolio management activities. Compared to other UK real estate companies for the same period, net assets per share has declined by a fairly modest amount.

The main drivers behind the 12 pence per share year on year change in adjusted net assets per share to March 2008 were:

- fall of 15 pence per share from the revaluation of the investment portfolio;
- a valuation gain of 3 pence per share from development properties;
- sale of properties including Met building and Blackfriars Road which crystallised a loss of 2 pence per share; and
- adjusted earnings for the year of 12.6 pence per share were in excess of the dividend, marginally enhanced NAV.

These items are illustrated in Appendix 3.

The valuation of the near term development schemes included in the net assets per share at 31 March 2008 includes around one quarter of the expected surplus on the schemes when complete. Triple net assets per share (NNNAV) was 590 pence per share at March 2008 compared to 593 pence per share at March 2007. At March 2008 the difference between adjusted net assets per share and NNNAV was the positive mark to market of debt of 8 pence illustrating the Group's low cost of debt. Deferred tax adjustments were negligible.

Income statement and earnings per share
Rental income and joint venture fees for the year were £44.4 million and £5.8 million respectively, together these rose by £1.7 million or 3.5% compared to last year. The level of rental income has benefited from strong underlying growth but has been impacted by transfers of buildings to the joint ventures, which reduced "top line" rental income but increased the share of joint venture profits. Including the share of JV income of £21.8 million, the Group's total income rose by 33% year on year to £72.0 million, as illustrated in Appendix 3.

Rent reviews, lease renewals and new lettings added £6.3 million to rental income during the year. The estimated rental value of the portfolio grew by some 12.4% in the year, due to positive occupational market factors and the upgrading of many of the Group's assets. The Group's joint ventures generated management fees of £5.8 million, up 263% from last year, as a result of investment and development activity at GWP, GVP2 and GCP.

Adjusted profit before tax at £23.8 million was £6.4 million or 36.8% higher than last year; the key drivers behind this rise are set out in the chart in Appendix 3. Adjusted profit levels were boosted by the rise in rental and fee income, as shown in Appendix 3, and higher profits from development management operations and joint ventures, partly offset by increased interest and administration charges.

Development management income from the Tooley Street, SE1 and Margaret Street, W1 schemes lifted profits by £1.8 million year on year. At March 2008, the Tooley Street scheme was around 90% complete as a result of which £6.9 million of the total anticipated profit and bonus payments were recognised in the year. The

remaining income will fall in the year to 31 March 2009. Adjusted profits from joint ventures (excluding valuation movements and gain/loss on property sales) were £16.1 million, up £13.0 million on last year, mainly due to the creation of GCP in April 2007, which has significantly increased the size of this part of our business. Further details are set out below. Administration costs slightly increased by £0.3 million year on year at £14.2 million as employee costs were held broadly constant. Underlying finance costs increased by £8.1 million as the result of higher net debt due to investment in our development schemes and acquisitions made during the year and higher rates on the floating segment of the Group's credit facilities.

Adjusted earnings per share were 12.6 pence, 23.5% higher than last year. The higher adjusted PBT, described above, had a positive impact which was further enhanced by a lower underlying tax charge due to REIT status.

Revaluation falls and loss on sale of assets caused the Group to report a loss after tax of £4.1 million (2007: profit of £382.8 million). Basic EPS for the year showed a loss of 2.2 pence, compared to a positive result of 235.7 pence for 2007.

Financial effects of near-term development schemes
The near-term development and refurbishment schemes have progressed according to plan during the year, with £50.7 million (2007: £32.1 million) spent on schemes, including 60 Great Portland Street, W1, Wells & More, W1 and Bermondsey Street, SE1. The valuation of the Group's development portfolio has increased by 5.6%, due to growth in estimated rental value in the period and the elimination of some of the construction and leasing risks.

The committed near-term developments are forecast to require £25.9 million in capital expenditure in order to reach practical completion. The construction of the uncommitted near-term schemes would cost an additional £150 million if we decide to proceed with them.

By 2013, all near-term schemes are forecast to generate incremental rental income for the Group of £25.9 million. Some of this additional revenue will be captured through higher profits from joint ventures as several schemes are in the GRP, GWP and GCP ownerships. This increase in rental income from the near-term schemes is the equivalent of 37% of the Group's current rent roll.

Results of joint ventures
The joint venture business has increased materially compared to last year following the creation and expansion of the Great Capital Partnership. At 31 March 2007 13.2% of Group rent roll and 16.4% of net assets were in 50:50 joint ventures; by 31 March 2008 the comparable figures were 36.3% and 37.2% respectively. Non-recourse net debt in the joint ventures has increased from £34.5 million at March 2007 to £145.8 million at year end due to the new credit facility in GCP described below.

Our share of joint venture net rental income increased to £21.8 million compared to £5.6 million for last year primarily due to the inclusion of the GCP assets. On a "same building", like-for-like basis the joint ventures reported an increase in rental income of 36% as a result of the leasing activities at 180 Great Portland Street, W1, Mount Royal, Oxford Street, W1 and 208/222 Regent Street, W1. The Group's share of joint venture adjusted profits (excluding revaluation gains and profit on sales) grew to £16.1 million mainly due to the addition of GCP assets. These profits are after charging £5.8 million of management fees (2007: £1.6 million) to the individual joint ventures.

To illustrate the scale of the joint ventures in comparison with the wholly owned operations, pro forma "proportional consolidation" statements have been prepared as shown in Appendix 3.

The Group has limited exposure to its JVs as the debt facilities are of a non-recourse nature and as of 31 March 2008 none of the major development schemes in JV are committed.

Financial resources and capital management
The Group's higher rental income and joint venture revenues contributed to the cash generated from operations improving to £38.3 million, up 35.3% compared to last year. Group consolidated net debt increased to £424.6 million, up from £389.1 million at 31 March 2007 mainly due to the investments in GCP. The sales of properties including the Met Building, W1, Blackfriars Road, SE1, and Whitfield Street, W1 generated £132

million in net proceeds. Group consolidated gearing increased to 40.5% at 31 March 2008 from 36.2% at last year end and interest cover remained at a conservative 1.8 times.

Including the non-recourse debt in the joint ventures, total net debt was £570.4 million (2007: £423.6 million) equivalent to a loan to value ratio of 34.9% (2007: 27.6%).

We have taken further steps to increase liquidity and manage the cost of debt during the year to ensure financing is in place for future business development activities. With the debt capital markets becoming more challenging we turned to our relationship banks for funding to allow us to execute our real estate strategies over the medium term. We arranged over £362 million in new committed credit facilities during the year. The key debt transactions were:

- a new £200 million bank facility maturing in 2012 arranged in July 2007;
- a bilateral £50 million bank facility maturing in 2010 completed in November 2007; and
- within GCP, a £225 million five year term loan (GPE share £112.5 million) implemented in March 2008.

The average margin for these new facilities is 60 basis points over LIBOR, broadly in line with our previous credit agreements. At 31 March 2008, the Group including its joint ventures had cash and undrawn committed credit facilities of £282 million, which is in excess of the capital expenditure required to complete all near-term development schemes. The projected phasing of our financial resources is set out in Appendix 3.

The Group's weighted average interest rate for the year was 6.01%, an increase of 46 basis points compared to the prior year. This was due to higher short-term floating rates which have stepped up since the summer of 2007.

Over the last year the level of short-term market rates and borrowing terms have risen and there are signs that further increases in the cost of debt could occur in response to liquidity and inflationary concerns. Our Treasury policy of keeping floating rate debt at less than 40% of total has partially insulated the Group from increasing market rates and in September 2007 we executed £90 million of five year interest rate swaps and collars to further protect the Group. At year end 76% of the Group's total debt (including non recourse joint ventures) was at fixed or capped rates (2007: 62%).

As at 31 March 2008 the Group had significant headroom over the levels required by the financial covenants in its credit agreements and debenture documentation.

Dividend

The Board has recommended a final dividend of 8.0 pence per share up 6.0% on last year's final dividend, which will be paid on 8 July 2008. This brings the total for the year to 11.9 pence per share an increase of 5.3% over 2007. The increase in dividends results from the enhanced level of Group earnings and the good prospects for future income growth. Half of the final dividend is a REIT Property Income Distribution ("PID").

Taxation

The current tax provision in the income statement for 2008 is only £0.1 million (2007: £0.2 million) due to a variety of REIT reliefs. The Group's underlying effective tax rate for 2008 was low at around 5% (2007: 10%) as a result of REIT status. The Group complied with all relevant REIT tests for the year to March 2008.

The Group's focus on corporate responsibility issues is reflected within its tax strategy including the objective to pay a fair contribution to the UK tax authorities as an accountable corporate citizen. We seek to fully comply at all times with tax legislation and best practice and endeavour to maintain an open and constructive working relationship with HM Revenue & Customs.

During the year, the Group paid corporation tax in respect of its conversion to REIT status of £28.3 million, based on 2% of property assets at 1 January 2007. The Group paid further corporation tax and stamp duty land tax of £6.6 million (2007: £4.4 million).

Outlook
With capital market turbulence continuing, property valuations are expected to come under continued pressure during 2008. Although there exists a considerable quantity of equity available to acquire real estate, limited debt capital and a lack of confidence may restrict its deployment.

Against this backdrop of investment market uncertainty, the dynamics of our principal occupational market, the West End, present a more favourably balanced picture. The supply of new office stock remains restricted and, so long as the UK economy avoids a significant contraction, the key variable, the demand for space, although expected to slow from its recent high levels, should remain around the long-term average.

We are in an enviably strong position to withstand short-term market challenges:

- more than 80% of our properties are in the undersupplied core of the West End;
- our current rents are substantially lower than market levels providing opportunity for growth;
- the current development programme has been derisked whilst the pipeline of opportunities is both long and strong. The next phase has flexible start dates and an income return in the interim; and
- Group financial leverage is low and liquidity high allowing us to respond quickly to emerging investment opportunities.

We remain confident, therefore, that our focused operating approach and sector specialism will underpin the long-term prospects of the Group.

GROUP INCOME STATEMENT
For the year ended 31 March 2008

	Notes	**2008 £m**	2007 £m
Rental income	2	**44.4**	46.9
Joint venture fee income	10	**5.8**	1.6
Rental and joint venture fee income		**50.2**	48.5
Service charge income		**5.1**	6.2
Service charge expenses		**(6.0)**	(7.9)
		(0.9)	(1.7)
Other property expenses		**(4.8)**	(2.3)
Net rental and related income		**44.5**	44.5
Administration expenses	3	**(14.2)**	(14.2)
Development management revenue		**35.4**	23.6
Development management costs		**(28.3)**	(18.3)
		7.1	5.3
Operating profit before (deficit)/gains on investment property and results of joint ventures		**37.4**	35.6
(Deficit)/gain from investment property	8	**(8.7)**	278.1
Share of results of joint ventures	10	**(1.6)**	45.2
Operating profit before financing costs		**27.1**	358.9
Finance income	4	**0.6**	0.3
Finance costs	5	**(30.7)**	(22.0)
Premium on redemption of interest-bearing loans and borrowings		–	(11.2)
(Loss)/profit before tax		**(3.0)**	326.0
Tax	6	**(1.1)**	56.8
(Loss)/profit for the year	19	**(4.1)**	382.8
Basic (loss)/earnings per share	7	**(2.2)p**	235.7p
Diluted (loss)/earnings per share	7	**(2.2)p**	214.3p
Adjusted earnings per share	7	**12.6p**	10.2p

All results are derived from continuing operations.

Total operating profit before (deficit)/gain on investment property

		2008 £m	2007 £m
Operating profit before gain on investment property and results of joint ventures		**37.4**	35.6
Share of results of joint ventures	10	**16.1**	3.1
Total operating profit before (deficit)/gains on investment property		**53.5**	38.7

GROUP BALANCE SHEET
At 31 March 2008

	Notes	**2008 £m**	2007 £m
Non-current assets			
Investment property	8	**1,073.3**	1,314.3
Development property, plant and equipment	9	**24.4**	20.9
Investment in joint ventures	10	**390.6**	176.0
Deferred tax	16	**–**	0.8
Pension asset	24	**2.2**	–
		1,490.5	1,512.0
Current assets			
Trade and other receivables	11	**22.2**	22.2
Income tax receivable		**0.4**	–
Cash and cash equivalents		**0.7**	4.2
		23.3	26.4
Total assets		**1,513.8**	1,538.4
Current liabilities			
Trade and other payables	12	**26.6**	30.7
Income tax payable		**–**	28.2
Interest-bearing loans and borrowings	13	**–**	2.9
		26.6	61.8
Non-current liabilities			
Interest-bearing loans and borrowings	13	**429.3**	390.4
Obligations under finance leases	15	**8.5**	10.0
Pension liability	24	**–**	0.2
		437.8	400.6
Total liabilities		**464.4**	462.4
Net assets		**1,049.4**	1,076.0
Equity			
Share capital	17	**22.6**	22.6
Share premium account	18	**68.2**	68.2
Hedging reserve	19	**(3.8)**	0.5
Capital redemption reserve	19	**16.4**	16.4
Revaluation reserve	19	**1.3**	1.5
Retained earnings	19	**944.9**	967.7
Investment in own shares	20	**(0.3)**	(1.0)
Shareholders' funds		**1,049.3**	1,075.9
Minority interest		**0.1**	0.1
Total equity		**1,049.4**	1,076.0
Net assets per share	7	**580p**	594p
Adjusted net assets per share	7	**582p**	594p

GROUP STATEMENT OF CASH FLOWS
For the year ended 31 March 2008

	Notes	2008 £m	2007 £m
Operating activities			
Operating profit before financing costs		**27.1**	358.9
Adjustments for non-cash items	21	**17.2**	(319.4)
Increase in receivables		**(1.0)**	(16.8)
Increase in payables		**(5.1)**	5.6
Cash generated from operations		**38.2**	28.3
Interest received		**0.6**	0.3
Interest paid		**(32.7)**	(23.9)
Tax paid		**(28.7)**	(0.7)
Cash flows from operating activities		**(22.6)**	4.0
Investing activities			
Purchase of interests in joint ventures		**(138.8)**	(6.9)
Purchase and development of property		**(74.4)**	(216.3)
Purchase of fixed assets		**(0.1)**	(0.2)
Purchase of own shares		**(0.9)**	–
Sale of properties		**132.6**	132.1
Cash flow from investing activities		**(81.6)**	(91.3)
Financing activities			
Redemption of loans		**(2.9)**	(43.1)
Borrowings drawn		**35.0**	90.0
Loans from joint venture		**89.2**	–
Purchase of derivatives		–	(0.3)
Issue of debenture		–	52.5
Issue of minority interest		–	0.1
Equity dividends paid		**(20.6)**	(18.0)
Cash flows generated from financing activities		**100.7**	81.2
Net decrease in cash and cash equivalents		**(3.5)**	(6.1)
Cash and cash equivalents at 1 April		**4.2**	10.3
Cash and cash equivalents at balance sheet date		**0.7**	4.2

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 March 2008

	2008	2007
	£m	£m
Revaluation of development properties	**(0.2)**	1.5
Deferred tax on development properties released directly in equity	–	0.1
Fair value movement on derivatives	**(4.5)**	0.5
Deferred tax on fair value movements on derivatives	**0.2**	–
Actuarial gains on defined benefit scheme	**1.9**	–
Net (loss)/gain recognised directly in equity	**(2.6)**	2.1
(Loss)/profit for the year	**(4.1)**	382.8
Total recognised income and expense for the year	**(6.7)**	384.9

GROUP RECONCILIATION OF OTHER MOVEMENTS IN EQUITY

For the year ended 31 March 2008

	2008	2007
	£m	£m
Opening total equity	**1,076.0**	654.7
Total recognised income and expense for the year	**(6.7)**	384.9
Conversion of convertible bond	–	53.7
Minority interest	–	0.1
Deferred tax on convertible bonds	–	(0.6)
Employee Long-Term Incentive and Share Matching Plan charge	**1.6**	1.2
Purchase of shares in LTIP Employee Share Trust	**(0.9)**	–
Dividends	**(20.6)**	(18.0)
Closing total equity	**1,049.4**	1,076.0

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS

1 Accounting Policies

Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2008 or 2007, but is derived from those accounts. Statutory accounts for 2007 have been delivered to the Registrar of Companies and those for 2008 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under S237(2) or (3) Companies Act 1985.

The financial statements have been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties, financial instruments and pension assets. In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions that may affect the financial statements. Management believes that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the classification of tenant leases between financing and operating and the determination of profit taking on development management agreements, the accounting policies for these areas of judgement are set out below.

During 2008, the following accounting standards and guidance were adopted by the Group:

- IFRS 7 Financial Instruments – Disclosures;
- Amendments to IAS 23 Borrowing costs; and
- IFRIC 11: IFRS 2 Group and treasury share transactions.

At the date of approval of these financial statements, the following standards and guidance relevant to the Group were in issue:

- IFRIC 14: IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction;
- IFRS 8 Operating segments;
- Amendments to IAS 1 Presentation of financial statements – A revised presentation;
- Amendments to IFRS 2 Share-based payment;
- IFRS 3 (revised) Business combinations; and
- Amendments to IAS 27 Consolidated and separate financial statements.

These pronouncements will either result in changes to presentation and disclosure, or are not expected to have a material impact on the financial statements.

The principal accounting policies adopted are set out below.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2008.

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

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

Lease incentives
Lease incentives including rent-free periods and payments to tenants, are allocated to the income statement on a straight-line basis over the lease term. The value of resulting accrued rental income is included within the respective property.

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

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

Share-based payment
The cost of granting share-based payments to employees and directors is recognised within administration expenses in the income statement. The Group has used the Stochastic model to value the grants which is dependent upon factors including the share price, expected volatility and vesting period and the resulting fair value is amortised through the income statement over the vesting period. The charge is reversed if it is likely that any non-market based criteria will not be met.

Investment properties
Investment properties, including those under development, are professionally valued each year, on a market value basis, and any surpluses or deficits arising are taken to the income statement. Disposals of properties are recognised where contracts have been unconditionally exchanged during the accounting period and the significant risks and rewards of ownership of the property have been transferred to the purchaser.

Depreciation
No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the balance sheet date of each asset evenly over its expected useful life, as follows:
Fixtures and fittings – over three to five years.
Leasehold improvements – over the term of the lease.

Development properties
Development properties are carried in property, plant and equipment and are professionally valued each year, on a market value basis, and any surpluses arising are taken to the revaluation reserve with any deficits below cost taken to the income statement. A development property is one purchased for the purposes of development, redevelopment or substantial refurbishment with relatively little, or short-term, income whether planning permission exists or is still to be granted. All directly attributable costs of bringing a property to a condition suitable for letting are capitalised into the cost of the property. Once development is concluded, the property is transferred to investment property. Any cumulative revaluation reserve in respect of that property is transferred to retained earnings.

Joint ventures
Joint ventures are accounted for under the equity method: the Group balance sheet contains the Group's share of the net assets of its joint ventures. Long-term loans owed to or from the Group by joint ventures are included within investments. The Group's share of joint ventures' profit is included in the Group income statement in a single line.

Deferred tax
Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

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

Capitalisation of interest
Interest associated with direct expenditure on investment properties under development and development properties is capitalised. Direct expenditure includes the purchase cost of a site or property for development properties, but does not include the original book cost of investment property under development. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's pre-tax weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Financial instruments:

i Derivatives The Group's derivatives are measured at fair value in the balance sheet. To the extent that a derivative provides an effective cash flow hedge against the Group's underlying exposure the movements in the fair value of the hedge are taken to equity. To the extent that the derivative does not effectively hedge the underlying exposure the movement in the fair value of the hedge is taken to the income statement.

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

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

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

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

Segmental analysis
The Group has only one reportable segment on the basis that all of its revenue is generated from investment properties located in central London; accordingly no segmental analysis is presented.

Development management agreements
Where the outcome of a development management agreement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the balance sheet date. Management exercise judgement when estimating the percentage complete, this is normally measured as the proportion that contract costs incurred for work performed bear to the estimated total contract costs. Variations in work, claims and incentive payments are included to the extent that they have been agreed with the client.

Where the outcome of a development management agreement cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred that it is probable will be recoverable. Costs are recognised as expenses in the period in which they are incurred. When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

2 Rental income	**2008 £m**	2007 £m
Gross rental income	**39.0**	44.9
Amortisation of capitalised lease incentives	**5.4**	2.1
Ground rents payable	**–**	(0.1)
	44.4	46.9

3 Administration expenses	**2008 £m**	2007 £m
Administration expenses		
Employee costs	**11.0**	11.2
Other	**3.2**	2.7
Non-recurring items		
Cost of REIT conversion	**–**	0.3
	14.2	14.2

Included within administration expenses are fees charged by the auditors comprising audit fees for the Company and its subsidiaries of £0.1 million (2007: £0.1 million) and non-audit fees, which largely related to transactions, of £nil (2007: £0.1 million) and depreciation of £0.4 million (2007: £0.4 million).

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £1.6 million (2007: £1.2 million).

Employee information

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

	2008 Number	2007 Number
Head office and administration	**74**	68

Included within administration expenses are staff costs, including those of directors, comprising:

	2008 £m	2007 £m
Wages and salaries	**9.4**	8.9
Social security costs	**1.2**	1.8
Other pension costs	**0.9**	0.8
	11.5	11.5
Less: recovered through service charge	**(0.5)**	(0.3)
	11.0	11.2

The directors received fees of £354,000 (2007: £330,000) and other emoluments of £2,692,000 (2007: £2,764,000), pension contributions have been made for directors of £257,000 (2007: £218,000).

4 Finance income	**2008 £m**	2007 £m
Interest on short-term deposits	**0.6**	0.2
Other	**–**	0.1
	0.6	0.3

5 Finance costs	**2008 £m**	2007 £m
Interest on bank overdrafts and bank loans	**24.7**	11.5
Interest on debentures	**8.0**	7.4
Interest on convertible bonds	**–**	3.6
Interest on loan notes	**–**	0.1
Interest on obligations under finance leases	**0.7**	0.6
Other interest	**–**	0.2
Gross finance costs	**33.4**	23.4
Less: capitalised interest at an average rate 6.0% (2007: 5.7%)	**(3.1)**	(1.5)
	30.3	21.9
Fair value movement on derivatives in ineffective hedging relationships	**0.4**	0.1
	30.7	22.0

6 Tax	**2008 £m**	2007 £m
Current tax		
UK corporation tax	**–**	0.3
REIT conversion charge	**–**	28.3
Tax under/(over) provided in previous years	**0.1**	(0.1)
Total current tax	**0.1**	28.5
Deferred tax	**1.0**	(85.3)
Tax charge/(credit) for the year	**1.1**	(56.8)

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

	2008 £m	2007 £m
(Loss)/profit before tax	**(3.0)**	326.0
Tax (credit)/charge on profit at standard rate of 30%	**(0.9)**	97.8
Deferred tax released on conversion to REIT status	**–**	(135.4)
REIT conversion charge	**–**	28.3
Property revaluations	**–**	(41.5)
Sale of investment properties	**–**	(5.2)
Ring-fenced rental income	**(4.2)**	(0.9)
Accelerated capital allowances	**–**	(0.8)
Receipts taxable as chargeable gains or taxed in prior year	**–**	(0.4)
Other	**0.6**	(0.5)
Accounting losses arising in the year not deductable for tax purposes/(profits arising in the year not taxable)	**4.7**	(0.3)
Previous years' corporation tax	**0.1**	(0.1)
Expenses not deductible for tax purposes	**0.1**	0.3
Accounting losses arising in the year not relievable against current tax	**0.7**	1.9
Tax charge/(credit) for the year	**1.1**	(56.8)

During the year a tax credit of £0.2 million (2007: a charge of £0.1 million) was allocated directly to equity. This credit related to deferred tax in respect of derivatives.

The Group converted to a REIT on 1 January 2007. From that date, the Group has been exempt from corporation tax in respect of the following:

- rental profits arising from its property investment business; and
- chargeable gains arising on the sale of properties from its property investment business, provided that the relevant property is not both:
  - the subject of a development which costs more than 30% of the property's fair value at the later of 1 January 2007 and the date that it was purchased by the Group; and
  - sold within three years of the completion of the development.

The Group is otherwise subject to corporation tax. The Group estimates that as the majority of its future profits will not be subject to corporation tax, it will have a very low tax charge over the coming years. The Group has no current intention of selling any development properties that would give rise to a tax charge.

As a REIT, Great Portland Estates plc is required to pay Property Income Distributions of at least 90% of the profits (excluding chargeable gains) of the Group's property investment business (calculated by tax rules rather than accounting rules).

In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Finance Act 2006.

7 Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the guidance issued in January 2006 by the European Public Real Estate Association (EPRA).

Weighted average number of ordinary shares

	2008 Number of shares	2007 Number of shares
Issued ordinary share capital at 1 April	**181,019,809**	163,181,906
Conversion of convertible bonds	**2,430**	346,843
Investment in own shares	**(707,455)**	(1,115,628)
Weighted average number of ordinary shares	**180,314,784**	162,413,121
Effect of conversion of convertible bonds	**–**	17,534,658
Diluted weighted average number of ordinary shares	**180,314,784**	179,947,779

Basic, diluted and adjusted earnings per share

	2008 (Loss)/ profit before tax £m	**2008 Tax £m**	**2008 (Loss)/ profit after tax £m**	**2008 (Loss)/ earnings per share pence**	2007 Profit after tax £m	2007 Earnings per share pence
Basic	**(3.0)**	**(1.1)**	**(4.1)**	**(2.2)**	382.8	235.7
Effect of convertible bonds	–	–	–	–	2.8	(21.4)
Diluted	**(3.0)**	**(1.1)**	**(4.1)**	**(2.2)**	385.6	214.3
Deferred tax on accelerated capital allowances	–	–	–	–	(7.7)	(4.3)
Premium on redemption of loans	–	–	–	–	9.0	5.1
REIT conversion charge and associated costs	–	–	–	–	28.5	15.8
Movement in fair value of derivatives	**0.4**	–	**0.4**	**0.2**	0.1	–
Reversal of deferred tax on REIT conversion	–	–	–	–	(76.1)	(42.3)
Deficit/(gain) from investment property	**8.7**	–	**8.7**	**4.8**	(278.9)	(155.0)
Deficit/(gain) from joint venture investment property	**17.7**	–	**17.7**	**9.8**	(42.1)	(23.4)
Adjusted (diluted)	**23.8**	**(1.1)**	**22.7**	**12.6**	18.4	10.2

Net assets per share

	2008 Share-holders' funds £m	**2008 Number of shares million**	**2008 Net assets per share pence**	2007 Share-holders' funds £m	2007 Number of shares million	2007 Net assets per share pence
Basic	**1,049.3**	**181.0**	**580**	1,075.9	181.0	594
Convertible bonds	–	–	–	–	–	–
Diluted	**1,049.3**	**181.0**	**580**	1,075.9	181.0	594
Fair value of financial liabilities	**17.6**		**10**	(1.7)		(1)
Diluted triple net assets	**1,066.9**		**590**	1,074.2		593
Fair value of financial liabilities	**(17.6)**		**(10)**	1.7		1
Fair value of derivatives	**4.0**		**2**	(0.9)		–
Adjusted net assets	**1,053.3**		**582**	1,075.0		594

8 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2006	697.9	146.8	844.7
Acquisitions	123.3	42.7	166.0
Costs capitalised	11.3	5.7	17.0
Disposals	(71.4)	(24.5)	(95.9)
Transfer from development property	22.5	–	22.5
Transfer from investment property under development	–	48.8	48.8
Transfer to investment property under development	(44.4)	–	(44.4)
Net valuation gain on investment property	167.7	56.1	223.8
Book value at 31 March 2007	906.9	275.6	1,182.5
Acquisitions	**21.8**	**–**	**21.8**
Costs capitalised	**14.1**	**0.7**	**14.8**
Disposals	**(223.2)**	**(61.2)**	**(284.4)**
Transfer from investment property – development	**61.9**	**–**	**61.9**
Net valuation gain/(deficit) on investment property	**0.5**	**(9.3)**	**(8.8)**
Book value at 31 March 2008	**782.0**	**205.8**	**987.8**

Investment property – development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2006	72.6	47.8	120.4
Costs capitalised	20.9	1.0	21.9
Interest capitalised	0.6	–	0.6
Disposals	(49.7)	–	(49.7)
Transfer from investment property	44.4	–	44.4
Transfer to investment property	–	(48.8)	(48.8)
Net valuation gain on investment property – development	43.0	–	43.0
Book value at 31 March 2007	131.8	–	131.8
Costs capitalised	**37.2**	**–**	**37.2**
Interest capitalised	**1.9**	**–**	**1.9**
Disposals	**(31.2)**	**–**	**(31.2)**
Transfer to investment property	**(61.9)**	**–**	**(61.9)**
Net valuation gain on investment property – development	**7.7**	**–**	**7.7**
Book value at 31 March 2008	**85.5**	**–**	**85.5**
Total investment property	**867.5**	**205.8**	**1,073.3**

	2008 £m	2007 £m
Net valuation (deficit)/gain on investment property	**(1.1)**	266.8
(Loss)/profit on sale of investment properties	**(5.8)**	11.3
Net valuation deficit on development property taken to the income statement	**(1.8)**	–
(Deficit)/gain from investment property	**(8.7)**	278.1

The investment and development properties (note 9) were valued on the basis of market value by CB Richard Ellis, independent valuers, as at 31 March 2008 in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors and has been primarily derived using comparable recent market transactions on arm's-length terms. The book value of investment property includes £8.5 million (2007: £10.0 million) in respect of the present value of future ground rents.

At 31 March 2008 the Group had capital commitments of £24.3 million (2007: £58.1 million).

At 31 March 2008, properties with carrying value of £253.5 million (2007: £260.2 million) were secured under first mortgage debenture stock (see note 13).

9 Development property, plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Development property £m	Total £m
Cost or valuation				
At 1 April 2006	1.9	0.6	58.6	61.1
Acquisitions	0.1	0.1	8.5	8.7
Costs capitalised	–	–	1.0	1.0
Interest capitalised	–	–	0.8	0.8
Disposals	–	–	(29.2)	(29.2)
Transfers to investment property	–	–	(22.5)	(22.5)
Net valuation gain taken to equity	–	–	1.5	1.5
At 31 March 2007	2.0	0.7	18.7	21.4
Costs capitalised	–	**0.1**	**4.6**	**4.7**
Interest capitalised	–	–	**1.2**	**1.2**
Net valuation deficit value taken to income statement	–	–	**(1.8)**	**(1.8)**
Net valuation deficit taken to equity	–	–	**(0.2)**	**(0.2)**
At 31 March 2008	**2.0**	**0.8**	**22.5**	**25.3**
Depreciation				
At 1 April 2007	0.3	0.2	–	0.5
Charge for the year	**0.2**	**0.2**	–	**0.4**
At 31 March 2008	**0.5**	**0.4**	–	**0.9**
Carrying amount at 31 March 2007	1.7	0.5	18.7	20.9
Carrying amount at 31 March 2008	**1.5**	**0.4**	**22.5**	**24.4**

The historical cost of development property at 31 March 2008 was £22.9 million (2007: £17.1 million). The cumulative interest capitalised in development property was £1.7 million (2007: £0.5 million).

10 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Loans £m	Total £m
At 1 April 2007	**166.5**	**9.5**	**176.0**
Acquisitions	**316.1**	**14.2**	**330.3**
Movement on loan balances	**–**	**(103.4)**	**(103.4)**
Share of profit of joint ventures	**16.1**	**–**	**16.1**
Share of profit on disposal of joint venture properties	**2.7**	**–**	**2.7**
Share of revaluation deficit of joint ventures	**(20.4)**	**–**	**(20.4)**
Deficit from joint venture investment property	**(17.7)**	**–**	**(17.7)**
Distributions	**(10.7)**	**–**	**(10.7)**
At 31 March 2007	**470.3**	**(79.7)**	**390.6**

The investments in joint ventures comprise the following:

	Country	2008	2007
The Great Capital Partnership	United Kingdom	**50%**	–
The Great Ropemaker Partnership	United Kingdom	**50%**	–
The Great Victoria Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnership (No. 2)	United Kingdom	**50%**	50%
The Great Wigmore Partnership	United Kingdom	**50%**	50%

On 25 April 2007 the Group entered into a joint venture with Liberty International subsidiary, Capital & Counties Limited. The Group contributed four properties worth £161.6 million and a balancing sum of £68 million in cash.

On 26 March 2008 the Group entered into a joint venture with Ropemaker Properties Limited, the property nominee of the BP Pension Fund. The Group contributed its Blackfriars development site to the joint venture for consideration of £20.5 million.

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

	Great Capital Partnership £m	Great Ropemaker Partnership £m	Great Wigmore Partnership £m	Great Victoria Partnerships £m	2008 Total £m	2007 Total £m
Investment property	**337.1**	**12.2**	**79.4**	**129.3**	**558.0**	212.6
Current assets	**8.9**	–	**1.1**	**6.3**	**16.3**	14.3
Loans to/(from) Partners	**85.9**	–	**(0.7)**	**(5.5)**	**79.7**	(9.5)
Bank loans	**(111.7)**	–	–	**(46.1)**	**(157.8)**	(46.0)
Current liabilities	**(8.1)**	**(1.4)**	**(1.8)**	**(5.2)**	**(16.5)**	(4.9)
Finance leases	**(9.4)**	–	–	–	**(9.4)**	–
Net assets	**302.7**	**10.8**	**78.0**	**78.8**	**470.3**	166.5
Net rental income	**13.1**	–	**3.1**	**5.6**	**21.8**	5.6
Finance costs	**(0.7)**	–	–	**(2.1)**	**(2.8)**	(1.8)
Property and administration costs	**(1.5)**	–	**(1.2)**	**(0.2)**	**(2.9)**	(0.7)
Share of profit from joint ventures	**10.9**	–	**1.9**	**3.3**	**16.1**	3.1
Revaluation of investment property	**(6.9)**	**(4.8)**	**(8.1)**	**(0.6)**	**(20.4)**	38.4
Profit on sale of investment property	**2.7**	–	–	–	**2.7**	3.7
Net profit/(loss)	**6.7**	**(4.8)**	**(6.2)**	**2.7**	**(1.6)**	45.2

The book value of investment property includes £9.4 million (2007: £nil) in respect of the present value of future ground rents.

Transactions during the year between the Group and its joint ventures are disclosed below.

	2008 £m	2007 £m
New loans during the year	**89.2**	–
Loans outstanding at the year end from/(to) joint ventures	**79.7**	(9.5)
Distributions	**10.7**	2.5
Fee income	**5.8**	1.6

None of the above balances are secured. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's-length transactions.

At 31 March 2008 the Group had capital commitments of £5.4 million (2007: £nil) in respect of balances arising in its joint ventures.

11 Trade and other receivables	2008 £m	2007 £m
Trade receivables	**3.1**	4.4
Allowance for doubtful debts	**(0.3)**	(0.5)
	2.8	3.9
Prepayments and accrued income	**1.6**	1.1
Other trade receivables	**5.4**	4.9
Amounts recoverable under development management agreements	**12.4**	11.4
Derivatives	–	0.9
	22.2	22.2

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the tenant's lease. Trade receivables are provided for based on estimated irrecoverable amounts determined by past default experience and knowledge of the individual tenant's circumstance. At 31 March 2008 the weighted average of the Group's trade receivables that were past due but not impaired was 21 days.

Amounts recoverable on development management agreements relate to amounts due to the Group primarily on its Tooley Street development. During the year the Group received payments on account of £34.4 million (2007: £12.2 million). The aggregate costs incurred and profits less losses recognised to date are £46.6 million (2007: £18.3 million) and £12.4 million (2007: £5.3 million) respectively. There are no material retentions on the projects.

	2008 £m	2007 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.5)**	(1.2)
Amounts recovered during the year	**0.1**	–
Amounts written off as uncollectable	**0.1**	0.7
	(0.3)	(0.5)

12 Trade and other payables	**2008 £m**	2007 £m
Trade payables	**9.8**	12.7
Non-trade payables and accrued expenses	**16.8**	18.0
	26.6	30.7

13 Interest-bearing loans and borrowings	**2008 £m**	2007 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million $5\frac{5}{8}$% debenture stock 2029	**144.3**	144.4
Unsecured		
Bank loans	**281.0**	246.0
Non-current liabilities at fair value		
Derivatives	**4.0**	–
	429.3	390.4
Current liabilities at amortised costs		
Loan notes	–	2.9
	429.3	393.3

The Group has two floating rate revolving credit facilities of £300 million, £200 million and a £50 million bilateral facility. The £300 million facility is unsecured, attracts a floating rate of 0.525% above LIBOR and expires in 2012. The £200 million facility is unsecured, attracts a floating rate of 0.50% above LIBOR and expires in 2012. The £50 million facility is unsecured, attracts a floating rate of 0.65% above LIBOR and expires in 2010. The unsecured loan notes, which together with an associated guarantee attracted a floating rate of interest of 0.275% in aggregate above LIBOR matured in April 2007. All interest bearing loans and borrowings are in sterling. At 31 March 2008 the Group had £269 million (2007: £239 million) of undrawn credit facilities.

14 Financial instruments

	Carrying amount 2008 £m	**Income/ (expense) 2008 £m**	**Gain /(loss) to equity 2008 £m**	Carrying amount 2007 £m	Income/ (expense) 2007 £m	Gain /(loss) to equity 2007 £m
Categories of financial instrument						
Interest rate swap, caps and collars	**(4.0)**	**(0.4)**	**(4.5)**	0.9	(0.1)	0.7
Non-current liabilities at fair value	**(4.0)**	**(0.4)**	**(4.5)**	0.9	(0.1)	0.7
Trade receivables	**22.2**	–	–	22.2	–	–
Cash and cash equivalents	**0.7**	**0.6**	–	4.2	0.2	–
Loans and receivables	**22.9**	**0.6**	–	26.4	0.2	–
Trade and other payables	**(26.6)**	–	–	(30.7)	–	–
Interest bearing loans and borrowings	**(425.3)**	**(32.7)**	–	(393.3)	(22.8)	–
Finance leases	**(8.5)**	**(0.7)**	–	(10.0)	(0.6)	–
Liabilities at amortised cost	**(460.4)**	**(33.4)**	–	(434.0)	(23.4)	–
Total financial instruments	**(441.5)**	**(33.2)**	**(4.5)**	(406.7)	(23.3)	0.7

Financial risk management objectives

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with credit worthy tenants and obtaining sufficient rental cash deposits or third party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the large and diverse tenant base. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of rent deposits obtained. Details of the Group's receivables are summarised in note 11 of the financial statements.

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

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

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

At 31 March 2008	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	**144.3**	**311.6**	**8.0**	**8.0**	**24.1**	**271.5**
Bank loans	**281.0**	**349.7**	**17.5**	**17.5**	**314.7**	–
Derivative financial instruments						
Interest rate swaps	**3.7**	**(1.3)**	**(0.4)**	**(0.4)**	**(0.5)**	–
Interest rate caps	**(0.1)**	–	–	–	–	–
Interest rate collars	**0.4**	–	–	–	–	–
	429.3	**660.0**	**25.1**	**25.1**	**338.3**	**271.5**

At 31 March 2007	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-Derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	144.4	319.6	8.0	8.0	24.1	279.5
Bank loans	246.0	318.3	14.7	14.7	288.9	–
Loan notes	2.9	2.9	2.9	–	–	–
Derivative financial instruments						
Interest rate swaps	(0.7)	(0.5)	(0.1)	(0.1)	(0.3)	–
Interest rate caps	(0.2)	–	–	–	–	–
	392.4	640.3	25.5	22.6	312.7	279.5

Market risk

Interest rate risk arises from the Group's use of interest bearing financial instruments. It is the risk that future cash flows from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy either to eliminate interest rate risk over the cash flows on its long-term debt finance through the use of fixed rate debentures or to mitigate the risk through the use of floating to fixed interest rate swaps, caps and collars. It is the Group's policy to maintain the proportion of floating rate interest rate exposure to between 20-40% of forecast total interest rate cost. The Group adopts hedge accounting to mitigate the impact of movements in the fair value of its interest rate swaps, caps and collars in the income statement to the extent that the hedge is considered effective.

The Group uses interest rate swaps, caps and collars to manage its interest rate risk.

Interest rate swaps

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

Interest rate caps

Interest rate caps protect the Group from rises in short-term interest rates by making a payment to the Group when the underlying interest rate exceeds a specified rate (the "cap rate") on a notional value. If the underlying rate exceeds the cap rate, the payment is based upon the difference between the two rates, ensuring the Group only pays the maximum of the cap rate.

Interest rate collars
An interest rate collar is an interest rate cap combined with an interest rate floor. In a floor arrangement if the underlying interest rate falls below a specified rate (the "floor") the Group will make a payment based upon the difference between the underlying rate and the floor. Therefore an interest rate collar gives the Group certainty that the interest rate it will pay will only fluctuate between the floor and the cap giving certainty that its interest rate exposure can only fluctuate within these restricted parameters.

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

	Average contracted fixed interest rate		**Notional principal amount**		**Fair value**	
	2008	2007	**2008**	2007	**2008**	2007
	%	%	**£m**	£m	**£m**	£m
Cash flow hedges						
Interest rate swaps						
Between two and five years	**5.50%**	5.12%	**185.0**	40.0	**3.7**	(0.7)
Interest rate caps						
Between two and five years	**6.00%**	6.00%	**40.0**	40.0	**(0.1)**	(0.2)
Interest rate collars						
Between two and five years	**4.68%-6.5%**	–	**25.0**	–	**0.4**	–
			250.0	80.0	**4.0**	(0.9)

As at 31 March 2008 the aggregate amount of unrealised losses in respect of cash flow hedges was £3.8 million (2007: £0.7 million). It is anticipated that floating interest cash flows will continue to arise until the maturity of the debt. Amounts deferred in equity will be realised in line with these cash flows.

Interest rate sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date. For the floating liabilities the analysis is prepared assuming the amount of the liability at 31 March 2008 was outstanding for the whole year.

	Impact on profit		**Impact on equity**	
	2008	2007	**2008**	2007
	£m	£m	**£m**	£m
Increase of 50 basis points	–	(0.1)	–	(0.1)
Increase of 100 basis points	**(0.1)**	(0.2)	**(0.1)**	(0.2)
Decrease of 50 basis points	–	0.1	–	0.1
Decrease of 100 basis points	**0.1**	0.2	**0.1**	0.2

Fair value of interest-bearing loans and borrowings

	2008	**2008**	2007	2007
	Book value	**Fair value**	Book value	Fair value
	£m	**£m**	£m	£m
Current liabilities at amortised cost	–	–	2.9	2.9
Non-current liabilities at amortised cost	**425.3**	**442.9**	390.4	392.1
Non-current liabilities held at fair value (derivatives)	**4.0**	**4.0**	(0.9)	(0.9)
	429.3	**446.9**	392.4	394.1

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. Quoted market values have been used to determine the fair value of listed long-term borrowings, and derivatives have been valued by reference to market rates of interest. The market values of all other items have been calculated by discounting the expected future cash flows at market interest rates.

15 Finance leases

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

	2008 Minimum lease payments £m	**2008 Interest £m**	**2008 Principal £m**	2007 Minimum lease payments £m	2007 Interest £m	2007 Principal £m
Less than one year	**0.6**	**(0.6)**	**–**	0.7	(0.7)	–
Between one and five years	**2.3**	**(2.3)**	**–**	2.7	(2.7)	–
More than five years	**68.2**	**(59.7)**	**8.5**	76.8	(66.8)	10.0
	71.1	**(62.6)**	**8.5**	80.2	(70.2)	10.0

16 Deferred tax

	1 April 2007 £m	**Reversal to income £m**	**Reversal directly to to equity £m**	**31 March 2008 £m**
Deferred tax liabilities				
Derivatives	**(0.2)**	–	**0.2**	–
Deferred tax assets				
Long-Term Incentive Plan and Share Matching Plan	**0.9**	**(0.9)**	–	–
Pension liabilities	**0.1**	**(0.1)**	–	–
Net deferred tax asset/(provision)	**0.8**	**(1.0)**	**0.2**	–

A deferred tax asset of £4.9 million, mainly relating to tax losses carried forward at 31 March 2008, was not recognised because it is uncertain whether future taxable profits against which these losses can be offset will arise.

17 Share capital

	2008 Number	**2008 £m**	2007 Number	2007 £m
Ordinary shares of 12½ pence each				
Authorised	**550,100,752**	**68.8**	550,100,752	68.8
Allotted, called up and fully paid				
At 1 April	**181,019,809**	**22.6**	163,181,906	20.4
Conversion of convertible bonds	**3,225**	**–**	17,837,903	2.2
At 31 March	**181,023,034**	**22.6**	181,019,809	22.6

18 Share premium

	2008 £m	2007 £m
At 1 April	**68.2**	15.1
Conversion of convertible bonds	**–**	53.1
At 31 March	**68.2**	68.2

19 Reserves	Hedging reserve £m	Capital redemption reserve £m	Revaluation reserve £m	Retained earnings £m
At 1 April 2007	**0.5**	**16.4**	**1.5**	**967.7**
Loss for the year	–	–	–	**(4.1)**
Net valuation deficit taken to equity	–	–	**(0.2)**	–
Actuarial gains on defined benefits schemes	–	–	–	**1.9**
Fair value movement on derivatives in effective hedging relationships	**(4.5)**	–	–	–
Deferred tax on fair value movements on derivatives	**0.2**	–	–	–
Dividends to shareholders	–	–	–	**(20.6)**
At 31 March 2008	**(3.8)**	**16.4**	**1.3**	**944.9**

20 Investment in own shares	2008 £m	2007 £m
At 1 April	**1.0**	1.8
Employee Long-Term Incentive and Share Matching Plan charge	**(1.6)**	(1.2)
Purchase of shares	**0.9**	–
Transfer to retained earnings	–	0.4
At 31 March	**0.3**	1.0

The investment in the Company's own shares is held at cost and comprises 758,027 shares (2007: 1,115,628 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest in certain senior employees of the Group if performance conditions are met.

During the year 541,757 shares (2007: nil) were awarded to directors and senior employees in respect of the 2004 LTIP award. On 26 November 2007 the Company purchased a further 184,156 shares at an average cost of £4.63 per share to augment the scheme.

The fair value of shares awarded and outstanding at 31 March 2008 was £7.7 million (2007: £4.9 million).

21 Adjustment for non-cash movements in the cash flow statement	2008 £m	2007 £m
Deficit/(gain) from investment property	**8.7**	(278.1)
Employee Long-Term Incentive and Share Matching Plan charge	**1.6**	1.2
Amortisation of capitalised lease incentives	**(5.4)**	0.2
Share of profit from joint ventures	**12.3**	(42.7)
Adjustment for non-cash items	**17.2**	(319.4)

22 Dividends	2008 £m	2007 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2008 of 3.9 pence per share	**7.0**	–
Final dividend for the year ended 31 March 2007 of 7.55 pence per share	**13.6**	–
Interim dividend for the year ended 31 March 2007 of 3.75 pence per share	–	6.1
Final dividend for the year ended 31 March 2006 of 7.33 pence per share	–	11.9
	20.6	18.0

The proposed final dividend of 8.0 pence per share (2007: 7.55 pence per share) was approved by the Board on 21 May 2008 and is payable on 8 July 2008 to shareholders on the register on 13 June 2008. The dividend is not recognised as a liability at 31 March 2008. The 2007 final dividend and the 2008 interim dividend were paid in the year and are included within the Group reconciliation of other movements in equity.

23 Operating leases

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

	2008 **£m**	2007 £m
The Group as a lessor		
Less than one year	**35.3**	45.0
Between one and five years	**103.4**	115.2
More than five years	**137.9**	88.0
	276.6	248.2

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2008 was 6.4 years (2007: 5.4 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the year (2007: £nil).

24 Employee benefits

The Group contributes to a defined benefit pension plan (the "Plan"), the assets of which are held by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2005 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2008 **%**	2007 %
Discount rate	**6.50**	5.25
Expected return on Plan assets	**5.56**	5.13
Expected rate of salary increases	**4.50**	4.00
Future pension increases	**3.50**	3.00

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the long-term rate of return on assets assumption for the portfolio. This resulted in the 5.56% assumption.

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

	2008 **£m**	2007 £m
Present value of unfunded obligations	**13.9**	16.0
Fair value of Plan assets	**(16.1)**	(15.8)
Pension (asset)/liability	**(2.2)**	0.2

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

	2008 £m	2007 £m
Current service cost	**0.2**	0.2
Interest on obligation	**0.8**	0.8
Expected return on Plan assets	**(0.9)**	(0.8)
	0.1	0.2

Actuarial gain recognised immediately in the Group statement of recognised income and expense	**1.9**	–
Cumulative actuarial gains recognised immediately in the Group statement of recognised income and expense	**4.2**	2.3

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

	2008 £m	2007 £m
Defined benefit obligation at 1 April	**16.0**	15.6
Service cost	**0.2**	0.2
Interest cost	**0.8**	0.8
Actuarial loss	**(2.7)**	(0.2)
Benefits paid	**(0.4)**	(0.4)
Defined benefit obligation at 31 March	**13.9**	16.0
Changes to the fair value of the Plan assets are as follows:		
Fair value of Plan assets at 1 April	**15.8**	14.9
Expected return	**0.9**	0.8
Actuarial loss	**(0.8)**	(0.2)
Contributions	**0.6**	0.7
Benefits paid	**(0.4)**	(0.4)
Fair value of Plan assets at 31 March	**16.1**	15.8
Net (asset)/liability	**(2.2)**	0.2

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

	2008 £m	2007 £m
Equities	**6.4**	6.3
Bonds	**9.7**	9.5
	16.1	15.8

The actual return on Plan assets was £0.1 million (2007: £0.6 million).

Life expectancy assumptions:

	2008 Years	2007 Years
Male aged 65	**20**	20
Female aged 65	**23**	23
Male aged 45	**21**	21
Female aged 45	**24**	24

The history of the Plan for the current and prior years is as follows:

	2008	2007	2006	2005
Difference between expected and actual return on the scheme assets:				
Amount £m	**(0.8)**	**(0.2)**	**1.9**	**0.6**
Percentage of scheme assets	**(5%)**	**(1%)**	**13%**	**5%**
Experience gains and losses on scheme liabilities:				
Amount £m	**–**	**–**	**0.5**	**0.6**
Percentage of scheme assets	**–**	**–**	**3%**	**4%**
Total gains and losses:				
Amount £m	**1.9**	**–**	**1.0**	**1.2**
Percentage of scheme assets	**13%**	**–**	**7%**	**9%**

The Group expects to contribute approximately 20.4% of members' pensionable salaries plus £0.4 million to the Plan in the year to 31 March 2009. However this rate will be subject to review pending the outcome of the triennial funding valuation due as at 1 April 2008.

Glossary

Adjusted earnings per share
Earnings per share adjusted to exclude non-recurring items, profits or losses on sales of investment properties, property revaluations and deferred tax on capital allowances and property revaluations on a diluted basis.

Adjusted net assets per share
NAV adjusted to exclude deferred tax on capital allowances and property revaluations on a diluted basis.

Diluted figures
Reported amounts adjusted to include the effects of potential shares issuable under the convertible bond.

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 adjusted NAV as set out by the European Public Real Estate Association (EPRA) in their January 2006 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.

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.

Market 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.

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 purchasers costs.

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

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

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

Return on capital employed (ROCE)
Return on capital employed is measured as profit before financing costs plus revaluation surplus on development property divided by the opening gross capital.

Return on shareholders' equity
The growth in the adjusted diluted net assets per share plus dividends per share for the period expressed as a percentage of the adjusted 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.

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

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

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

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

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

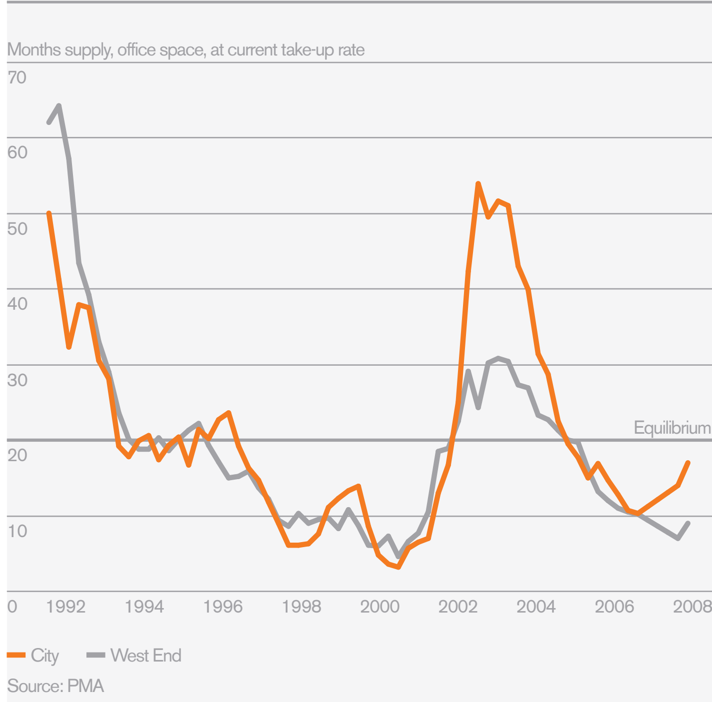
Voids
The element of a property which is unoccupied but available for letting, usually expressed as the ERV of the void space divided by the existing rent roll plus the ERV of the void space.

Weighted average cost of capital (WACC)
The weighted average pre-tax cost of the Group's debt and the notional cost of the Group's equity used as a benchmark to assess investment returns.

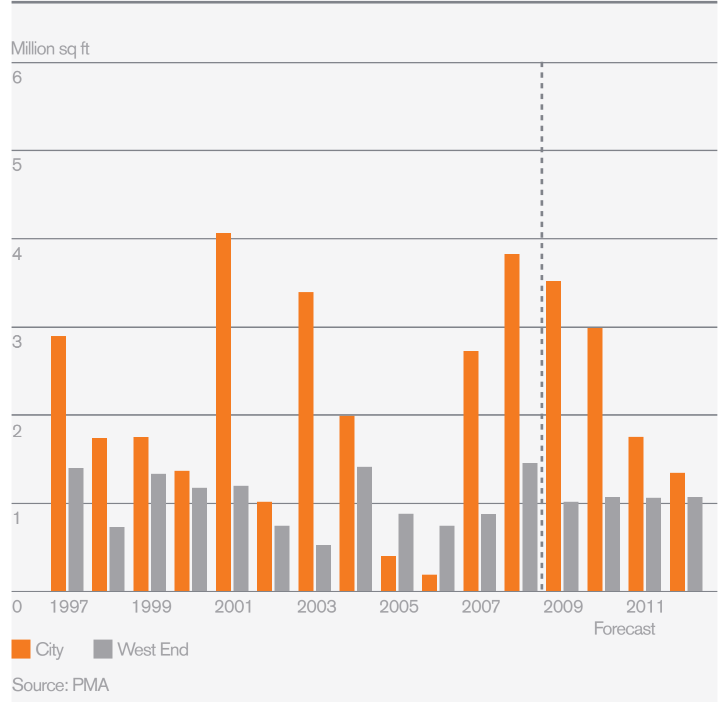
Weighted average unexpired lease term (WAULT)
The weighted average unexpired lease term expressed in years.

Appendix 1

1. Market balance in key sub-markets

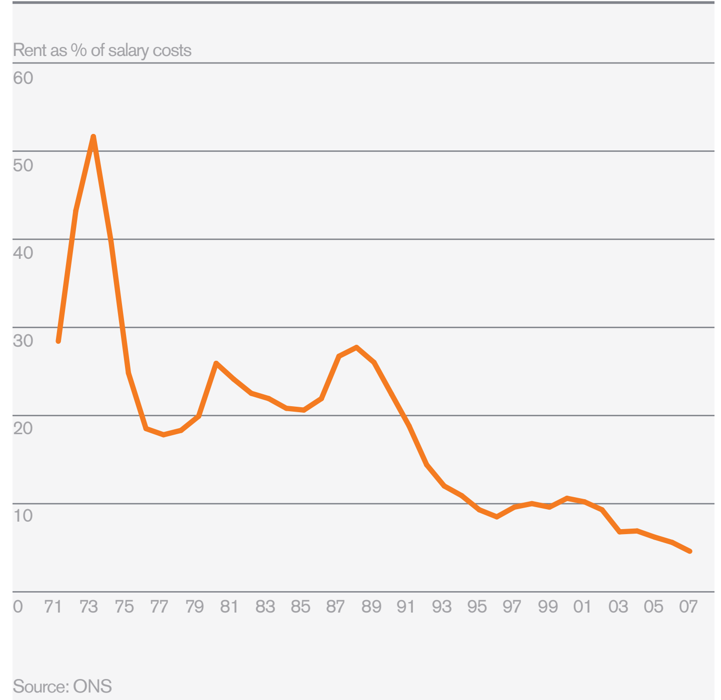


2. Development completions – City and West End



3. Central London office market rents

4. London office rent as a % of salary costs



Appendix 2

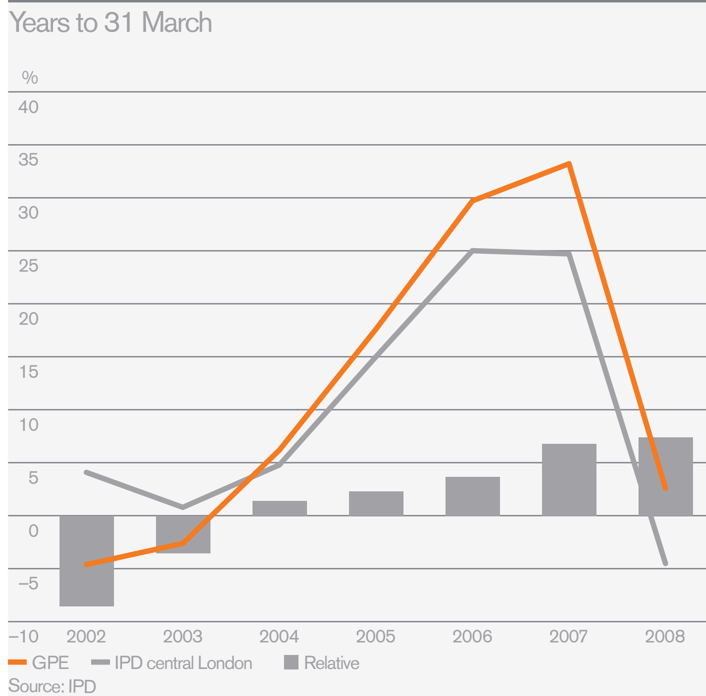
Rental village map

Proportion of office lettings by rent band
12 months to March 2008

<£30 per sq ft £30–60 per sq ft £60–90 per sq ft >£90 per sq ft £ psf GPE average rent

Total property return relative to IPD central London

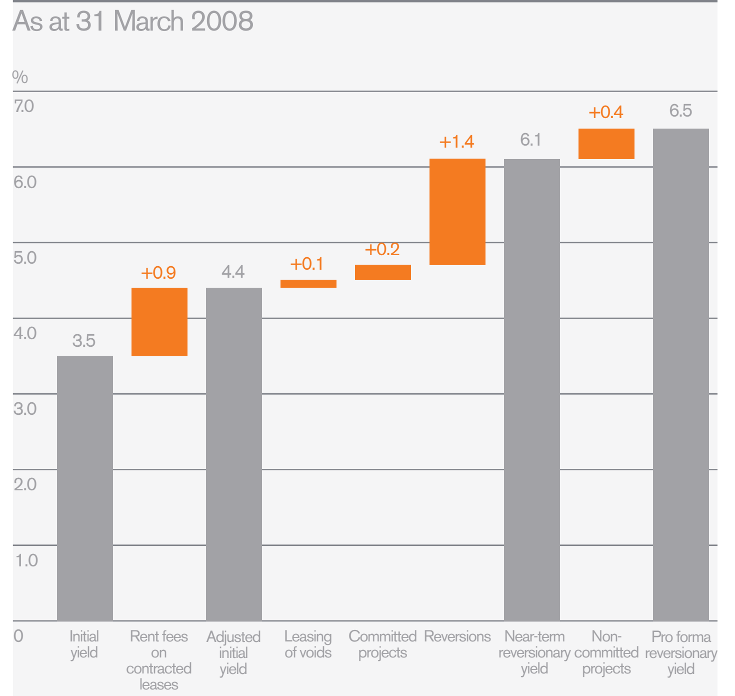
Years to 31 March



Source: IPD

Initial yield to pro forma reversionary yield

As at 31 March 2008



Portfolio performance

At 31 March 2008

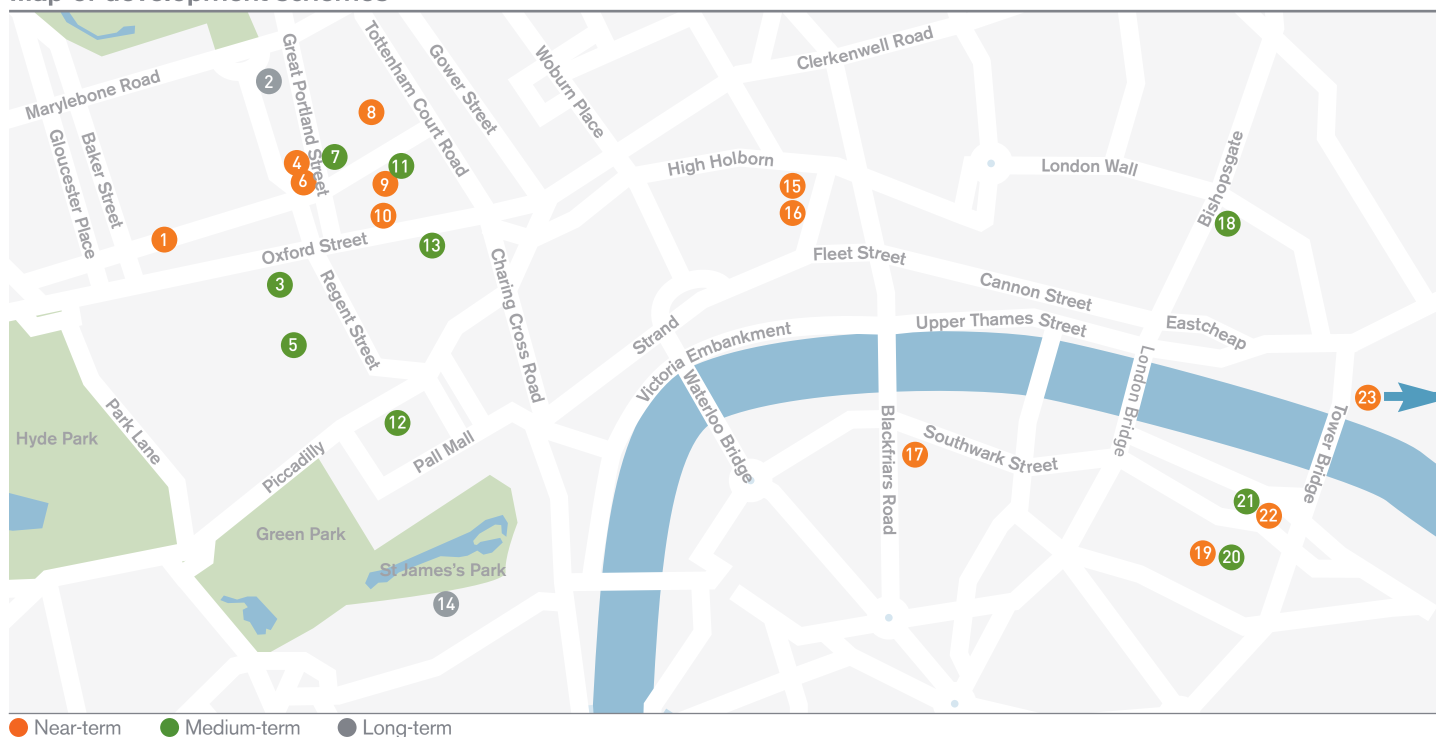
		Valuation					
		Wholly owned £m	Share of joint venture £m	Total £m	Proportion of portfolio %	Valuation movement %	ERV movement %
North of Oxford Street	Office	337.8	67.4	405.2	24.8	4.2	11.5
	Retail	74.7	77.6	152.3	9.3	(2.5)	4.0
Rest of West End	Office	215.7	33.1	248.8	15.2	2.5	16.2
	Retail	106.9	30.8	137.7	8.4	(6.2)	1.5
Total West End		735.1	208.9	944.0	57.7	1.0	10.0
City and Southwark	Office	215.9	–	215.9	13.2	(7.5)	12.3
	Retail	8.4	–	8.4	0.5	(2.2)	2.3
Total City and Southwark		224.3	–	224.3	13.7	(7.4)	11.5
Investment property portfolio		959.4	208.9	1,168.3	71.4	(0.7)	11.6
Development properties		108.0	–	108.0	6.6	5.6	19.3
Total properties held throughout the year		**1,067.4**	**208.9**	**1,276.3**	**78.0**	**(0.2)**	**12.4**
Acquisitions		19.9	339.7	359.6	22.0	(1.7)	
Total property portfolio		**1,087.3**	**548.6**	**1,635.9**	**100.0**	**(0.5)**	

Portfolio characteristics

At 31 March 2008

		Investment property portfolio £m	Properties under development £m	Total property portfolio £m	Office £m	Retail £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		635.7	98.1	733.8	556.6	177.2	**733.8**	1,284.2
Rest of West End		605.2	–	605.2	384.7	220.5	**605.2**	953.6
Total West End		1,240.9	98.1	1,339.0	941.3	397.7	**1,339.0**	2,237.8
City and Southwark		269.2	27.7	296.9	284.7	12.2	**296.9**	785.9
Total		1,510.1	125.8	1,635.9	1,226.0	409.9	**1,635.9**	3,023.7
By use:	Office	1,115.9	110.1	1,226.0				
	Rental	394.2	15.7	409.9				
Total		**1,510.1**	**125.8**	**1,635.9**				
Net internal area sq ft 000's		2,707.5	316.2	3,023.7				

Map of development schemes



Key
1 79/97 Wigmore Street
2 Park Crescent and Portland Place
3 Hanover Square Estate
4 79/83 Great Portland Street
5 28/29 Savile Row
6 288/300 Regent Street
7 78/92 Great Portland Street
8 46/48 Foley Street
9 Wells & More, 45 Mortimer Street
10 184/190 Oxford Street
11 37/41 Mortimer Street
12 Jermyn Street
13 79/89 Oxford Street
14 40/48 Broadway
15 24/31 Holborn
16 12/14 & 43 Fetter Lane
17 240 Blackfriars Road
18 100 Bishopsgate
19 46/58 Bermondsey Street
20 65/71 Bermondsey Street
21 14/28 Shand Street
22 160 Tooley Street
23 Metropolitan Wharf

Total development programme

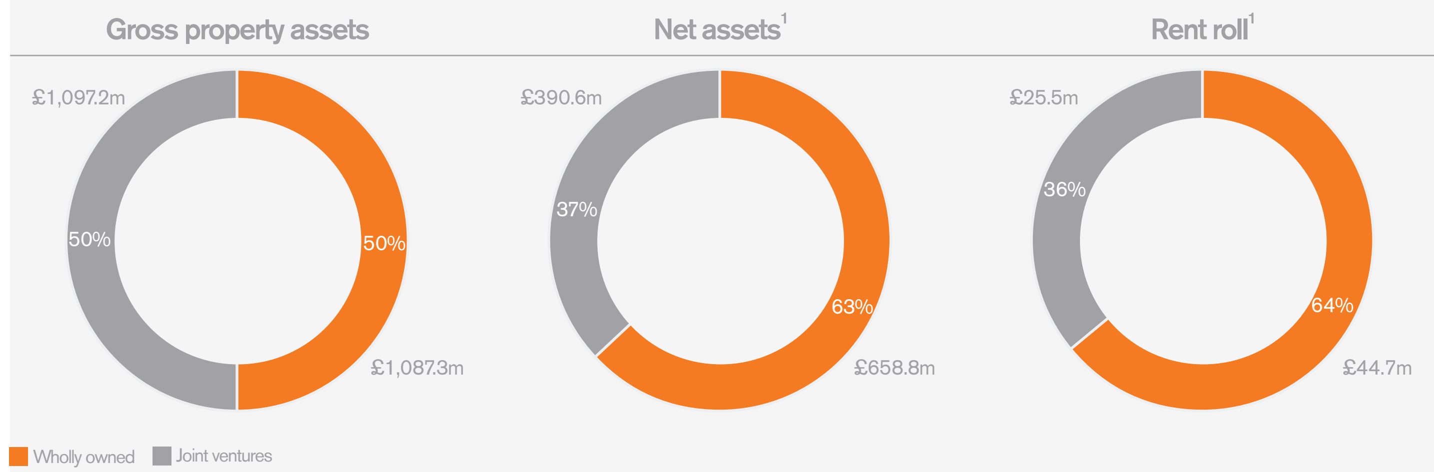
	Number of schemes
Near-term programme	12
Medium-term programme	9
Long-term programme	2
Total	23
Existing area	1.6m sq ft
Proposed area	2.8m sq ft
Increase (79%)	1.2m sq ft

Near-term programme

	Committed	Uncommitted
Number of schemes	6	6
Site value	£78m	£126m
Project cost (excluding site)	£77m	£191m
Total cost (£psf)	£484	£468
ERV	£10.2m	£20.9m
Gross development value	£235m	£370m
Profit on cost	£79.6m	£52.6m
Profit on cost	51.2%	16.6%
Development yield on cost	8.6%	6.6%

Joint venture business – contribution to the Group

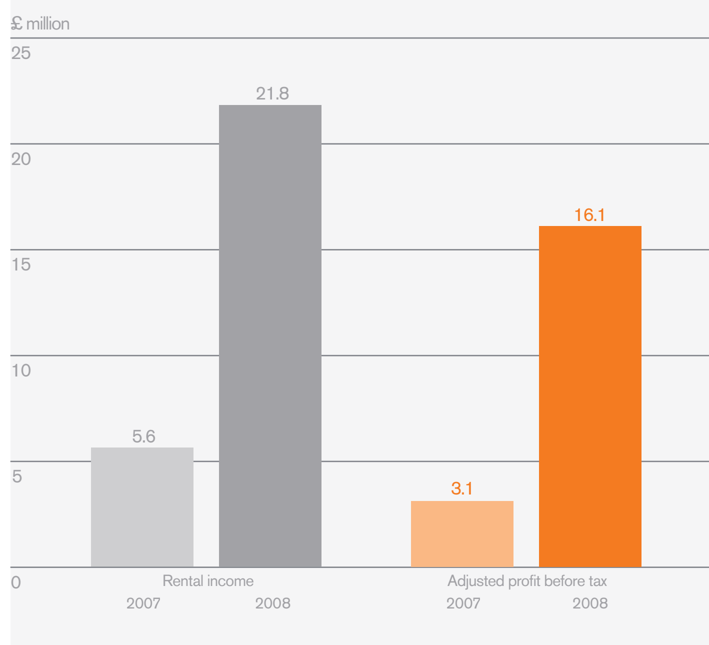
Values at 31 March 2008



1. Includes Group's share of joint ventures.

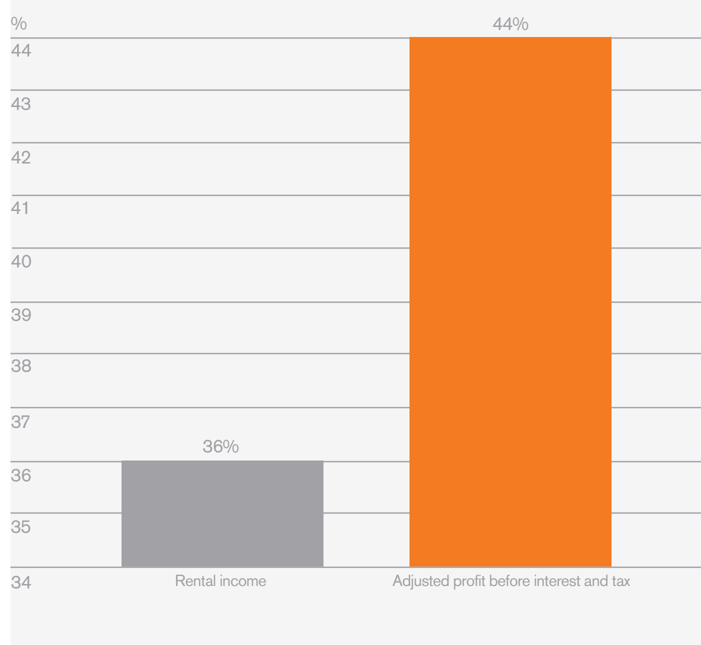
Growth in joint venture income and profit

Years to 31 March



Like-for-like growth in joint venture income and profit

Year to 31 March 2008



Joint venture statistics

At 31 March 2008

Operating statistics

Name	Great Victoria Partnerships	Great Wigmore Partnership	Great Capital Partnership	Great Ropemaker Partnership
Partner	Liverpool Victoria	Scottish Widows	Liberty International	BP Pension Fund
Ownership	50:50	50:50	50:50	50:50
Manager	GPE	GPE	GPE	GPE
Date commenced	January 2005	July 2006	April 2007	March 2008
Location in London	W1, SW1,	W1	W1, SW1, EC1, EC4, E1, W8	SE1

Financial statistics

	£m	£m	£m	£m	Total £m
Rent roll[1]	5.9	4.3	15.3	–	25.5
Property value[1]	129.3	79.4	327.7	12.2	548.6
Net debt[1]	42.7	(1.0)	104.1	–	145.8
Net investment in JV[1]	84.3	78.7	216.8	10.8	390.6
Fees payable to GPE[2]	0.5	1.2	4.1	–	5.8

1. 50%.
2. 100%.

Acquisitions

Description	Cost £m	NIY %	Area sq ft	Cost £ per sq ft
12 months to 31 March 2008				
18 Dering Street, W1	6.6	2.7	5,200	1,264
Great Capital Partnership investment*	233.4	4.6	858,000	544
19/25 Argyll Street, W1*	26.6	4.1	63,600	836
65/71 Bermondsey Street, SE1	9.4	2.7	16,600	566
43 Fetter Lane, EC4*	10.7	–	28,000	768
54/56 Jermyn Street, SW1*	10.2	5.3	28,400	725
100 Regent Street, W1*	26.6	5.5	53,000	1,003
266/270 Regent Street, W1*	5.7	9.1	14,800	769
9 Holyrood Street, SE1	5.8	4.6	14,100	411
52/54 Broadwick Street, W1*	9.1	5.2	29,600	615
Great Ropemaker Partnership investment*	10.5	–	–	–
	354.6			599

*Properties held in joint venture.

Asset management activity

	Events	Sq ft	Total rent £m	Premium to March 2007 ERV %
Lettings and renewals				
Completed	85	492,000	19.8	5.9
Rent reviews				
Completed	20	156,500	3.6	5.9
Total including JVs	105	648,500	23.4	5.9

Void rate

	% of rent		Sq ft	
	March 2008	March 2007	**March 2008**	March 2007
Void	**3.2**	5.0	**87,000**	126,400
Refurbishment and Development	**13.9**	15.7	**349,400**	266,600
Total including JVs	**17.1**	20.7	**436,400**	393,000

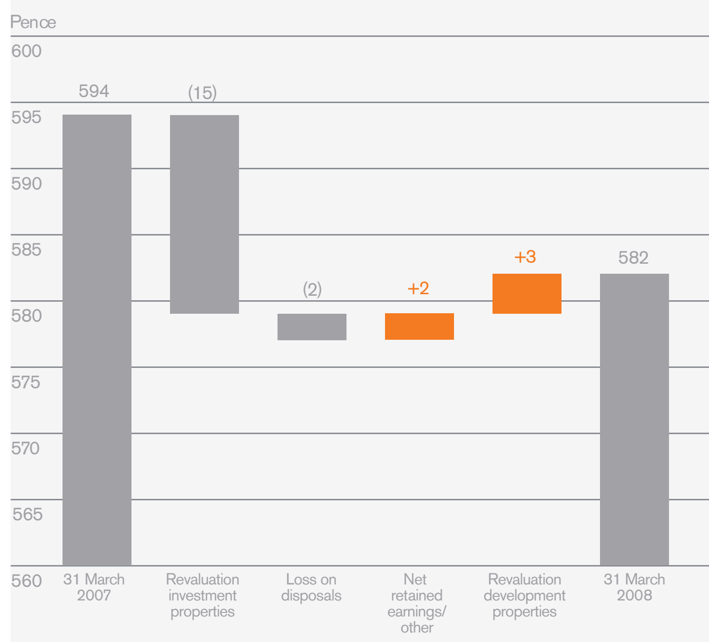
Sales

Description	Price £m	NIY %	Book value 31 March 2007 adj for capex £m
12 months to 31 March 2008			
Sale of initial properties to GCP	161.6	4.6	161.6
Met Building, 28 Percy Street, W1	107.0	4.1	109.0
45/51 Whitfield Street and 14/22 Tottenham Street, W1	16.1	4.4	13.8
240 Blackfriars Road, SE1	20.5	–	31.2
Sale of properties for The Crown Estate swap	30.8	4.3	27.9
	336.0		343.5

Appendix 3

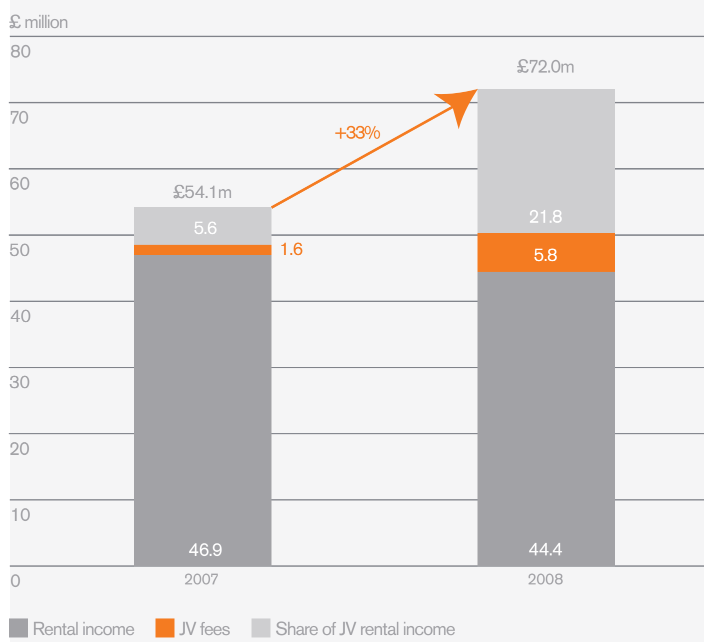
Adjusted net assets per share

Movement since 31 March 2007



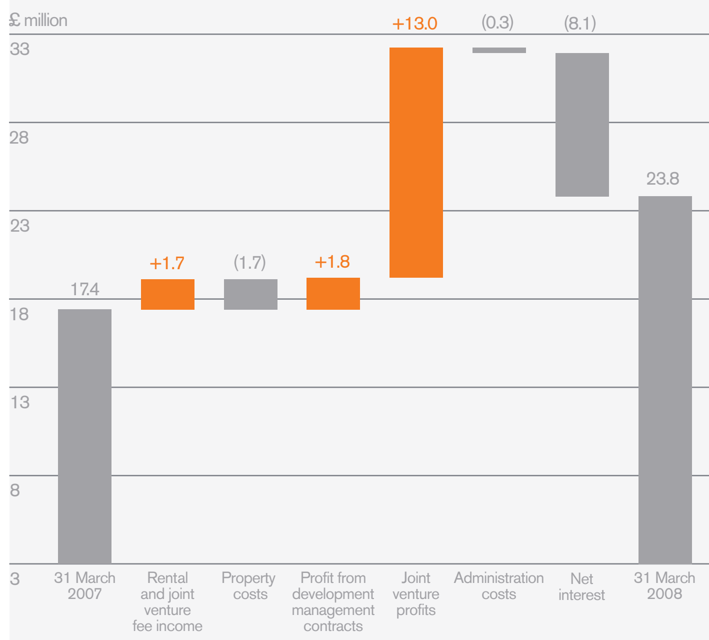
Total rental and joint venture fee income

Year to 31 March 2008



Adjusted profit before tax

Year to 31 March 2008



Adjusted profit before tax

	March 2008 £m	March 2007 £m
Reported (loss)/profit before tax	**(3.0)**	326.0
Deficit/(gains) from investment properties	**8.7**	(278.1)
Deficit/(gains) from joint venture properties	**17.7**	(42.1)
Fair value movement on derivatives	**0.4**	0.1
Non-recurring items	**–**	11.5
Adjusted profit before tax	**23.8**	17.4

Summary of Group results – pro forma proportional consolidation basis

Balance sheet	March 2008 Group £m	March 2008 Share of JVs £m	March 2008 Total £m	March 2007 Group £m	March 2007 Share of JVs £m	March 2007 Total £m
Investment property*	1,087.3	548.6	1,635.9	1,323.0	212.6	1,535.6
Other assets	26.7	4.3	31.0	25.2	2.8	28.0
Net debt	(424.6)	(145.8)	(570.4)	(389.1)	(34.5)	(423.6)
Other liabilities	(30.6)	(16.5)	(47.1)	(59.1)	(4.9)	(64.0)
Net assets	658.8	390.6	1,049.4	900.0	176.0	1,076.0

*Investment properties excluding finance leases

Income statement	March 2008 Group £m	March 2008 Share of JVs £m	March 2008 Total £m	March 2007 Group £m	March 2007 Share of JVs £m	March 2007 Total £m
Rental income	44.4	21.8	66.2	46.9	5.6	52.5
Fees from joint ventures	5.8	–	5.8	1.6	–	1.6
Profit from development management agreements	7.1	–	7.1	5.3	–	5.3
Property and administration costs	(19.9)	(2.9)	(22.8)	(18.2)	(0.7)	(18.9)
Finance costs	(30.1)	(2.8)	(32.9)	(21.7)	(1.8)	(23.5)
Profit before (deficit)/gain on investment property	7.3	16.1	23.4	13.9	3.1	17.0
(Deficit)/gain from investment property	(8.7)	(17.7)	(26.4)	278.1	42.1	320.2
Exceptional items	–	–	–	(11.2)	–	(11.2)
Reported (loss)/profit before tax	(1.4)	(1.6)	(3.0)	280.8	45.2	326.0

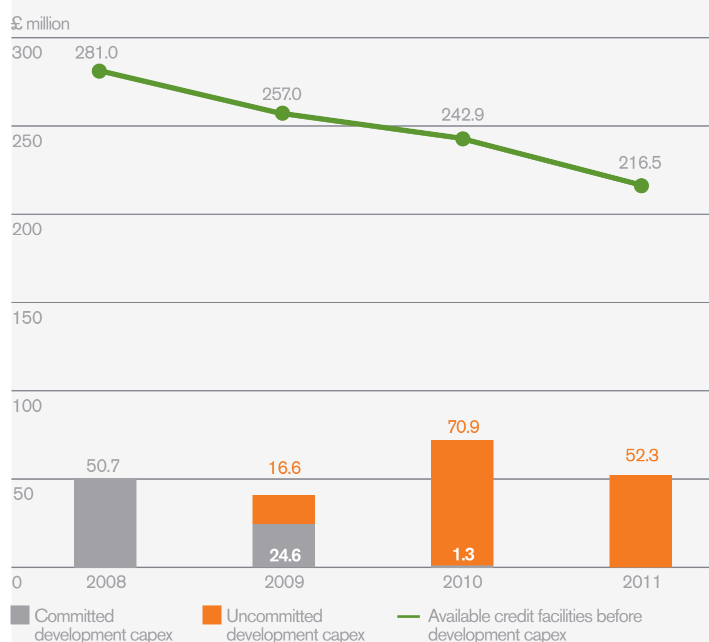
Debt analysis

Year end net debt position	March 2008 £m	March 2007 £m
Net debt excluding JVs	424.6	389.1
Net gearing	40.5%	36.2%
Total net debt including 50% JV non-recourse debt	570.4	423.6
Loan-to-property value	34.9%	27.6%

Credit statistics	March 2008 £m	March 2007 £m
Interest cover	1.8x	1.8x
Weighted average interest rate	6.01%	5.55%
Percentage of total debt fixed/capped	76%	62%

Total available facilities versus possible capital expenditure

Years to 31 March



Appendix 4

Rental income

At 31 March 2008

			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	15.4	4.0	19.4	6.4	2.5	8.9	28.3
		Retail	3.6	0.6	4.2	4.2	1.1	5.3	9.5
	Rest of West End	Office	8.3	5.7	14.0	8.2	2.8	11.0	25.0
		Retail	4.3	0.8	5.1	5.4	0.8	6.2	11.3
	Total West End		31.6	11.1	42.7	24.2	7.2	31.4	74.1
	City and Southwark	Office	12.5	4.3	16.8	1.2	0.7	1.9	18.7
		Retail	0.6	0.6	1.2	0.1	–	0.1	1.3
	Total City and Southwark		13.1	4.9	18.0	1.3	0.7	2.0	20.0
Total let portfolio			44.7	16.0	60.7	25.5	7.9	33.4	94.1
Voids					2.3			0.7	3.0
Premises under refurbishment					10.2			1.5	11.7
Total portfolio					73.2			35.6	108.8

Rent roll security, lease lengths and voids

At 31 March 2008

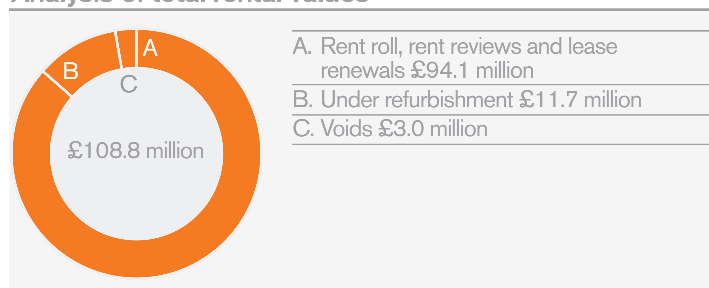
			Wholly owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Voids %	Rent roll secure for five years %	Weighted average lease length Years	Voids %
London	North of Oxford Street	Office	63.9	9.0	2.1	56.3	5.7	2.6
		Retail	64.0	7.7	3.3	72.4	10.3	1.9
	Rest of West End	Office	22.4	3.2	–	51.8	5.4	2.3
		Retail	54.2	10.4	16.3	89.0	12.9	0.8
	Total West End		51.8	7.5	3.5	65.0	8.1	1.9
	City and Southwark	Office	13.9	3.3	4.3	14.9	2.6	4.5
		Retail	14.4	7.6	–	75.9	12.4	–
	Total City and Southwark		14.0	3.5	4.3	20.2	3.4	4.2
Total let portfolio			40.8	6.4	3.7	62.7	7.8	2.2

Rental values and yields

At 31 March 2008

			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	41	55	31	44	1.8	5.8	3.1	5.7
		Retail	39	37	55	67	3.7	5.2	4.6	5.1
	Rest of West End	Office	40	68	36	49	3.4	5.1	4.1	5.9
		Retail	64	74	53	61	3.6	4.8	4.1	5.0
	Total West End		43	56	40	50	2.7	5.4	3.9	5.5
	City and Southwark	Office	28	37	24	29	4.9	6.2	3.4	6.9
		Retail	13	27	42	20	2.8	6.0	5.9	6.7
	Total City and Southwark		27	37	25	28	4.8	6.2	3.6	6.9
Total let portfolio			36	49	39	47	3.2	5.6	3.9	5.6

Analysis of total rental values



Lease expiries (including share of joint ventures)

The Group views effective risk management as integral to the delivering of superior returns to shareholders. Principal risks and uncertainties facing the business and the processes in place by which the Company aims to manage those risks are:

Risk	Mitigation
Market risk Property markets are cyclical. Performance depends on general economic conditions, a combination of supply and demand for floor space as well as overall return aspirations of investors.	Research into the economy and the investment and occupational markets is evaluated as part of the Group's annual strategy process covering the key areas of investment, development and asset management and updated regularly throughout the year. 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 estimated returns are regularly monitored to allow prompt decisions on leasing and ownership to be determined. Pro-active management of tenants to ensure changing needs are met. The Group's rents remain low by comparison to the market.
The impact of changes in legislation particularly in respect of environmental legislation and planning regulations.	Through the use of experienced advisers and direct contact, senior Group representatives spend considerable time ensuring that buildings are maintained and refurbished or redeveloped in line with current regulations and changing tenant demands including, for example, changing environmental legislation requirements in the most cost effective manner.
Development Failure to obtain or delays in gaining planning consents.	Planning applications are proactively managed. The Company monitors changes in planning legislation and has strong relationships with planning authorities and consultants.
Construction cost inflation.	Specialist advisers are used to forecast both labour and construction costs. Procurement strategies are employed to mitigate this risk as far as possible. Detailed appraisals are produced at key stages of the development process to ensure that decisions are based on up-to-date forecasts.
Letting risk.	Market analysis including a good understanding of tenants' requirements which influence building design and sensitivities are included within the development appraisals. The Company has resource dedicated to the letting of the developments supported by a strong network of specialist leasing agents.
Investment Difficulty in sourcing investment opportunities at attractive prices.	The Company 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.
Portfolio returns impaired by inappropriate recycling of capital.	Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with relative limited potential performance.
Attracting and retaining the right people Achieving the Company's aims requires people of the highest calibre.	The Company has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and the identification of training needs.
Reputation Health & Safety and Environment ("HSE").	The Company has dedicated HSE personnel to oversee the Company's HSE Management Systems including regular risk assessments and annual audits to proactively address key HSE areas including energy usage and employee, contractor and tenant safety.
Financial risks Liquidity risk.	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 market bonds. Strict counterparty limits are operated on deposits.
Adverse interest rate movements.	Formal policy to manage interest rates.
Breach of borrowing covenants.	Financial ratios are monitored and regularly reported to the Board.
Non compliance with REIT regulations.	The Group's accounts and forecast financial measures are regularly compared to REIT limits and reported to the Board.