



14 November 2013

## Half Year results

The Directors of Great Portland Estates plc announce the results for the Group for the six months ended 30 September 2013.

Highlights<sup>1</sup> for the six months:

### Continued growth in both capital and rental values, outperforming London market

- Portfolio valuation up 6.7%<sup>2</sup> since 31 March 2013 (developments: 15.8%<sup>2</sup>) and 3.3%<sup>2</sup> in Q2
- 12 month Total Property Return of 14.3% outperforming IPD's Central London index of 14.1%, driven by capital return of 11.0% vs 9.7% for IPD Central London (West End offices of 11.0% vs 10.0% for IPD)
- Rental value growth of 3.6%<sup>2</sup> (2.8% West End offices, 5.8% West End retail) vs 3.0% for IPD Central London

### Strong financial performance

- Adjusted<sup>3</sup> diluted NAV per share up 9.2% to 487 pence
- Net assets of £1,668.3 million (31 March 2013: £1,537.7 million)
- Adjusted<sup>3</sup> profit before tax of £18.1 million, up 103.4% on 2012. Adjusted<sup>3</sup> diluted EPS of 5.3 pence, up 82.8%
- After revaluation surplus, reported profit before tax of £146.9 million (2012: £76.7 million)
- Interim dividend per share of 3.4 pence, up 3.0%

### Development programme delivering significant surpluses

- 95 Wigmore Street, W1 completed (112,300 sq ft), profit on cost of 61.4%, office space 100% let
- City Tower, EC2 completed (138,300 sq ft), profit on cost of 31.5% so far, good levels of tenant interest, top floor let at £60 per sq ft
- 3 committed schemes (439,400 sq ft), 67% pre-let, expected profit on cost of 36.7%, completions from February 2014
- Resolution to grant planning consents obtained over 502,100 sq ft since 31 March 2013, including 414,000 sq ft mixed use scheme at Rathbone Place, W1 in October
- Major development opportunity from 22 uncommitted schemes, covering 1.9 million sq ft, including five schemes (659,200 sq ft) with potential starts in next 24 months. Total development programme of 2.3 million sq ft covering 51% of the existing portfolio

### Significant letting activity ahead of ERVs

- 38 new lettings signed generating £18.1 million per annum (our share: £15.0 million), including pre-lets of £10.9 million (our share: £9.6 million); market lettings 3.2% ahead of March 2013 rental values
- Since 30 September 2013, new lettings of £2.6 million (including pre-lets of £1.2 million) and a further £2.4 million of space currently under offer, in total 5.8% ahead of March 2013 rental values
- Reversionary potential of 18.1%, off average office rents of £41.80 per sq ft. Vacancy rate of 4.4% up from 2.3% in March following refurbishment completions to capture ERV growth. Pro forma vacancy rate of 4.0%

### Disciplined capital recycling and attractive West End acquisition

- Disposals of £166.0 million (our share: £113.5 million) at an average 4.0% premium to book value
- Sale of 50% interest in the Hanover Square Estate for £101.0 million through formation of a new joint venture with the Hong Kong Monetary Authority in early November
- Oxford House, 76 Oxford Street, W1 purchased in July for £90.0 million (c.6% yield post refurbishment)

### Robust financial position with record low cost of debt and enhanced liquidity

- £150 million convertible bond issued with fixed coupon of 1.0% and conversion price of £7.15
- Gearing conservative at 46.9%, pro forma<sup>3</sup> loan-to-property-value of 28.7%
- Weighted average interest rate at record low of 3.2%, pro forma<sup>3</sup> financial firepower of £503 million

<sup>1</sup> All values include share of joint ventures unless otherwise stated

<sup>2</sup> On a like-for-like basis

<sup>3</sup> See Our financial results

Toby Courtauld, Chief Executive, said:

“We are pleased to report a strong first half performance and another period of outperformance of the London commercial property market; we have delivered material surpluses from our exceptional development programme, attractive West End acquisitions, profitable asset sales, a new joint venture with promising prospects and new financing at a record low cost.

With a strengthening macro-economic backdrop and supportive property market conditions in the Capital, we expect to see further growth during the second half. London’s businesses are, once more, investing for growth and our limited available space to let is attracting significant interest, enabling us to lease at rates ahead of ERV’s. Meanwhile, central London’s appeal as an investment destination of choice continues unabated.

Within this positive context, we maintain our confident outlook; our portfolio, 100% in Central London, is full of opportunity; and our conservative gearing and low cost financing will enable us to deliver on our existing growth plans and exploit new opportunities as we find them”.

## **Contacts:**

### **Great Portland Estates plc**

Toby Courtauld, Chief Executive  
Nick Sanderson, Finance Director

**44 (0) 20 7647 3000**

### **Finsbury Group**

James Murgatroyd  
Gordon Simpson

**44 (0) 20 7251 3801**

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

[www.gpe.co.uk/investors/reports-and-presentations/presentations](http://www.gpe.co.uk/investors/reports-and-presentations/presentations)

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

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

## **Disclaimer**

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

## Half Year Results

### Our market

#### Introduction

Conditions in central London's economy and its property markets remain supportive. While macro-economic risks remain, against a backdrop of improving GDP growth and business sentiment across the UK, London continues to outperform. In particular, London has witnessed robust employment growth of more than 7.6% over the last 12 months and this is forecast to continue with the level of office-based employment expected to increase by 1.9% per annum over the next five years.

With confidence strengthening further in central London and businesses continuing to be attracted by its high quality labour pool, demand for well-specified space in attractive locations has again improved with occupational take-up on the increase. When combined with current low vacancy levels and constrained supply, occupational market conditions continue to be in landlords' favour, particularly in the core West End, with attractive levels of rental growth being forecast.

In the investment market, transaction activity has also increased and while investment from overseas buyers remains strong, most notably out of Asia including expanded appetite from Chinese investors, there has also been a marked boost in buying activity by domestic institutional investors. This increased demand has maintained downward pressure on prime central London property yields, despite the rise in Government bond yields and swap rates over the summer.

#### Occupational Markets

Conditions in our occupational markets remain consistent with those that we outlined with our final results in May 2013: namely, the market, particularly in the core of the West End, is underpinned by low levels of current and forecast availability combined with long run average levels of demand.

On the supply side, we estimate that central London development completions will total 1.9 million sq ft in the year to December 2013, a 12% reduction on 2012 and still below the long term average of 4.3 million sq ft. As a result, occupiers seeking to move to better premises or relocate into central London, particularly the West End, are in many instances seeing rental levels increase.

The pipeline of supply of new office space in central London continues to be subdued, particularly in the core of the West End where forecast development completions total 3.2 million sq ft over the next five years, equating to circa 1% of new supply per annum. We anticipate that this scarcity of new space combined with improving levels of demand, as the economy continues to recover, will support rental growth over the medium term.

#### West End

Over the six months to 30 September 2013, West End office take-up was 2.2 million sq ft, an increase of 33% on the preceding six months. However, availability has remained stable at 10.4 million sq ft in line with the preceding 6 months and vacancy rates remain low at 3.8%, with the vacancy rate for new or recently refurbished grade A space estimated by CBRE to be only 1.7% of total stock.

Across the West End, CBRE has reported that prime rental values rose 5.6% over the last six months. We believe that the West End will continue to benefit from its diversified occupier base, including the current healthy demand from the business services and technology, media and telecoms (TMT) sectors.

The West End retail market (comprising 25.4% of our West End portfolio by value) has continued its strong performance, with occupational demand continuing to outweigh supply. Demand for retail units in our prime West End retail locations of Oxford Street, Regent Street, Piccadilly and Bond Street remains robust. In particular, we are seeing a continued trend of certain retailers seeking multiple representation on Oxford Street, with strong appetite from retailers to participate in the regeneration of the eastern end of Oxford Street ahead of Crossrail opening in 2018.

## City, Midtown and Southwark

Over the six months to 30 September 2013, City office take-up was 2.7 million sq ft, marginally above the preceding six months. Although higher than in the West End, the City office vacancy rate of 6.5% at 30 September 2013 remains low compared to the long run average and CBRE has reported that prime City rental values have remained static over the last six months.

The Midtown and Southwark markets continue to offer an attractive rental outlook based on low vacancy levels and constrained supply, combined with the tenant attractions of relative affordability and improving transport infrastructure.

## Our investment markets

Prime commercial property values in core central London have continued to strengthen over the period. Investment in central London offices rose to over £8.3 billion in the six months to 30 September 2013, an increase of 31% from the preceding six months, with CBRE reporting that investment activity of £4.2 billion during the third quarter of 2013 was the strongest quarter since 2007. Overseas investors continue to dominate, accounting for more than 61% of purchases in the last six months, with Asian buyers remaining very active and a noticeable increase in appetite from Chinese investors. There has also been a significant increase in buying activity by domestic investors (notably the UK institutions), particularly in the third quarter where they accounted for 54% of investment volumes in London.

Although there has been an increase in investment transaction activity across central London, investor demand continues to materially outweigh the supply of commercial property stock available to buy, particularly in the West End. At November 2013, we estimated that there was £25.0 billion of equity demand versus £2.3 billion of assets on the market to sell, giving an equity demand multiple of 10.9 times, a further increase from the multiple of 8.7 times at May 2013. We expect that this surfeit of buyers over sellers will continue to prevail for the foreseeable future, supporting prime property yields around current levels.

## Lead indicators

We monitor numerous lead indicators to help identify key trends in our market place:

Selected Lead Indicators	Trends in period March – September 2013
<b>Property Capital Values</b>	
Equity prices	Up
Bond prices	Down
Real yield spread (West End property) <sup>1</sup>	Down
Volume new property lending in UK	Neutral
Transaction volumes in central London direct real estate investment markets	Up
Direction of pricing on IPD based derivative contracts	Up
<b>Rental Values</b>	
Forecast UK GDP growth	Up
Forecast London GVA growth	Up
West End retail sales	Up
Business confidence levels in the central London economy	Up
UK output from the financial and business services sector	Down
Employment levels in London's finance and business services sectors	Up
Central London office market balance <sup>2</sup>	Neutral

1. West End property yields over ten year gilt yields adjusted for inflation

2. Amount of space available to let given current rates of take-up expressed in terms of months

Since the spring of 2013, the prospect of central banks tapering their quantitative easing programmes has raised bond yields, resulting in a small narrowing in the positive spread of London property yields over inflation adjusted treasury yields. However, overall our property capital value indicators remain supportive, with no indications to date of any slowdown in the weight of capital seeking to purchase well located, quality buildings in our core central London markets. Our rental value indicators are continuing to improve with upgrades to both UK and London GDP forecasts, supported by increased business confidence and employment levels in central London. Accordingly, with supply remaining constrained and tenant demand improving, we expect that rental values will continue to rise for sensibly priced, well specified space in attractively located central London properties in the medium term.

## **Our business**

*Our business is accompanied by graphics (see Appendix 1)*

### **Development management**

With the successful completion of our developments at 95 Wigmore Street, W1 and City Tower, EC2, we now have three committed schemes on site – one in the West End, one in Midtown and one in Southwark. Our committed schemes (439,400 sq ft) are expected to deliver a 36.7% profit on cost and are already 67% pre-let. In addition, we have five schemes that could start in the next 24 months. Beyond that, our pipeline includes a further 17 uncommitted projects, giving us a total programme of 2.3 million sq ft, covering 51% of GPE's existing portfolio. Taken together, our capital expenditure to come at our committed schemes at 30 September 2013 totalled £79.4 million, which could rise to £422.1 million if the five near-term uncommitted schemes were started.

### **Letting successes at our developments**

We have continued with the successful leasing of our new development space, often prior to practical completion of the scheme and on some occasions prior to commitment to the scheme. In May, we pre-let the entirety of our 142,500 sq ft, 12 storey office development scheme at 12/14 New Fetter Lane, EC4. Bird & Bird, a leading international law firm, will occupy the whole building on 20.25 year leases (with no breaks) paying a total initial annual rent of £8.3 million, equating to an average of £58.80 per sq ft for the office space.

In September, the Great Wigmore Partnership (“GWP”) joint venture let the last available office floor in its 112,300 sq ft West End development at 95 Wigmore Street, W1. The 12,890 sq ft fourth floor was let to Pyrford International on a ten year lease, with a tenant only option to break after 7 years, paying a rent of £1.2 million per annum, equating to £92.50 per sq ft. One of the six retail units (16,000 sq ft) has also been let with a further two under offer and eight of the eleven residential apartments have now been sold, in both cases at rents and sales rates ahead of business plan.

In October, the Great Ropemaker Partnership (“GRP”) joint venture pre-let the ninth and tenth floors (together 23,608 sq ft) at its 20 storey scheme at 240 Blackfriars Road, SE1 to the law firm Boodle Hatfield on a ten year lease, paying a total initial annual rent of £1.2 million, equating to £50.00 per sq ft (above the £47.00 per sq ft secured last year from UBM plc on the nine upper floors).

### **Completed schemes**

In July, our development at 95 Wigmore Street, W1 was successfully completed, delivering a profit on cost of 61.4% and ungeared IRR of 29.1%. Following the Pyrford letting detailed above, all the office space has been let to strong tenant covenants at an average rent of £84.50 per sq ft and weighted average unexpired lease term of 11.6 years.

At City Tower, EC2, our Grade A office refurbishment scheme (138,300 sq ft) owned in The Great Star Partnership (“GSP”) joint venture, development works completed in September, delivering a profit on cost of 31.5% so far. We have already let the top floor of the building for £60 per sq ft, bringing the total space let or under offer to 30,00 sq ft, and tenant interest levels are very encouraging for the 59,600 sq ft of remaining space currently available for letting.

## Committed schemes

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

At Walmar House, W1, our refurbishment is progressing well and we are mid-way through the project to deliver 60,300 sq ft of mixed use space. This building is due to complete in June 2014. Although marketing has yet to commence, interest from prospective tenants is encouraging.

Construction work is also progressing well at our 236,600 sq ft development at 240 Blackfriars Road, SE1, where we have now pre-let 58% of the office space following the recent Boodle Hatfield letting. Completion of the scheme is expected by February 2014.

## Project preparation and pipeline

At Rathbone Place, W1, we submitted a planning application in May 2013 for our mixed-use scheme and took vacant possession of the site in the summer. In October, the 414,000 sq ft development (which will include 42,000 sq ft of retail space, 217,000 sq ft of offices and 155,000 sq ft of residential units) received resolution to grant planning consent from the City of Westminster, who described the scheme as “a distinctive, characterful proposal, of high architectural and urban design quality”. Subject to completing the remaining pre-development activities, including items such as signing a section 106 agreement with Westminster and resolving the outstanding neighbourly matters (for example, crane over-sailing and rights of light), works are expected to start onsite in 2014 for completion in 2016, ahead of Crossrail opening in 2018.

We continue to prepare our schemes at St Lawrence House, 26/34 Broadwick Street, W1 (where we have a planning application submitted), 48/50 Broadwick Street, W1 and 73/89 Oxford Street, W1 (where we received resolution to grant planning permission for our 88,100 sq ft mixed use scheme in the period) for potential starts over the next 18 months. We have also continued to prepare our consented 56,600 sq ft office scheme at 20 St James’s Street, SW1 for a potential start in summer 2015.

## Asset management

Our asset management team has continued to deliver strong results since March 2013, with highlights including:

- 38 new leases were agreed during the first half (2012: 45 leases), generating annual rent of £18.1 million (our share: £15.0 million; 2012: £4.5 million), including £10.9 million of pre-lets;
- market lettings in the first half were 3.2% ahead of March 2013 rental values;
- 97.4% of all tenancies by area, with lease breaks or expiries in the twelve months to 30 September 2013, were retained, re-let, under offer or under refurbishment;
- 15 rent reviews of £2.4 million (our share: £2.3 million; 2012: £1.8 million) were settled during the half year, some 6.8% ahead of ERV at the rent review date and representing an annualized increase of £0.3 million per annum;
- total space covered by new lettings, reviews and renewals during the first half was 308,300 sq ft (2012: 133,300 sq ft); and
- since the period end, we have completed £2.6 million (our share: £1.6 million) of new lettings (including pre-lets of £1.2 million (our share: £0.6 million)) and 12 potential new lettings are currently under offer which will deliver a further £2.4 million p.a. in rent (our share: £1.5 million), in total 5.8% ahead of March 2013 ERV’s.

As detailed in the Development management section, we have continued to deliver significant lettings at our developments and have good tenant interest in recently completed available space.

Overall, these asset management successes helped maintain a low vacancy rate of 4.4% at 30 September 2013, compared to 2.3% at 31 March 2013. The small increase in the period predominantly resulting from refurbishment completions at our development at City Tower, EC2 and individual floors at Wells & More, W1 and 200 Gray's Road, WC1. Since the period end, the vacancy rate has fallen to 4.0%.

The table below summarises our leasing transactions in the period.

Leasing Transactions	Three months ended 30 September 2013	Six months ended 30 September 2013	Six months ended 30 September 2012
<b>New leases and renewals completed</b>			
Number	15	38	45
GPE share of rent p.a.	£2.1 million	£15.0 million	£4.5 million
Area (sq ft)	43,900	267,300	102,700
Rent per sq ft (including retail)	£79	£68	£58
<b>Rent reviews settled</b>			
Number	11	15	5
GPE share of rent p.a.	£1.8 million	£2.3 million	£1.8 million
Area (sq ft)	36,300	41,000	30,600
Rent per sq ft (including retail)	£50	£58	£96

*Note: Includes joint ventures at share*

At 30 September 2013, the average rent across our office portfolio was £41.80 sq ft, an increase from £38.10 sq ft six months earlier given continued successful lease up of our new, high quality developed space.

## Investment management

We have had another active period of successful capital recycling, buying property laden with potential and selling properties at healthy surpluses, where we had either completed our business plans or were able to monetise our expected development profits.

During the course of the first half, we purchased Oxford House, 76 Oxford Street, W1, a prominent 79,000 sq ft freehold property at the junction of Oxford Street and Newman Street, adjoining our 2.3 acre Rathbone Place redevelopment site, for £90.0 million. On purchase, the property was fully let generating a total rent of £3.2 million per annum and a net initial yield of 3.5% rising to c.6.0% post a light refurbishment and re-letting. The weighted average unexpired lease term is under a year and the rents are low for this location at £26.17 per sq ft on the office accommodation and £238 per sq ft Zone A on the retail. In July, we also completed the purchase of Orchard Court, W1 for £37.0 million. The 47,800 sq ft retail and office leasehold property is arranged over basement, ground and the first floor of a significant island site comprising the entire eastern side of Portman Square.

We have also continued to recycle capital with sales of £113.5 million (our share) in the period at a 4.0% premium to book value, taking advantage of strong investor demand.

In July, we exchanged contracts to sell 90 Queen Street, EC4 for £61.0 million, reflecting a net initial yield of 5.4%, a capital value of £891 per sq ft and a 1.7% premium to the March 2013 book value. Having purchased the property in 2009 for £45.8 million, we subsequently restructured the leases and this sale, which will complete on 20 December 2013 (or earlier at the Group's option), crystallises the strong performance since acquisition, delivering an ungeared IRR of c.13% per annum.

In September, The Great Capital Partnership ("GCP") also completed the sale of its last remaining asset, Park Crescent West, for £105.0 million (our share: £52.5 million). The sale price was 6.9% ahead of book value and reflects a net initial yield of circa 2.0% and a capital value of £813 per sq ft on the net internal area.

Since the period end, we created a new 50/50 joint venture, the GHS Limited Partnership ("GHS"), with the Hong Kong Monetary Authority ("HKMA") to own and develop the Hanover Square Estate in the heart of London's West End. GPE transferred the properties forming part of the Hanover Square Estate to GHS for

£202.0 million and the partners intend to develop the site in accordance with the existing planning permission for a 208,000 sq ft redevelopment scheme incorporating 163,500 sq ft of grade A office accommodation, 32,700 sq ft of prime retail and restaurant space, along with six residential units totalling 11,800 sq ft. Part of the site is owned by Crossrail who are developing the eastern ticket hall of the Bond Street Crossrail station and GHS has an agreement to acquire this element of the site once Crossrail have completed construction of the station structure, currently anticipated to be during 2016, ahead of target delivery date for the development project in 2018. GPE will act as both asset and development manager to GHS.

## Joint ventures

Our joint ventures have continued to perform well during an active period of development, refurbishment and recycling activity. We categorise our active joint ventures at 30 September 2013 into two types:

- Access to new properties (13.0% of GPE's net asset value). The relevant joint ventures here are The Great Victoria Partnership ("GVP") with Liverpool Victoria Friendly Society, GWP with Scottish Widows and GSP with Starwood Capital; and
- Risk sharing on development projects and/or large lot size properties (8.7% of GPE's net asset value). The relevant joint venture here is GRP with BP Pension Fund.

Overall, our four active joint ventures at 30 September 2013 represent a significant proportion of the Group's business, although this has reduced over the course of the last 12 months with the successful conclusion of our joint venture with Hypothekenbank Frankfurt (Eurohypo) at 33 Margaret Street, the sell-down and restructuring of our interests in The 100 Bishopsgate Partnership and the recent sale of the one remaining asset in GCP, as detailed in the Investment management section.

At 30 September 2013, our joint ventures made up 19.1% of the portfolio valuation, 21.7% of net assets and 21.1% of rent roll (at 31 March 2013: 20.2%, 22.7% and 20.3% respectively), although we expect these proportions to increase in the near term given the creation earlier this month of GHS with HKMA, as detailed in the Investment management section.

## Valuation

*Valuation is accompanied by graphics (see Appendix 2)*

The valuation of the Group's properties rose to £2,499.5 million as at 30 September 2013, delivering underlying capital growth of 6.7% on a like-for-like basis since 31 March 2013.

At 30 September 2013, the wholly-owned portfolio was valued at £2,022.6 million and the Group had four active joint ventures which owned properties valued at £476.9 million (our share) by CBRE.

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

- Rental value growth – since the start of the financial year, rental values have grown by 3.6%. Office rental values have increased by 3.1%, with retail rental values rising by 5.6%, in large part driven by our asset management successes and the lack of grade A supply putting upward pressure on rents. At 30 September 2013, the portfolio was 18.1% reversionary;
- Intensive asset management – during the six months to 30 September 2013, 53 new leases, rent reviews and renewals were completed, securing £17.3 million (our share) of annual income which supported valuation growth over the period;
- Development properties – growth of 15.8% increased the valuation of current development properties to £366.8 million. The pre-letting of 142,500 sq ft at 12/14 New Fetter Lane, EC4 and continued progress at our other on-site schemes contributed to this strong valuation performance; and



- Lower investment yields – equivalent yields reduced by 17 basis points over the period due to the strength of demand for properties in our market (2012: 6 basis points). At 30 September 2013, the portfolio equivalent yield was 5.0%.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 30 September 2013 was 4.0%, unchanged over the six month period.

Our West End portfolio produced the strongest performance by geographic sector over the period, increasing in value by 5.7% on a like-for-like basis, in part driven by retail capital value growth of 8.5%. City, Midtown and Southwark assets saw a 2.8% uplift in values. Our joint venture properties rose in value by 7.3% over the period while the wholly-owned portfolio rose by 6.6% on a like-for-like basis.

The Group delivered a total property return (TPR) for the twelve months to 30 September 2013 of 14.3%, compared to the central London IPD benchmark of 14.1% and a strong capital return outperformance of 1.2% (GPE at 11.0% versus 9.7% of IPD).

## Our financial results

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

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

In addition to reporting profit before tax, diluted earnings per share and diluted NAV per share in accordance with EPRA guidance (see Appendix 3 for a summary of our key EPRA measures), following the recent issuance of our convertible bond, we are reporting these three measures on a Company adjusted basis to better reflect the underlying profits and net assets attributable to shareholders. We have made an adjustment to diluted earnings per share to remove fair value movements and the associated one-off issue costs of the convertible bond, and in diluted NAV per share we have included the convertible bond at its nominal value. We refer to these measures below as "Adjusted". We note that EPRA is currently reviewing its guidance regarding the treatment of convertible bonds with flexible settlement options.

### Net asset value

Adjusted diluted net assets per share (NAV) at 30 September 2013 was 487 pence per share, an increase of 9.2% over the last six months, largely due to the rise in value of the property portfolio. At 30 September 2013, the Group's net assets were £1,668.3 million, up from £1,537.7 million at 31 March 2013.

The main factors behind the 41 pence per share increase in NAV since 31 March 2013 were:

- the rise of 43 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 15 pence;
- profit on property disposals added 1 pence per share to NAV;
- adjusted earnings for the period of 5 pence per share enhanced NAV;
- the final dividend of 5 pence per share paid in July 2013 reduced NAV; and
- other movements, including increased pension liabilities and issue costs of the convertible bond, reduced NAV by 3 pence per share.

Triple net assets per share (NNNAV) was 476 pence per share at 30 September 2013 compared to 434 pence per share at 31 March 2013 (up 9.7%). At the period end, the difference between NAV and NNNAV was the negative mark to market of debt and derivatives of 11 pence, mainly arising from the Group's 2029 debenture, private placement notes and cross currency hedging derivatives. There was no net movement in deferred tax provisions during the period.

## Income statement and earnings per share

In line with our plans, the income statement is now benefitting from the successful delivery and letting of our development and refurbishment projects. As a result, adjusted profit before tax was £18.1 million, 103.4% higher than for the same period last year, and overall we expect that the income statement will be significantly enhanced this financial year compared to the prior year by the additional rental income we have created through successful leasing of our development schemes and our accretive acquisitions.

Leasing activity remains strong and rental income from wholly-owned properties and joint venture fees for the period were £34.9 million and £3.7 million respectively, generating a combined income of £38.6 million, up 27.4% on last year. The £8.4 million increase in rental income predominantly resulted from the commencement of Savills lease at 33 Margaret Street, W1 and our £202.0 million of accretive purchases since 30 September 2012. Joint venture fees were in line with the prior period, with further sales fees generated on property sales by GCP and continued development fees at 240 Blackfriars Road, SE1. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 2.6% on the prior period.

Property expenses in the period increased to £4.8 million (2012: £3.4 million), principally due to third party costs related to our management of joint ventures. Administration costs marginally fell to £11.3 million (2012: £11.5 million).

Adjusted profits from joint ventures (excluding fair value movements) were £4.4 million, up from £3.0 million last year, predominantly due to letting activity at 95 Wigmore Street, W1. Our share of joint venture interest expenses were 27% lower largely due to the repayment of GCP bank debt.

Underlying net finance costs were 7.4% lower at £8.8 million (2012: £9.5 million) as the increased Group net debt position following acquisitions and investment in our development programme was more than offset by our lower weighted average cost of debt and greater levels of capitalised interest as Group development schemes have commenced.

Revaluation gains and underlying profits enabled the Group to report an accounting profit after tax of £146.9 million (2012: £76.7 million). Basic EPS for the six months was 43.0 pence, compared to 24.8 pence for 2012. Diluted EPS for the six months was 42.8 pence compared to 24.8 pence for 2012.

Adjusted diluted EPS was 5.3 pence (2012: 2.9 pence), an increase of 82.8% and in line with our expectations.

## Results of joint ventures

The Group's net investment in joint ventures was £361.8 million, up from £348.3 million at 31 March 2013, due to property valuation increases of £31.7 million and capital expenditure at 95 Wigmore Street, W1 and 240 Blackfriars Road, SE1, offset by the sale of the one remaining GCP asset in the period.

Our share of joint venture net rental income was £10.0 million, down from £10.6 million for the same period last year, as a result of the loss of rental income from GCP sales partly offset by the new rental income generated at 95 Wigmore Street, W1. The underlying joint venture profits are stated after charging £3.7 million of GPE management fees (2012: £3.8 million).

Our share of non-recourse net debt in the joint ventures was £101.9 million at 30 September 2013 (31 March 2013: £102.2 million).

## Financial resources and capital management

Group consolidated net debt was £782.7 million at 30 September 2013 up from £658.9 million at 31 March 2013 as a consequence of our accretive acquisitions and development capital expenditure, partly mitigated by proceeds from disposals. Group gearing rose to 46.9% at 30 September 2013 from 42.8% at 31 March 2013 as higher debt levels prevailed over the portfolio valuation rise. Including our share of the non-recourse debt in the joint ventures, total net debt was £884.6 million (31 March 2013: £761.1 million) equivalent to a loan-to-value of 35.4% (31 March 2013: 32.7%). Pro forma loan-to-value, which adjusts for the deferred consideration of £31.6 million due to the Group on sale of the 37.5% interest in 100 Bishopsgate, EC2 and property investment transactions which had not completed by 30 September 2013 (being the sale of 90 Queen Street, EC4 and formation of the GHS Limited Partnership), was lower at 28.7%.

We have continued to be successful in our financing activities, again focusing on our objectives of maximising operational flexibility, maintaining the cost of our debt as one of the lowest in the sector and further diversifying our funding sources. In September, the Group issued a £150.0 million five year unsecured convertible bond on highly attractive terms benefiting from strong investor demand. The conversion price was set at £7.15, a 35% premium to the share price on the launch date, and the fixed annual coupon is 1.0%, which we understand represents the lowest ever achieved for a sterling denominated convertible bond in the UK public markets. If converted, the Group has the option to settle in shares or cash or a combination of shares and cash.

At 30 September 2013, the Group, including our share of joint ventures, had cash and undrawn committed credit facilities of £310 million, rising to £503 million on a pro forma basis as detailed above. The Group's weighted average cost of debt, including fees and joint venture debt, for the period was a record low 3.7%, a reduction of 60 basis points compared to the prior period. The weighted average interest rate (excluding fees) at the period end was 3.2% (31 March 2013: 3.7%). At 30 September 2013, 72% of the Group's total drawn debt (including non-recourse joint venture debt) was provided on an unsecured basis (31 March 2013: 67%) and 69% was from non-bank sources (31 March 2013: 60%).

At 30 September 2013, 78% of the Group's total drawn debt (including non-recourse joint ventures) was at fixed or hedged rates (31 March 2013: 71%). However, a significant proportion of hedged debt is subject to capped arrangements and as a result, we are benefiting from low floating rates on around 42% of our total debt. Interest cover for the twelve months to 30 September 2013 was 2.8x (2012: 2.2x).

We have no debt maturities until July 2015 and our weighted average drawn debt maturity was 6.3 years at 30 September 2013 (31 March 2013: 6.9 years). The Group, including its joint ventures, is operating with substantial headroom over its debt covenants.

### **Cash collection and tenant delinquencies**

The quarterly cash collection profile has continued to be strong throughout 2013. We secured 98% of rent within seven working days following the September quarter day, similar to the March and June quarters earlier this year both at 99%. Tenants on monthly payment terms represent around 3.4% of our rent roll (30 September 2012: 3.7%). We had no tenant delinquencies around the September quarter day and only two in the six month period, accounting for 0.14% of total rent roll; however, we remain vigilant and continue to monitor the financial position of our tenants.

### **Taxation**

The tax charge in the income statement for the half year is £nil (2012: £nil) and the underlying effective tax rate was 0% (2012: 0%) as a result of the tax free nature of much of the Group's income and other allowances being available to set against non-REIT profits.

### **Dividend**

The Board has declared an interim dividend of 3.4 pence per share (2012: 3.3 pence) which will be paid in January 2014. Of this dividend, 1.2 pence per share will be a REIT Property Income Distribution (PID) in respect of the Group's tax exempt property rental business.

### **Outlook**

We are pleased to report a strong first half performance and another period of outperformance of the London commercial property market; we have delivered material surpluses from our exceptional development programme, attractive West End acquisitions, profitable asset sales, a new joint venture with promising prospects and new financing at a record low cost.

With a strengthening macro-economic backdrop and supportive property market conditions in the Capital, we expect to see further growth during the second half. London's businesses are, once more, investing for growth and our limited available space to let is attracting significant interest, enabling us to lease at rates ahead of ERV's. Meanwhile, central London's appeal as an investment destination of choice continues unabated.

Within this positive context, we maintain our confident outlook; our portfolio, 100% in Central London, is full of opportunity; and our conservative gearing and low cost financing will enable us to deliver on our existing growth plans and exploit new opportunities as we find them.

# Group income statement

For the six months ended 30 September 2013

Year to 31 March 2013 Audited £m		Notes	Six months to 30 September 2013 Unaudited £m	Six months to 30 September 2012 Unaudited £m
69.0	Total revenue	2	42.8	33.4
57.1	Net rental income	3	34.9	26.5
6.1	Joint venture fee income	9	3.7	3.8
63.2	Rental and joint venture fee income		38.6	30.3
(6.5)	Property expenses	4	(4.8)	(3.4)
56.7	<b>Net rental and related income</b>		<b>33.8</b>	26.9
(22.8)	Administrative expenses		(11.3)	(11.5)
33.9	<b>Operating profit before surplus on investment property and results of joint ventures</b>		<b>22.5</b>	15.4
99.0	Surplus from investment property	8	113.3	49.1
61.2	Share of results of joint ventures	9	40.4	28.7
(0.5)	Loss on disposal of joint venture		–	–
193.6	<b>Operating profit before financing costs</b>		<b>176.2</b>	93.2
(13.0)	Net finance costs	5	(29.3)	(16.5)
180.6	<b>Profit before tax</b>		<b>146.9</b>	76.7
-	Tax	6	–	–
180.6	<b>Profit for the period</b>		<b>146.9</b>	76.7
56.3p	<b>Basic earnings per share</b>	7	<b>43.0p</b>	24.8p
55.7p	<b>Diluted earnings per share</b>	7	<b>42.8p</b>	24.8p
6.9p	<b>Adjusted earnings per share</b>	7	<b>5.3p</b>	2.9p

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

# Group statement of comprehensive income

For the six months ended 30 September 2013

Year ended 31 March 2013 Audited £m		Six months to 30 September 2013 Unaudited £m	Six months to 30 September 2012 Unaudited £m
180.6	Profit for the period	146.9	76.7
	<b>Items that will not be reclassified subsequently to profit and loss:</b>		
(0.2)	Actuarial deficit on defined benefit scheme	(1.1)	(0.3)
	<b>Items that may be reclassified subsequently to profit and loss:</b>		
–	Accounting charge on cancellation of derivatives in joint ventures	–	2.9
3.0	Fair value movements on derivatives taken to equity in joint ventures	–	0.1
183.4	<b>Total comprehensive income for the period</b>	<b>145.8</b>	79.4

# Group balance sheet

At 30 September 2013

As at 31 March 2013 Audited £m		Notes	As at 30 September 2013 Unaudited £m	As at 30 September 2012 Unaudited £m
<b>Non-current assets</b>				
1,899.5	Investment property	8	2,063.0	1,581.3
348.3	Investment in joint ventures	9	361.8	479.5
16.7	Other investment	10	17.6	–
0.6	Plant and equipment	11	0.4	0.8
–	Pension asset		–	0.2
<u>2,265.1</u>			<u>2,442.8</u>	<u>2,061.8</u>
<b>Current assets</b>				
51.2	Trade and other receivables	12	105.8	19.8
6.3	Cash and cash equivalents		4.9	6.8
<u>57.5</u>			<u>110.7</u>	<u>26.6</u>
<u>2,322.6</u>	<b>Total assets</b>		<u>2,553.5</u>	<u>2,088.4</u>
<b>Current liabilities</b>				
(78.2)	Trade and other payables	13	(42.8)	(37.4)
<u>(78.2)</u>			<u>(42.8)</u>	<u>(37.4)</u>
<b>Non-current liabilities</b>				
(666.0)	Interest-bearing loans and borrowings	14	(800.7)	(705.7)
(40.4)	Obligations under finance leases		(40.4)	(40.5)
(0.3)	Pension liability		(1.3)	–
<u>(706.7)</u>			<u>(842.4)</u>	<u>(746.2)</u>
<u>(784.9)</u>	<b>Total liabilities</b>		<u>(885.2)</u>	<u>(783.6)</u>
<u>1,537.7</u>	<b>Net assets</b>		<u>1,668.3</u>	<u>1,304.8</u>
<b>Equity</b>				
43.0	Share capital	15	43.0	39.1
352.0	Share premium		352.0	218.1
16.4	Capital redemption reserve		16.4	16.4
1,130.0	Retained earnings		1,255.4	1,037.3
(3.7)	Investment in own shares	16	1.5	(6.1)
<u>1,537.7</u>	<b>Total equity</b>		<u>1,668.3</u>	<u>1,304.8</u>
451p	<b>Net assets per share</b>	7	487p	421p
446p	<b>Adjusted net assets per share</b>	7	487p	424p

# Group statement of cash flows

For the six months ended 30 September 2013

Year to 31 March 2013 Audited £m		Notes	Six months to 30 September 2013 Unaudited £m	Six months to 30 September 2012 Unaudited £m
	<b>Operating activities</b>			
193.6	Operating profit before financing costs		<b>176.2</b>	93.2
(158.5)	Adjustments for non-cash items	17	<b>(155.4)</b>	(76.7)
0.8	Decrease/(increase) in receivables		<b>1.8</b>	(3.0)
2.7	(Decrease)/increase in payables		<b>(0.7)</b>	2.4
38.6	<b>Cash generated by operations</b>		<b>21.9</b>	15.9
(26.1)	Interest paid		<b>(14.1)</b>	(11.9)
12.5	<b>Cash flows from operating activities</b>		<b>7.8</b>	4.0
	<b>Investing activities</b>			
110.6	Distributions from joint ventures		<b>55.6</b>	108.4
(401.4)	Purchase and development of property		<b>(144.7)</b>	(327.3)
(0.1)	Purchase of fixed assets		–	(0.1)
59.8	Sale of properties		<b>5.4</b>	58.1
(15.6)	Investment in joint ventures		–	–
15.3	Sale of joint ventures		–	–
(25.5)	Payment to acquire control of G.P.E. (Marcol House) Limited		–	–
15.8	Cash acquired on consolidation of G.P.E. (Marcol House) Limited		–	–
(241.1)	<b>Cash flows used in investing activities</b>		<b>(83.7)</b>	(160.9)
	<b>Financing activities</b>			
140.6	Issue of share capital – proceeds from equity placing		–	–
(2.8)	Issue of share capital – associated costs		–	–
–	Issue of convertible bond		<b>146.7</b>	–
33.0	Borrowings (repaid)/drawn		<b>(29.0)</b>	63.0
127.2	Draw down of private placement notes		–	127.0
(39.5)	Funds to joint ventures		<b>(25.2)</b>	(14.2)
(27.6)	Equity dividends paid		<b>(18.0)</b>	(16.1)
230.9	<b>Cash flows generated from financing activities</b>		<b>74.5</b>	159.7
2.3	Net (decrease)/increase in cash and cash equivalents		<b>(1.4)</b>	2.8
4.0	Cash and cash equivalents at 1 April		<b>6.3</b>	4.0
6.3	<b>Cash and cash equivalents at balance sheet date</b>		<b>4.9</b>	6.8

# Group statement of changes in equity

For the six months ended 30 September 2013 (unaudited)

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

## Group statement of changes in equity

For the six months ended 30 September 2012 (unaudited)

	Share Capital £m	Share Premium £m	Capital redemption reserve £m	Retained Earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2012	39.1	218.1	16.4	976.2	(11.5)	1,238.3
Profit for the period	–	–	–	76.7	–	76.7
Accounting charge on cancellation of hedging arrangements in joint ventures	–	–	–	3.0	–	3.0
Actuarial deficit on defined benefit scheme	–	–	–	(0.3)	–	(0.3)
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	3.1	3.1
Transfer to retained earnings	–	–	–	(2.3)	2.3	–
Dividends	–	–	–	(16.0)	–	(16.0)
<b>Total equity at 30 September 2012</b>	<b>39.1</b>	<b>218.1</b>	<b>16.4</b>	<b>1,037.3</b>	<b>(6.1)</b>	<b>1,304.8</b>



## Group statement of changes in equity

For the year ended 31 March 2013 (audited)

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

# Notes forming part of the half year results

## 1 Basis of preparation

The information for the year ended 31 March 2013 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

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

### Changes in accounting policy

In the current financial year, the Group has adopted the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*, IAS 19 (revised 2011) *Employee Benefits* and IFRS 13 *Fair Value Measurement*. Otherwise, the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

The amendments to IAS 1 require items of other comprehensive income to be grouped by those items that will be reclassified subsequently to profit or loss and those that will never be reclassified, together with their associated income tax. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income has been restated to reflect the change. The effect of these changes is set out in the Group statement of comprehensive income.

IAS 19 (revised 2011) and the related consequential amendments have impacted the accounting for the Group's defined benefit scheme, by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability. As the Group has always recognised actuarial gains and losses immediately there has been no effect on the prior year defined benefit obligation. The comparative period has not been restated as the impact of adopting IAS 19 (revised 2011) is not considered material.

IFRS 13 has impacted the measurement of fair value for certain assets and liabilities as well as introducing new disclosures. The revised disclosure is set out in note 14; the adoption of IFRS 13 has had no impact on the profit or net assets of the Group.

### Going concern

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

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

## 2 Total revenue

Year to 31 March 2013 £m		Six months to 30 September 2013 £m	Six months to 30 September 2012 £m
52.5	Gross rental income	30.1	24.4
4.5	Amortisation of capitalised lease incentives	4.7	2.1
–	Surrender premium	0.1	–
5.9	Service charge income	4.2	3.1
6.1	Joint venture fee income	3.7	3.8
69.0		42.8	33.4

### 3 Net rental income

Year to 31 March 2013 £m		Six months to 30 September 2013 £m	Six months to 30 September 2012 £m
52.5	Gross rental income	30.1	24.4
4.5	Amortisation of capitalised lease incentives	4.7	2.1
0.1	Ground rents credit	–	–
57.1	Rental income before surrender premium	34.8	26.5
–	Surrender premium	0.1	–
57.1		34.9	26.5

### 4 Property expenses

Year to 31 March 2013 £m		Six months to 30 September 2013 £m	Six months to 30 September 2012 £m
(5.9)	Service charge income	(4.2)	(3.1)
8.1	Service charge expenses	5.5	4.1
4.3	Other property expenses	3.5	2.4
6.5		4.8	3.4

### 5 Net finance costs

Year to 31 March 2013 £m		Six months to 30 September 2013 £m	Six months to 30 September 2012 £m
8.0	Interest on bank overdrafts and loans	4.5	4.1
11.3	Interest on private placement notes	5.8	5.3
8.0	Interest on debentures	4.0	4.0
–	Interest on convertible bond	0.1	–
–	Issue costs of convertible bond	3.3	–
1.8	Interest on obligations under finance leases	1.0	0.9
29.1	Gross finance costs	18.7	14.3
(1.8)	Less: capitalised interest at an average interest cost of 3.7% (2012: 4.5%)	(2.1)	(1.0)
27.3	Finance costs before finance income and fair value movements	16.6	13.3
(7.5)	Interest income on joint venture balances	(3.5)	(3.8)
(0.9)	Interest income from deferred receipts in respect of 100 Bishopsgate Partnership	(1.0)	–
18.9	Net finance costs before fair value movements	12.1	9.5
(5.9)	Fair value movement on derivatives	16.7	7.0
–	Fair value movement on convertible bond	0.5	–
13.0		29.3	16.5

## 6 Tax

Year to 31 March 2013 £m		Six months to 30 September 2013 £m	Six months to 30 September 2012 £m
	<b>Current tax</b>		
–	UK corporation tax	–	–
–	Total current tax	–	–
–	<b>Deferred tax</b>	–	–
–	Tax charge for the period	–	–

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

Year to 31 March 2013 £m		Six months to 30 September 2013 £m	Six months to 30 September 2012 £m
180.6	Profit before tax	<b>146.9</b>	76.7
43.3	Tax charge on profit at standard rate of 23% (2012: 24%)	<b>33.8</b>	18.4
(36.0)	Non-taxable revaluation surplus	<b>(33.3)</b>	(17.7)
(7.7)	REIT tax-exempt rental income and gains	<b>(5.3)</b>	(4.2)
0.4	Other	<b>4.8</b>	3.5
–	Tax charge for the period	–	–

During the period £nil (2012: £nil) of deferred tax was credited directly to equity in respect of the Group's pension fund and share incentive plans. The Group's deferred tax at 30 September 2013 is £nil (2012: £nil). This consists of a deferred tax liability of £nil (2012: £0.1 million) arising from the Group's share incentive plan and a deferred tax asset of £nil (2012: £0.1 million) in respect of, contingent share awards and other short-term timing differences.

A deferred tax asset of £9.5 million (2012: £8.2 million), mainly relating to tax losses carried forward at 30 September 2013, contingent share awards and the convertible bond, was not recognised because it is uncertain whether future taxable profits against which these losses can be offset will arise.

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

## 7 Earnings and net assets per share

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

### Weighted average number of ordinary shares

Year to 31 March 2013 No. of shares		Six months to 30 September 2013 No. of shares	Six months to 30 September 2012 No. of shares
312,676,149	Issued ordinary share capital at 1 April	<b>343,926,149</b>	312,676,149
11,458,334	Issue of share capital	–	–
(3,173,663)	Investment in own shares	<b>(2,113,971)</b>	(4,045,425)
320,960,820	Weighted average number of ordinary shares - basic	<b>341,812,178</b>	308,630,724
3,048,664	Dilutive effect of LTIP shares	<b>1,810,123</b>	560,023
324,009,484	Weighted average number of ordinary shares - diluted	<b>343,622,301</b>	309,190,747

### Earnings per share

Year to 31 March 2013 Earnings per share pence		Six months to 30 September 2013 Profit after tax £m	Six months to 30 September 2013 Earnings per share pence	Six months to 30 September 2012 Profit after tax £m	Six months to 30 September 2012 Earnings per share pence
56.3	Basic	<b>146.9</b>	<b>43.0</b>	76.7	24.8
(0.6)	Dilutive effect of LTIP shares	–	<b>(0.2)</b>	–	–
55.7	Diluted	<b>146.9</b>	<b>42.8</b>	76.7	24.8
(30.6)	Surplus from investment property	<b>(113.3)</b>	<b>(32.9)</b>	(49.1)	(15.9)
(18.1)	Surplus from joint venture investment property	<b>(34.4)</b>	<b>(10.0)</b>	(30.5)	(9.8)
(1.8)	Movement in fair value of derivatives	<b>16.7</b>	<b>4.8</b>	7.0	2.3
1.4	Movement in fair value of derivatives in joint ventures	<b>(1.6)</b>	<b>(0.5)</b>	4.5	1.4
0.2	Loss on sale of joint venture	–	–	–	–
0.1	Debt break costs in joint ventures	–	–	0.3	0.1
6.9	EPRA earnings	<b>14.3</b>	<b>4.2</b>	8.9	2.9
–	Fair value movement of convertible bond	<b>0.5</b>	<b>0.1</b>	–	–
–	Issue costs of convertible bond	<b>3.3</b>	<b>1.0</b>	–	–
6.9	Adjusted earnings	<b>18.1</b>	<b>5.3</b>	8.9	2.9

### Net assets per share

31 March 2013 Net assets per share pence		30 September 2013 Net assets £m	30 September 2013 No. of shares million	30 September 2013 Net assets per share pence	30 September 2012 Net assets £m	30 September 2012 No. of shares million	30 September 2012 Net assets per share pence
451	Basic	<b>1,668.3</b>	<b>342.9</b>	<b>487</b>	1,304.8	309.7	421
(4)	Dilutive effect of LTIP shares	–	<b>1.7</b>	<b>(3)</b>	–	0.4	–
447	Diluted	<b>1,668.3</b>	<b>344.6</b>	<b>484</b>	1,304.8	310.1	421
(13)	Fair value of financial liabilities	<b>(25.8)</b>	–	<b>(8)</b>	(30.7)	–	(10)
434	EPRA triple net assets	<b>1,642.5</b>	<b>344.6</b>	<b>476</b>	1,274.1	310.1	411
13	Fair value of financial liabilities	<b>25.8</b>	–	<b>8</b>	30.7	–	10
(2)	Fair value of derivatives	<b>10.4</b>	–	<b>3</b>	6.5	–	2
1	Fair value of derivatives in joint ventures	<b>(1.0)</b>	–	–	2.5	–	1
446	EPRA net assets	<b>1,677.7</b>	<b>344.6</b>	<b>487</b>	1,313.8	310.1	424
–	Fair value movement of convertible bond	<b>0.5</b>	–	–	–	–	–
446	Adjusted net assets	<b>1,678.2</b>	<b>344.6</b>	<b>487</b>	1,313.8	310.1	424

On 4 September 2013, the Group issued £150 million of convertible bonds with an initial conversion price of £7.15. The dilutive effect of the contingently issuable shares within the convertible bond is required to be recognised in accordance with IAS 33 *Earnings per Share*. For the six months to 30 September 2013, there was no dilutive impact on the calculation of earnings per share or net assets per share as a result of the convertible bond.

## 8 Investment property

### Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2013	1,104.1	747.4	1,851.5
Acquisitions	94.0	–	94.0
Costs capitalised	3.3	6.1	9.4
Disposals	(66.0)	–	(66.0)
Transfer to investment property under development	(136.7)	(28.0)	(164.7)
Net valuation surplus	41.3	34.1	75.4
Book value at 30 September 2013	1,040.0	759.6	1,799.6

### Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2013	–	48.0	48.0
Costs capitalised	4.2	6.9	11.1
Interest capitalised	0.8	1.3	2.1
Transfer from investment property	136.7	28.0	164.7
Net valuation surplus	14.7	22.8	37.5
Book value at 30 September 2013	156.4	107.0	263.4
<b>Book value of total investment property at 30 September 2013</b>	<b>1,196.4</b>	<b>866.6</b>	<b>2,063.0</b>

	30 September 2013 £m	30 September 2012 £m
Net valuation surplus on investment property	112.9	49.1
Profit on sale of investment properties	0.4	–
Surplus from investment property	113.3	49.1

The investment and properties under development were valued on the basis of Fair Value by CBRE, external valuers, as at 30 September 2013 in accordance with the RICS Valuation – Professional Standards (2012) (“the Red Book”). The valuation has been primarily derived using comparable recent market transactions on arm’s length terms. CBRE have advised us that the total fees paid to CBRE by the Group represent less than five per cent of their total revenue in any year.

The book value of investment properties includes £40.4 million (2012: £40.5 million) in respect of the present value of future ground rents, net of these amounts the market value of the investment properties is £2,022.6 million. During the period the Group capitalised £1.1 million (2012: £0.7 million) of employee costs in respect of its development team into investment properties under development. At 30 September 2013 the Group had capital commitments of £110.6 million (2012: £53.7 million).

In November 2013, the Group sold its interests in Hanover Square, W1 for £202.0 million into a new 50/50 joint venture between GPE and the Hong Kong Monetary Authority (“HKMA”). The assets were available for immediate sale in their present condition and the disposal was considered highly probable of completing within 12 months of the balance sheet date.

## 9 Investment in joint ventures

	Equity £m	Balances with partners £m	Total £m
At 1 April 2013	<b>336.6</b>	<b>11.7</b>	<b>348.3</b>
Movement on joint venture balances	–	<b>28.7</b>	<b>28.7</b>
Share of profit of joint ventures	<b>6.0</b>	–	<b>6.0</b>
Share of profit on disposal of joint venture properties	<b>2.7</b>	–	<b>2.7</b>
Share of revaluation surplus of joint ventures	<b>31.7</b>	–	<b>31.7</b>
Share of results of joint ventures	<b>40.4</b>	–	<b>40.4</b>
Distributions	<b>(55.6)</b>	–	<b>(55.6)</b>
At 30 September 2013	<b>321.4</b>	<b>40.4</b>	<b>361.8</b>

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

Ownership 31 March 2013		Ownership 30 September 2013	Ownership 30 September 2012
–	The 100 Bishopsgate Partnership	–	50%
–	G.P.E. (Marcol House) Limited	–	100%
50%	The Great Capital Partnership	50%	50%
50%	The Great Ropemaker Partnership	50%	50%
50%	The Great Star Partnership	50%	50%
50%	The Great Victoria Partnerships	50%	50%
50%	The Great Wigmore Partnership	50%	50%

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

31 March 2013 £m		30 September 2013 £m	30 September 2012 £m
(72.6)	Movement on joint venture balances during the period	<b>(28.7)</b>	21.8
(11.7)	Balances receivable at the period end from joint ventures	<b>(40.4)</b>	(154.0)
110.6	Distributions	<b>55.6</b>	108.4
6.1	Fee income	<b>3.7</b>	3.8
120.0	Property purchases from joint ventures by the Group	–	120.0

The non-recourse loans of the joint ventures at 30 September 2013 are set out below:

Joint venture debt facilities:	Nominal value £m	Maturity	Fixed/Floating	Interest rate
The Great Ropemaker Partnership	<b>73.0</b>	November 2018	Floating	LIBOR +2.25-2.70%
The Great Star Partnership	<b>76.6</b>	July 2015	Floating	LIBOR +1.75%
The Great Victoria Partnership	<b>80.0</b>	July 2022	Fixed	3.74%
Total	<b>229.6</b>			

The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the bank loan in 2018. The Great Star Partnership has an interest rate swap with a fixed interest rate of 2.66% and a notional principal amount of £38.3 million and an interest rate cap at 4.00% with a notional principal amount of £38.3 million. The interest rate swap and cap expire coterminously with the bank loan in 2015. All interest bearing loans are in sterling. At 30 September 2013, the joint ventures had £nil undrawn facilities (2012: £nil). During the period the Great Capital Partnership sold its last remaining investment property for £105.0 million (our share: £52.5 million).

The investment properties include £16.2 million (2012: £20.5 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £476.9 million. At 30 September 2013 the Group's share of joint venture capital commitments was £16.3 million (2012: £51.7 million).

## 9 Investment in joint ventures (continued)

### Summarised balance sheets

31 March 2013 Total £m		Great Capital Partnership £m	Great Ropemaker Partnership £m	Great Star Partnership £m	Great Victoria Partnerships £m	Great Wigmore Partnership £m	30 September 2013 Total £m	30 September 2012 Total £m
486.0	Investment property	–	188.5	95.4	109.8	99.4	493.1	640.8
3.6	Current assets	–	1.5	0.7	0.3	0.5	3.0	37.9
(11.7)	Balances to/(from) partners	93.1	(94.1)	(24.4)	5.5	(20.5)	(40.4)	(154.0)
11.8	Cash	1.3	4.2	2.1	2.8	1.5	11.9	22.8
(114.0)	Bank loans	–	(36.0)	(38.1)	(39.7)	–	(113.8)	(150.5)
(2.5)	Derivatives	–	(0.9)	(0.1)	–	–	(1.0)	(2.5)
(20.2)	Current liabilities	(0.6)	(7.8)	(3.6)	(2.5)	(0.7)	(15.2)	(48.5)
(16.4)	Finance leases	–	(5.2)	(11.0)	–	–	(16.2)	(20.5)
336.6	Net assets	93.8	50.2	21.0	76.2	80.2	321.4	325.5

### Summarised income statements

31 March 2013 Total £m		Great Capital Partnership £m	Great Ropemaker Partnership £m	Great Star Partnership £m	Great Victoria Partnerships £m	Great Wigmore Partnership £m	30 September 2013 Total £m	30 September 2012 Total £m
20.1	Net rental income	0.6	3.6	2.2	2.6	1.0	10.0	10.6
(2.6)	Property and administration costs	0.2	(0.6)	(0.4)	(0.3)	(0.2)	(1.3)	(1.7)
(10.3)	Net finance costs	–	(2.2)	(1.1)	(0.8)	(0.2)	(4.3)	(5.9)
(0.3)	Debt break costs	–	–	–	–	–	–	(0.3)
(4.5)	Movement in fair value of derivatives	–	1.5	0.1	–	–	1.6	(1.6)
–	Accounting charge on cancellation of derivatives	–	–	–	–	–	–	(2.9)
2.4	Share of profit/(loss) of joint ventures	0.8	2.3	0.8	1.5	0.6	6.0	(1.8)
49.0	Revaluation of investment property	–	14.3	1.6	7.5	8.3	31.7	22.9
6.3	Profit on sale of investment property	2.7	–	–	–	–	2.7	3.8
57.7	Share of results of joint ventures	3.5	16.6	2.4	9.0	8.9	40.4	24.9



## 10 Other investment

31 March 2013 Total £m		30 September 2013 Equity £m	30 September 2013 Loans £m	30 September 2013 Total £m	30 September 2012 Total £m
–	At beginning of the period	6.1	10.6	16.7	–
16.7	Additions	–	0.9	0.9	–
16.7	At the end of the period	6.1	11.5	17.6	–

In October 2012, the Group sold a 37.5% interest in The 100 Bishopsgate Partnership, a 50:50 joint venture with Brookfield Properties Corporation (BPO), to BPO. After this transaction the Group has retained 12.5% of the Partnership, now classified as an “other investment”. The Group’s 12.5% holding is subject to ‘put and call’ options, with GPE able to ‘put’ its remaining net investment onto BPO in October 2014 at £15.8 million, and BPO able to ‘call’ for GPE to sell to a third party investor only, and only in the event that BPO simultaneously sells a 37.5% holding. Under the call option, the transfer price is the higher of £15.8 million, the actual transfer price agreed between BPO and the third party or the market value of GPE’s holding at the time of the transfer. BPO is providing 100% of the funding for the Partnership until October 2014, when the loan will be repaid. The equity element of the investment is classified as level 3 fair value measurement in accordance with IFRS 13. There have been no transfers to or from level 3, nor any fair value movements in this category, during the period. Accordingly, no reconciliation between the opening and closing position has been presented. The fair value of the other investment is based on the underlying net asset value of the Group’s interest in the 100 Bishopsgate Partnership.

## 11 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
<b>Cost or valuation</b>			
At 1 April 2013	2.0	1.5	3.5
At 30 September 2013	2.0	1.5	3.5
<b>Depreciation</b>			
At 1 April 2013	1.5	1.4	2.9
Charge for the period	0.1	0.1	0.2
At 30 September 2013	1.6	1.5	3.1
Carrying amount at 31 March 2013	0.5	0.1	0.6
Carrying amount at 30 September 2013	0.4	–	0.4

## 12 Trade and other receivables

31 March 2013 £m		30 September 2013 £m	30 September 2012 £m
5.4	Trade receivables	4.8	7.5
(0.5)	Allowance for doubtful debts	(0.3)	(0.4)
4.9		4.5	7.1
1.0	Prepayments and accrued income	1.0	2.1
31.6	Deferred proceeds on property disposals	92.6	–
6.6	Other trade receivables	5.4	5.1
7.1	Derivatives	2.3	5.5
51.2		105.8	19.8

## 13 Trade and other payables

31 March 2013 £m		30 September 2013 £m	30 September 2012 £m
16.8	Rents received in advance	16.7	16.2
61.4	Non-trade payables and accrued expenses	26.1	21.2
78.2		42.8	37.4

## 14 Interest-bearing loans and borrowings

31 March 2013 £m	Non-current liabilities	30 September 2013 £m	30 September 2012 £m
	<b>Secured</b>		
144.1	£142.9 million 5.625% debenture stock 2029	<b>144.1</b>	144.2
0.9	Other loan	<b>1.8</b>	–
	<b>Unsecured</b>		
234.1	Bank loans	<b>205.5</b>	263.6
–	£150.0 million 1.00% convertible bonds 2018	<b>150.5</b>	–
29.9	£30.0 million 5.09% private placement notes 2018	<b>29.9</b>	29.8
80.7	\$130.0 million 4.81% private placement notes 2018	<b>80.8</b>	80.7
48.4	\$78.0 million 5.37% private placement notes 2021	<b>48.4</b>	48.4
101.7	\$160.0 million 4.20% private placement notes 2019	<b>101.7</b>	101.6
25.4	\$40.0 million 4.82% private placement notes 2022	<b>25.4</b>	25.4
	<b>Non-current liabilities at fair value</b>		
0.8	Derivatives	<b>12.6</b>	12.0
<b>666.0</b>		<b>800.7</b>	<b>705.7</b>

The Group has two floating rate revolving credit facilities of £350.0 million and £150.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR, based on gearing, and expires in 2015. The £150.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 175–250 basis points above LIBOR, based on gearing, and expires in 2017. At 30 September 2013 the Group had £293.0 million (2012: £234.0 million) of undrawn committed credit facilities.

In September 2013, the Group issued £150 million of senior, unsecured Convertible Bonds due 2018. The Bonds have a fixed coupon of 1.0% per annum and an initial conversion price of £7.15 per share, representing a premium of 35% above the volume weighted average price of the Company's shares from launch to pricing. In accordance with IAS39, the Convertible Bonds have been designated as fair value through profit and loss upon initial recognition, with any gains or losses arising on subsequent re-measurement recognised in the income statement.

At 30 September 2013, properties with a carrying value of £298.8 million (2012: £267.5 million) were secured under the Group's debenture stock. The following table details the notional principal amounts and remaining terms of interest rate derivatives outstanding at 30 September:

	Average contracted fixed interest rate		Notional principal amount		Fair value asset/(liability)	
	2013 %	2012 %	2013 £m	2012 £m	2013 £m	2012 £m
<b>Cash flow hedges</b>						
<b>Interest rate swaps</b>						
Less than one year	<b>1.87%</b>	1.87%	<b>11.0</b>	11.0	–	<b>(0.1)</b>
<b>Interest rate floor</b>						
Less than one year	<b>2.53%</b>	2.53%	<b>159.7</b>	159.7	<b>2.3</b>	<b>5.5</b>
	<b>2.49%</b>	2.49%	<b>170.7</b>	170.7	<b>2.3</b>	<b>5.4</b>

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

	Average exchange rate		Foreign currency		Notional principal amount		Fair value asset/(liability)	
	2013 rate	2012 rate	2013 US\$m	2012 US\$m	2013 £m	2012 £m	2013 £m	2012 £m
<b>Cash flow hedge - cross currency swaps</b>								
In excess of five years	<b>1.585</b>	1.585	<b>408.0</b>	408.0	<b>257.4</b>	257.4	<b>(12.6)</b>	(11.9)

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

## 14 Interest-bearing loans and borrowings (continued)

### Fair value of financial liabilities

31 March 2013 Book value £m	31 March 2013 Fair value £m		30 September 2013 Book value £m	30 September 2013 Fair value £m	30 September 2012 Book value £m	30 September 2012 Fair value £m
<b>Fair value hierarchy</b>						
<b>Level 1</b>						
144.1	158.0	Non-current liabilities at amortised cost	<b>144.1</b>	<b>148.4</b>	144.2	146.7
–	–	Non-current liabilities held at fair value	<b>150.5</b>	<b>150.5</b>	–	–
<b>Level 2</b>						
521.1	553.5	Non-current liabilities at amortised cost	<b>493.5</b>	<b>515.0</b>	549.5	577.7
0.8	0.8	Non-current liabilities held at fair value	<b>12.6</b>	<b>12.6</b>	12.0	12.0
(7.1)	(7.1)	Non-current assets held at fair value	<b>(2.3)</b>	<b>(2.3)</b>	(5.5)	(5.5)
<u>658.9</u>	<u>705.2</u>		<u><b>798.4</b></u>	<u><b>824.2</b></u>	<u>700.2</u>	<u>730.9</u>

The fair values of the Group's listed long-term borrowings have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 13 *Fair Value Measurement*. The fair values of the Group's outstanding notes, interest rate swap and interest rate floor have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. The fair value of the Group's cross currency swaps has been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 13.

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

## 15 Share capital

Year to 31 March 2013 Number	Year to 31 March 2013 £m		Six months to 30 September 2013 Number	Six months to 30 September 2013 £m	Six months to 30 September 2012 Number	Six months to 30 September 2012 £m
<b>Allotted, called up and fully paid</b>						
312,676,149	39.1	At the beginning of the period	<b>343,926,149</b>	<b>43.0</b>	312,676,149	39.1
31,250,000	3.9	Issue of shares	–	–	–	–
<u>343,926,149</u>	<u>43.0</u>	At the end of the period	<u><b>343,926,149</b></u>	<u><b>43.0</b></u>	<u>312,676,149</u>	<u>39.1</u>

## 16 Investment in own shares

Year to 31 March 2013 £m		Six months to 30 September 2013 £m	Six months to 30 September 2012 £m
11.5	At the beginning of the period	<b>3.7</b>	11.5
(5.5)	Employee Long-Term Incentive Plan and Share Matching Plan charge	<b>(2.9)</b>	(3.1)
(2.3)	Transfer to retained earnings	<b>(2.3)</b>	(2.3)
<u>3.7</u>	At the end of the period	<u><b>(1.5)</b></u>	<u>6.1</u>

The investment in the Company's own shares is held at cost and comprises 963,230 shares (2012: 2,939,035 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the period 1,975,805 shares (2012: 1,481,891 shares) were awarded to directors and senior employees in respect of the 2010 LTIP award. The fair value of shares awarded and outstanding at 30 September 2013 was £13.8 million (2012: £15.5 million).

## 17 Adjustment for non-cash movements in the cash flow statement

Year to 31 March 2013 £m		Six months to 30 September 2013 £m	Six months to 30 September 2012 £m
(99.0)	Surplus from investment property	(113.3)	(49.1)
5.5	Employee Long-Term Incentive and Share Matching Plan charge	2.9	3.1
(4.5)	Amortisation of capitalised lease incentives	(4.7)	(2.1)
(61.2)	Share of results from joint ventures	(40.4)	(28.7)
0.5	Loss on sale of joint venture	–	–
0.2	Other items	0.1	0.1
(158.5)	Adjustments for non-cash items	(155.4)	(76.7)

## 18 Dividends

The proposed interim dividend of 3.4 pence per share (2012: 3.3 pence per share) was approved by the Board on 14 November 2013 and is payable on 2 January 2014 to shareholders on the register on 22 November 2013. The dividend is not recognised as a liability in the half year report. The final dividend from the year ended 31 March 2013 of £18.1 million was paid on 9 July 2013 and is included within the Group Statement of Changes in Equity.

## 19 Operating leases

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

31 March 2013 £m		30 September 2013 £m	30 September 2012 £m
	<b>The Group as a lessor</b>		
57.9	Less than one year	54.7	47.1
180.5	Between one and five years	177.5	123.0
286.8	More than five years	273.2	165.3
525.2		505.4	335.4

The Group leases its investment properties under operating leases. The weighted average length of lease at 30 September 2013 was 7.1 years (2012: 6.2 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the period (2012: £nil)

## Directors' responsibility statement

We confirm that to the best of our knowledge:

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

By the order of the Board

**Toby Courtauld**  
Chief Executive  
14 November 2013

**Nick Sanderson**  
Finance Director  
14 November 2013

## Independent review report to Great Portland Estates plc

### Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 which comprises the group income statement, the group statement of comprehensive income, the group balance sheet, the group statement of cash flows, the group statement of changes in equity and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

### Directors' responsibilities

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

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

### Our responsibility

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

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### Deloitte LLP

Chartered Accountants and Statutory Auditor  
London, UK  
14 November 2013

## Directors and shareholders' information

### Directors

**Martin Scicluna**

Chairman, Non-Executive

**Toby Courtauld**

Chief Executive

**Nick Sanderson**

Finance Director

**Neil Thompson**

Portfolio Director

**Charles Irby**

Senior Independent Director

**Elizabeth Holden**

Non-Executive Director

**Jonathan Nicholls**

Non-Executive Director

**Jonathan Short**

Non-Executive Director

### Shareholders' information

**Financial calendar**

Ex-dividend date for interim dividend

Registration qualifying date for interim dividend

Interim dividend payable

Announcement of full year results

Circulation of Annual Report and Accounts 2014

Annual General Meeting

Final dividend payable

**2013**

20 November

22 November

**2014**

2 January

21 May\*

31 May\*

3 July\*

8 July\*

\*Provisional.

**Shareholder enquiries**

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

Capita Registrars

34 Beckenham Road

Beckenham

Kent

BR3 4TU

Tel: 0871 664 0300 (from within the UK calls cost 10p per minute plus network extras, lines are open 8.30 am – 5.30 pm Monday to Friday). If you are calling from overseas please dial +44 208 639 3399.

**Website**

The Company has a corporate website which holds, amongst other information, a copy of our latest annual report and accounts, a list of properties held by the Group and press announcements released over the last 12 months. The site can be found on [www.gpe.co.uk](http://www.gpe.co.uk)

**Company Secretary**

Desna Martin

Registered office

33 Cavendish Square

London W1G 0PW

Tel: 020 7647 3000

Fax: 020 7016 5500

Registered Number 596137

**Dividend payments**

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

**Share dealing service**

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

Online dealing - [www.capitadeal.com](http://www.capitadeal.com)

Telephone dealing – 0871 664 0364

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

# Glossary

## **Core West End**

Areas of London with W1 and SW1 postcodes.

## **Earnings Per Share (EPS)**

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

## **EPRA adjustments**

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

## **Estimated Rental Value (ERV)**

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

## **Fair value**

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

## **F&BS**

Finance and Business Services sector.

## **IPD**

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

## **IPD central London**

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

## **Like-for-like portfolio**

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

## **Loan To Value (LTV)**

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

## **Net assets per share or Net Asset Value (NAV)**

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

## **Net gearing**

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

## **Net initial yield**

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

## **Non-PIDs**

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

## **Portfolio Internal Rate of Return (IRR)**

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

**Property Income Distributions (PIDs)**

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

**REIT**

UK Real Estate Investment Trust.

**Rent roll**

The annual contracted rental income.

**Return on shareholders' equity**

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

**Reversionary or under-rented**

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

**Reversionary yield**

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

**Total Property Return (TPR)**

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

**Total Shareholder Return (TSR)**

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

**Triple net asset value (NNNAV)**

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

**True equivalent yield**

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

**Vacancy rate**

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

**Weighted Average Unexpired Lease Term (WAULT)**

The Weighted Average Unexpired Lease Term expressed in years.



# Appendix 1

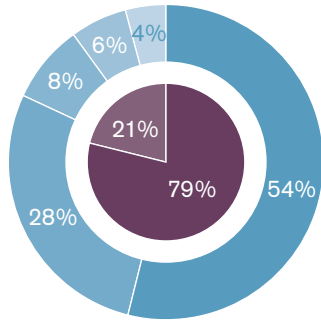
## Portfolio characteristics<sup>1</sup>

### Our locations

- North of Oxford Street £1,346.3m
- Rest of West End £691.5m
- Southwark £204.4m
- Midtown £155.8m
- City £101.5m

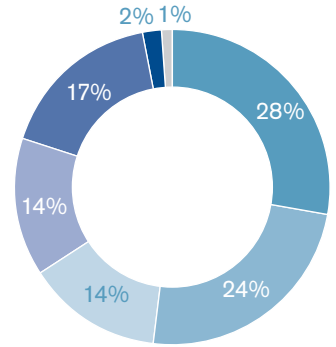
### Business mix

- Office £1,976.9m
- Retail £522.6m



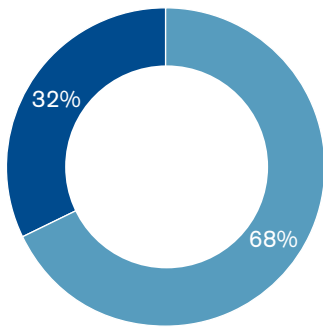
## GPE tenant mix<sup>1</sup>

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



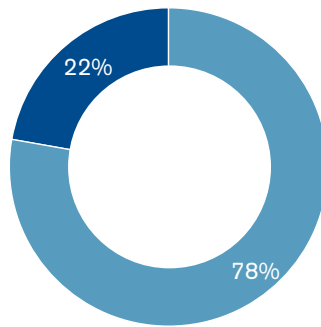
## Joint venture business – contribution to the Group

### Gross property assets<sup>2</sup>



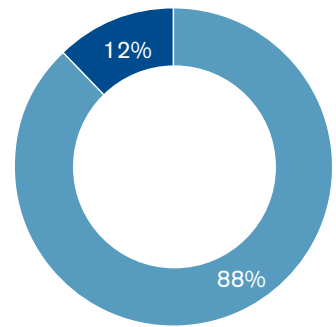
- Wholly-owned £2,022.6 million
- Joint ventures £953.8 million

### Net assets<sup>1</sup>



- Wholly-owned £1,306.5 million
- Joint ventures £361.8 million

### Net debt<sup>1</sup>



- Wholly-owned £782.7 million
- Joint ventures £101.9 million

<sup>1</sup> GPE share.

<sup>2</sup> 100% values at 30 September 2013.

## Appendix 1

## Rental income

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	35.3	5.5	40.8	3.5	0.2	3.7	44.5
		Retail	7.0	1.3	8.3	5.2	1.2	6.4	14.7
	Rest of West End	Office	14.2	3.9	18.1	0.5	0.5	1.0	19.1
		Retail	8.3	1.5	9.8	1.2	0.5	1.7	11.5
<b>Total West End</b>			<b>64.8</b>	<b>12.2</b>	<b>77.0</b>	<b>10.4</b>	<b>2.4</b>	<b>12.8</b>	<b>89.8</b>
City, Midtown and Southwark		Office	9.1	0.7	9.8	9.4	1.7	11.1	20.9
		Retail	0.3	–	0.3	–	–	–	0.3
<b>Total City, Midtown and Southwark</b>			<b>9.4</b>	<b>0.7</b>	<b>10.1</b>	<b>9.4</b>	<b>1.7</b>	<b>11.1</b>	<b>21.2</b>
<b>Total let portfolio</b>			<b>74.2</b>	<b>12.9</b>	<b>87.1</b>	<b>19.8</b>	<b>4.1</b>	<b>23.9</b>	<b>111.0</b>
Voids					3.4			2.7	6.1
Premises under development/refurbishment					16.2			6.6	22.8
<b>Total portfolio</b>					<b>106.7</b>			<b>33.2</b>	<b>139.9</b>

## Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Vacancy %	Rent roll secure for five years %	Weighted average lease length Years	Vacancy %
London	North of Oxford Street	Office	58.3	9.9	4.1	100.0	11.6	–
		Retail	37.0	5.0	–	87.1	8.1	–
	Rest of West End	Office	7.4	2.1	5.6	47.5	5.5	8.9
		Retail	41.5	5.2	–	100.0	13.5	–
<b>Total West End</b>			<b>42.6</b>	<b>7.0</b>	<b>3.8</b>	<b>91.1</b>	<b>9.8</b>	<b>0.7</b>
City, Midtown and Southwark		Office	72.6	7.6	–	20.2	4.2	13.4
		Retail	89.3	17.1	–	–	–	–
<b>Total City, Midtown and Southwark</b>			<b>73.0</b>	<b>7.8</b>	<b>–</b>	<b>20.2</b>	<b>4.2</b>	<b>13.4</b>
<b>Total let portfolio</b>			<b>46.5</b>	<b>7.1</b>	<b>3.2</b>	<b>57.6</b>	<b>7.2</b>	<b>8.2</b>

## Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	49	46	84	88	2.5	4.8	–	4.7
		Retail	38	47	103	115	4.3	5.0	4.4	5.0
	Rest of West End	Office	39	52	15	29	2.9	4.7	2.5	5.0
		Retail	62	71	46	65	3.2	4.6	3.6	4.6
<b>Total West End</b>			<b>46</b>	<b>49</b>	<b>69</b>	<b>77</b>	<b>2.9</b>	<b>4.8</b>	<b>2.8</b>	<b>4.9</b>
City, Midtown and Southwark		Office	33	43	33	42	5.3	5.7	5.7	6.0
		Retail	24	28	–	32	5.8	5.6	–	–
<b>Total City, Midtown and Southwark</b>			<b>32</b>	<b>42</b>	<b>33</b>	<b>42</b>	<b>5.3</b>	<b>5.7</b>	<b>5.7</b>	<b>6.0</b>
<b>Total portfolio</b>			<b>44</b>	<b>48</b>	<b>45</b>	<b>51</b>	<b>3.1</b>	<b>4.9</b>	<b>3.9</b>	<b>5.3</b>

## Appendix 1

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

Risk and impact	Mitigation
<b>Market risk</b>	
Central London real estate market underperforms other UK property sectors leading to poor relative financial results	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. Regular review of dashboard lead indicators and operational parameters.
Economic recovery falters resulting in worse than expected performance of the business given decline in economic output	Regular economic updates are received and scenario planning is undertaken for different economic cycles. 67% of income from committed developments already secured.
<b>Investment</b>	
Not sufficiently capitalising on market investment opportunities through difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and mistimed recycling of capital	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Regular review of property cycle by reference to dashboard of lead indicators. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans with joint venture partners.
Inappropriate asset concentration, mix and lot size reduces liquidity and relative property performance	Regular review of portfolio mix and asset concentration. Where appropriate, consideration given to undertaking acquisitions and/or development projects in joint venture or forward funding.
<b>Asset Management</b>	
Failure to maximise income from investment properties through poor management of voids, mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments and liaise regularly with external advisers to ensure correct pricing of lease transactions. The Group has a diverse tenant base with its ten largest tenants representing only 32% of rent roll. Tenant's covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions.
<b>Development management</b>	
Poor development returns relating to: <ul style="list-style-type: none"> <li>– incorrect reading of the property cycle;</li> <li>– inappropriate location;</li> <li>– failure to gain viable planning consents;</li> <li>– level of speculative development;</li> <li>– construction cost inflation;</li> <li>– contractor availability and insolvency risk;</li> <li>– a building being inappropriate to tenant demand;</li> <li>– quality and benchmarks of the completed buildings;</li> <li>– construction and procurement delays;</li> <li>– ineffective marketing to prospective tenants; and</li> <li>– poor development management.</li> </ul>	See market risk above. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. 67% of income from committed developments already secured. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk. Due diligence is undertaken of the financial stability of demolition main contractors and material sub-contractors prior to awarding of contracts. Working with agents, potential occupiers' needs and aspirations are identified during the planning application and design stages. All our major developments are subject to BREEAM ratings with a target to achieve a rating of 'Very Good' on major refurbishments and 'Excellent' on new build properties. Proactive liaison with existing tenants before and during the development process. Selection of contractors and suppliers based on track record of delivery and credit worthiness. In-house Leasing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing objectives. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Regular review of the prospective performance of individual assets and their business plans with joint venture partners. Post completion reviews undertaken on all developments to identify best practice and areas for improvement.

## Appendix 1

Risk and impact	Mitigation
<b>Development management continued</b>	
Level of development undertaken as a percentage of the portfolio leads to underperformance against KPIs	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed when pre-lets obtained and/or market supply considered to be sufficiently constrained.
<b>Financial risks</b>	
Limited availability of further capital constrains the growth of the business	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long-term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.
Adverse market movements negatively impact on debt covenants through increased interest rates or a fall in capital values	Regular review of current and forecast debt levels and financing ratios. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 30 September 2013. We estimate that values could fall by 32% from their 30 September 2013 levels before Group debt covenants could be endangered.
Inappropriate capital structure results in sub-optimal NAV per share growth	Regular review of current and forecast debt and gearing levels and financing ratios.
<b>People</b>	
Correct level, mix and retention of people to execute our Business Plan. Strategic priorities not achieved because of inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements and succession planning. The Company has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and identification of training needs.
<b>Regulatory</b>	
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base, reduces flexibility and may influence potential investor and occupier interest in buildings	Senior Group representatives spend considerable time using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies. Environmental Policy Committee meets at least quarterly to consider strategy in respect of environmental legislation.
Health and safety incidents Loss of or injury to employees, contractors or tenants and resultant reputational damage	The Group has dedicated health and safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key health and safety areas including employee, contractor and tenant safety. On developments, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors which includes a health and safety assessment. Contractors' responses to accidents and near misses are actively monitored and followed up by our Project Managers and Head of Sustainability.

## Appendix 2

## Portfolio performance to 30 September 2013

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	742.7	85.6	828.3	33.1%	5.6%
	Retail	104.7	108.2	212.9	8.5%	6.2%
Rest of West End	Office	441.1	15.4	456.5	18.3%	3.3%
	Retail	211.0	24.1	235.1	9.4%	10.6%
Total West End		1,499.5	233.3	1,732.8	69.3%	5.7%
City, Midtown and Southwark	Office	163.7	139.1	302.8	12.1%	2.8%
	Retail	4.7	–	4.7	0.2%	4.6%
Total City, Midtown and Southwark		168.4	139.1	307.5	12.3%	2.8%
Investment property portfolio		1,667.9	372.4	2,040.3	81.6%	5.2%
Development property		262.3	104.5	366.8	14.7%	15.8%
<b>Total properties held throughout the period</b>		<b>1,930.2</b>	<b>476.9</b>	<b>2,407.1</b>	<b>96.3%</b>	<b>6.7%</b>
Acquisitions		92.4	–	92.4	3.7%	(1.7%)
<b>Total property portfolio</b>		<b>2,022.6</b>	<b>476.9</b>	<b>2,499.5</b>	<b>100.0%</b>	<b>6.4%</b>

## Portfolio characteristics as at 30 September 2013

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		1,133.7	212.6	1,346.3	1,064.5	281.8	1,346.3	1,478
Rest of West End		691.5	–	691.5	456.5	235.0	691.5	672
<b>Total West End</b>		<b>1,825.2</b>	<b>212.6</b>	<b>2,037.8</b>	<b>1,521.0</b>	<b>516.8</b>	<b>2,037.8</b>	<b>2,150</b>
City, Midtown and Southwark		307.5	154.2	461.7	455.9	5.8	461.7	1,387
<b>Total</b>		<b>2,132.7</b>	<b>366.8</b>	<b>2,449.5</b>	<b>1,976.9</b>	<b>522.6</b>	<b>2,499.5</b>	<b>3,537</b>
By use:	Office	1,640.9	336.0	1,976.9				
	Retail	491.8	30.8	522.6				
<b>Total</b>		<b>2,132.7</b>	<b>366.8</b>	<b>2,499.5</b>				
Net internal area sq ft 000's		3,098	439	3,537				

# Appendix 3

## Debt analysis <sup>1</sup>

	Pro forma* £m	Sept 2013 £m	March 2013 £m
Net debt excluding JVs (£m)	589.1	<b>782.7</b>	658.9
Net gearing	35.2%	<b>46.9%</b>	42.8%
Total net debt including 50% JV non-recourse debt (£m)	691.0	<b>884.6</b>	761.1
Loan-to-property value	28.7%	<b>35.4%</b>	32.7%
Total net gearing	41.3%	<b>53.0%</b>	49.5%
Interest cover		<b>2.8x</b>	2.4x
Weighted average interest rate		<b>3.2%</b>	3.7%
Weighted average cost of debt		<b>3.7%</b>	4.3%
% of debt fixed/hedged		<b>78%</b>	71%
Cash and undrawn facilities (£m)	503	<b>310</b>	282

\* Pro forma for deferred consideration due on 100 Bishopsgate, EC2 sell-down and announced property sales which had not completed at period end (including creation of the GHS Limited Partnership).

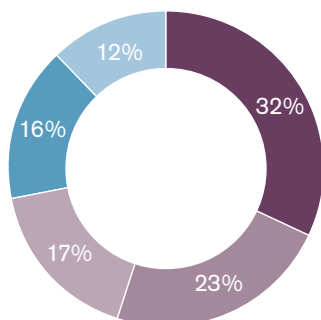
## Diversified sources of debt funding <sup>1</sup>

### Unsecured

- Private placement notes
- Group revolving bank facilities
- Convertible bond

### Secured

- Debenture bonds
- JV bank and non-bank debt



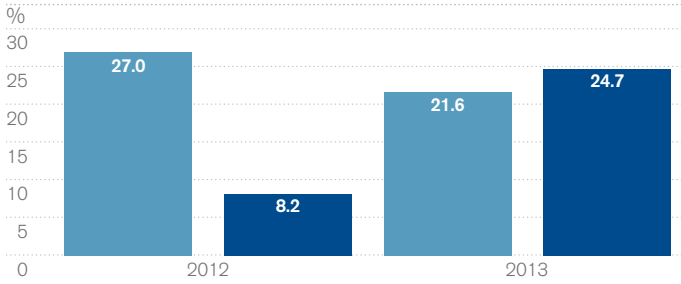
1. Based on drawn position at 30 September 2013.

## EPRA performance measures

Measure	Sept 2013	Sept 2012
EPRA earnings	<b>£14.3m</b>	£8.9m
EPRA earnings per share	<b>4.2p</b>	2.9p
Measure	Sept 2013	March 2013
EPRA net assets	<b>£1,677.7m</b>	£1,533.9m
EPRA net assets per share	<b>487p</b>	446p
EPRA triple net assets	<b>£1,642.5m</b>	£1,491.4m
EPRA triple net assets per share	<b>476p</b>	434p

# Appendix 3

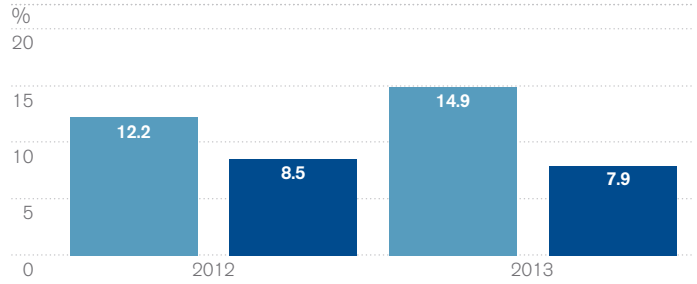
## Total Shareholder Return (TSR)\*



### Commentary

The TSR of the Group was 21.6% for the year compared to 24.7% for the FTSE 350 Real Estate (excluding agencies).

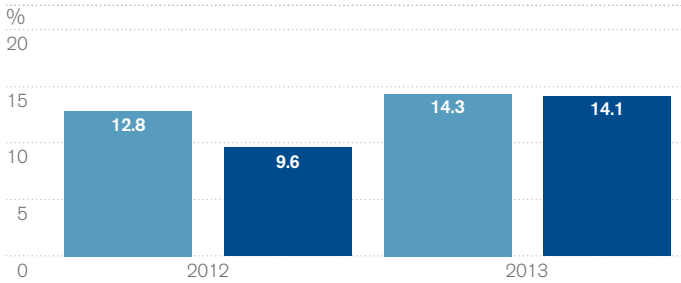
## Adjusted net assets per share growth\*



### Commentary

Adjusted net assets per share increased by 14.9% over the year as property values grew and the Group benefited from the impact of its successful asset management activity and returns from its near-term development programme.

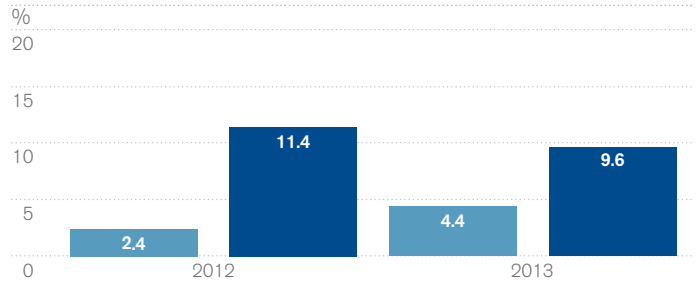
## Total Property Return (TPR)\*



### Commentary

The Group generated a portfolio TPR of 14.3% in the year whereas the benchmark produced a total return of 14.1% resulting in an absolute outperformance of 0.2 percentage points and a relative outperformance of 0.1 percentage points.

## Vacancy\*



### Commentary

Vacancy is designed to show how effective the Group is at letting available space in the portfolio.

The Group's vacancy rate was 4.4% compared to the benchmark of 9.6% resulting in an outperformance of 5.2 percentage points.