

GPE.

We unlock potential,  
creating sustainable  
space for London to thrive

Great Portland Estates plc  
Annual Report and Accounts 2024

woolyard



We believe in the power of people and partnerships to create exceptional, sustainable places in London that deliver for our customers and drive consistent growth and performance for our investors.

Our spaces are designed and managed to create a sustainable legacy for our great city. One that inspires, enriches and enhances the lives of our customers and the communities that surround them.

#### For more information



See our website  
[www.gpe.co.uk](http://www.gpe.co.uk)

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## Statement from the Chair



**“We are well positioned to capitalise on the compelling new investment opportunities that are emerging and can look to the future with confidence.”**

Richard Mully Chair

### Committed to London, our true global city

Whilst the macro-economic uncertainty and higher interest rates impacted our property valuation and financial performance, we delivered another strong operating performance as we continue to evolve our strategy. Moreover, with the return of the property cycle, and both interest rates and property yields now likely around their peak, we are increasingly confident that our activities will drive attractive shareholder returns in the medium term.

We have maintained our absolute focus on our true global city and delivering our purpose: to unlock potential, creating sustainable space for London to thrive. We are meeting the growing needs of our customers, delivering magnetic office spaces for their people and communities in amenity rich, well connected central London locations.

### Operating well in an increasingly supportive market

With the market further bifurcating between the best and the rest over the year, we increased our commitments to develop more best-in-class HQ buildings and create more smaller fitted Flex spaces with higher service levels, whilst also adding to our portfolio of opportunity through acquisitions. Our leasing has remained strong with rents growing as supply remains tight, and we expect further growth from here.

### Strengthening our commitments to net zero

We have strengthened our commitments to decarbonise our business, updating our Roadmap to Net Zero whilst innovating and embracing the circular economy. And with customers at the heart of both our activities and our values, we again delivered a leading office Net Promoter Score and further enhanced our organisational structure. Through promoting from within and the targeted recruitment of new talent, the Board has ensured we have the right team and capabilities to deliver our strategic ambitions and to progress our diversity and inclusion agenda.

Looking ahead, we are well positioned to capitalise on the compelling new investment opportunities that are emerging and can look to the future with confidence.

Our Strategic Report, on pages 01 to 88, has been reviewed and approved by the Board.

On behalf of the Board

**Richard Mully**  
Chair  
22 May 2024

# An evolving strategy...

## Our purpose

We unlock potential, creating sustainable space for London to thrive.

## Our business model

In order to unlock potential, we apply our specialist skills to reposition properties to produce high quality, sustainable spaces, with high levels of service that our customers demand.

Acquire

Reposition

Operate & manage

Recycle

➔ See more on how we create value on pages 12 and 13

## Our strategic principles

Our strategy is underpinned by a set of clear principles:

100% central London

Reposition properties

Match risk to cycle

Low financial leverage

Disciplined capital management

Sustainability: an imperative

**Customer First**

## Our near-term priorities

In the near term, our priorities include creating exciting sustainable spaces for our customers, whether through expanding our flexible offerings or delivering on our ambitious development programme, as well as enhancing our portfolio through acquisitions and sales.

➔ See more on our near-term strategic priorities on pages 14 and 15

**Customer First:**  
partnering with our customers to meet their evolving needs

Two complementary, overlapping products

### HQ repositioning

Delivering large, best-in-class HQ buildings

### Flex spaces

Smaller fitted units, often with higher service levels

➔ See more on HQ repositioning on page 23 and 24

➔ See more on our leasing and Flex activities on page 27

### Four core office solutions

#### Ready to Fit

For businesses which want to fit out the space themselves

#### Fitted

Fully furnished, well-designed workspaces

#### Fully Managed

Fitted space where GPE handles all day-to-day running of the workplace

#### Flex Partnerships

Delivered by desk or room

# ...underpinned by our values and commitment to sustainability

## Our values

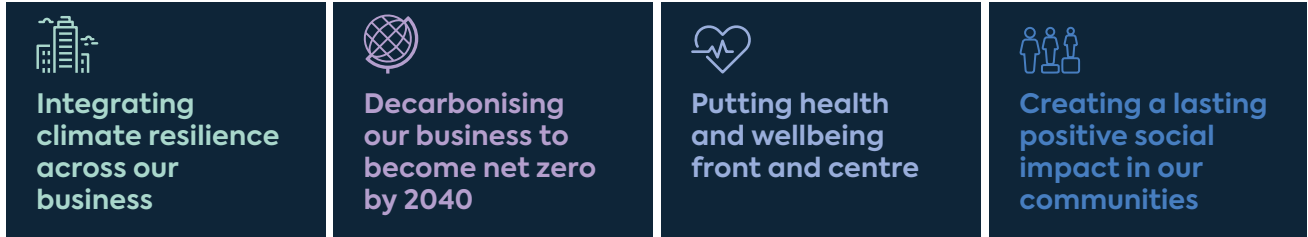
Our values define who we are and how we act, and are at the heart of what we do:



➔ See more on our people and culture on pages 63 to 68

## Our approach to sustainability

Creating sustainable spaces sits at the heart of our purpose. We are:



➔ See more on sustainability on pages 37 to 62

## Our financial performance

### One year

	2024	2023
Portfolio valuation <sup>1</sup>	<b>£2.33bn</b>	£2.38bn
IFRS NAV & EPRA NTA per share	<b>624p</b>	757p
Loss after tax	<b>£(307.8)m</b>	£(163.9)m
Total Accounting Return (TAR)	<b>(15.9%)</b>	(7.8%)
Total Shareholder Return (TSR)	<b>(21.3%)</b>	(27.3%)

As is usual practice in our sector, we use alternative performance measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionally consolidated basis to include joint ventures, as it best describes how we manage the portfolio, like-for-like measures and using measures prescribed by EPRA. The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector. Reconciliations of APMs are included in note 9 of the financial statements.

1. Includes share of joint ventures.  
2. ERV at 31 March 2023.

➔ See more on our financial results on pages 30 to 33

## Highlights

IFRS net assets

**£1.6bn**

2023: £1.9bn

Customer satisfaction (Office NPS Score)

**+30.2**

2023: +44.0

EPRA Loan to Value<sup>1</sup>

**32.6%**

2023: 19.8%

Employee engagement index (EEII)

**74%**

2023: 84%

New leasing deals premium to ERV<sup>2</sup>

**+9.1%**

2023: +3.3%

Vacancy rate<sup>1</sup>

**1.3%**

2023: 2.5%

Dividend per share

**12.6p**

2023: 12.6p

Committed Flex space

**503,000 sq ft**

# Creating great spaces in central London

## Our portfolio<sup>1</sup>

Rent roll<sup>1</sup>

**£107.5m**

2023: £106.4m

Portfolio valuation<sup>1</sup>

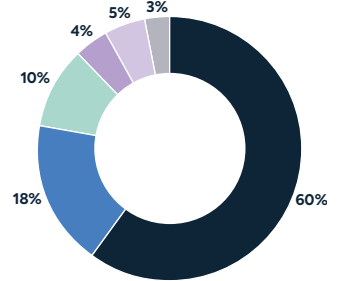
**£2.3bn**

2023: £2.4bn

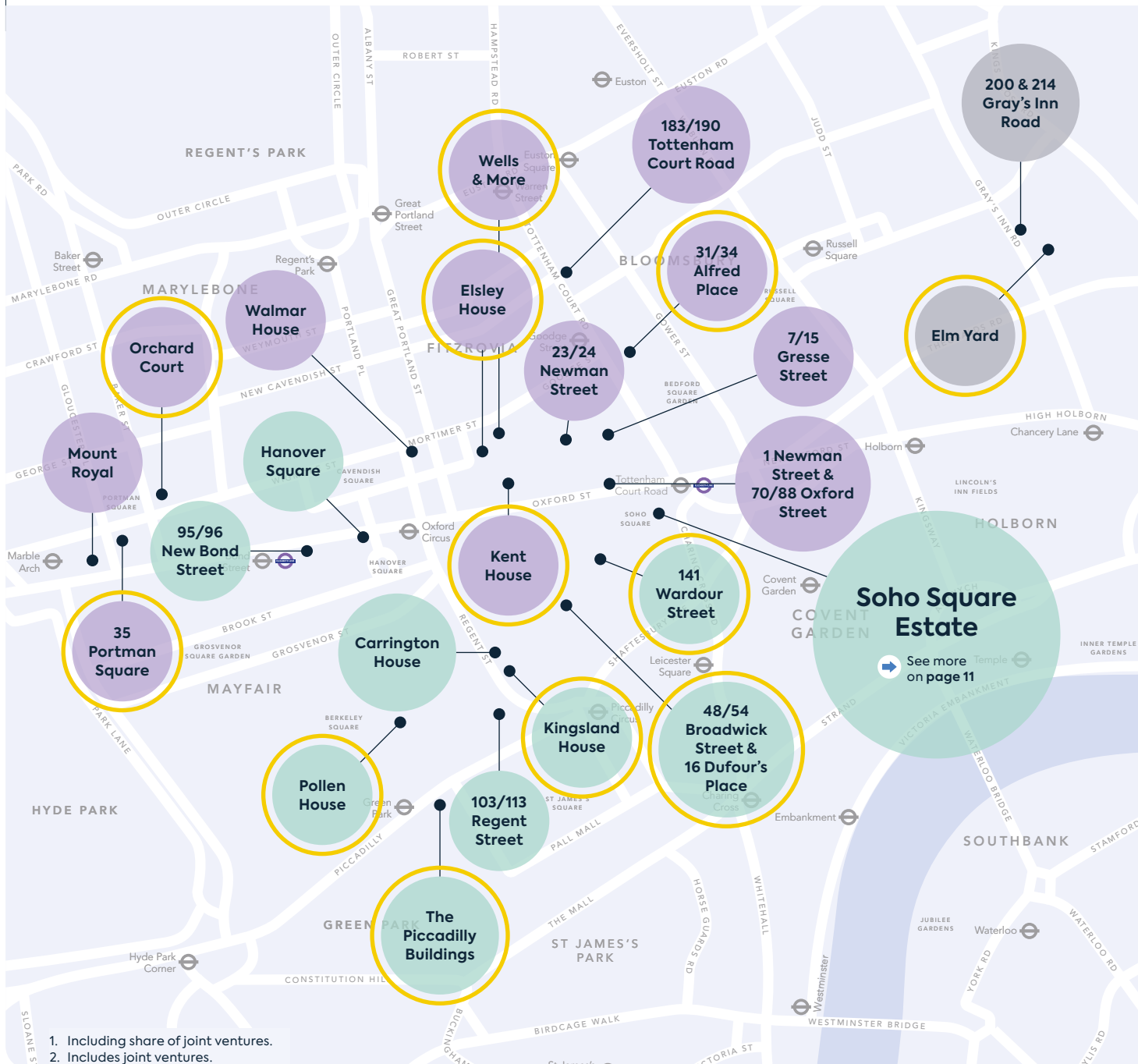
Property sq ft<sup>2</sup>

**2.7m sq ft**

2023: 2.6m sq ft



- Ready to fit
- Retail
- Fully managed
- Flex Partnerships
- Fitted
- Other



1. Including share of joint ventures.  
2. Includes joint ventures.

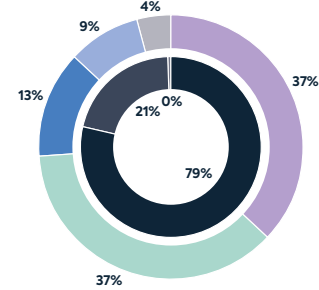
100% central London, with 24% in our HQ development or Flex refurbishment programme

**Locations**

	Value
<span style="color: purple;">●</span> North of Oxford Street	£870.3m
<span style="color: teal;">●</span> Rest of West End	£849.6m
<span style="color: blue;">●</span> City	£306.7m
<span style="color: lightblue;">●</span> Southwark	£213.9m
<span style="color: grey;">●</span> Midtown	£90.7m

**Business mix**

	Value
<span style="color: black;">●</span> Office	£1,838.3m
<span style="color: darkgrey;">●</span> Retail	£485.7m
<span style="color: grey;">●</span> Residential	£7.2m



# Putting our customers first

We aim to help our customers thrive, by designing, creating, managing and owning market-leading, sustainable workspaces, delivering personal customer experiences every single day.



## Greater choice.

[See more on page 07](#)



## Driving innovation.

[See more on page 08](#)



## Trusted partners.

[See more on page 10](#)



## Future London.

[See more on page 11](#)





## Greater choice

As customers increasingly demand the very best, sustainable spaces, and discount the rest, we are shaping our spaces accordingly. We know every business is different, so we aim to provide a choice of premium spaces that allow our customers to take the option that best suits their business needs.

Across our diverse London portfolio, our customers can choose to take office space as Ready to Fit, or delivered flexibly on a Fitted or Fully Managed basis, helping to make life easier and hassle free. Whilst our spaces are many and varied, they are all of a high quality, as we recognise that second best is no longer in demand.

Our leasing success this year demonstrates that this approach is working. We signed 66 new leases generating £22.5 million in annual rent. The rents achieved were 9.1% ahead of the March 2023 ERV, as our customers recognise the value of the quality of space we are delivering. Looking ahead, GPE is well-placed to continue this success with a deep pipeline of buildings that will ensure we continue to deliver best-in-class spaces over the coming years.

[➔ See more on pages 26 and 27](#)





## Driving innovation

**We are committed to embedding innovative ways of working throughout our development process to help benefit the local environment, reduce our carbon footprint and have a positive impact on the communities in which we work.**

At Minerva House, SE1, we are working with our partners Morrisroe and Multiplex to create a best-in-class riverside workspace, located on the Southbank, right in front of the River Thames. Originally constructed in the 1980s, the six-storey building sits opposite Southwark Cathedral and Borough Market, an iconic location, that is surrounded by public realm.

We aim to retrofit and refurbish the existing building, maintaining over 70% of the existing fabric, together with introducing innovative ways of working that will further reduce the overall embodied carbon impact of the development. As part of our activities, 20 tonnes of glass will be salvaged from site and used in the production of new glass; this is one of the first schemes in the country to participate in this truly circular and innovative process.

Minerva House is also the first private development on the Thames to utilise a barge to remove materials from site during the first phase of the development. This pioneering approach will reduce the total number of heavy goods vehicles coming to site by 65% during the deconstruction phase, removing waste from an area with very high footfall, as well as reducing noise and air pollution in a congested, pedestrian heavy environment.

 See more on [page 24](#)





Our innovative approach of utilising the river will benefit the local community by reducing pollution and vehicle numbers, and managing road safety in a congested central London location.





## Trusted partners

**We believe in the power of people and partnerships to create exceptional, climate-conscious places that deliver for our customers. In order to create space for London to thrive, we have a responsibility to ensure that we have a long lasting positive impact on the communities in which we work.**

This year we continued to support our charity partnership with XLP by organising a series of charity challenges during our inaugural community week. More than 120 GPE team members came together to undertake numerous activities, including: completing the National Three Peaks challenge in 24 hours, trekking 42km along the South Downs way, walking a marathon through London's Royal Parks, braving a tandem skydive from 13,000 ft and community volunteering. The team successfully raised over £82,000 and surpassed our initial target of £75,000.

We support XLP because it empowers young people from disadvantaged backgrounds to complete their education, avoid anti-social behaviour and ultimately become independent and confident contributors within their communities. Last year, the organisation helped 4,000 young people and their families. Our partnership with XLP is designed to help us reach our shared goal of creating social value in London, creating a positive impact in the areas where we operate and improving the lives of its residents and wider community.

[➔ See more on pages 50 and 51](#)





## Future London

Our recent acquisition of the Soho Square Estate, W1 represents a fantastic opportunity to transform a strategic West End freehold site into a new best-in-class headquarters building perfectly suited to the demands of the modern customer.

The 0.5 acre site is located at the eastern end of Oxford Street, in an area we know well, just 100 metres from the new Tottenham Court Road Elizabeth line station. The existing collection of buildings are at the end of their economic life and the site benefits from planning consent to deliver a brand new building spanning the entirety of the site. Ahead of an anticipated start in Q1 2025, we intend to improve the building design by adding new area and improving the quality of space to further increase its attractiveness to prospective customers. Once complete, the building will provide 100,300 sq ft of new Grade A offices on Soho Square and prime retail space on Oxford Street. The office building will be arranged over basement, lower ground, ground and eight upper floors, with multiple private terraces and a communal roof terrace and will deliver best-in-class sustainability metrics.

The Soho Square Estate is a great addition to a development pipeline that is already stacked with future opportunity. Our plans will greatly improve the local environment, provide support for London's economy and deliver a lasting sustainable impact on London's future.

➔ See more on [pages 24 and 25](#)



## How we create value

In order to unlock potential, we apply our specialist skills to reposition properties to produce high quality, sustainable spaces that our customers demand. Our disciplined approach to allocating capital shapes our activities, ensuring we operate in tune with London's cyclical property markets to maximise returns.

## We apply our specialist skills to reposition properties...

### Acquire

- Disciplined capital allocation approach; must be accretive to existing portfolio.
- Tired, inefficient properties, often with poor EPC ratings, with angles to exploit.
- Attractive central London locations supported by infrastructure improvements/local investment.
- Discount to replacement cost and typically off-market.
- Off low rents and low capital values per sq ft.
- Optionality: flexible business plans.
- Opportunity to enhance sustainability credentials and grow our Flex portfolio.
- Ability to deliver profit on cost on development schemes of 12.5%-20.0% and an ungeared IRR of 10.0%-15.0%.



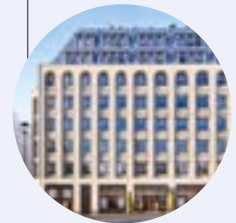
During the year, our acquisitions included 141 Wardour Street, W1 (above) to add to our Fully Managed office offer and the Soho Square Estate which has been added to our near-term development pipeline.

➔ See more on our investment activities and Flex acquisition criteria on pages 28 and 29

### Reposition

- Through lease restructuring, the delivery of flexible space, refurbishment or redevelopment.
- Deliver high quality sustainable spaces into supportive markets that meet and exceed customer needs.
- Manage risk through pre-letting, joint ventures and forward sales.
- Deliver climate-resilient buildings that integrate market-leading sustainability standards, flexibility, amenity, wellbeing and technological innovation.
- Enhance the local environment and public realm.
- Deliver a lasting positive social impact in our communities.

Repositioning buildings is key to adding value. This year, we commenced the redevelopment of French Railways House & 50 Jermyn Street, SW1 which will add 67,600 sq ft of best-in-class, office and retail space near St James's and Piccadilly.



➔ See more on our development activities on pages 23 to 25

Sustainability touches everything we do

## ...underpinned by key resources and relationships...

### Our stakeholder relationships

- Intense, supportive, customer-focused approach to understand customers' needs. Utilising regular customer feedback to create bespoke action plans.
- Strong levels of customer satisfaction.
- Open relationship with debt and equity providers based on clear investment case and transparent disclosure.
- Deep relationships with key suppliers (including contractors) and joint venture partners.
- Positive engagement with local communities, local authorities and planning departments.

➔ See more on our stakeholder relationships on pages 69 to 72

### Our portfolio and sustainability

- 100% central London, in attractive locations well served by local infrastructure with enduring customer demand.
- Located in markets with high barriers to entry playing to our strengths.
- Continual repositioning of buildings to enhance the customer experience, improve sustainability performance, futureproof value and enhance the environment in which they are located.
- Measures to improve the climate resilience of our buildings integrated within the design of our spaces.
- Positioned for future growth; 24% of portfolio in our HQ development or Flex refurbishment programme. Potential c.£0.5 billion commitment across seven on-site HQ development and Flex conversion schemes.

➔ See more on our portfolio and sustainability on pages 34 to 62

## ...to create value

**+30.2**   **£1.5m**   **1,450hrs**

Office Net Promoter Score, outperforming the industry average of +6.9

GPE social value created

Hours donated to XLP

➔ See our KPIs on pages 16 and 17

**-12.1%**

Like-for-like portfolio valuation decline<sup>1</sup>

**100%**

BREEAM 'Excellent' completions

**£338k**

Contributed to our Decarbonisation Fund



### Operate & manage

- Deliver a ‘Customer First’ approach, providing efficient, resilient, healthy and innovative space to meet the demands of modern customers.
- Provide a greater choice of spaces to appeal to a variety of customer needs, whether on a Ready to Fit, Fitted or Fully Managed basis.
- Constantly evolving to lead emerging trends, including the use of technology to enhance the customer experience.
- Detailed business plan for every property reviewed quarterly to maximise total returns over our cost of capital.
- Strong sustainability credentials to maximise customer appeal, enhance the long-term property value and reduce obsolescence.

Our customers are demanding the very best spaces for their people, together with greater levels of service and amenity. Therefore, the spaces we deliver and the services we provide are evolving to meet these growing demands.



➔ See more about our customers on pages 69 and 70

### Recycle

- Disciplined capital recycling through the sale of properties where we have executed our business plans, projected returns are insufficient or where we are able to monetise our expected future profits.
- Create a legacy of high quality, sustainable buildings to benefit London and the communities in which they are located.
- Reinvest proceeds into higher return opportunities.
- Return excess equity capital to shareholders when reinvestment opportunities are limited.



During the year, we made a number of small sales totalling £13.4 million, including 6 Brook Street, W1 (above). Looking forward, we anticipate further sales in the near term.

➔ See more in our investment activities on pages 28 and 29

### Our people and culture

- Experienced management team supported by specialist in-house Portfolio Management, Customer Experience, Development, Investment, Leasing and Finance teams and support functions.
- Entrepreneurial, collegiate and inclusive culture based on strong values with disciplined approach to risk management.
- Reward linked to purpose, strategy and values with close alignment with stakeholders to deliver value and outperformance.
- Effective governance structure.
- Positive employee engagement.

➔ See more on our culture and people on pages 63 to 68

### Our capital strength

- Consistently strong balance sheet and conservative financial leverage.
- Low cost, diversified debt facilities and plentiful liquidity.
- Evolving debt book to align with our values via ESG-linked financing.
- Sustainable Finance Framework in place.
- Disciplined allocation of capital through analytical, risk adjusted IRR decision making.
- Support low and progressive dividend policy.
- Tax efficient REIT structure.

➔ See more on our capital strength on page 32

**98%**

Staff survey participation rate

**88%**

Proud to work at GPE

**74%**

Employee Engagement Index

**624p**

EPRA NTA NAV

**32.6%**

EPRA loan to value<sup>1</sup>

**£633m**

Cash and undrawn facilities<sup>1</sup>

1. Includes share of joint ventures.

# Our near-term strategic priorities

We have a clear strategic focus that enables us to deliver attractive long-term value to our stakeholders. In the near term, our priority is to create exciting sustainable spaces for our customers, whether through expanding our flexible offerings or delivering on our ambitious development programme.

## Priorities for 2023/24

### 1 Progress sustainability and innovation agenda

➔ See more on pages 37 to 62

#### Key initiatives

- Complete new metering initiative to transform capture of energy usage across the portfolio.
- Deliver climate change Transition Plan by March 2024 in line with UK legislation.
- Implement initiatives under Innovation Strategy and explore emerging technologies including artificial intelligence.

#### Progress in year

- Development of real time analytics dashboard to increase business pace and agility.
- Further delivery of CRM platform to support the scaling of our Fully Managed space.
- Refreshed Roadmap to Net Zero.
- Significant circular economy project to reuse steel underway at 2 Aldermanbury Square, EC2.
- Metering project well underway.

## Priorities for 2024/25 Unchanged

#### Key initiatives

- Develop multi-year, business wide digital transformation plan.
- Launch and embed our Roadmap to Net Zero v2.0.
- Deliver Transition Plan in line with sector guidance published in Q1 2024, including double materiality review.
- Utilise steel recovered from 2 Aldermanbury Square in French Railways House & 50 Jermyn Street, SW1.

### 2 Enhance portfolio through acquisitions and sales

➔ See more on pages 28 and 29

- Acquire Flex opportunities to help deliver growth ambition.
- Supplement development pipeline through acquisition.
- Maintain discipline of capital recycling through the sale of properties where we have executed our business plans and prospective returns are insufficient. Recycle proceeds into development programme.
- Explore opportunities to JV larger developments.

- Two Flex acquisitions: 141 Wardour Street, W1 and Bramah House, SE1 totalling £53 million.
- Soho Square Estate acquired for new HQ development for £70 million.
- Two small sales completed realising £13.4 million in proceeds.

## Unchanged

- Deploy proceeds from rights issue.
- Acquire Flex opportunities to help deliver one million sq ft growth ambition.
- Supplement development pipeline through acquisition.
- Maintain discipline of capital recycling through the sale of properties where we have executed our business plans and prospective returns are insufficient. Recycle proceeds into development programme and new acquisition opportunities.

### 3 Deliver on our Flex ambition

➔ See more on pages 25 to 27

- Deliver Flex growth to more than one million sq ft over next five years, both organically and through acquisitions.
- Evolve and embed new marketing messages on Flex key selling points.
- Commence the refurbishment of 6 St Andrew Street, EC4, Alfred Place, WC1 and Egyptian House, SW1.

- Flex space grown to 503,000 sq ft, or 23.5% of office portfolio.
- Flex marketing collateral launched.
- Refurbishment underway at 6 St Andrew Street, EC4, Egyptian & Dudley House, SW1 Alfred Place, WC1 and Kent House, W1.
- Bramah House, SE1 and 141 Wardour Street, W1 acquired.

## Unchanged

- Complete refurbishments of 31/34 Alfred Place, Kent House and 6 St Andrew Street.
- Maintain sector leading NPS score for Fitted and Fully Managed spaces.
- Acquire Flex opportunities to help deliver growth ambition.
- Achieve £15.0 million of annualised Fully Managed NOI by 31 March 2025.



## Priorities for 2023/24

### 4 Embed our ‘Customer First’ approach

➔ See more on pages 69 and 70

#### Key initiatives

- Roll out customer service proposition and training to all GPE employees and service partners.
- Establish KPIs, along with greater engagement from customers, to measure success of the Customer First programme.
- Deliver roll-out of phase 2 of CRM.

#### Progress in year

- Customer service proposition rolled out to GPE workforce, with positive feedback.
- New CRM capability to cover reporting on leasing funnel and tracking customer success and complaints stories.
- Established new customer insights and strategy function as well as new role focused on customer relationship management.
- Customer First added to GPE values and senior management objectives.

## Priorities for 2024/25 Unchanged

#### Key initiatives

- Roll-out GPE service proposition and standards to service partners, agents and contractors.
- Retail customer journey mapping.
- Embed Customer Relationship Engagement Strategy and team with the ambition to drive increased renewals and retention.
- Further develop customer insights function.

### 5 Deliver and lease the committed schemes

➔ See more on pages 23 to 25

- Progress the redevelopment of 2 Aldermanbury Square, EC2 to time and budget.
- Maintain close relationship with Clifford Chance to help deliver a building that meets its needs.
- Deliver the refurbishment of 6 St Andrew Street, EC4 by Q3 2024, prepare marketing campaign for launch.

- 2 Aldermanbury Square on time and budget with expected completion, and hand-over to Clifford Chance in Q1 2026.
- Positive engagement with Clifford Chance, with confirmation that they have not taken up their option to hand space back to GPE.
- Refurbishment underway at 6 St Andrew Street, with completion expected in Q4 2024 and marketing underway.

## Unchanged

- Seek pre-letting opportunities at Minerva House, SE1 and French Railways House & 50 Jermyn Street, SW1.
- Remain on track for delivery of 2 Aldermanbury Square, French Railways House & 50 Jermyn Street and Minerva House.
- Complete refurbishment of 6 St Andrew Street, 141 Wardour Street and 31/34 Alfred Place and commence leasing.

### 6 Prepare the pipeline

➔ See more on pages 23 to 25

- Resolve planning status at New City Court and Minerva House, both SE1.
- Commence the redevelopment of French Railways House & 50 Jermyn Street, SW1.
- Prepare Minerva House for start on-site.

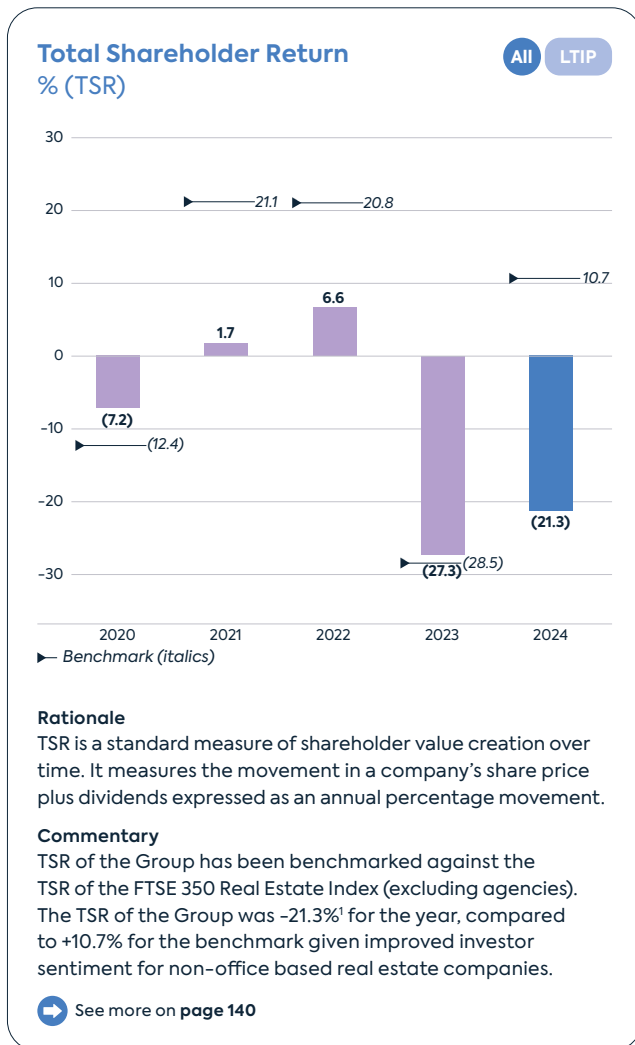
- Planning permission granted at Minerva House.
- Planning permission refused at New City Court, alternative business plans underway together with early engagement with Southwark Council.
- Development commitment made at Minerva House, SE1, anticipated completion Q4 2026.

## Unchanged

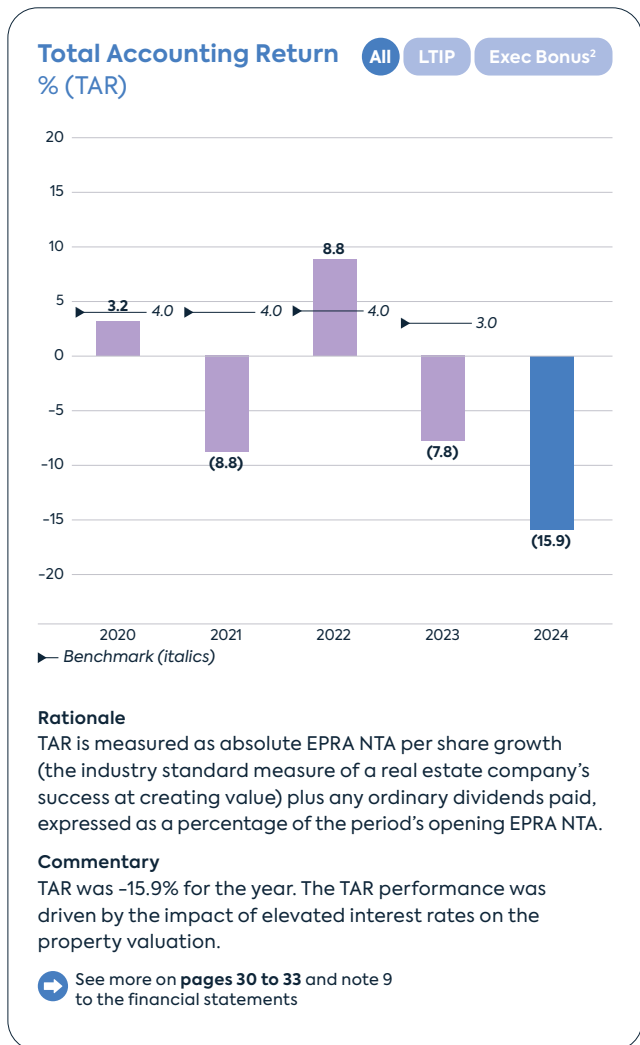
- Prepare Soho Square Estate for redevelopment.
- Reconfigure plans for the redevelopment of New City Court, SE1 and submit revised planning application to Southwark Council.
- Progress refurbishment plans for The Courtyard, WC1 following exchange of contracts in April 2024.

# Our key performance indicators

Our key performance indicators (KPIs) measure the principal metrics that we focus on to run the business, and they, along with the key measures that drive them, help determine how we are remunerated. Over the longer term, we aim to outperform our benchmarks through successfully executing our strategy. Over the last 12 months, the challenging macro-economic environment impacted absolute property returns and real estate share prices. However, our strong operating performance helped us outperform many of our benchmarks.



1. On a spot basis.



2. For the 2023/24 Annual Bonus, TAR per share is benchmarked against the relative performance of the FTSE 350 Real Estate Index (excluding agencies). While a number of companies are yet to publish their financial results, we anticipate that our TAR for the year underperformed the Index due to the comparatively stronger performance of other real estate sectors.

## Our KPIs are driven by our strategic priorities:

- 1 Progress sustainability and innovation agenda
  - 2 Enhance portfolio through sales and acquisitions
  - 3 Deliver on our Flex ambition
  - 4 Embed our 'Customer First' approach
  - 5 Deliver and lease the committed schemes
  - 6 Prepare the pipeline
- All** All six priorities

### LTIP

Performance criteria for Executive Directors' and certain senior managers' long-term incentives plans (LTIP).

### Exec Bonus

Performance criteria for Executive Directors' and all employees' annual bonuses save that the employee engagement and diversity measures do not apply to most colleagues to avoid conflicts of interest. The previously reported relative Total Property Return metric ceased to apply to bonuses following the adoption of the 2023 Directors' remuneration policy and is no longer reported on as KPI in this section.

➔ See Directors' remuneration report on **pages 124 to 143**

## Revised KPIs for 2023/2024

As explained in last year's Annual Report, given the macro-economic backdrop, the Group has moved to a more target-based operational scorecard under the revised Directors' remuneration policy approved by shareholders at the 2023 Annual General Meeting. The scorecard is designed to motivate management to optimise returns for shareholders by focusing on clear and measurable objectives to deliver our strategic priorities. Each of the measures is designed to directly or indirectly drive our financial KPIs and shareholder value in the longer term and form an integral part of the revised Directors' remuneration policy to align performance and executive remuneration.

Scorecard	Measure	Link to shareholder returns	Performance 2023/24 minimum threshold
<b>Optimising financial performance (during downturn)</b> 1 2 3 4 5	1. Rent achieved on market lettings during year vs ERV (as per CBRE at start of year) – '% beat to market rent'	Will enhance property valuations and maximise income	<b>+9.1%</b> ≥ERV @ 31 March 2023
	2. Vacancy rate at year end (including completed development/refurbished space during year)	Will enhance property valuations and maximise income	<b>1.3%</b> ≤8.0%
	3. Maintain appropriate liquidity	Underpins ability to acquire and invest in assets to drive capital and income returns	<b>£633m</b> ≥£150m
<b>Transforming the business and putting customers first</b> 2 3 4 5 6	1. Hitting planning milestones in year (combination of planning submissions and planning approvals across entire portfolio)	Enhances property valuations	<b>50%/100%</b> 50% of Major and 50% of Minor in-scope applications approved
	2. Commitments to new Flex space over the year	Underpins strategy to expand Flex space in line with disclosed targets	<b>102,353 sq ft</b> ≥30,000 sq ft
	3. Market leading office customer NPS	Underpins strategy, aids customer retention and enhances property valuations	<b>+30.2</b> ≥+20.0
<b>Delivering our Roadmap to Net Zero</b> 1 5 6	1. Reduction in energy consumption (targets set each year against Roadmap)	Increases attraction of GPE space driving rents and enhancing property valuations	<b>149.7 kWh/m<sup>2</sup></b> ≤191 kWh/m <sup>2</sup>
	2. All new developments to be net zero or on track to be net zero	Underpins HQ repositioning strategy, customer demand, capital and income returns	<b>83%</b> ≥50%
<b>Personal and business culture</b> All	1. Maintaining and nurturing a positive and inclusive culture (measured through employee engagement and inclusion index survey scores)	Retaining and attracting key talent critical to support growth	<b>74%</b> ≥65%
	2. Achievements against gender and diversity targets (as detailed on page 130)	Ensuring diverse talent to develop and deliver strategy	<b>Progress against both targets</b> Improvement on each target against position at 31 March 2023

# Strategic Report

## Annual review

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## We are integrating climate resilience across our business

### We maintain our ambition to be at the leading edge of sustainable development

Applying climate resilience to our business strategy means we address the transitional risk of climate change and implement net zero carbon plans for each of our assets. Through our approach, we are committed to collaborating with all our partners to improve the resilience of our supply chain, and are constantly looking to embed nature-based solutions to increase biodiversity across our portfolio.

Last year we also repositioned our Statement of Intent 'The Time is Now' to ensure we continue to deliver against our commitments and continue to support the resilience of our London communities.



# Statement from the Chief Executive



**“Our clear strategy of delivering best-in-class HQ buildings and Flex spaces for our customers means we have both a business and a portfolio which is well positioned to take advantage of supportive market conditions.”**

Toby Courtauld Chief Executive

## Strong operational performance – strategic focus

Despite the continued macro-economic uncertainty and higher interest rates impacting our property valuation over the year, we delivered another strong operational performance. Our excellent leasing results, low vacancy and positive rental growth again demonstrated that our offices are in high customer demand, in a supply constrained market. With these supportive market conditions, characterised by the sharp bifurcation between the best spaces and the rest, our clear strategy of delivering best-in-class HQ buildings and Flex spaces for our customers means we have both a business and a portfolio which are well positioned to take advantage.

## Positioned to take advantage of return of the cycle – net buyer for first time since 2013

In this financial year, we added to our portfolio, acquiring three properties off-market for £122.9 million, including two Flex acquisitions and one HQ in Soho Square, W1, that has been added to our development pipeline. With two small non-core sales, we were a net buyer for the first time in more than ten years. Since the start of the new financial year, we have also exchanged contracts to buy The Courtyard, WC1 for £28.6 million in an asset swap deal, adding to our Flex cluster in Fitzrovia.

We believe the central London investment market is now at or around its trough and is turning in our favour with real property values having fallen to 2009 levels, triggered by elevated inflation and high interest rates. As a result, we fully expect to add to our growth prospects and have identified a compelling set of accretive acquisition opportunities. The rights issue, together with our already strong financial and liquidity position, will provide further capacity for new investment. With our strong track record of counter-cyclical investment and our experienced team, our prospects are appealing.

## Strong leasing year – 9.1% ahead of ERV

During the year, we signed 66 new leases, delivering £22.5 million of new rent, with market lettings 9.1% ahead of the March 2023 ERV. This includes 29 new deals across our Flex spaces, securing £13.7 million in rent at a 12.3% beat to the March 2023 ERV. At our Fully Managed spaces, we achieved average rents of £208 per sq ft, supporting our ambitions for further growth across our identified central London Flex clusters.

We also had many leasing successes across our retail portfolio, as the recovery strengthens with West End footfall back to near pre-pandemic levels and the Elizabeth line enhancing transport connectivity for shoppers, workers and tourists alike. We signed 26 retail leases delivering £7.0 million of new rent, beating the March 2023 ERV by 4.7%.

## We value every customer – market leading NPS and high customer retention

Our well established Customer First approach, putting customer needs at the centre of everything we do, was further strengthened this year with the addition of a new employee value: ‘We value every customer’.

We also continued to deliver a leading Net Promoter Score of +30.2, significantly ahead of the office industry average of +6.9, which has supported strong customer retention. We retained 83% of our customers across the portfolio in the last 12 months, which helped us maintain our exceptionally high rent collection rates, securing in excess of 99% of all rents within seven working days, whilst also keeping our investment void low at 1.3%.

## Rental value growth more than offset by increased yields – valuation performance impacted

With customers increasingly demanding the very best, sustainable spaces, they are competing in a market increasingly starved of new, Grade A supply, putting further upward pressure on prime rents. Across our portfolio, we saw a like-for-like increase in rental values of 3.8% over the year, with our retail rental values up 4.4%. Overall our office rents were up 3.6%, whilst our Fully Managed office spaces again outperformed, up 5.2%.

Despite this attractive rental growth, our property values reduced by 12.1%, reflecting the global impact of higher interest rates on property yields. However, this reduction was first half weighted and we believe prime property yields are now likely around their peak.

The property valuation decline reduced IFRS NAV and EPRA NTA per share by 17.6% over the year. When combined with an ordinary dividend maintained at 12.6 pence per share, our Total Accounting Return was minus 15.9%. Including the revaluation of the portfolio, we delivered an IFRS loss for the year of £307.8 million. Diluted EPRA EPS was 7.1 pence, a decline of 25.3%, primarily driven by the impact of the higher interest rate environment.

# Statement from the Chief Executive continued

## More rental value growth to come – London a true global city

Whilst macro-economic volatility persists, our confidence and belief in London remains. Unrivalled as one of the world's most attractive and diverse mixed-use locations, London is a true global city. Central London is busy and office workers have returned, with hybrid working now the norm. 74% of our portfolio is in the West End and 93% located close to Elizabeth line stations.

Looking forward, we anticipate supportive rental conditions for the best spaces and are optimistic for further rental growth, with portfolio-wide guidance of 3% to 6% over the next financial year. For prime office space, our guidance is stronger still at 5% to 10%.

## HQ repositioning – two new major commitments

We committed to the redevelopment of French Railways House & 50 Jermyn Street, SW1, following the agreement of a new headlease. Our prime office-led scheme on Piccadilly will provide 67,600 sq ft of new Grade A space and will embrace the principles of the circular economy. It is expected to complete in mid-2026 and deliver a profit on cost of 23.7%.

Our latest commitment at Minerva House, SE1, will take full advantage of its impressive River Thames frontage, creating an enviable South Bank HQ destination with new public realm and gardens, whilst delivering outstanding sustainability and re-use credentials. It is expected to complete in Q3 2026 and deliver a profit on cost of 19.1%.

We have also made significant progress at 2 Aldermanbury Square, EC2. Clifford Chance LLP have leased the entirety of office space (321,100 sq ft) and our development works are progressing well, where we are substantially increasing the size of the building (up from 176,000 sq ft) and completion is expected in early 2026. Preparations for our two other near-term schemes continue, which, together with our committed schemes, will deliver 0.8 million sq ft of prime, predominantly office space with exemplary sustainability credentials, along with £76 million of ERV following our proposed £0.8 billion of total investment.

## Flex spaces – four schemes on-site and on track for growth to one million sq ft

We have recently committed to the refurbishment of 141 Wardour Street, W1 which will provide 29,900 sq ft of new Fully Managed led space in the heart of Soho. The building will form part of our Soho Flex cluster, close to our successfully established 16 Dufour's Place, W1 and will complete next year. Our three other on-site Flex refurbishments are progressing well, with 6 St Andrew Street, EC4 and 31/34 Alfred Place, WC1 on track to be delivered in Q3 2024, whilst Egyptian & Dudley House, SW1 will complete in 2025.

Together with good progress across our various on-floor refurbishments, we have increased our committed Flex space to 503,000 sq ft, as we advance towards our one million sq ft ambition. We expect that more than 75% of our Flex footprint will be delivered as Fully Managed spaces, generating more than £75 million of net operating income. To deliver on these ambitions, we have enhanced our organisational structure through promoting from within and the targeted recruitment of new talent.

## Sustainability: updated Roadmap to Net Zero and embracing the circular economy

Last year, we updated our approach to climate resilience and our sustainability Statement of Intent. This year, we updated our Roadmap to Net Zero, increasing the scope and ambition of lowering our carbon emissions and aiming to deliver a 90% reduction in Scope 1, 2 and 3 emissions to reach net zero by 2040. Alongside these ambitious targets, we have continued to embrace the principles of the circular economy across our development projects, with market leading steel and glass reuse projects commenced during the year.

## Outlook

We are pleased to report on another year of strong operational performance. Our appealing blend of best in class HQ offices and Fully Managed Flex spaces, all in central London's undersupplied markets, is proving attractive to customers, enabling us to beat the valuer's ERV estimates by 9.1% on all signed leases, the highest margin since 2012 and by 11.1% across our office lettings. Today, our portfolio is effectively full and, having delivered ERV growth towards the top end of last year's guidance, we have upgraded our forecast for this year to 5% to 10% for our prime offices.

We remain strong believers in London's long-term prospects; whilst its occupational markets, particularly for centrally located, Grade A space continue to power ahead with growing demand and shrinking supply, we believe its investment markets are at an inflection point; macro-economic effects ushered in a prolonged period of high inflation and elevated interest rates, triggering capital value declines of 58% in real terms since 2016, to levels we last saw after the GFC in 2009. We believe values are now at or around their cyclical trough and consequently, we turned net buyer during the year for the first time since 2013, acquiring £152 million of opportunities since March 2023 at an average 42% discount to replacement cost.

To enable us to take further advantage of disrupted investment market pricing, we intend to complete a fully underwritten rights issue and have exchanged on the acquisition of The Courtyard, a core West End Flex conversion opportunity. With an increasing pipeline of potential acquisitions, totalling circa £1.4 billion and a number of encouraging discussions ongoing, we can look forward to adding accretive opportunities to our well-located portfolio. Having completed our asset sales at more opportune points in the cycle, we will return to selling once investment markets recover.

In this context, GPE's prospects are strong; our Flex and HQ development business streams are both growing with supportive market conditions, backed up by our market-leading service to our customers; we expect to add further opportunities, capturing value in disrupted investment markets; our teams' extensive experience of successful value creation in cyclical markets and our strong balance sheet will all combine to enable us to generate attractive shareholder returns.

# Our markets

Interest rates were elevated over the course of the year, as inflation remained persistently higher than many had forecast. The resultant upward pressure on property yields more than outweighed any positive impact from supportive occupational markets, reducing investment market turnover and lowering property values. Looking forward, the UK has recently emerged from a shallow recession, the UK GDP outlook is more positive and inflation is abating, but many macro-economic risks remain.

## Macro-economic backdrop

- IMF estimates global GDP growth to be stable at 3.2% in both 2024 and 2025.
- UK forecast to grow; 0.9% GDP growth in 2024, or 1.8% p.a. over the next three years, with London expected to outperform at nearly double for the UK as whole at 0.5% p.a. (Oxford Economics).
- Consumer confidence recovering from 2022 lows, now at highest level since January 2022.
- Deloitte CFO survey: sentiment among UK CFOs has risen for the third consecutive quarter, with uncertainty at a two-and-a-half year low.
- UK composite PMI surveys have improved in Q1 2024 and indicate expansion; >50 at March 2024.
- Inflationary risks abating; UK CPI 3.2% in March 2024, anticipated to reduce over the remainder of the year.

## Occupational markets<sup>1</sup>

- Occupational market active; central London take-up 10.5 million sq ft in year, but down 13.8% from prior year.
- Central London active demand 7.8 million sq ft, up 16.7% year on year (Knight Frank).
- Availability remains elevated at 25.9 million sq ft, marginally ahead of 31 March 2023 and remains 45.9% ahead of the ten-year average.
- Space under offer high at 4.1 million sq ft, up from 3.0 million sq ft at 31 March 2023 and above the ten-year average of 3.4 million sq ft.
- Central London vacancy rate 8.8% at 31 March 2024; up from 7.8% last year, newly completed vacancy rate at 1.9%.
- Supply remains tight; availability of space newly completed or under construction low, at 32.9% of total stock (8.5 million sq ft).
- Rents for prime spaces to significantly outperform Grade B rents at +19.1% v -3.5% respectively for the West End between 31 December 2023 and 2028 (Savills).



### The West End

- Office take-up 3.3 million sq ft, down 32.1% on preceding year.
- Availability 6.4 million sq ft, up 5.5%.
- Vacancy 4.7%, up from 3.3% at 31 March 2023; vacancy of newly completed space only 1.1%.
- Prime office rental values £155 per sq ft at 31 March 2024, up 10.7% in year.
- Retail vacancy stabilised; Zone A rents maintained on key retail streets.



### The City

- Office take-up 5.6 million sq ft, up 13.2% on preceding year.
- Availability 10.4 million sq ft, down 2.4%.
- Vacancy 11.8%, up from 10.9% at 31 March 2023; vacancy of newly completed space only 2.2%.
- Prime office rental values £77 per sq ft, up 6.9% in year.
- City space under offer 2.2 million sq ft, the highest for ten years.

## Investment markets<sup>1</sup>

- Investment markets challenged given heightened interest rate environment.
- Office investment deals £5.2 billion in 2024, down significantly from £11.2 billion in 2023.
- Turnover in Q1 2024 still muted at £1.1 billion.
- We estimate that £3.9 billion of real estate is currently on the market to buy versus £19.2 billion of equity demand looking to invest.
- Given elevated global interest rates, prime yields have risen; CBRE reports prime yields of 4.0% and 5.75% for the West End and City respectively.
- Prime retail yields 4.25% Regent Street, 4.5% Oxford Street both stable and Bond Street softened by 25 bps to 3.0%.

## Near-term outlook

We actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last year, our property capital value indicators have improved, along with a more optimistic outlook for interest rates. However, risks remain, including the continued macro-economic uncertainty and ongoing geopolitical tensions.

Today we expect the flight to quality to continue, with investment demand to support prime yields in the near term, with potential compression as rents grow and interest rates settle. In the occupational market, given a strong leasing and rental performance of the portfolio, our rental value growth range for the financial year to 31 March 2025 is positive at between 3.0% and 6.0%, predominantly driven by the positive expected performance of our office portfolio.

1. To 31 March 2024 and sourced from CBRE unless otherwise stated.

## Our markets continued

The nature of demand for our spaces is undergoing a significant transformation as key themes continue to shape and evolve our markets. These themes are united by a common thread – the widening gap in demand between the best spaces and the rest. Against this backdrop, we are well placed to outperform.

### The hybrid office

Employees increasingly value the flexibility and convenience of hybrid working. Therefore, the office needs to offer employees the best of both worlds, the connectivity they desire with home working, together with the benefits of face-to-face collaboration and team building that the office provides. In this environment, the demand for office space is no longer solely driven by headcount. Broader business requirements, workplace policies and employee behaviours all have an impact.

#### Our response

The workplace must be somewhere that is worth travelling to. The best offices need to act as a magnet for their workforce, providing services and amenities that employees cannot get at home. The quality of the office experience matters. In our view, the best buildings need to provide flexible work settings, support the health and wellbeing of employees, promote sustainability and be more human in scale and connected to the communities in which they sit. They also need to be well connected to high quality public transport to minimise the impact of the commute.

We are well placed to capitalise. Our developments are perfectly suited to meet this evolving demand and our Flex offers are increasingly catering to larger corporates that want additional flexibility, and high levels of service provision, to help drive employee engagement. Our portfolio is also centrally located with 93% of our buildings within 800 metres of an Elizabeth line station.

### Improving retail demand

Retail occupational demand improved over the course of 2023, with footfall up and vacancy rates shrinking across London's key shopping streets. Savills reported that vacancy levels on Oxford Street had fallen to 3.6% at Q4 2023, the lowest level since 2019. This lack of availability has translated into rental growth, with prime West End retail rents growing by 9.7% over the course of 2023. Whilst the economic backdrop remains challenging, we expect retail sentiment to continue to improve as domestic disposable incomes return to growth in 2024.

#### Our response

We believe in central London's attraction as a premium retail destination. Its unique combination of tourist destinations, flagship stores, selection of restaurants and a deep cultural offer remains and will continue to attract shoppers from around the world.

Retail comprises 21% of our portfolio by value. We aim to provide high quality, modern retail units into locations with enduring appeal. Accordingly, the bulk of our activities centre on the prime shopping streets delivering new retail experiences into locations that benefit from the recently opened Elizabeth line.

This year, against this backdrop of improved demand, we completed £7.0 million of retail lettings, 4.7% ahead of the March 2023 ERV including a significant new letting with TK Maxx at Mount Royal, W1.

### The growing demand for flexible spaces

London has witnessed significant growth in the demand for flexible office space in recent years. Advances in technology, the growth in start-up businesses, increased mobility in the workforce and the rise of the gig economy have helped drive this growth. A plethora of new suppliers have entered the market to meet this demand. Flexible spaces have bounced back quickly as people have returned to the workplace post pandemic and we expect this growth to continue.

#### Our response

Whilst for many businesses, securing high quality, well-located space for longer-term occupation is vital, we recognise that customers are increasingly seeking an element of flexibility for some parts of their business. To meet this growing demand, we have a Fitted offer to provide dedicated, fully furnished space on flexible terms, allowing customers to move in and out of the space with ease. Where our customers want a higher level of service provision we have a growing Fully Managed offer, which extends our proposition to provide additional services and amenity. Interest in these spaces remains high. They typically let quicker and we are charging a premium for a hassle-free real estate experience. Over time we expect this to be the default requirement for spaces of less than 10,000 sq ft.

➔ See more on [pages 34 and 69](#)

### The sustainability premium

The demand for highly sustainable spaces is growing fast. Customers, together with their employees, are increasingly aware of their impact on the environment and are prepared to pay a premium for spaces with the highest sustainability and wellbeing credentials. CBRE's Sustainability Index demonstrates this trend, with energy efficient offices delivering higher total returns and more resilient performance during the recent downturn. Sustainability is now a prerequisite for achieving the best rents.

#### Our response

Sustainability is becoming an increasing differentiator and is widening the gap between the best space and the rest. Therefore, owners of real estate need the expertise to either create new high quality spaces or retro fit existing space in line with new and evolving requirements. Buildings that are not repositioned risk being stranded. We see this as an opportunity. We are an experienced developer with a track record of delivering the highly sustainable buildings that customers demand. We also know how to reposition assets through refurbishment and renovation. Furthermore, buildings with poorer sustainability credentials are a potential avenue for future acquisitions, allowing us to create value by transforming unloved buildings into desirable, highly sustainable, prime real estate.

➔ See more on [pages 37 to 62](#)



# Our development activities and capex programme



“With demand for the best spaces strong, and the forward-look supply of new spaces increasingly scarce, our growing development activity feels well timed to benefit.”

Andrew White Development Director

## 2023/24 Strategic priorities:

- 5 Deliver and lease the committed schemes
- 6 Prepare the pipeline

## Business model

Acquire   Reposition   Operate & manage   Recycle

## Operational measures<sup>1</sup>

	2024	2023
Profit/(loss) on cost	3.5%	(2.1%)
Ungeared IRR	8.6%	4.4%
Yield on cost	6.0%	5.4%
Income already secured	32.3%	99.5%
BREEAM Excellent (targeted)	100%	100%
Committed capital expenditure to come	£498m	£265m

1. Committed HQ developments and Flex refurbishments at date of report.

## Our approach

Upgrading our portfolio through development using targeted capital expenditure creates sustainable spaces with improved customer appeal and longevity. This enhances both rental values and capital returns. The cyclical nature of central London property markets means it is critical for us to match this development activity to the appropriate point in the cycle, delivering new buildings into a supportive market when quality space is scarce and demand is resilient. By combining our forensic analysis of market conditions with our active portfolio management, we aim to be opportunistic and flexible when planning the start and, therefore, completion dates for our schemes.

We have a good track record of matching our activities to the ebb and flow of London’s cyclical market and providing spaces that customers want. Today, we have three committed HQ development schemes and four Flex refurbishments and a substantial pipeline of opportunities. As a result, the successful leasing of these schemes and preparation of the development programme are key near-term strategic priorities.

Despite a challenging backdrop, we made good operational progress across our development programme. This included securing planning permission and committing to Minerva House, SE1, our commitment to the redevelopment of French Railways House & 50 Jermyn Street, SW1 and the acquisition of the Soho Square Estate, W1. Today, our capex programme provides a significant platform for growth, with a capital commitment across our on-site schemes of £0.5 billion.

Repositioning our buildings through redevelopment and refurbishment is a core part of our business model and presents a significant organic growth opportunity. Our forecasts suggest that the future supply of new spaces in London is severely constrained. We estimate that only 3.0 million sq ft p.a. of new space will be delivered on average over the next four years, in a market where the average take-up of new space is much greater, at 4.9 million sq ft p.a. Our significant capex programme is targeted to deliver new high quality space into these supportive markets through the delivery of new HQ developments and through the expansion of our Flex spaces.

## Three committed HQ development schemes

Our development works are progressing well at our fully pre-let 2 Aldermanbury Square, EC2, where we are substantially increasing the size of the building to 322,600 sq ft (up from 176,000 sq ft). Following the careful deconstruction of the previous building, the structural steel has been extracted and is being reconditioned for reuse to form the majority of the structural elements of French Railways House & 50 Jermyn Street (see below). This pioneering approach will nearly entirely eliminate the embodied carbon of the steel and help deliver our second net zero carbon building, after 50 Finsbury Square, EC2. The scheme also includes a number of public realm and amenity improvements that will have a positive impact on the local area and improve accessibility to the western entrance of the Liverpool Street Elizabeth line station. Clifford Chance LLP has confirmed that it will be proceeding to lease the entirety of office space (321,100 sq ft) following the expiry of their option to hand back the first to fourth floors of the building. Whilst the development is currently anticipated to deliver a loss on cost from the commitment date of 12.4%, given market yield expansion driven valuation declines to date, from the 31 March 2024 valuation the scheme is expected to deliver around £30 million of future profit.

At French Railways House & 50 Jermyn Street, SW1, we have now obtained vacant possession and have commenced the strip out of the buildings. Our major office-led redevelopment will provide 67,600 sq ft (up from 54,700 sq ft) of new Grade A space and is expected to complete in mid-2026. The scheme is designed to embrace the principles of the circular economy which includes retaining the existing foundations and basement and reusing the structural steel from the demolition of 2 Aldermanbury Square, EC2. Once complete, the building will provide best in class, column free space together with high-specification amenities including a wellness suite, private terraces on the upper floors, a communal roof terrace with panoramic views, as well as the highest sustainability credentials. We have £95 million cost to come and the scheme is anticipated to deliver a profit on cost of 23.7%, an ungeared IRR of 14.5% and a 6.4% development yield.

## Our development activities and capex programme continued

### Three committed HQ schemes: 533,300 sq ft



#### 2 Aldermanbury Square, EC2

Size	322,600 sq ft
Construction cost	£302m
Expected completion date	Q1 2026
BREEAM target	Excellent
Distance to Elizabeth line station	250 metres



#### French Railways House & 50 Jermyn St, SW1

Size	67,600 sq ft
Construction cost	£114m
Expected completion date	Q3 2026
BREEAM target	Outstanding
Distance to Elizabeth line station	750 metres



#### Minerva House, SE1

Size	143,100 sq ft
Construction cost	£136m
Expected completion date	Q1 2027
BREEAM target	Outstanding
Distance to London Bridge station	250 metres

Computer generated images.

At Minerva House, SE1, Southwark Council resolved to grant planning permission for the redevelopment and good progress has been made to prepare the site to start this year. We committed to the development in April 2024, and our plans will take the overall commercial space to 143,100 sq ft, an increase of approximately 56% on the existing area.

Our proposals will take full advantage of the building's river frontage and, by adding additional storeys, we will be able to create outdoor terraces and amenity space with commanding views over central London. The refurbishment will also improve the public realm around the building, creating new and improved connections through the site as well as attractive new gardens that will contribute to local greening and biodiversity and provide space for people to enjoy in the setting of Southwark Cathedral. Our proposals will retain and reuse the majority of the existing building's structure, including two primary façades and provide market leading sustainability credentials. The scheme is anticipated to deliver a profit on cost of 19.1%, an ungeared IRR of 11.7% and a development yield of 7.0%.

➔ See our case study on [pages 08 and 09](#)

In total, across the three on-site HQ schemes we have committed expenditure to come of £424 million.

#### Two near-term development schemes

Beyond our three committed schemes, we have a substantial and flexible pipeline of four uncommitted HQ schemes, including two schemes in our near-term pipeline.

At our recently acquired Soho Square Estate, W1, we continue to work up our plans to refine the existing planning consent to deliver around 100,300 sq ft of new Grade A office and prime retail space. The redevelopment will provide a best-in-class HQ office building on Soho Square with flagship retail fronting Oxford Street, with multiple private terraces and a communal roof terrace, all adjacent to the Tottenham Court Elizabeth line station. We anticipate starting on site early next year. We anticipate that the redevelopment will deliver healthy returns, with an expected profit on cost of 20.7%, an ungeared IRR of 10.4% and a development yield of 5.8%.

➔ See our case study on [page 11](#)

At New City Court, SE1, we submitted two planning applications to Southwark Council to redevelop the building, the first in December 2018 for a 372,500 sq ft scheme, and a second in April 2021 for a 389,100 sq ft scheme.

Following an appeal for non-determination, in September 2023, we received confirmation that the Planning Inspector's report recommended the planning applications were refused and the Secretary of State agreed with its conclusions.

As a result of the planning decision, we are exploring the opportunity to reuse and extend the existing building, combining Fully Managed and Ready to Fit spaces, to create a renewed building with exemplary sustainability credentials, amenity provision, flexible spaces and far-reaching views from large, landscaped roof terraces.

# 533,300 sq ft

Three committed HQ redevelopments

## Two near-term HQ schemes: 270,300 sq ft



### Soho Square Estate, W1

Proposed size	<b>100,300 sq ft</b>
Earliest start	<b>2025</b>
Opportunity area	<b>Core West End</b>
Distance to Elizabeth line station	<b>100 metres</b>



### New City Court, SE1

Proposed size	<b>c.170,000 sq ft</b>
Earliest start	<b>2026</b>
Opportunity area	<b>Southbank</b>
Distance to London Bridge station	<b>100 metres</b>

Indicative computer generated images.

In total, our three committed and two near-term schemes comprise around £770 million of anticipated capital expenditure and are expected to deliver 0.8 million sq ft of best-in-class, highly sustainable space, perfectly placed to benefit from a market where forward look supply is severely constrained. With a further three schemes in the medium-term pipeline, our HQ development programme totals 1.1 million sq ft and will provide strong growth potential over the coming years, which we plan to supplement through further acquisitions.

## Commitment to further Flex expansion

In order to expand our Flex office offers, and meet our ambitious targets for growth, we are on-site at four refurbishments to provide new dedicated Fully Managed spaces, as well as converting a significant number of individual floors across our portfolio.

## Four committed Fully Managed refurbishments

We have recently committed to the refurbishment of 141 Wardour Street, W1 which will provide 29,900 sq ft of new Fully Managed led space in the heart of Soho. 141 Wardour Street will build on our success to date at nearby 16 Dufour's Place, W1, delivering light-filled floorplates of 2,000 to 4,000 sq ft, terraces on the upper floors and excellent amenity space. The construction is expected to complete in early 2025 with capex to come of £20 million.

At 6 St Andrew Street, EC4, we started on site in June 2023 to deliver 47,800 sq ft of new Grade A Fully Managed offices. Our plans include the addition of two new storeys, together with extensive terracing and significant amenity throughout the building. We anticipate that the scheme will complete in Q3 2024, and will cost £16 million to finish.

At 31/34 Alfred Place, WC1, in the heart of Fitzrovia, we have committed to an extensive refurbishment of the entirety of the 41,700 sq ft building to provide outstanding Fully Managed office space. The cost to convert the space will be £13 million and we anticipate the scheme will be completed in Q4 2024.

At Egyptian and Dudley House, SW1, we are comprehensively refurbishing the building to provide 25,600 sq ft of Fully Managed space. We are infilling lightwells to expand floorplates, creating new first-floor amenity space and creating an external terrace with garden to provide additional amenity and biodiversity. The scheme is expected to complete in spring 2025 and will cost £25 million to finish.

Together with a number of other conversions, we anticipate growing our Flex offerings from 503,000 sq ft today to 605,000 sq ft organically. Moreover, we are aiming to add to this programme through acquisition, as demonstrated by our recent exchange of contracts to purchase of The Courtyard, WC1, and are targeting enlarging our Flex offerings to one million sq ft over the coming years.

## How we are positioned

In total, our HQ development and Flex capex programme provides a strong platform for organic growth. Together, our seven on-site schemes will deliver 678,000 sq ft of well-designed, tech-enabled and sustainable space into a market where prospective supply is increasingly limited. Moreover, with around £120 million of anticipated profit to come from these schemes, they will provide a strong foundation to the Group's growth in the coming years.

# c.£120m

Development surplus to come from seven on-site schemes



## Our leasing and Flex activities



“The fundamentals in our leasing markets remain strong. We have delivered another strong leasing year, with rents 9.1% ahead of the valuer’s estimate. With this success it reaffirms our confidence in our portfolio rental value guidance of 3% to 6% growth for our next financial year, with the best space likely higher still.”

Marc Wilder Leasing Director

### 2023/24 Strategic priority:

- 3 Deliver on our Flex ambition
- 5 Deliver and lease the committed schemes

#### Business model

Acquire   Reposition   Operate & manage   Recycle

#### Operational measures

	2024	2023
New lettings and renewals	<b>£22.5m</b>	£55.5m
Premium to ERV <sup>1</sup> (market lettings)	<b>9.1%</b>	3.3%
Vacancy rate <sup>2</sup>	<b>1.3%</b>	2.5%
ERV growth <sup>2</sup>	<b>3.8%</b>	2.1%
Reversionary potential <sup>2</sup>	<b>10.1%</b>	2.1%
Rent collected within seven days <sup>3</sup>	<b>99.3%</b>	99.5%

1. ERV at beginning of financial year.

2. Including share of joint ventures.

3. For March 2024 quarter.

#### Our approach

We consider that a close relationship with our customers is vital to our success. As a result, we manage all aspects of our property portfolio in-house, enabling us to continually refine our understanding of what customers want and how we can meet their needs. We aim to deliver a premium experience, through our high quality teams, the energised spaces we provide and high levels of customer service, all supported by technology. Our Leasing and Marketing teams ensure the spaces appeal to market demand and with our Development team to ensure that vacant possession is achieved on a timely basis ahead of key development starts, wherever possible relocating customers to other buildings within our portfolio.

Our portfolio managers, supported by our Workplace and Customer Experience teams, administer a portfolio of approximately 262 customers, from a diverse range of industries across 38 buildings. This diversity limits our exposure to any one customer or sector, with our 20 largest customers at 31 March 2024 accounting for 38.2% (2023: 39.4%) of our rent roll.

With a continued high demand for best-in-class spaces, we delivered another strong leasing performance. Supported by our Fully Managed spaces we signed **£22.5 million** of new leases, beating rental values by 9.1%. Our customer retention also remained high at 83%.

During the year, our rental values increased by 3.8% across the portfolio. Within this, our retail space outperformed our offices for the first time in a while, with like-for-like retail rental values increasing by 4.4% compared with a 3.6% increase in office rental values. Within our offices, our Fully managed rental values outperformed, increasing by 5.2% on a like-for-like basis.

With customers increasingly demanding the very best, sustainable spaces, we expect the trend of the best spaces outperforming the rest to continue. This supportive demand in a market starved of new, Grade A supply, means the occupational market dynamics remain in our favour. Our rental growth guidance for the next year continues to remain positive, at 3.0% to 6.0%, with the best spaces even higher at 5.0% to 10.0%.

➔ See our markets on pages 21 and 22

The key leasing highlights for the year included:

- 66 new leases and renewals completed during the year (2023: 105 leases), generating annual rent of £22.5 million (our share: £19.8 million; 2023: £52.8 million), with market lettings 9.1% ahead of ERV;
- of the new leases signed, five were Fitted and 24 were Fully Managed space, achieving on average £208 per sq ft on the Fully Managed space, 12.6% ahead of March 2023 ERV;
- 26 new retail leases securing £7.0 million of rent with market lettings 4.7% ahead of March 2023 ERV, including new London flagship store for TK Maxx on Oxford Street;
- 11 rent reviews securing £8.4 million of rent (our share: £5.8 million; 2023: £6.3 million) were settled at an increase of 3.3% over the previous rent and 16.7% ahead of ERV at review date;
- total space covered by new lettings, reviews and renewals was 401,500 sq ft (2023: 861,200 sq ft);
- the Group’s vacancy rate decreased to 1.3% (31 March 2023: 2.5%);
- the Group’s rent roll has increased by 1.0% to £107.5 million following a successful leasing period (not including the pre-let at 2 Aldermanbury Square, EC2) offset by vacant possessions ahead of developments; and
- 97% (by area) of the 104 leases with breaks or expiries in the 12 months to 31 March 2024 were retained (83%), re-let, or are under offer, leaving 10,200 sq ft still to transact.

# £22.5m

Leases signed in strong leasing year



### Flex: £13.7 million, strong leasing successes

At 16 Dufour's Place, W1, we renewed the 3rd floor (3,100 sq ft) lease with a marketing firm on a Fully Managed basis. They have taken an additional two year lease, paying a rent of £278 per sq ft, an increase of 53% on their previous terms. This new lease, together with a number of other lease renewals in the building during the year, has increased the average rent in the building to £250 per sq ft.

At The Hickman, E1, we completed the letting to New Look on the third and fourth floors (23,242 sq ft) on a Fitted basis on ten-year leases with an option to break at year seven. New Look was an existing GPE customer and vacated 35,860 sq ft at Wells & More, W1, which has provided GPE with the opportunity to refurbish and re-lease the space in this prime Fitzrovia location. The Hickman is now fully let.

In total, we signed £13.7 million of new leases in our Flex space; £1.6 million Fitted and £12.1 million Fully Managed leases at a combined 12.3% ahead of March 2023 ERV. Our Fully Managed deals achieved on average £208 per sq ft, 12.6% ahead of March 2023 ERV.

### Our Flex space continues to grow on target to hit one million sq ft

During the year, including our Flex Partnerships, we increased our committed Flex offerings across the portfolio and they now total 503,000 sq ft (or c.23.5% of our offices). Our four on-site Flex refurbishments are progressing well, with 6 St Andrew Street, EC4 and Alfred Place, WC1 on track to be delivered in Q3 2024, whilst Egyptian and Dudley House, SW1 and 141 Wardour Street, W1 will complete in 2025.

➔ See our Development Activities on pages 23 to 25

Looking forward, our portfolio is well suited to further Flex growth. Our average building size is small at around 65,000 sq ft and more than 80% of our floors are sub-10,000 sq ft. Together with good progress across our various on-floor refurbishments, we have increased our committed Flex space to 503,000 sq ft (up from 434,000 in September 2023) as we remain on track to meet our one million sq ft ambition. Moreover, we are seeing continued strong demand for our Flex spaces and, following a strong leasing, our completed Fitted and Fully Managed spaces are now 98% let. Furthermore, we are excited for opportunities to further supplement this growth through acquiring buildings that lend themselves to our flexible space offer. In total, we are targeting growth, both organically and through acquisition, to one million sq ft.

### Ready to Fit: £1.8 million deals completed

We completed ten Ready to Fit deals across various buildings during the year, beating the March 2023 ERV by 2.2%.

At 2 Aldermanbury Square, EC2, Clifford Chance chose not to exercise their option to hand back the first to fourth floors of the building (up to 89,000 sq ft) in early March 2024, confirming their commitment to all of the office space. Good progress has been made ahead of the building's completion in Q1 2026 and we look forward to welcoming them to the building.

➔ See our Development Activities on pages 23 to 25

### Retail: £7.0 million, resurgent demand

During the year, our retail leasing was strong. At our Piccadilly Buildings, San Carlo, the award-winning restaurant group, signed a lease for its new flagship Cicchetti, occupying 7,000 sq ft over ground and basement floors, across two units.

On Regent Street, we completed two flagship retail lettings to The North Face and JOSEPH. The North Face has traded successfully at GPE's Walmar House site since 2015 and signed a 10 year lease on an additional 10,000 sq ft ahead of 31 March 2023 ERV. Further south on Regent Street, British contemporary designer fashion brand, JOSEPH, also signed a lease for a new store located at Kingsland House, 124 Regent Street, W1, completing the repositioning of the retail offering at the building.

At Mount Royal, 508/540 Oxford Street, W1, TK Maxx, Europe's leading off-price apparel and homeware retailer, signed up for its latest London flagship store. The store comprises 22,500 sq ft across the ground and first floor levels, with 70 ft of Oxford Street frontage. This will be TK Maxx's second store on Oxford Street. In addition, the high street health and beauty retailer, Superdrug, also recently re-gearred its retail lease for their 8,000 sq ft store at Mount Royal, committing to another 10 years.

In April 2024, we let the retail space at 141 Wardour Street, W1 to British luxury retail brand, REPRESENT, for its new London flagship store. The space comprises 5,000 sq ft across two floors, which will be its second store globally to date, following its LA opening in West Hollywood.

### Customer retention 83%

Customer relationship management and retention are also a key part to our success. In addition to delivering market leading NPS scores, our customer retention numbers are strong. We have retained 83% across the whole portfolio in the last 12 months.

This high retention rate helps reduce vacancy costs and lowers refresh capital expenditure in our Flex spaces. Furthermore, should a customer need to move, we aim to utilise our broad portfolio to allow them to grow or contract with us. This includes transitioning some of our long-term Ready to Fit customers into our Flex space, as well as providing opportunities for some of our smaller Flex customers to graduate into larger and longer-term spaces as they grow.

### How we are positioned

Despite a weak macro-economic backdrop, we anticipate that current occupational trends will continue. We expect that the demand for the best spaces will outstrip supply and the trend for smaller spaces to be provided on a flexible basis to increasingly become the norm. Buildings that are unable to meet this evolving demand, particularly in the face of competition from elevated secondary supply, will underperform. The gap between the best and the rest is likely to widen further.

Against this backdrop, we remain well positioned: our leasing record remains strong, our committed development programme is focused on high quality, well-located office-led schemes that have enduring demand, we are delivering innovative products that lease well, office rents remain affordable and 93% of our portfolio is within walking distance of an Elizabeth line station.

## Our investment activities



“The acquisition of the Soho Square Estate represents a fantastic opportunity for us to develop a strategic West End freehold site into a best-in-class headquarters building with excellent sustainability credentials.”

Dan Nicholson Executive Director

### 2023/24 Strategic priority:

## 2 Enhance portfolio through sales and acquisitions

### Business model

Acquire   Reposition   Operate & manage   Recycle

### Operational measures<sup>1</sup>

	2024	2023
<b>Acquisitions</b>	<b>£122.9m</b>	£37.1m
Capital value per sq ft	<b>£911</b>	£705
<b>Sales</b>	<b>£13.4m</b>	£217.8m
Discount to book value <sup>2</sup>	<b>(5.4%)</b>	(1.1%)
Capital value per sq ft	<b>£1,546</b>	£1,472
<b>Total investment transactions<sup>3</sup></b>	<b>£136.3m</b>	£254.9m
<b>Net investment<sup>4</sup></b>	<b>£109.5m</b>	£(180.7)m

1. Including share of joint ventures.

2. Based on book values at start of financial year.

3. Purchases plus sales.

4. Purchases less sales.

### Our approach

Buying at the right price and selling at the right time is central to our business model. Using our extensive network of market contacts, our Investment team adopts a disciplined approach with clearly defined acquisition criteria.

➔ See more on [pages 12 and 13](#)

To supplement our organic Flex growth, we are also targeting acquisitions suitable for conversion to Flex office space, with the following requirements:

- amenity-rich locations with excellent transport links;
- clustering around existing GPE holdings is desirable;
- 30,000 – 60,000 sq ft with divisible floorplates;
- target unit size of 2,000 – 6,000 sq ft;
- ability to create internal and external amenity space;
- high quality ground floor experience;
- product and market appropriate refurbishment capex; and
- opportunity to deliver stabilised income of 6%+.

Once we have acquired a property, the Investment team works closely with our Portfolio Management and Development teams to deliver the business plan and maximise the property’s potential. Every asset’s business plan is updated quarterly, providing estimates of forward look returns under different market scenarios. These plans also help to inform our sales activities, with the assets providing the lower risk-adjusted returns often being sold and the proceeds recycled into better performing opportunities or returned to shareholders.

Despite a muted investment market, we were net investors during the year, acquiring three buildings to augment both our HQ repositioning pipeline and our Flex office offers. Looking forward, our acquisition pipeline is growing and since the year end we have further added to our Flex offer with our recent exchange of contracts to purchase the Courtyard, WC1.

### Acquisitions for the year ended 31 March 2024

	Price £m	NIY %	Area sq ft	Cost per sq ft
Soho Square Estate, W1	70.0	2.1%	57,500	772 <sup>1</sup>
141 Wardour Street, W1	39.0	n/a	33,700	1,156
Bramah House, SE1	13.9	5.9%	16,000	892
<b>Total</b>	<b>122.9</b>		<b>107,200</b>	<b>911</b>

1. On consented area.

In August 2023, we acquired the Soho Square Estate, W1, for £70.0 million (£772 per sq ft on consented NIA). The site is located in the heart of the West End at the eastern end of Oxford Street and backs onto Soho Square, just 100 metres from the new Tottenham Court Road Elizabeth line station. The 0.5 acre site benefits from planning consent to demolish the existing buildings and deliver around 100,300 sq ft of new Grade A office and prime retail space.

We intend to re-work the designs to improve the quality of the space, further increasing its attractiveness to prospective customers in a materially undersupplied market. The redevelopment will provide a best-in-class HQ office building on Soho Square with flagship retail fronting Oxford Street, with multiple private terraces on the upper floors and a communal roof terrace.

In May 2023, we acquired 141 Wardour Street, W1 for £39.0 million (£1,156 per sq ft). The 33,700 sq ft building was vacant, had been stripped out by the previous owner and benefited from planning consent for a comprehensive refurbishment. The building is in the heart of Soho, prominently positioned on the corner of Wardour Street and Broadwick Street and within a five-minute walk of the new Tottenham Court Road Elizabeth line station. The building is perfectly suited to our Fully Managed offer and will provide best-in-class office and retail accommodation.

Also in May 2023, we acquired Bramah House, SE1 for £13.9 million, reflecting a 5.9% net initial yield and a capital value of £892 per sq ft. The 16,000 sq ft freehold building is multi-let, and over time, we intend to convert the space to Fully Managed offices. The building is located opposite our existing ownership at Woolyard and will add to a growing Fully Managed cluster.

### Sales for the year ended 31 March 2024

	Price £m	Premium/ (discount) to book value %	Price per sq ft £	NIY %
Poland Street, W1	5.0	(13.4%)	995	5.5%
6 Brook Street, W1	8.4	–	2,306	3.0%
<b>Total</b>	<b>13.4</b>	<b>(5.4%)</b>	<b>1,546</b>	

We also took the opportunity to sell two smaller non-core West End assets for £13.4 million, at a 5.4% discount to the March 2023 valuation.

### Three acquisitions; all off market



#### Soho Square Estate, W1

Area	57,500 sq ft
Acquisition date	August 2023
Price	£70m
Opportunity	HQ redevelopment
Distance to Elizabeth line station	100 metres



#### 141 Wardour Street, W1

Area	33,700 sq ft
Acquisition date	May 2023
Price	£39m
Opportunity	Fully Managed refurbishment
Distance to Elizabeth line station	250 metres



#### Bramah House, SE1

Area	16,000 sq ft
Acquisition date	May 2023
Price	£13.9m
Opportunity	Fully Managed refurbishment
Distance to London Bridge station	350 metres

### Disciplined approach

With interest rates remaining elevated, our investment markets have slowed and we have seen asset values decline, particularly for assets with vacancy, short-term income or development risk. We anticipate that against this backdrop some property owners will be increasingly motivated to sell and fully expect further opportunities to buy over the course of 2024. However, we remain disciplined. Any potential purchase needs to outperform the assets we already own, and with our existing portfolio stacked with opportunity, the hurdle is high.

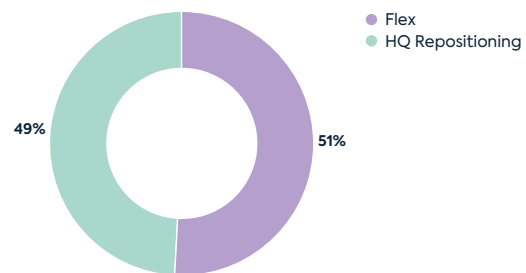
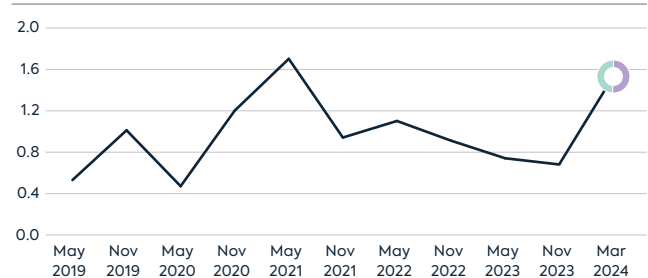
### How we are positioned

We are actively seeking new buildings for our Flex offerings, as well as opportunities for HQ repositioning or development and we increasingly expect the sustainability challenge to provide us with opportunities to acquire stranded assets needing a sustainability solution.

Encouragingly, there are clear signs that the investment market is moving in our favour, with more opportunities trading closer to our view of fair value. Furthermore, we currently have £1.4 billion of assets actively under review. They are predominantly off market, split broadly equally between HQ repositioning opportunities and Flex and around half are in the West End. Beyond this we have a further watchlist of £1.4 billion additional opportunities which we are actively tracking.

### Current value deals under review £bn

£1.4 billion under review – 27 buildings



Of these opportunities, three buildings, totalling around £250 million were near-term opportunities one of which recently exchanged at The Courtyard, WC1. We have exchanged to buy the building for £10.4 million of cash and through a property exchange of 95/96 New Bond Street for £18.2 million. The Courtyard comprises 62,000 sq ft of vacant office and partially let retail space and is well suited to be repositioned into the Group's Fully Managed offering. The Courtyard is located in a prime West End location, around 400 meters from Tottenham Court Road Elizabeth line station, and is adjacent to Alfred Place, one of the Group's other Fully Managed buildings.

## Our financial results



**“Despite a strong operating performance, our financial results were adversely impacted by the higher interest rate environment, reducing valuations and increasing the Group’s cost of debt.”**

Nick Sanderson Chief Financial & Operating Officer

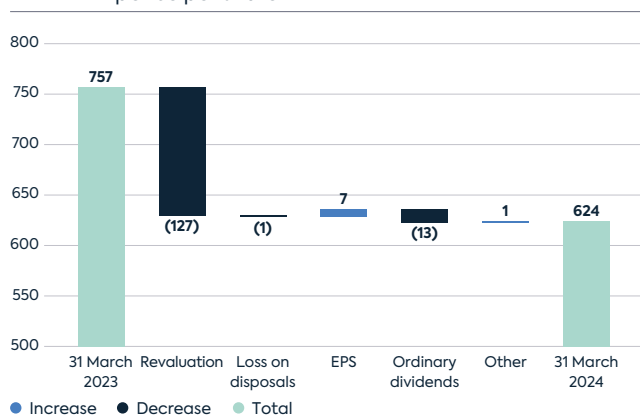
As is usual practice in our sector, we use alternative performance measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionately consolidated basis to include joint ventures, as it best describes how we manage the portfolio, like-for-like measures and using measures prescribed by EPRA. The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector. Reconciliations of APMs are included in note 9 of the financial statements.

➔ See more about performance measures and EPRA metrics on **page 33** and note 9 to the accounts

### Lower IFRS NAV and EPRA NTA per share driven by valuation declines

IFRS NAV and EPRA NTA per share at 31 March 2024 were 624 pence per share, a decrease of 17.6% over the year, largely due to the 12.1% like-for-like valuation decrease in the property portfolio. When combined with ordinary dividends paid of 12.6 pence per share, this delivered a Total Accounting Return of minus 15.9%.

EPRA NTA pence per share



The main drivers of the 133 pence per share decrease in EPRA NTA from 31 March 2023 included:

- the decrease of 127 pence per share arising from the revaluation of the property portfolio, with virtually all of the decline arising from upward pressure on property yields as a result of higher interest rates;
- EPRA earnings for the year of 7 pence per share enhanced NTA; and
- ordinary dividends paid of 13 pence per share reduced NTA.

At 31 March 2024, the Group’s net assets were £1,583.0 million, down from £1,918.6 million at 31 March 2023, with the decrease largely attributable to the decrease in property valuation of £322.2 million. EPRA NDV and EPRA NRV were 644 pence and 691 pence at 31 March 2024 respectively, compared with 790 pence and 826 pence at 31 March 2023.

➔ See more about our capital strength on **page 32**

### Revenue increased due to increased rental income

Revenue for the year was £95.4 million, up from £91.2 million on the prior year, driven by higher gross rental income (up £0.6 million), increased service charge income (up £1.9 million) and greater Fully Managed services income (up £2.7 million) given its expansion. The increase in revenue was supported by our successful leasing, where we signed 66 leases, generating new annual income of £22.5 million p.a. (our share: £19.8 million) and reduced our investment void from 2.5% at 31 March 2023 to 1.3% at 31 March 2024.

Net rental income, after taking account of expected credit losses, lease incentives and ground rents, was £72.1 million, up from £70.9 million in the prior year, as we saw the benefit from the commencement of new leases given our strong leasing year and a reduced credit loss provision as our rental collection rates returned to more normalised levels.

Given the increase of our Fully Managed spaces during the year, and the associated management information, we have presented our Fully Managed spaces as a separate segment.

Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including share of joint ventures) increased by 4.1% excluding expected credit losses.

Joint venture fee income for the year was £1.7 million, a decrease of £0.7 million, as a result of limited leasing or sales activity in the joint ventures during the year.

### Strong rent collection

We secured in excess of 99% of all rents, including in our joint ventures, within seven days of the due date. Since 1 April 2023, four of our customers have gone into administration, representing less than 0.7% of our rent roll. At 31 March 2024, we held rent deposits and bank guarantees totalling £21.3 million, including our share of joint ventures.

# £1.6bn

Net assets



## Cost of sales increased

Cost of sales increased from £32.2 million to £33.3 million for the year ended 31 March 2024. This increase was primarily driven by increased service charge expenses, which includes Fully Managed services costs, which rose as our Fully Managed spaces grew over the year. At 31 March 2023, we had 55 Fully Managed units, at 31 March 2024 this rose to 82 units. Other property expenses reduced by £5.0 million, due to lower average levels of vacancy reducing payments for business rates on empty spaces, reduced leasing costs as activity was lower given last year's record performance and lower amounts paid to third parties in respect of joint venture transactions due to lower levels of activity.

Taken together, net service charge income, net Fully Managed services income and expenses, other property costs and expected credit loss provisions for service charges reduced to £11.4 million from £15.2 million in the prior year.

## Joint venture earnings

EPRA earnings from joint ventures were £9.8 million, unchanged on the prior year, with a £1.2 million increase in net rental income offset by higher property and administration costs.

## Administration costs

Administration costs were £42.3 million, £4.0 million higher than the previous year. The increase in the Group's overhead was due to an increase in employment costs, due to inflationary salary uplifts and the cost associated with team restructuring of around £2.0 million. In addition, provisions for share-based payments returned to more normalised levels as the reversal of prior year charges under the Group's LTIP scheme in the year ended 31 March 2023 did not reoccur in the current year. Looking forward, we anticipate that recent years' growth in the Group's overhead cost will moderate significantly.

## Increased interest costs

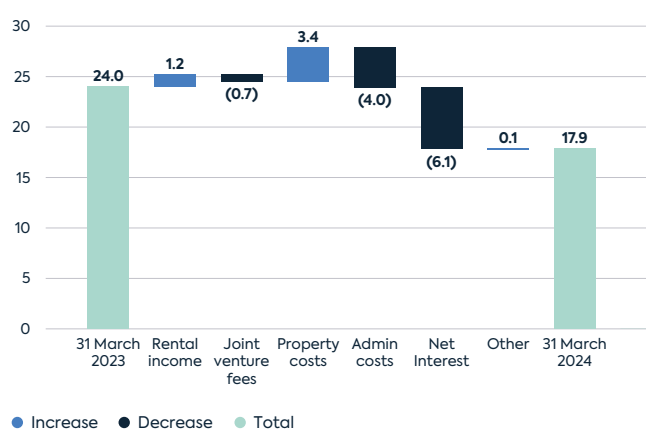
Gross interest paid on our debt facilities was £26.5 million, £8.7 million higher than the prior year. This increase was primarily due to a combination of higher levels of average drawn debt (including the utilisation of the Group's new £250 million term loan), which was used to fund both our recent acquisitions as well capital expenditure on the Group's development and Flex refurbishments, together with higher underlying interest rates.

Capitalised interest increased by £2.5 million to £11.3 million as our development activity increased, including the commitments to develop French Railways House & 50 Jermyn Street, SW1 and Minerva House, SE1 as well as the commencement of a growing number of refurbishment schemes to deliver on our Flex ambitions, including 141 Wardour Street, W1, Egyptian & Dudley House, SW1 and 31/34 Alfred Place, WC1. As a result, the Group had net finance costs (including interest receivable) of £11.6 million (2023: £5.5 million).

## EPRA earnings

EPRA earnings were £17.9 million, 25.4% lower than last year as expected, predominantly due to higher finance costs and administration expenses offset by increased net rental income and lower property costs.

## EPRA earnings £m



Revaluation declines in the Group's investment properties, together with reduced EPRA earnings, led to the Group's reported IFRS loss after tax of £307.8 million (2023: £163.9 million). Basic and diluted loss per share for the year were both a 121.7 pence loss, compared with 64.8 pence for 2023. Diluted EPRA EPS was 7.1 pence (2023: 9.5 pence), a decrease of 25.3% and cash EPS was 1.4 pence (2023: 1.4 pence).

## Results of joint ventures

The Group's net investment in joint ventures decreased to £491.3 million at 31 March 2024, down from £538.8 million in the previous year. The decrease is largely due to the 10.2% like-for-like decrease in value of the joint venture property portfolio. Our share of joint venture net rental income was £19.4 million, up 6.6% from last year. This increase was primarily as a result of completing the leasing of the retail space at Hanover Square, W1 in the GHS Partnership.

➔ See more about our joint ventures on [page 70](#)

## Our capital strength

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

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

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

# Our financial results continued

## Our capital strength; EPRA LTV of 32.6%

The Group's consolidated net debt increased to £721.0 million, or £738.0 million excluding customer deposits at 31 March 2024, compared with £457.7 million at 31 March 2023. The increase was largely due to the acquisition of three buildings during the year for £122.9 million (excluding costs), together with £142.4 million of development and refurbishment capital expenditure across the Group. As a result, the Group's gearing increased to 46.8% at 31 March 2024 from 24.0% at 31 March 2023.

Including cash balances in joint ventures, total net debt, excluding net liabilities, was £695.3 million (2023: £440.0 million) or £713.5 million excluding customer deposits, equivalent to an EPRA LTV of 32.6% (2023: 19.8%). At 31 March 2024, we had no external debt in any of our joint ventures. At 31 March 2024, the Group, including its joint ventures, had unrestricted cash (£30.4 million) and undrawn committed credit facilities (£603.0 million) totalling £633.4 million.

### Debt analysis

	March 2024	March 2023
Net debt excluding JVs (£m) <sup>1</sup>	<b>738.0</b>	457.7
Net gearing	<b>46.8%</b>	24.0%
Total net debt including 50% JV cash balances (£m) <sup>1</sup>	<b>713.5</b>	440.0
EPRA LTV	<b>32.6%</b>	19.8%
Interest cover	<b>3.7x</b>	10.2x
Weighted average interest rate	<b>4.3%</b>	2.7%
Weighted average cost of debt	<b>4.1%</b>	3.0%
% of drawn debt fixed/hedged	<b>87%</b>	97%
Cash and undrawn facilities (£m)	<b>633.4</b>	457.0

1. Excludes customer deposits.

During the year, to support the delivery of our strategic priorities, including funding the Group's near-term development programme and the £175 million private placement debt maturity in May 2024, we secured a new £250 million term loan at a headline margin of 175 basis points over SONIA with three existing relationship banks. The loan has an initial three-year term which may be extended to a maximum of five years.

Given the elevated interest rate environment, and our greater weighting to SONIA rates through the drawdown of our £250 million loan facility, the Group's weighted average cost of debt for the year, including fees, was 4.1% and its weighted average interest rate (excluding fees) was 4.3% up from 3.0% and 2.7% respectively. At 31 March 2024, our weighted average drawn debt maturity was at 3.4 years (31 March 2023: 6.4 years).

At 31 March 2024, 87% of the Group's total drawn debt was at fixed or hedged rates (2023: 97%). The Group is operating with substantial headroom over its debt covenants. At 31 March 2024, given our low levels of leverage, property values would have to fall a further 34% before covenant breach.

## Balance sheet discipline

When considering the appropriate level of financial leverage in the business, we apply the same capital discipline that we use when making asset-level decisions. Typically, we aim for an LTV ratio (see page 161 for calculation) of between 10% and 35% through the cycle. Additionally, we have a track record of accretively raising and returning equity capital to shareholders at the appropriate time and in the appropriate circumstances, including returning £616 million to shareholders between 2017 and 2020, following profitable recycling activity. Our key considerations when making such capital decisions include:

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

## Taxation

The tax credit in the income statement for the year was £nil million (2023: £0.1 million) and the effective tax rate on EPRA earnings was 0% (2023: 0%). The majority of the Group's income is tax free as a result of its REIT status, and other allowances were available to set against non-REIT profits. The Group complied with all relevant REIT tests for the year to 31 March 2024.

As a REIT, the majority of rental profits and chargeable gains from our property rental business are exempt from UK corporation tax, provided we meet a number of conditions, including distributing at least 90% of the rental income profits of this business (known as Property Income Distributions (PIDs)) on an annual basis. These PIDs are then typically treated as taxable income in the hands of shareholders. During the year, the Group paid £20.0 million of PIDs.

The Group's REIT exemption does not extend to either profits arising from the sale of trading properties or gains arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years (including the sale of 50 Finsbury Square, EC2, which completed in February 2023). The Group is otherwise subject to corporation tax.

Despite being a REIT, we are subject to a number of other taxes and certain sector-specific charges in the same way as non-REIT companies. During the year, we incurred £10.6 million in respect of stamp taxes, section 106 contributions, community infrastructure levies, empty rates in respect of vacant space, head office rates, employer's National Insurance and irrecoverable VAT.

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

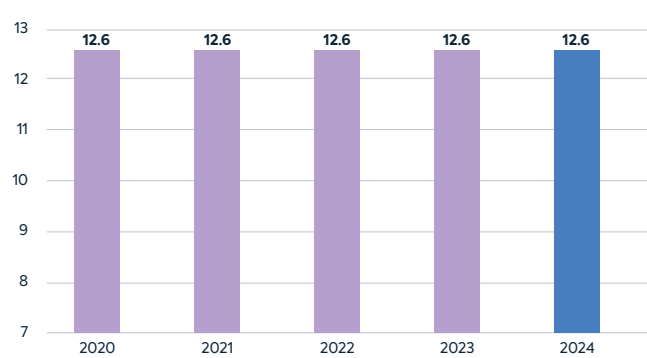
See more about our tax strategy at: [www.gpe.co.uk/about-us/governance](http://www.gpe.co.uk/about-us/governance)

## Ordinary dividends

Given the low yielding nature of London real estate, the Group operates a low and progressive ordinary dividend policy, with the aim of maintaining average dividend cover of 1.0x through the cycle. The Board has recommended a final dividend of 7.9 pence per share (2023: 7.9 pence) which will be paid, subject to shareholder approval, on 8 July 2024 to shareholders on the register on 31 May 2024. Approximately half of the final dividend will be a REIT PID in respect of the Group's tax-exempt property rental business.

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

## Ordinary dividends: 12.6 pence per share



## EPRA performance measures

Measure	Definition of measure	March 2024	March 2023
EPRA earnings*	Recurring earnings from core operational activities	<b>£17.9m</b>	£24.0m
EPRA EPS*	EPRA earnings divided by the weighted average number of shares	<b>7.1p</b>	9.5p
Diluted EPRA EPS*	EPRA earnings divided by the diluted weighted average number of shares	<b>7.1p</b>	9.5p
EPRA costs (by portfolio value)*	EPRA costs (including direct vacancy costs) divided by market value of the portfolio	<b>2.3%</b>	2.2%
EPRA capital expenditure*	The Group's capital expenditure on the portfolio categorised between acquisitions, development and on the investment portfolio	<b>£295.0m</b>	£149.3m
EPRA NTA*	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Diluted net assets per share adjusted to remove the cumulative fair value movements on interest rate swaps and similar instruments, the carrying value of goodwill arising as a result of deferred tax and other intangible assets	<b>£1,582.6m</b>	£1,918.6m
EPRA NTA per share*	EPRA NTA assets divided by the number of shares at the balance sheet date on a diluted basis	<b>624p</b>	757p
EPRA NDV*	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. Diluted net assets per share adjusted to remove the impact of goodwill arising as a result of deferred tax and fixed interest rate debt	<b>£1,633.7m</b>	£2,002.0m
EPRA NDV per share*	EPRA NDV assets divided by the number of shares at the balance sheet date on a diluted basis	<b>644p</b>	790p
EPRA NRV*	Represents the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives, real estate transfer taxes, and deferred taxes on property valuation surpluses are therefore excluded	<b>£1,752.7m</b>	£2,092.2m
EPRA NRV per share*	EPRA NRV assets divided by the number of shares at the balance sheet date on a diluted basis	<b>691p</b>	826p
EPRA LTV	Debt (including net payables) divided by market value of the property	<b>32.6%</b>	19.8%
EPRA NIY	Annualised rental income based on cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the market value of the property increased by estimated purchasers' costs. See calculation table on page 166	<b>3.2%</b>	2.5%
EPRA 'topped-up' NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives). See calculation table on page 166	<b>3.4%</b>	3.2%
EPRA vacancy rate	ERV of non-development vacant space as a percentage of ERV of the whole portfolio (minus developments). See calculation table on page 197	<b>28.4%</b>	20.4%

\* Audited; reconciliation to IFRS numbers included in note 9 to the financial statements.

# £633m

Cash and undrawn facilities

## Our portfolio



“The rise in global interest rates has impacted property yields, reducing values. This decline has more than offset the positive impact of rental growth that we continue to capture across our portfolio.”

Hugh Morgan Director of Portfolio Management

### Operational measures

**-12.1%**

Property valuation decline (on a like-for-like basis)

**24%**

Percentage of portfolio in Flex or HQ development programme

**+56 bps**

Outward yield movement

**23.5%**

Percentage of office portfolio in committed Flex offerings

### Our approach

Our focused business model is based upon repositioning properties to unlock their often hidden potential. This repositioning relies on having a deep understanding of the markets in which we operate, to enable us to unearth new opportunities, provide spaces that customers demand and develop buildings for the customers of tomorrow.

We aim to position our portfolio to maximise the opportunity for future growth. As a result, every property has a detailed business plan which forecasts each and every customer's future cash flows and, using our own assumptions for future movements in rents and yields, forecasts the forward look returns for the portfolio. If a property's prospective returns do not meet our required investment hurdles, taking into account both our cost of capital and the risks, typically it is sold.

Our portfolio is exclusively based in central London, with the majority located in the West End. Our customers are diverse, and their demands and preferences are evolving at a rapid pace. As a result, we are committed to shaping our products and services to meet these changing needs.

### Well-located central London portfolio

Our specialist approach requires focus. As a result, we only operate in central London. Whilst our origins lie in the West End, we recognise that central London is growing, and as it grows, new locations will become sought after by customers seeking new homes for their businesses. As a result, we remain opportunistic and will invest across central London where we see both value and opportunities for growth.

➔ See more about our customers on pages 69 and 70

### Evolving our products

To succeed, we need to provide our customers with great spaces that are flexible, sustainable and beautifully designed, offering high quality services to provide an enticing real estate experience. To achieve this Customer First approach, and meet changing needs and working patterns, we have evolved our products to focus on two complementary, overlapping activities, and our portfolio is well suited to deliver both:

- **HQ repositioning** – developing larger, best-in-class HQ buildings. Growing demand for very high quality, brand new space has remained strong and the future supply of space remains limited. Today our development programme totals 9.7% of the Group's existing portfolio. This pipeline of opportunity provides raw material, often with poor sustainability credentials, which we can transform into best-in-class spaces designed to let well in their local markets, be futureproofed in a rapidly changing world and have regard to the wider environment in which they are located.
- **Flex spaces** – smaller fitted units, often with higher service levels. Customers in our smaller spaces are increasingly demanding the provision of flexibility, amenity and service provision. Accordingly, we have developed a choice of Flex offerings to meet this need. We provide spaces that are delivered flexibly on a Fitted or Fully Managed basis, making life easier and hassle free. Where the management of the space is more intensive, delivered by the desk or room, we partner with another provider to meet this demand. Our portfolio, with around 80% of our spaces sub-10,000 sq ft, is perfectly placed to meet this demand.

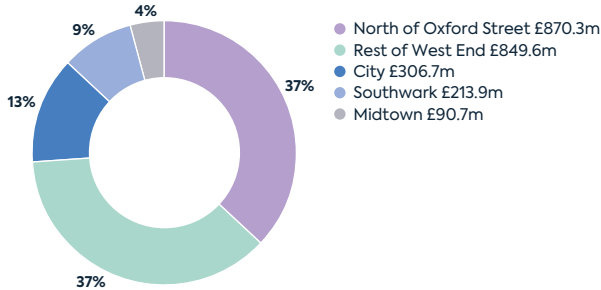
Both of these business activities are complementary and primed for growth. Our on-site HQ development and Flex conversions will commit £498 million of capital, delivering 678,300 sq ft of brand new space, and we have an ambition to significantly grow our Flex offerings to more than one million sq ft in the coming years.



### Yield driven valuation decline

The valuation of our portfolio, including our share of joint ventures, declined over the 12 months by 12.1% on a like-for-like basis, to £2,331.2 million at 31 March 2024.

#### Our portfolio by value – 74% in West End<sup>1</sup>



1. Including share of joint ventures.

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

- higher investment yields – given the backdrop of higher interest rates, equivalent yields increased by 56 basis points (2023: 42 basis points) during the year (office: +54 basis points; retail: +62 basis points) reducing valuations. At 31 March 2024, the portfolio true equivalent yield was 5.3%;

➔ See more about our markets on **pages 21 and 22**

- rental value growth – the continued demand for our best in class spaces has helped increase our rental values. Since the start of the financial year we have seen continued demand for the best spaces and our rental values increased by 3.8% on a like-for-like basis, with our office portfolio up by 3.6%, with our Fully Managed offices up even higher at 5.2%. ERVs in our retail portfolio increased by 4.4%;

➔ See more about our markets on **pages 21 and 22**

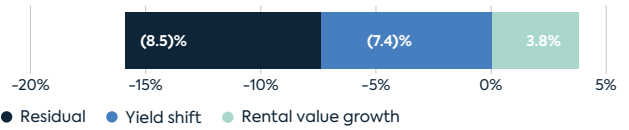
- developments – the valuation of our committed development properties decreased by 28.7% on a like-for-like basis to £201.5 million during the period, given development returns are more sensitive to movements in investment yields; and

➔ See more about our leasing and Flex activities on **pages 26 and 27**

- portfolio management – we delivered a strong leasing year, signing 75 new leases, rent reviews and renewals, with new lettings 9.1% ahead of ERV. This secured £25.6 million (our share) of annual income, supporting the valuation over the year. At 31 March 2024, the portfolio was 10.1% reversionary.

➔ See more about our development activity on **pages 23 to 25**

### Valuation declines driven by outward yield shift %



Including rent from pre-lets and leases currently in rent-free periods, the adjusted initial yield of the investment portfolio at 31 March 2024 was 3.9%, 10 basis points higher than the start of the financial year.

Whilst the overall valuation decreased by 12.1% during the year on a like-for-like basis, elements of the portfolio continued to show greater variation:

- the second half performance was down 2.4% significantly outperforming the first six months (down 10.3%) with our Flex office space reducing in value by 8.2% outperforming the Group’s wider office space which fell by 11.8% in value;
- retail space underperformed offices falling in value by 13.2% resulting from a greater yield expansion of 62 basis points;
- including developments, our West End portfolio (-8.4%) performed better than our rest of London portfolio (-20.7%), given a more aggressive yield expansion in the City +73 basis points versus +53 basis points for the West End;
- newer, higher quality buildings outperformed older assets, with those assets with a capital value per sq ft in excess of £1,000 per sq ft, reducing in value by 5.5% compared to those with a capital value per sq ft of less than £1,000 per sq ft which reduced by 21.5%; and
- buildings with better sustainability credentials outperformed. Buildings with an EPC rating of A or B reduced in value by 7.0%, outperforming properties with an EPC of C or D which fell by 18.2% in the year.

Our joint venture properties fell in value by 10.2% over the year, driven by higher investment yields whilst our wholly-owned portfolio decreased by 12.6% on a like-for-like basis.

The second half performance (down 2.4% like-for-like) indicates both interest rates and property yields are now likely around their peak.

# 100%

Of the portfolio in central London

## Our portfolio continued

### Portfolio performance

		Wholly-owned £m	Joint ventures <sup>1</sup> £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	677.3	–	677.3	29.1	(10.5)
	Retail	152.3	36.7	189.0	8.1	(11.4)
	Residential	4.0	–	4.0	0.2	(13.8)
Rest of West End	Office	218.1	239.2	457.3	19.6	0.6
	Retail	127.1	109.5	236.6	10.2	(11.4)
	Residential	0.7	–	0.7	–	(26.9)
<b>Total West End</b>		<b>1,179.5</b>	<b>385.4</b>	<b>1,564.9</b>	<b>67.2</b>	<b>(7.8)</b>
City, Midtown and Southwark	Office	340.0	90.7	430.7	18.5	(17.2)
	Retail	7.7	–	7.7	0.3	(7.7)
	Residential	–	–	–	–	–
Total City, Midtown and Southwark		347.7	90.7	438.4	18.8	(17.0)
<b>Investment property portfolio</b>		<b>1,527.2</b>	<b>476.1</b>	<b>2,003.3</b>	<b>86.0</b>	<b>(10.0)</b>
Development property		201.5	–	201.5	8.6	(28.7)
<b>Total properties held throughout the year</b>		<b>1,728.7</b>	<b>476.1</b>	<b>2,204.8</b>	<b>94.6</b>	<b>(12.1)</b>
Acquisitions		126.4	–	126.4	5.4	(6.6)
<b>Portfolio valuation</b>		<b>1,855.1</b>	<b>476.1</b>	<b>2,331.2</b>	<b>100.0</b>	<b>(11.8)</b>

1. GPE share.

### Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000s
North of Oxford Street		870.3	–	870.3	677.3	189.0	4.0	870.3	760
Rest of West End		804.9	44.7	849.6	560.8	288.1	0.7	849.6	651
<b>Total West End</b>		<b>1,675.2</b>	<b>44.7</b>	<b>1,719.9</b>	<b>1,238.1</b>	<b>477.1</b>	<b>4.7</b>	<b>1,719.9</b>	<b>1,411</b>
City, Midtown and Southwark		454.5	156.8	611.3	600.2	8.6	2.5	611.3	1,319
<b>Total</b>		<b>2,129.7</b>	<b>201.5</b>	<b>2,331.2</b>	<b>1,838.3</b>	<b>485.7</b>	<b>7.2</b>	<b>2,331.2</b>	<b>2,730</b>
By use:	Office	1,684.9	153.4	1,838.3					
	Retail	440.1	45.6	485.7					
	Residential	4.7	2.5	7.2					
<b>Total</b>		<b>2,129.7</b>	<b>201.5</b>	<b>2,331.2</b>					
Net internal area sq ft 000s		2,197	533	2,730					

# £2.3bn

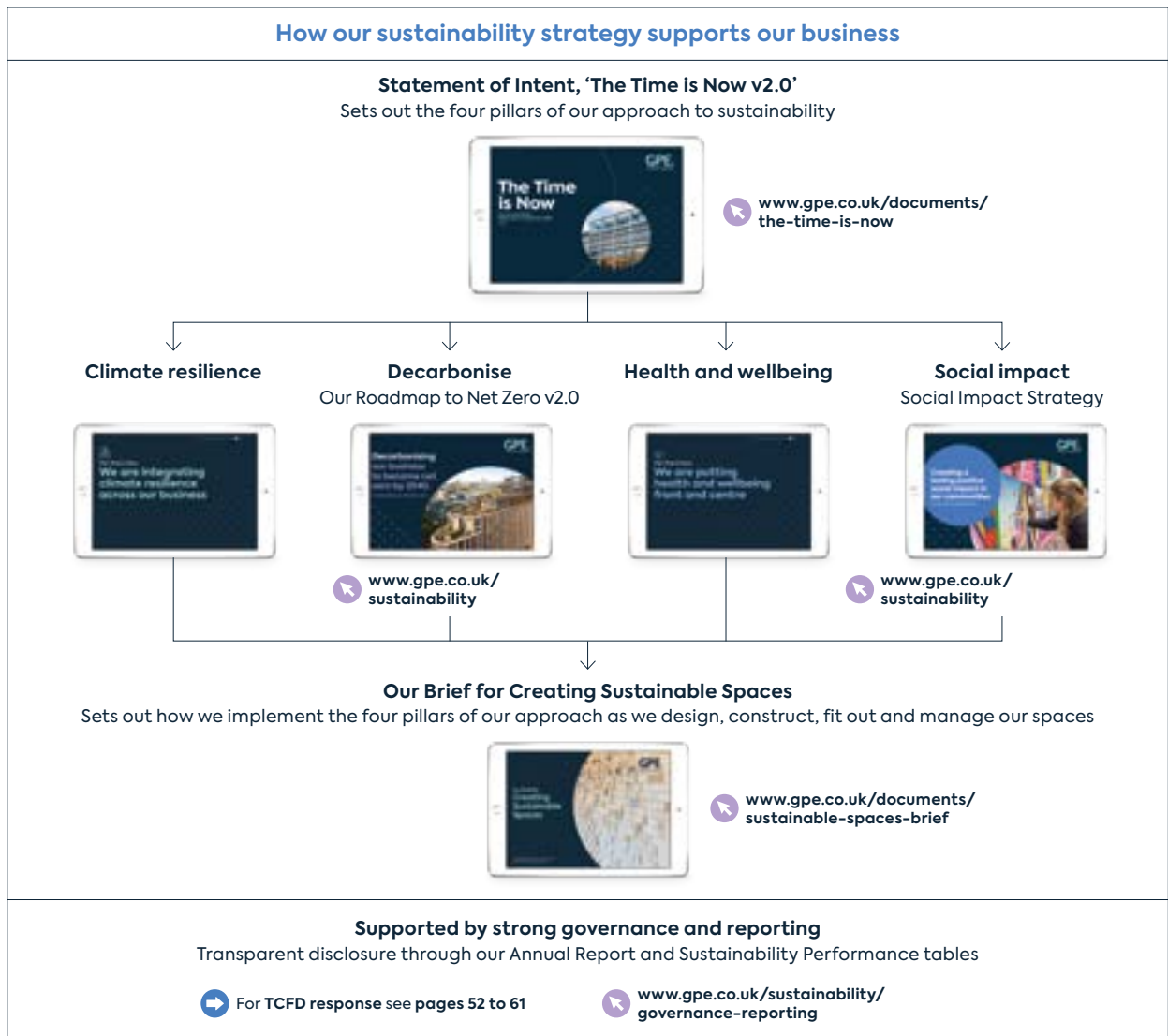
Portfolio valuation

Creating sustainable spaces sits at the heart of our purpose. Whilst the world of sustainability can be complicated, our approach is simple and is set out in our Sustainability Statement of Intent ‘The Time is Now’.

**During the year we...**

- Updated ‘Our Roadmap to Net Zero’, we are increasing the ambition of our near-term targets and reducing 90% of our footprint, in our commitment to reach net zero by 2040.
- Continued the roll out of ‘Our Brief for Creating Sustainable Spaces’ to all our HQ developments, major and minor refurbishments, as well as on-floor fit-out projects.
- Continued to implement the four pillars of our Sustainability Statement of Intent:

 <p><b>Integrating climate resilience across our business</b> See page 40</p>	 <p><b>Decarbonising our business to become net zero by 2040</b> See page 42</p>	 <p><b>Putting health and wellbeing front and centre</b> See page 48</p>	 <p><b>Creating a lasting positive social impact in our communities</b> See page 50</p>
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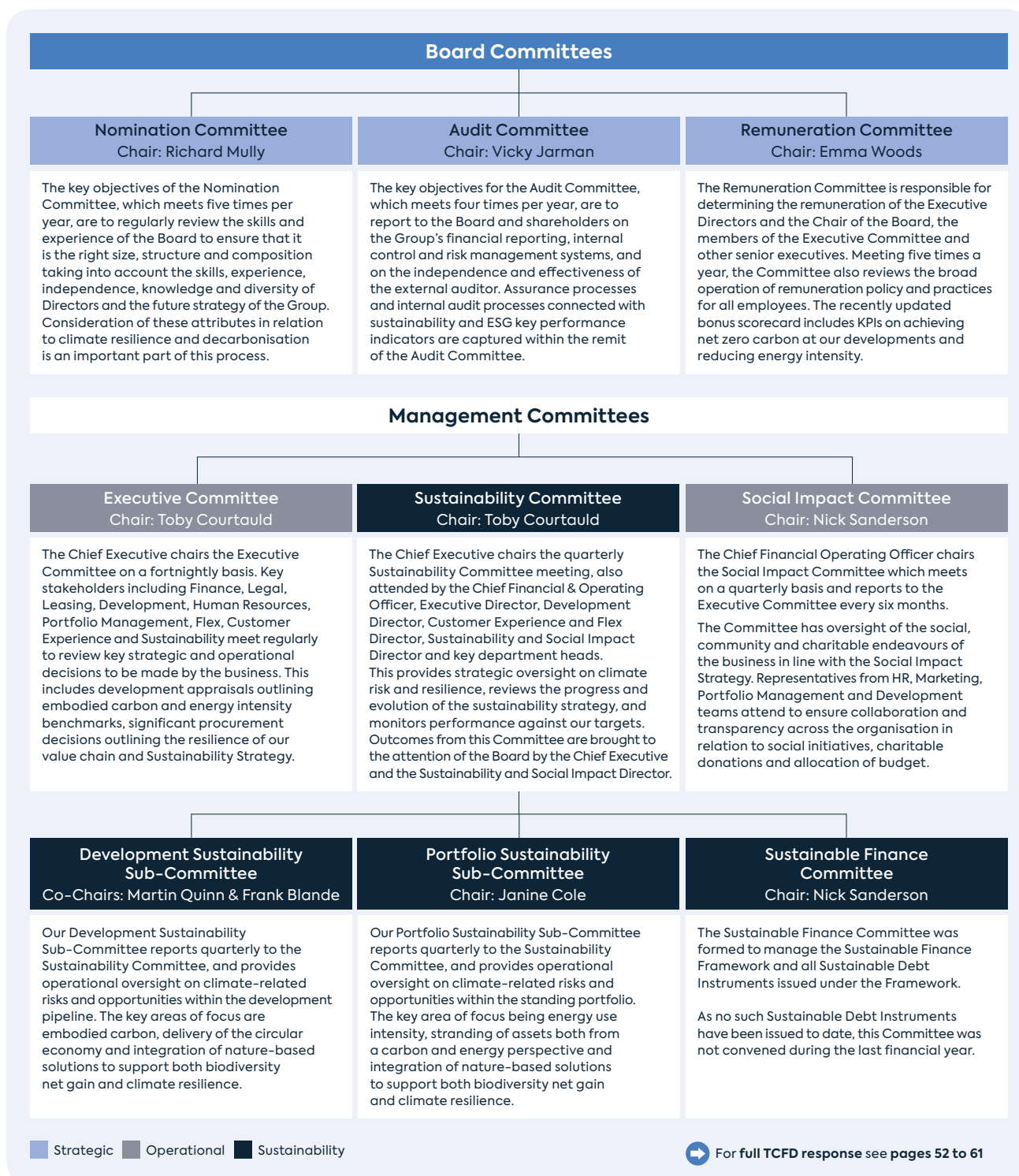
# Sustainability continued

## Good governance supports progress on sustainability

Our robust governance structure ensures that appropriate oversight is given to sustainability – a strategic imperative at GPE.

Oversight starts with our Board, typically meeting six times per year, with regular sustainability updates provided by our Chief Executive and Sustainability and Social Impact Director. In addition, the Board receives an update on progress towards our sustainability strategy as part of the Chief Executive’s report at each Board meeting. Three of our Board Committees oversee aspects of sustainability-related governance. As a member of Executive Committee, our Sustainability and Social Impact Director is involved in all key asset-related decisions

such as acquisitions, development appraisals, lettings and disposals. Furthermore, the Sustainability Committee provides a forum for management to discuss risks and opportunities and potential blockers to progress, while Operational Committees work to pre-empt potential challenges that may slow our progress. Our Committees ensure wide-scale involvement at all levels of the business, supporting a collaborative approach to sustainability. More details can be found on page 52 in our TCFD response and page 108 in Leadership.



## Continually adapting and evolving our approach

### Roadmap to Net Zero v2.0

Version 2.0 of our Roadmap to Net Zero, released in May 2024, reflects advancing knowledge on net zero, improved clarity on the extent of carbon reductions necessary and much less reliance on offsetting. We have increased the ambition of our near- and long-term targets, requiring a 90% reduction in our Scope 1, 2, and 3 emissions to reach net zero carbon by 2040.

### Increased near-term ambitions, longer-term targets to 2040

#### Increasing ambition

The ambition of our net zero target has increased to a 90% reduction in emissions across Scopes 1, 2 & 3 by 2040, as compared with our previous target of 50% by 2030.

Our absolute emissions reductions targets for Scopes 1, 2 and 3, as well as embodied carbon and energy use intensity reductions required by 2030, are also more challenging.

Residual emissions will only be treated once we have reduced our emissions by 90%, either through insetting or offsetting programmes.

To drive faster progress in our Scope 3 reductions, we have also increased our Internal Carbon Price from £95 per tonne to £150 per tonne and set value chain engagement targets.

➔ For further information see [page 42](#)

#### Decarbonising energy

We must transition our buildings away from reliance on fossil fuels. Our updated Roadmap includes a commitment to remove fossil fuel-derived energy from our existing buildings by 2030.

This requires us to rapidly upscale our investment in technologies such as heat pumps as well as increasing the on-site generation of renewable energy.

Whilst 100% of our procured energy is already purchased from Renewable Energy Guarantees of Origin (REGO) and Renewable Gas Guarantees of Origin (RGGO) –backed tariffs, we recognise their validity is being challenged. We are reviewing our energy procurement policy and considering 24/7 matching targets for renewable energy procured by our business as well as a review of Power Purchase Agreement options.

#### Defining net zero

In its simplest form, net zero is when all emissions released into the atmosphere are equal to the amount removed.

We have made considerable progress on emissions reductions since we first set out our Roadmap to Net Zero in 2020, however legislative frameworks and businesses are increasingly converging around a science-based approach to net zero.

Following the achievement of our original Science Based Target in 2023, we are now aligning our approach to the SBTi Corporate Net-Zero Standard. During the next year we will work towards SBTi validation of our targets.

➔ For further information see [page 42](#)

### Collaboration is integral to success throughout the value chain

#### Customers

We have committed to engaging with at least 80% of our top energy consuming customers by 2027.

We have always collaborated with our customers but we are now formalising that engagement through specific requirements on sharing sustainability data and collaboration.

By formalising that engagement we can support our customers in achieving their own sustainability goals as well as reducing the Scope 3 carbon emissions of our buildings.

We know that sustainability is increasingly a talent retention issue for our customers, therefore our spaces must reflect the ambition of our customers. As well as environmental concerns, our customers are increasingly addressing wellbeing considerations as well as connection with the local community.

#### Supply chain partners

We have committed to engaging with at least 80% of our supply chain partners, by spend, by 2027.

We are already reaping the benefits of collaboration and engagement across our development pipeline, helping us tackle the challenge of embodied carbon. Through our revised target we are looking to deepen our engagement across the whole of our supply chain.

As we evolve towards a more service-led, operational model within our Fully Managed spaces we know that the carbon emissions associated with the provision of those services and amenities may increase. We are partnering with an AI-based sustainable procurement platform to give us greater oversight of how our suppliers are already performing to inform our engagement programme.

#### Communities

In order for our customers, supply chain and buildings to be resilient to climate change it is essential that we work closely with our communities. Through our social impact strategy we are therefore working with organisations that support the resilience of our London boroughs. This strategy includes:

- Reducing the impact of our developments on the community, for example, our barge servicing strategy at our Minerva House, SE1, development is substantially reducing vehicle movements.
- Working with charities that are supporting improvements to London's biodiversity.
- Working with charities who unlock the potential of London's young people.

➔ More detail found on [pages 41 and 50 to 51](#)



### We are integrating climate resilience across our business

**In order to become a climate resilient business, we are addressing transitional climate risk, integrating climate adaptation measures into building design and working to support the resilience of our customers, suppliers and communities.**

#### Our commitments

Our Sustainability Statement of Intent, updated and relaunched in May 2023, repositioned our approach to climate resilience. A climate resilient business requires a net zero carbon pathway to mitigate carbon emissions and a climate adaptation plan to support business resilience to climate change. We have therefore committed to:

- addressing the transitional risk of climate change and implementing net zero carbon plans at each asset;
- integrating climate adaptation and physical resilience measures into our buildings;
- working with our supply chain partners to improve the resilience of our supply chain; and
- supporting the climate resilience of our communities.

#### Management of climate resilience

Our Sustainability Statement of Intent, Roadmap to Net Zero and Our Brief for Creating Sustainable Spaces provide a framework (see page 37 for more on our policies and strategy) to support us in addressing the transitional risks of climate change. This includes the risk of extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Additionally, they provide strategic direction on how we will adapt to the physical risks associated with more frequent extreme weather events or longer-term shifts in precipitation and temperature. A full disclosure on the risks and opportunities connected with climate change along with our governance arrangements can be found on pages 37 to 38 and in our TCFD disclosure on pages 52 to 61.

#### Our performance during the year

**In April 2023 we set a number of priorities for the financial year.**

##### Undertake a risk assessment to better understand the climate risk embedded within our supply chain

Our highest risks within our supply chain are associated with our development activities and the management of mechanical and electrical services within our buildings.

During the year, we embedded Our Brief for Sustainable Spaces into the business. This has provided a clear framework for our supply chain to report their sustainability performance and improved the level of focus given to climate resilience in their proposals. In particular this has included buildability challenges as well as reviewing the availability of materials within their own specialist supply chain.

Led by our Head of Projects, we have quarterly roundtables with our supply chain partners from across the building life cycle. This includes architects, structural engineers, quantity surveyors, MEP consultants and contractors. During the year these have focused on the availability of cement replacements to help lower the embodied carbon of structures, as well as investigations into the use and availability of low-carbon materials and the implementation of alternative structural design. This focus is supporting the improved resilience of our developments and carbon reduction.

During the year we retendered our portfolio mechanical and electrical services contract, The tender process incorporated more sustainability and social impact requirements to improve engagement from our service partners on how they can support us in delivering more efficient, climate resilient buildings. The tender incorporated reward mechanisms for innovative approaches to building energy optimisation, comfort reporting and life cycle analysis to support a more data-driven approach to the maintenance of our portfolio.

Our partnership with Responsibly, an AI-enabled sustainability due diligence provider, and Neutral, a sustainable supply chain auditor, has improved our understanding of the climate-related processes of our supply chain. During the next financial year we will continue to work with these businesses to support the delivery of our supply chain engagement goal, now incorporated within our updated Roadmap to Net Zero.

##### Create net zero carbon asset plans, informed by data from our portfolio metering project

Despite not yet fully formalising net zero carbon transition plans for each asset, the findings of the initial phase of this work resulted in the implementation of an 18-month portfolio wide metering project. This project is nearing its conclusion and is already substantially improving the quality and granularity of energy data. The completion of this project will enable more rapid identification of further energy efficiency measures to support us as we respond to tightening legislative requirements and increasing customer and investor expectations on energy efficiency. Additionally, our improved data will be used to create a portal to allow our customers to access their energy data when convenient for them. This will support them in monitoring their own performance



on emissions reductions. During the next financial year, we will be rolling this out across our portfolio and extending to water and waste data where systems allow. Due to the complexity of the project, some delays have been experienced during the digitisation process, however we will be feeding our much-improved data into refreshed net zero carbon asset plans during the next financial year.

During the year, we also continued our EPC upgrade works, looking to further increase the percentage of our buildings rated as EPC A or B. With the inclusion of developments, the percentage of our portfolio with EPC ratings of B and above has increased by 12.9% (by floor area) from last year up to 63.6%. Due to our business model of repositioning poorly performing assets, we do not expect to reach a position where 100% of our buildings are rated A or B by 2030.

### Create a climate transition plan

Despite not formally delivering a climate transition plan, in May 2023 we updated our Sustainability Statement of Intent and more recently have updated our Roadmap to Net Zero – essentially, these documents set out our detailed ambitions and actions to reduce our Scope 1, 2 and 3 emissions. Further, our updated TCFD disclosure (see pages 52 to 61) sets out the risks posed to our business by climate change and our response to those risks. During the next financial year we will be bringing these aspects together, as well as undertaking an assessment of how we are contributing to the economy-wide transition to a lower-carbon economy and our impacts and dependencies. We expect to publish this in the final quarter of the financial year ending March 2025.

### Integrate climate adaptation and resilience measures into our buildings

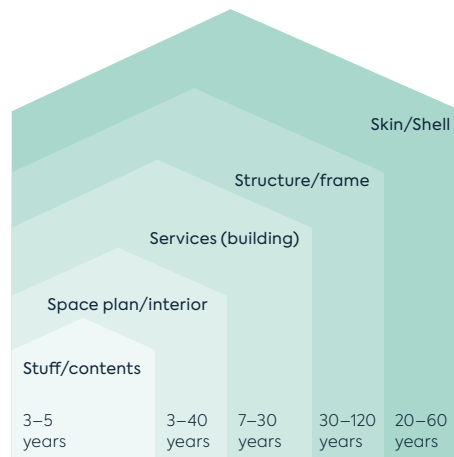
During the year we increased biodiversity net gain across the portfolio by 3.1% from the 2023 baseline, through the enhancement of existing biodiverse living roofs and new planters at Woolyard, SE1, Hanover Square, W1 and The Hickman, E1. During the year we also undertook biodiversity learning tours to support the understanding of the GPE team on biodiversity net gain and benefits of ecosystem services. Through design, we are integrating measures such as passive solar shading, sustainable drainage systems, including blue roofs, and greywater and rainwater harvesting as standard to support the climate resilience of our buildings.

By using the ‘Building in Layers’ approach, as highlighted opposite, our Soho Square team have been able to fine-tune their thinking and consider the impacts of climate change on items such as structural stability and robustness; weatherproofing and detailing; the durability of materials; the health, safety and wellbeing of our customers and future building users; business continuity; and the capacity of building services and suitability of renewable technologies.

### Supporting the resilience of our communities

As energy costs continue to escalate, the link between the climate crisis and social inequality is clearer than ever. In the second year of our partnership with National Energy Action, we continued to support their ‘Warm Welcome’ in London programme. This provided energy saving advice and financial support to 95 parents and carers struggling to pay their energy bills. We have also continued to prioritise supporting community groups who maintain London’s green spaces, including Bankside Open Spaces Trust and London Wildlife Trust. During the year, alongside our supply partners, we spent more than 170 hours volunteering for charities supporting climate resilience. See Social Impact on pages 50 to 51.

Through our membership of the Better Buildings Partnership, recognising the importance of London’s climate resilience to the success of our business, we outlined our experiences through the consultation exercise undertaken by the Greater London Authority as part of the London Climate Resilience Review. We have also participated in the UKGBC task group which has brought together experts from across the built environment value chain to develop the UK’s first shared pathway for adapting to a changing climate.



Reference: Building layers and their indicative lifespans on page 8 of GLA CE Statement guidance: [https://www.london.gov.uk/sites/default/files/circular\\_economy\\_statements\\_lpg\\_0.pdf](https://www.london.gov.uk/sites/default/files/circular_economy_statements_lpg_0.pdf)

### Looking forward

- We will complete our Transition Plan and launch it by 31 March 2025.
- Will complete our metering project (scheduled to be complete by September 2024) and roll out environmental dashboards using real-time data for each asset, with access provided to our customers.
- We will complete our supply chain risk assessment looking at the impact of climate change on materials availability.

## Our progress

Portfolio targeted or rated EPC A or B

**63.6%**

compared to 51% in 2023 due to our development pipeline and upgrade programme

Increase in biodiversity

**3.1%**

exceeding our year on year 3% biodiversity net gain target

Embodied carbon analysis

**100%**

third party verified embodied carbon analysis for all projects over £5 million

Charitable volunteering

**170+**

hours from GPE and supply partners supporting climate resilience of our London communities



### We are decarbonising our business to become net zero by 2040

**Our Roadmap to Net Zero v2.0 sets out in detail how we will decarbonise our business, reducing our emissions by 90% by 2040. The updated Roadmap incorporates our approach to reducing embodied carbon and energy intensity, value chain engagement and decarbonising our energy procurement.**

#### Our commitments

Our Roadmap to Net Zero, relaunched in May 2024, has updated our approach to decarbonisation in light of our changing business and evolving definitions of net zero. We have increased the ambition and scope of our Roadmap in a number of areas, as well as adding new targets to support our overall decarbonisation journey. We will:

- reduce our Scope 1, 2 and 3 emissions by 42% by 2030 and by 90% by 2040 to become net zero (when compared to our 2023 baseline).
- reduce energy intensity by 47% (previously 40%) across our occupied portfolio by 2030 (when compared to our 2016 baseline).
- reduce our embodied carbon by 52% (previously 40%) by 2030 across our new build developments and major refurbishments (when compared to our 2020 baseline).
- engage with the top 80% of our customers (by energy consumed) and the top 80% of our supply chain partners (by spend) by 2027.
- remove fossil fuel derived energy from across our portfolio by 2030.
- offset, only once we have achieved a 90% reduction across all scopes, the total residual carbon to reach net zero.

#### Evolution of our approach

Climate change is the biggest long-term challenge we face and, as the risk and need for urgent action increases, the climate crisis has become both a moral and economic imperative. With the built environment contributing approximately 40% of global carbon emissions, our industry faces a huge challenge as it moves to decarbonising the whole building life cycle.

Last year we updated our Sustainability Statement of Intent 'The Time is Now', setting out our ambitious sustainability vision. This year we have updated Our Roadmap to Net Zero, increasing the ambition of our short-term targets to 2030 and the interventions that will be necessary before we reach net zero in 2040 after reducing 90% of our Scope 1, 2 and 3 emissions.

Our updated Roadmap includes clearer steps to reduce our Scope 3 emissions, including value chain targets as well as an approach to treatment of residual emissions, ensuring that corporate offsetting does not take place until we have reduced our Scope 1, 2 and 3 emission by 90% (previously 50%).

To ensure our actions are in line with climate science and to avoid following a Roadmap that may not be consistent with addressing the climate crisis, we have aligned our approach with the current Science Based Targets initiative Corporate Net-Zero Standard.

#### Our steps to net zero by 2040

##### Reduce our embodied carbon by 52% by 2030

Our progress so far on reducing embodied carbon has exceeded our expectations. Our first net zero carbon in construction development, in line with the UKGBC Framework Definition, was delivered at 50 Finsbury Square in 2023. Reductions forecast within our developments currently in design indicate a reduction of 44% from our 2020 embodied carbon baseline. Whilst these reductions require verification upon practical completion in each case, we are now increasing our ambition. It is envisaged that by 2040 embodied carbon of our developments and refurbishments will need to be less than 140kgCO<sub>2</sub>e/m<sup>2</sup>. This is an enormous challenge. We are therefore focusing on the retention and reuse of materials, minimising the use of virgin materials and improving design and specification at smaller refurbishments and fit out projects.

##### Reduce our energy intensity by 47% by 2030

As of 31 March 2024, our energy intensity has reduced by 36% compared to our 2016 baseline. We have therefore updated our target, looking to reach an energy intensity of 123 kWh/m<sup>2</sup> by 2030 (a 47% reduction). This aligns our energy intensity reduction trajectory with the CRREM pathway out to 2030.

We will continue our retrofit programme, implementing energy efficiency projects, supported by our metering project and the rapid digitisation of our energy data (for further detail see page 44). To support faster progress against our targets we are also increasing our Internal Carbon Price from £95 per tonne to £150 per tonne. This is levied on our Scope 1 and 2 emissions and the embodied carbon of our developments up to practical completion.

It is envisaged that by 2040 our energy intensity will need to be less than 70kWh/m<sup>2</sup>. Substantial technological advancements as well as customer and supply chain engagement will be necessary to reach this target. Our business model of repositioning poorly performing buildings will also add to this challenge as we purchase inefficient buildings and redevelop them to meet evolving standards.

##### Engage with our value chain

The Scope 3 emissions from our value chain amount to 79% of our carbon footprint. Whilst we have always engaged with our supply chain and our customers on sustainability we have now formally set a target to engage with 80% of our customers by energy consumption and to provide real-time energy data to 100% of our customers by 2027, supporting behavioural energy reductions. Within our supply chain we have set a target to engage with 80% of our supply chain and service partners, excluding principal contractors (who we already engage closely with on embodied carbon). Additionally, we are committed to developing a baseline and benchmarking

tool to understand customer ambitions on sustainability, and progress made by our service partners in achieving their targets. By 2040 we hope to see this engagement mean that all of our customers and supply partners have verified science-based targets.

### Decarbonise our energy consumption

Whilst we have consistently ensured that the energy we procure is REGO backed or RGGO backed in the case of our gas supplies, we are cognisant of the lack of transparency in the REGO market. Whilst we remain committed to installing renewable energy supplies at our properties, this is often not practical at existing buildings, where there may not be space. We have therefore made slow progress towards our on-site renewable energy generation target. We are therefore removing this target, in order to commit to the removal of all fossil fuel derived energy from our buildings by 2030. We are also embarking on a comprehensive review of our energy procurement policy, including the review of power purchase agreements and a target of 60% hourly matching of renewable energy purchased by 2030, rising to 80% by 2040.

### Residual emissions strategy

In our original Roadmap we had expected to reduce our emissions by 50% by 2030 and then offset to net zero. However, the offsetting of residual emissions has become an increasingly complex issue with projects being called into question and some doing more harm than good. We are therefore increasing the scope of emissions reductions needed to reach net zero, committing to reducing our Scope 1, 2 and 3 emissions by 90% by 2040. Our increased Internal Carbon Price of £150 per tonne will be used in the intervening period to invest in the decarbonisation of our value chain, supporting energy efficiency projects at our projects and investment into alternative materials and construction techniques. Offsetting is likely to remain part of our strategy at asset level, aligning with the emerging Net Zero Carbon Building Standard.

### Working towards 2040

To meet the emissions reductions outlined above we will need substantial technological advances, including industry wide roll-out of materials passports and materials exchange platforms to turbocharge the wider adoption of the principles of the circular economy. In 2040, when we offset the remaining 10% of our emissions, we expect to invest in natural carbon capture and storage and local projects where carbon credits can be used to deliver a positive social impact.

## Our performance during the year

**In addition to the update to our Roadmap we also set out a number of priorities for this financial year.**

### Continue implementation of NABERS UK Design for Performance and Energy for Offices

During the year we achieved a 5 star design stage rating for 2 Aldermanbury Square, EC2, and achieved a 3 star rating for Elm Yard, WC1, under the Energy for Offices NABERS scheme. The NABERS specification has been used as a blueprint for our metering project, standardisation of plant run times and other systems improvements.

### Set out our carbon offsetting strategy

At the start of the financial year, we had envisaged that we would set out a comprehensive carbon offsetting strategy. Instead we have updated Our Roadmap to Net Zero with residual emissions being treated once we have reduced our Scope 1, 2 and 3 emissions by 90%.

### Implement the requirements of ‘Our Brief for Creating Sustainable Spaces’

Since the completion of our first net zero carbon building at 50 Finsbury Square, EC2, we are taking the best practice and lessons learned across all development projects. At 2 Aldermanbury Square, EC2, we are incorporating the principles of the circular economy, including the dismantling and reuse of over 1,500 tonnes of structural steel during demolition. Through early stage contractor involvement, collaboration with materials manufacturers and innovative thinking, we are maximising the use of lower-carbon materials and materials with greater recycled content.

### Use our metering project to identify further opportunities to make energy efficiency savings

We expect to complete our metering project during the summer. Once complete, we will have much-improved granular data to support further energy efficiency improvements.

### Looking forward

- We will roll out our revised Roadmap to Net Zero.
- We will implement the findings of our energy procurement review.
- We will commence our formal value chain engagement programme.
- We will identify further opportunities to make energy efficiency savings through the delivery of our metering project across our portfolio.

## Our progress

**Energy intensity reduction**

**36%**

when compared to our 2016 baseline

**Revised Roadmap to Net Zero**

**2040**

covering Scope 1, 2 and 3 at 90% reduction

**Carbon intensity reduction**

**66.3%**

when compared to our 2016 baseline

**Decarbonisation Fund contribution**

**£338k**

from the application of our internal carbon price to embodied carbon and operational emissions



# Sustainability continued

## Streamlined Energy and Carbon Reporting (SECR)

### Energy performance

We saw a 7% reduction in total energy consumption during the year. The reduction was partly driven by reductions in energy consumption for landlord areas, as electricity sub-metered to our customers remained largely level year on year. Direct electricity consumption for landlord-controlled common parts reduced by 12%, and gas consumption for shared services reduced by 11%.

This year, we outperformed our energy intensity target by achieving 150 kWh/m<sup>2</sup>, against a benchmark of 191 kWh/m<sup>2</sup> and a stretch target of 174 kWh/m<sup>2</sup>. Compared with last year, our energy intensity dropped 6% from 158 kWh/m<sup>2</sup>. A 36% reduction in energy intensity has been achieved when compared with our 2016 baseline.

Due to further investment in energy efficiency and building optimisation, there was a 13% reduction during the reporting year in whole building electricity and gas consumption at our highest energy consuming site, 200 Gray's Inn Road, WC1.

Further reductions were driven by the movement of some smaller buildings out of the operational portfolio into the development pipeline in the second half of the period.

### Energy efficiency actions

During the reporting year our primary focus has been on rolling out our updated metering strategy, delivering improvements to accuracy, scope and granularity of our metering infrastructure.

The project covers electricity, heat and water, building management system (BMS) controls and networks, as well as gas where applicable for shared services. The strategy has been carried out utilising best practice and lessons learned from our implementation of the NABERS UK energy rating scheme and will drive improved collaboration with our customers on energy efficiency improvements to support energy reductions.

Key energy efficiency actions taken during the reporting year include:

- optimisation of gas-powered infrastructure to support energy and carbon savings, removing out-of-hours hot water demand and auxiliary equipment requirements leading to 130,000kWh savings annually with an immediate return on investment;
- installation of solar photovoltaic panels at our Woolyard building, projected to save 150,000kWh annually and have a return on investment of 2.5 years;
- NABERS UK Energy for Offices readiness assessment and certification at Elm Yard, WC1. The building achieved a 3 star rating, providing great insight into how we can improve this building, and others, going forward; and
- energy audits to meet legal compliance requirements.

➔ For more detail on our performance see [pages 42 and 43](#)

### Performance against our Roadmap to Net Zero

As a signatory of the Better Buildings Partnership's (BBP) Climate Commitment, we are required to disclose progress annually against our Roadmap to Net Zero. Our carbon footprint and narrative on progress during the last year is set out below.

### Overall performance

Our total carbon footprint (Scopes 1, 2 and 3) decreased by 3% or 1,084tCO<sub>2</sub>e during the year. We have made positive progress where carbon emissions are in our direct control as well as with respect to embodied carbon intensity. Absolute embodied carbon (capital goods) and emissions related to the products and services we procure have increased in the year, driven by an increase in development activity and shift towards our Fully Managed product. It is likely that in the short term these absolute numbers will continue to rise as we seek to improve data granularity and collection processes.

### Scope 1 and 2 emissions

Our Scope 1 and 2 (location-based) emissions decreased by 11% or 430tCO<sub>2</sub>e compared with last year. This decrease was driven, in part, by energy efficiency projects and portfolio changes, as detailed in the section above.

### Total carbon footprint

Year ended 31 March	2023/24 tCO <sub>2</sub> e	2022/23 tCO <sub>2</sub> e
<b>Scope 1 emissions<sup>A</sup></b>	<b>1,255</b>	1,556
<b>Scope 2 emissions<sup>A</sup></b>	<b>2,092</b>	2,221
<b>Scope 3 emissions</b>		
Category 1 – Purchased goods and services	7,674	7,055
Category 2 – Capital goods	10,814	9,501
Category 3 – Fuel and energy-related activities	2,095	2,232
Category 4 – Upstream transportation and distribution	38	25
Category 5 – Waste generated (operations and development)	44	37
Category 6 – Business travel	59	91
Category 7 – Employee commuting	69	73
Category 11 – Use of sold products	872	3,272
Category 12 – End-of-life treatment of sold products	4	45
Category 13 – Downstream leased assets <sup>A</sup>	6,090	6,082 <sup>1</sup>
<b>Total Scope 3 emissions</b>	<b>27,759</b>	28,413
<b>Total Scope 1, 2 &amp; 3 emissions</b>	<b>31,106</b>	32,190

A Metrics with independent limited assurance provided by PwC in accordance with the International Standard on Assurance Engagements (ISAE3000).  
 1. 2022/23 figures have been restated to reflect improved data quality and coverage for Downstream leased assets – Customer Procured Electricity. NB Scope 3 Category 8 (upstream leased assets), 9 (downstream transportation and distribution), 10 (processing of sold products), 14 (franchises) and category 15 (investments) are excluded from the footprint as per our Basis of Reporting due to not being applicable to the business.

### Indirect energy-related Scope 3 emissions

Our Scope 3 emissions from customer electricity (both sub-metered and directly procured by customers) reduced by 9tCO<sub>2</sub>e compared with last year. Engaging our customers to continue to reduce energy consumption is going to be critical for us to meet our net zero carbon ambitions, as these cover Scope 3 emissions from customer energy usage. This requirement is now incorporated within our updated Roadmap to Net Zero.

### Indirect non energy-related Scope 3 emissions

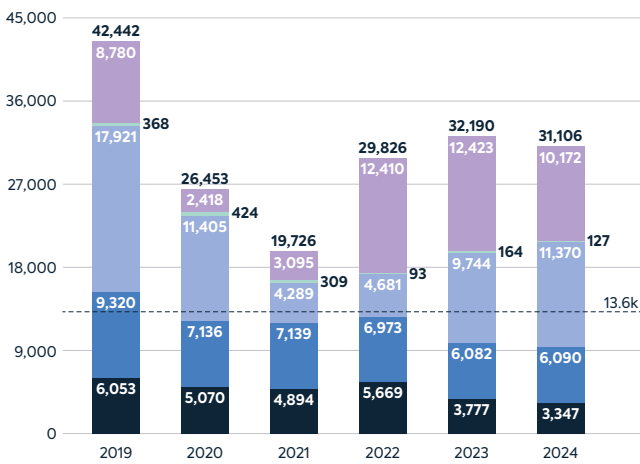
The majority, 89%, of our carbon emissions fall outside our direct control and form our Scope 3 emissions; these are emitted through our value chain – customers and supply partners.

The 2.3% reduction in our total Scope 3 carbon emissions for the year was driven primarily by our asset disposals, equating to lower use, and end-of-life treatment, of sold products. During the reporting period, although we did not complete any major developments, our construction activity increased in the year with projects such as 2 Aldermanbury Square, EC2, and others, such as 6 St Andrew Street, EC4, Alfred Place, WC1, and Minerva House, SE1, starting development activities. Our on floor refurbishment work has also increased in line with our Flex ambition. As such, has led to a 17% increase in absolute embodied carbon emissions. Our Carbon Measurement Framework continues to support consistency in reporting and will be adopted across all development activities in the coming year.

Emissions from corporate business travel and employee commuting have decreased after a year in which travel picked up post-COVID. Taken together, business travel, employee commuting and working from home emissions have decreased by 23% compared with last year. This is also due to an increase in the use of virtual meetings and utilisation of our Head Office to facilitate face-to-face collaboration.

Emissions from operational procurement, including maintenance and repair materials and services, have remained steady as a proportion of our footprint. The increase of 5% this year compared to last is due to greater spend in more carbon intensive procurement categories, again highlighting how integral supplier engagement is to ensure procurement decisions include carbon considerations alongside cost.

### Carbon footprint progress annual carbon emissions (tCO<sub>2</sub>e)<sup>1</sup>



- Scope 1 & 2: Owner generated energy emissions
- Scope 3: Occupier generated energy emissions
- Scope 3: Embodied carbon emissions from development activities
- Scope 3: Corporate emissions
- Scope 3: Other (non-energy) emissions from investment portfolio
- Roadmap target<sup>2</sup>

### Longer-term performance

In Our Roadmap to Net Zero v2.0, we set out our ambition to reduce Scope 1, 2, and 3 emissions by 42% by 2030 and 90% by 2040 from our 2023 baseline. The graph below shows our progress to date since 2019. This demonstrates the need to monitor performance towards net zero over the longer term, as our normal cycle of business activity, such as our decision to sell or develop assets, will inevitably cause fluctuations in emissions. Our overriding aim must be to decouple the growth and economic performance of our business with our carbon footprint. Over the next year we will embed our Roadmap v2.0 ambitions and incorporate our refreshed approach in a robust and transparent transition plan.

### Further information

Our full Sustainability Performance tables, aligned with EPRA Sustainability Best Practice Recommendations and SASB Real Estate indicators, can be found at [www.gpe.co.uk/sustainability/governance-reporting](http://www.gpe.co.uk/sustainability/governance-reporting). This includes more extensive detail on our emissions and our Basis of Reporting.

We have also disclosed our performance to numerous organisations and external benchmarks and are signatories to relevant commitments detailed below.

**During 2023/24 we participated in:**

**We are signatories of:**

1. 2022/23 data restated for Downstream Leased Assets – Customer Procured.  
 2. 2030 target aim from Roadmap to Net Zero v2.0.

# Sustainability continued

## Streamlined Energy and Carbon Reporting (SECR) continued

Our SECR disclosure presents our greenhouse gas (GHG) emissions across Scope 1, 2 and select 3 metrics and associated energy use, together with an appropriate intensity metric, as required by the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). Our complete Scope 3 disclosure can be found on page 44.

### Energy consumption

Year ended 31 March	Unit	2023/24 <sup>A</sup>	2022/23	YoY % change
<b>Energy consumption<sup>1,2</sup></b>				
Gas used for shared services in managed portfolio	(kWh)	<b>6,514,198</b>	7,325,541	-11%
Landlord purchased electricity used in common parts areas for the managed portfolio	(kWh)	<b>10,103,847</b>	11,486,161	-12%
Landlord procured electricity sub-metered to customers	(kWh)	<b>17,662,321</b>	17,915,413	-1%
<b>Total absolute energy use</b>	(kWh)	<b>34,280,366</b>	36,727,115	-7%
<b>Absolute energy intensity<sup>4</sup></b>	(kWh/m <sup>2</sup> )	<b>150</b>	158	-6%
Landlord purchased energy used for common parts areas and electricity sub-metered to customers (Scope 1, 2 and 3) across the portfolio divided by normalised floor area				

### GHG emissions

Absolute Scope 1 and 2 Greenhouse Gas emissions	Unit	2023/24 <sup>A</sup>	2022/23	YoY % change
<b>Scope 1 emissions</b>				
Emissions from the combustion of fuel: gas used for shared services in managed portfolio	(tCO <sub>2</sub> e)	<b>1,192</b>	1,337	-11%
Emissions from operations of facilities: fugitive emissions from refrigerant losses	(tCO <sub>2</sub> e)	<b>63</b>	219	-71%
<b>Total Scope 1 emissions</b>	(tCO <sub>2</sub> e)	<b>1,255</b>	1,556	-19%
<b>Scope 2 emissions</b>				
Emission from the purchase of electricity used in common parts areas for the managed portfolio (location-based)	(tCO <sub>2</sub> e)	<b>2,092</b>	2,221	-6%
Emission from the purchase of electricity used in common parts areas for the managed portfolio (market-based) <sup>2</sup>	(tCO <sub>2</sub> e)	<b>0</b>	0	-%
<b>Total Scope 2 emissions</b>	(tCO <sub>2</sub> e)	<b>2,092</b>	2,221	-6%
<b>Total Scope 1 and 2 emissions (location-based)</b>	(tCO <sub>2</sub> e)	<b>3,347</b>	3,777	-11%
<b>Total Scope 1 and 2 emissions (market-based)</b>	(tCO <sub>2</sub> e)	<b>1,255</b>	1,556	-19%
<b>Emissions intensity Scope 1 and 2 (location-based)</b>	(tCO <sub>2</sub> e/m <sup>2</sup> )	<b>0.0516</b>	0.0593	-13%
<b>Scope 3 emissions</b>				
Category 13: Emissions from landlord purchased electricity sub-metered to customers	(tCO <sub>2</sub> e)	<b>3,657</b>	3,464	6%
<b>Total energy-related Scope 1 (incl. fugitive emissions from refrigerant losses), 2 and select Scope 3 emissions</b>	(tCO <sub>2</sub> e)	<b>7,004</b>	7,242	-3%
<b>Absolute emissions intensity<sup>3</sup></b>	(tCO <sub>2</sub> e/m <sup>2</sup> )	<b>0.0303</b>	0.0303	0%
Emissions from landlord purchased energy used for common parts areas and electricity sub-metered to customers (Scope 1, 2 and 3) across the portfolio divided by normalised floor area				

A Metrics with independent limited assurance provided by PwC in accordance with the International Standard on Assurance Engagements (ISAE3000).

1. As a business 100% focused on central London, all energy is consumed in the UK.

2. 100% of purchased electricity is REGO-backed and 100% of purchased gas is biogas/carbon offset gas. More detail can be found in our Basis of Reporting.

3. The intensity metrics include energy-related building emissions (location-based), excluding customer-procured energy. Floor area is an appropriate intensity metric as it directly relates to our business activities.

NB Numbers in this section may appear different to the Sustainability Performance tables due to rounding treatment.

### Our methodology

Emissions are calculated using the UK Government's Environmental Reporting Guidelines and the Greenhouse Gas Protocol. We have used the operational control approach for consolidating our GHG emissions; included in this are emissions and energy usage from our managed properties (including 100% of emissions from joint venture properties) and head office usage. Where we have purchased electricity, which is sub-metered to customers, this is itemised separately under our Scope 3 emissions, but is included within our energy intensity target.

Our full Sustainability Performance tables, including more extensive reporting on our emissions aligned with EPRA Sustainability Best Practice Recommendations and SASB Real Estate indicators, can be found at [www.gpe.co.uk/sustainability/governance-reporting](http://www.gpe.co.uk/sustainability/governance-reporting)

### Independent limited assurance

PwC LLP has provided independent limited assurance over the published metrics identified by 'A' in the SECR, and supporting performance tables, in accordance with the International Standard on Assurance Engagements ISAE3000 and ISAE3410.

PwC's full unqualified Assurance Statement, together with our Basis of Reporting, can be found on our website at [www.gpe.co.uk/sustainability/governance-reporting](http://www.gpe.co.uk/sustainability/governance-reporting)

### ESG-linked Revolving Credit Facility (RCF)

Our updated Roadmap to Net Zero includes more ambitious short-term targets. We have aligned our RCF requirements, in partnership with our lenders, to these new ambitions. The table opposite outlines our performance against the final year of the existing RCF targets.



### Three long term sustainability KPIs are integrated into our ESG linked RCF.



#### KPI 1

##### Reduction in energy consumption

In line with our 40% reduction in energy intensity by 2030 target set out in Our Roadmap to Net Zero v1.0, our RCF KPI is to reduce our portfolio energy intensity (kWh per m<sup>2</sup>) by 25.5% by 2026. When compared with our 2016 baseline of 234 kWh/m<sup>2</sup>.

This target applies to energy consumed within our portfolio and to all energy purchased by GPE, including electricity sub-metered to our customers.

##### Target

For March 2024, the RCF target was an energy intensity reduction of 18.5% (191 kWh/m<sup>2</sup>), when compared with our 2016 baseline.

##### Achievement

For the year ended March 2024 we achieved a reduction in energy intensity of 36% (150 kWh/m<sup>2</sup>) when compared with our 2016 baseline.

This reduction was delivered through the investment in energy saving initiatives undertaken during the last two years, particularly at our most energy intensive site, 200 Gray's Inn Road, W1.



#### KPI 2

##### Reduction in carbon impact

In line with our 40% reduction in the embodied carbon of our developments by 2030 target set out in Our Roadmap to Net Zero v1.0, our RCF KPI is to reduce our embodied carbon of completed projects by 25% by 2026. This is measured against a 2020 baseline of 954kg CO<sub>2</sub>e per m<sup>2</sup>.

This target is tested at each design phase from RIBA Stage 3, and again at practical completion to verify reductions. Embodied carbon reviews are undertaken by an independent consultant, in line with the RICS professional statement.

##### Target

For March 2024, we targeted a 20% reduction in embodied carbon against our 2020 baseline for all developments in design or construction phase.

A 15% reduction was targeted for buildings reaching practical completion in 2024.

##### Achievement

We achieved an average reduction of 44% for the seven projects in scope, which included 2 Aldermanbury Square, EC2, 6 St Andrew Street, EC4, Egyptian & Dudley House, W1, Alfred Place, WC1, 141 Wardour St, W1, Minerva House, SE1 and French Railways House & 50 Jermyn Street, SW1.

There were no projects in scope for practical completion.



#### KPI 3

##### Increase in biodiversity

We are committed to delivering an increase in biodiversity net gain across our buildings.

Our KPI requires us to achieve at least a 3% uplift in biodiversity net gain each year on a like-for-like basis.

##### Target

For March 2024, we targeted a 3% increase in biodiversity net gain across our existing portfolio on a like-for-like basis.

##### Achievement

For the year ended March 2024, we achieved a 3.1% uplift in biodiversity net gain across our portfolio.

This increase was driven by a living roof retrofit at Woolyard, SE1, the installation of a green wall at 45 Mortimer Street, W1 and the installation of a green roof at New City Court, SE1.

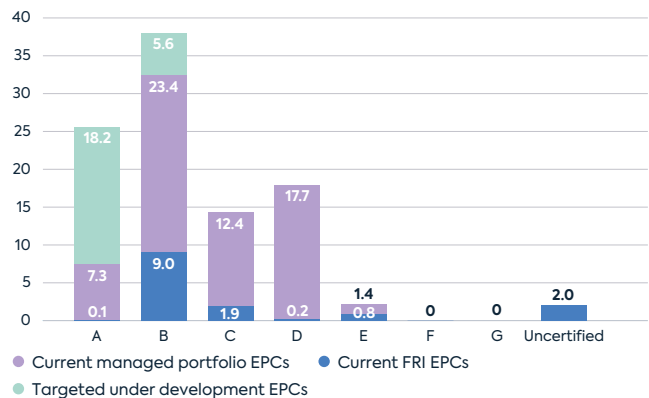
### Energy Performance Certification

Our portfolio is fully compliant with 2023 EPC legislation, (no F or G rated space). A greater proportion of our floor area now sits in our Development Pipeline and as such targeted A or B space has increased to 23.8% (2023: 7.3%).

During the year, our managed and FRI properties that are EPC A or B rated decreased to 40%<sup>A</sup> (2023: 43%) and the amount of unrated space increased to 2%<sup>A</sup> (2023: 1%). Both of these changes are due to our acquisition of the Soho Square Estate. However, overall managed and targeted floor area at EPC A or B has increased from 50.7% to 63.6%.

In 2022, we estimated that the cost to get our portfolio to EPC B and above would be approximately £23 million. As we continue to acquire new assets for repositioning, and revisit a number of existing properties after the changes to the EPC methodology, we will review this estimate during the forthcoming year as part of our transition plan and double materiality exercise.

EPC ratings: percentage of portfolio (by sq ft)



## Sustainability continued



### We are putting health and wellbeing front and centre

**A sustainable building should also contribute to the wellbeing of our customers and the local community, supporting healthier, happier and more productive lives.**

#### Our commitments

The role our buildings play in the wellbeing of not only their users, but the communities that surround them, should not be underestimated. A sustainable building must have health and wellbeing front and centre. We are integrating wellbeing considerations into the design of our spaces, supporting improvements in external air quality across our portfolio and the communities in which we operate. Furthermore, we are improving our internal spaces to enhance our customers' experience and promoting initiatives that support the health and wellbeing of our people, customers and service partners.

#### Management of health and wellbeing

Our Brief for Creating Sustainable Spaces ensures that our buildings are designed to enable the achievement of wellbeing ratings, such as the WELL Building Standard or the Fitwel rating. It also brings together our focus on creating biodiverse outdoor space for our customers to promote social interaction and access to nature.

The delivery of these accreditations is achieved through effective stakeholder management with regular feedback provided on key challenges and progress made.

#### Our performance during the year

**In April 2023 we set a number of priorities for the financial year.**

#### Integrating wellbeing into the design and operation of our spaces

We are constantly looking for ways to better consider the implications of the way we design and operate our spaces with particular regard to the health and wellbeing of our customers and employees.

#### Our progress

**Net Promoter Interviews**

**122**

interviews conducted to gather customer feedback including on the sustainability of spaces

**Heavy goods vehicle movements avoided**

**65%**

reduction in HGVs for deconstruction phase at Minerva House, SE1

As part of that focus we have taken part in a study led by researchers at the Institute of Sustainability Leadership, University of Cambridge, to provide our experience of exploring opportunities to deliver sustainable coworking spaces that improve inclusivity, and the wellbeing experience of a more diverse range of users.

The purpose of the research is to explore the inclusivity and wellbeing criteria of flexible and coworking spaces to understand how accessible they are, and how designs might be adapted to help ensure that they are made available to as wide a range of users as possible. We hope to use the findings of the research which are of particular importance to us at GPE as we continue the expansion of our Fully Managed product and the diversity of customers that are looking for inclusive office space.

#### Ensuring improved air quality across our portfolio and communities

At our development Minerva House, SE1, our supply chain partner, GPS Marine, has confirmed it is the first private development on the River Thames to utilise a barge to remove materials from site. The utilisation of the barge is reducing the impact of the development on local stakeholders such as Southwark Cathedral and Borough Market, as well as local community residents. We are working with partners Morrisroe and Multiplex to deliver the project.

Our retrofit strategy aims to maintain over 70% of the existing building by retaining the structure and façade. By utilising the barge for construction logistics, we are reducing the total number of heavy goods vehicles that will travel to and from the local area during the deconstruction phase. With the River Thames acting as the primary route of transport, the barge provides an alternative route to remove waste in an area with very high footfall, as well as reducing noise and air pollution in a congested, pedestrian heavy environment.

#### Monitoring and managing the health and wellbeing of our customers

By implementing an effective monitoring regime we are able to quantify a number of different measures. These include air quality, temperature and noise levels. To support these quantifiable metrics we also need to understand how these impact on our customers in a qualitative sense. We therefore regularly undertake surveys to seek feedback from our customers and include questions in connection with the health and wellbeing of their employees. This includes a review of how our amenity spaces and outside spaces benefit our customers, and this data is being fed back into our design process.

#### Looking forward

- We will continue to deliver increases in biodiversity across the portfolio and establish a methodology for reporting the ecosystem service benefits.
- We will review the integration of wellbeing certifications into our internal design briefs, ensuring benefits for the customer are paramount.
- We will replicate the template of our own Health and Wellbeing Employee Impact Group with customers and suppliers.



## Providing safe, healthy and secure environments

**We are dedicated to creating and maintaining safe, healthy and secure environments for our communities, our people and our partners. We are constantly striving to set the highest standards for health and safety in the industry and are committed to continuously improving our practices and procedures.**

We monitor our health and safety performance across our portfolio through a set of key performance indicators, which help us to track our progress and identify areas for improvement, whether that be data granularity or system efficiency. Our proactive approach includes regular audits, regular training for our employees and supply chain, and a focus on fire safety management in line with current legislation.

Recognising the importance of proactive measures in health and safety management, we conducted a comprehensive training needs analysis in 2023/24 and established a health and safety training budget to address identified areas. This will be reviewed and maintained at regular intervals.

Additionally, we are proud to announce that we have attained Level 3 Disability Confident Leader status, further demonstrating our commitment to inclusivity and accessibility.

We will remain focused on fire safety management across the portfolio with special attention on our residential buildings to ensure compliance with the Building Safety Act 2022.

During the year we have registered our residential buildings falling within the scope of the Building Safety Act 2022 and commenced preparations to gather the necessary information for the requisite building safety case reports.

We remain dedicated to proactive health and safety measures, inclusive practices, and compliance with evolving legislation.

Looking ahead, we will continue to prioritise the safety and wellbeing of all individuals within our properties. We continue to carry out regular audits under our Health and Safety audit programme and conduct leadership tours to reinforce our commitment to safety standards.

As we seek to continuously improve, we are undertaking a review of our suite of Health and Safety policies and procedures in the coming year to ensure they align with the latest industry standards and regulatory requirements.

### Health and safety accidents by year

Where accidents occur, our goal is to provide assistance and foster collaboration within our supply chain. This collaboration aims to enhance our understanding and capitalise on opportunities for improvement. By doing so, we can proactively mitigate future risks and uphold a culture that prioritises the wellbeing of all workers, free from blame.

#### Health & Safety statistics

	2023/24	2022/23	2021/22
Enforcement notices or fines received	–	–	–
<b>Employees</b>			
Work-related fatalities (A)	–	–	–
Lost day rate (A)	–	–	–
Injury rate (A)	–	–	0.41
Absentee rate (A)	0.005	0.006	0.005
<b>At our occupied buildings</b>			
Work-related fatalities	–	–	–
Reportable injuries/incidents	1	1	1
Minor injuries	3	2	8
<b>At our developments</b>			
Work-related fatalities	–	–	–
Reportable injuries/incidents	1	–	1
Minor injuries	2	–	4

A Metrics with independent limited assurance provided by PwC in accordance with the International Standard on Assurance Engagements (ISAE 3000). Further detail can be found in our Basis of Reporting at [www.gpe.co.uk/sustainability/governance-reporting](http://www.gpe.co.uk/sustainability/governance-reporting)

### Our progress

#### Disability Confident

# Level 3

Highest level of the UK Government scheme, championing equity, equality and diversity

#### Building Safety Act 2022

# 100%

of buildings registered that fall within the scope of the Act

### Looking forward

- We will continue our programme of Health and Safety audits and leadership tours with a focus on consistency and continuous improvement.
- We will further embed our Health & Safety Management System and refresh key policies and procedures.
- We will maintain focus on the Building Safety Act 2022.



## Sustainability continued



**We are creating a lasting positive social impact in our communities**

**We know that the socially disadvantaged members of our communities will be most impacted by climate change. We are therefore committed to supporting the people and communities with whom we work to have a better quality of life, whilst also enabling a thriving economy for London's future.**

### Our commitments

Our Social Impact Strategy, first published in 2021, sets out how we will deliver our vision to create at least £10 million of social value in our local communities by 2030 and create a lasting positive social impact. Through the four pillars of our Social Impact Strategy we are contributing to the needs of the London boroughs in which we are working.



### Management of social impact

Progress against the commitments in our strategy is overseen by the Social Impact Committee and is reported periodically to the Executive Committee and to the Board. Our Charities Network oversees the relationship with our main charity partner, XLP, and donations more broadly, including the awarding of £15,000 each year to employee nominated charities.

We use the National Social Value Framework (National TOMS framework) to measure the social value generated by our business. The framework allocates a proxy value for time spent or pound invested and is one of the most widely used methods for the measurement of social value, including by government, local authorities and businesses.

However, social impact is generated in a variety of ways and some of these are not easily measured financially. Therefore, we try and take a balanced approach between those activities that generate the most social value (in our case the donation of space to charities) and the broader, long-lasting benefits associated with activities such as social enterprise spend and time spent on employability and skills programmes. Since the launch of our strategy, we have created £3.8 million of social value towards our £10 million target.

The majority of our cash donations are made to our charity partners. For the year ended March 2024, our charity partners were XLP, National Energy Action, Young Westminster Foundation and Bankside Open Spaces Trust.

### Social value created

	2023/24	2022/23	2021/22	2020/21
Total social value created	<b>£1,494,000</b>	£1,157,000	£631,000	£620,000
Direct GPE contributions (cash)	<b>£238,000</b>	£486,000	£215,000	£475,000
Additional social value created	<b>£1,256,000</b>	£671,000	£416,000	£145,000

### Our performance during the year

**In April 2023 we set out a number of priorities for the financial year:**

#### To better integrate social value within our planning applications

During the year we continued to work on completion of the Section 106 agreement for our Minerva House, SE1 development and refined the design at French Railways House & 50 Jermyn Street, SW1.

Enabling works commenced at Minerva House. Primarily the works were serviced by a pontoon on the river to ensure that the strip-out of the building did not increase traffic movements through an already congested area of south-east London. This minimises the impact of the development site on the local community. Meanwhile, at French Railways House & 50 Jermyn Street, SW1 we are maximising biodiversity net gain to support improvements to biodiversity in Westminster.

We have long-standing relationships with Bankside Open Spaces Trust and Young Westminster Foundation. Through both organisations we are supporting employability programmes in the planning authorities of Southwark and Westminster respectively to support people who may have difficulties accessing employment opportunities.

#### To further support the growth of social enterprises across the business, having already established strong relationships through our Fully Managed buildings

For social enterprises to build their customer base they need access to new audiences. During the year, we worked with our service partners to ensure that where pop-up events were being organised within our spaces, social enterprises were invited to take part in the event. By improving engagement with our supply chain on the benefits of supporting social enterprises we saw spend increase to £1 million, including £822,000 spent through our service partners.

#### To improve the recording of the social value generated by our suppliers and to further integrate social value into relationships within our supply chain

During the year, we rolled out our Impact reporting framework to our service partners to allow them to record activities undertaken by them at our buildings that create social value. These activities included NG Bailey employing apprentices on GPE sites, payment of the London Living Wage (set by the Resolution Foundation annually) to all service partner employees working at our buildings and cleaning provided by City and Essex free of charge to The Story of Christmas, a charity currently occupying space at Carrington House, London W1.

### To develop our biodiversity offsetting strategy to support the climate resilience of our communities and delivery of nature-based solutions

Recognising the need to support our communities become more climate resilient and the positive social impact of increasing biodiversity and access to nature, during the year we commenced work on a biodiversity offsetting process. A KPI of our ESG-linked RCF is to increase biodiversity across our portfolio. This is much easier to achieve on our larger development sites or at our properties with more extensive outside spaces. However, this can be more difficult at smaller existing buildings where roofs would need to be strengthened to install biodiversity and there are no terraces to install planters. In these cases an assessment is undertaken to ascertain the likelihood of planting surviving elsewhere on-site, or whether it would be more impactful to invest in biodiversity in existing community gardens and parks. Whilst we will always try and install biodiversity interventions at our properties, not least due to the increased resilience of buildings with enhanced greening, the mechanism to offset biodiversity has now been agreed with an ecologist for those occasions where biodiversity offsetting would be a more impactful action.

Other key successes include:

- Generating £960,787 of social value through the letting of a total of 32,500 sq ft of space to six charities.
- Providing 150 skills-based pro bono volunteering hours for charities, social enterprises and not-for-profit organisations.
- The GPE team spending 1,890 hours volunteering.

### Delivering impact through charitable partnerships

During the year, we held our biggest ever Community Event, with more than 100 of the GPE team taking part in fundraising activities. Activities included the National Three Peaks Challenge, walking the South Downs Way, tandem skydives and a walk through the London Royal Parks and a total of £82,000 was raised for XLP. Additionally, groups participated in a careers workshop for young people supported by XLP and gardening activities with the Wildfowl and Wetland Trust.

We continued to support National Energy Action, funding their Warm Welcome initiative in London. The Warm Welcome initiative supports new and expectant parents in London who are struggling to balance the financial impact of a young family and high energy bills. Support is given through community advice sessions to families and one-to-one advice to vulnerable parents with more complex issues. The fund also supports community energy fun days to provide interactive energy advice to both children and parents, and an emergency hardship fund to provide essential items such as blankets, flasks and air fryers to struggling families.

### Championing accessible employment opportunities

To promote entry-level roles at GPE and reach a wider, more diverse talent pool, we continued our Early Careers Programme, hiring two Customer Experience apprentices. We also hosted our first work placements through the Leonard Cheshire Change 100 programme which led to 26 weeks of internships in total, with all interns paid at least the London Living Wage. During the year ended March 2024, we hosted 154 apprenticeship weeks. Additionally, our team reached 90 young people through Career Workshops.

We also actively advocate for ethical labour practices within our supply chain, for example by ensuring all people working on our behalf are paid the London Living Wage, and by undertaking Labour Practice Audits to help eradicate modern slavery.

### Working with our customers and service partners to create social impact

We recognise that in order to create a lasting positive social impact and contribute to improving the resilience of our London communities we must work with our customers and service partners.

This has included extending the reach of social enterprises and our charity partners by supporting their participation in building events. Additionally, we are supporting our service partners in creating opportunities for early careers including apprenticeships, volunteering and work experience. During the year, this created an additional £1.3 million of social value.

### Looking forward

- We will implement biodiversity offsetting strategy by partnering with local business improvement districts (BIDs) and local nature-focused charities.
- We will review the appropriateness of our £10 million social value goal and whether a monetary target is still the right approach.
- We will review the Social Impact Strategy in its entirety to ensure that it is still relevant to our changing business three years after publication.

## Our progress

Social value created during the year

**£1.5m**

GPE created social value (not including service partner contributions)

Hours donated to charity partner, XLP

**1,450**

donated by GPE employees (target: 240 hours)

Weeks of internships provided

**26**

through Leonard Cheshire, Change 100 programme

Spend with social enterprises

**£187k**

direct annual spend with voluntary, community & social enterprises (VCSE)

## Sustainability continued

# Task Force on Climate-related Financial Disclosures (TCFD)

Great Portland Estates plc has, at the time of publication, complied with the requirements of LR 9.8.6(8)R by including climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures. Consideration has also been given to the all sector guidance updated in 2021 with regards Strategy: a) and b), and Metrics and Targets: a).

Additional supporting information that can be found on pages 14 to 17, page 46 in our SECR table (performance) and pages 74 to 87 (Our approach to risk). For further complimentary information, see [www.gpe.co.uk/sustainability/governance-reporting](http://www.gpe.co.uk/sustainability/governance-reporting)

## Governance

### Board oversight of climate-related risks and opportunities

The Board, typically meet six times annually, has ultimate responsibility for oversight of climate and sustainability risks and opportunities with a particular focus on the impact on our business strategy. Our Governance structure can be found on page 38 of this report. During the year:

- the Board reviewed the definitive appraisal for the Minerva House, SE1, redevelopment including embodied carbon impact, use of the barge for servicing and payment to the Decarbonisation Fund;
- the Board approved the acquisition of the Soho Square Estate which included a review of the implications for our net zero commitments;
- the Board approved the repositioning of our Roadmap to Net Zero, recognising progress in reducing carbon emissions, evolving definitions of net zero carbon and the need to incorporate more of our emissions into our target;
- the Audit Committee reviewed findings from the ESG data assurance process and outcomes from a sustainability internal audit; and
- the Remuneration Committee approved new ESG-linked KPIs for the corporate bonus scorecard.

As climate change and decarbonisation is considered a principal risk for the Group, at the half year and year-end, as part of our robust risk assessment review, the Executive Committee, Audit Committee and Board review and assess the impact on the business of climate-related risks. This process involves consideration of the risks, internal controls, emerging risks and ongoing monitoring and mitigation of risks. Opportunities connected with market transition are also considered.

Risks discussed included EPC and energy performance legislation and changes to planning requirements, in particular new requirements from Westminster City Council on their 'retrofit first' policy and their new carbon pricing plans. The increased costs and availability of materials was also considered as well as the climate resilience of our buildings in the context of London's climate resilience.

Opportunities included the approval of costs for the reuse of steel from 2 Aldermanbury Square, EC2, in our French Railways House & 50 Jermyn Street development. The appraisal for our 200 Gray's Inn Road, WC1, project considered the impact of the removal of gas-fired central heating and hot water from the building on ability to lease the properties once works are complete.

### Management's role in assessing and managing climate-related risks and opportunities

Climate-related risks and opportunities are brought to the attention of the Board by the Chief Executive and Sustainability and Social Impact Director. Where our valuation or development projects are impacted by climate-related risks, these are reported separately within our Executive Director's reports to the Board.

Regular updates are also provided to our Executive Committee. During the year this has included three updates on our Roadmap to Net Zero and additional updates from Sustainability and Social Impact Committees. More detail on our committee structure can be found on page 38 of this report.

The Sustainability and Social Impact Director – a member of Executive Committee – and our in-house Sustainability team manage the strategic direction and operational management of sustainability-related issues. In addition, there are clear departmental responsibilities for sustainability including:

- Joint Director of Finance – oversight of the ESG-linked revolving credit facility (RCF) and Sustainable Finance Framework.
- Development Director and Director of Projects – integration of sustainability across all projects, irrespective of scope; asset energy efficiency and the implementation of energy efficiency measures.
- The Sustainability and Social Impact Director and Executive Director – allocation of Decarbonisation Fund to retrofit projects, the Executive Director ensures that climate risk is considered in acquisition and repositioning of potentially stranded assets; this includes monitoring and managing the business response to expected legislative changes.

## Our strategy

We identify and acquire unloved properties, reposition them through lease restructuring, delivery of flexible space, refurbishment or redevelopment and then manage for income or recycle them. The buildings we develop can be in use for up to 60 years; we therefore consider the whole building life cycle when reviewing climate-related risks.

Engagement with our stakeholders is fundamental to the success of our strategy and understanding their needs on sustainability is fundamental to success. This includes the provision of assets that are not at risk of stranding due to their energy and carbon efficiency and that are resilient to the physical impacts of climate change, be that overheating, flash flooding or other extreme weather events. We also recognise the importance placed on transparency of reporting from our investors. The above factors support the attractiveness of our buildings to our customers and investors.

### Climate-related risks, opportunities, and impacts

To assess how various climate change drivers may impact GPE, we use the TCFD framework's categorisation of transition and physical climate risks. We consider climate-related risks and opportunities over three time horizons: short, medium and long term, identified on pages 54 to 59. These time horizons follow our Roadmap to Net Zero targets and approach to business and asset planning.



In line with our Group risk management policy and approach, GPE defines whether a risk or opportunity is ‘principal’ by the likelihood of it occurring and the potential impact it may have. We consider climate change to be a principal risk to the business due to the transitional risks and their potential impact on rental values, building valuation and our ability to attract and retain customers. Our full approach to defining principal risk is found on page 74. Through our risk review process we highlighted the following:

- the need to update physical climate change modelling, through further scenario analysis, on the basis of emerging information from the UN Committee on Climate Change;
- the need to improve financial modelling on the impact of climate change – our metering and energy management project is almost complete and will feed into that process during the next financial year; and
- the need to further increase value chain engagement to reduce our Scope 3 emissions; new targets have been included within our revised Roadmap to address this risk.

Additionally, we are responding to the transitional risks of climate change, specifically upgrading EPC ratings, retrofitting existing buildings, removing fossil fuels and aligning with CRREM pathways. Our customer requirements on sustainability continue to evolve as concepts such as net zero mature; this impacts the design of our buildings and the materials we use to develop and refurbish them.

This approach is where we see opportunities materialise, through the provision of buildings and spaces that are resilient to a changing climate, in turn supporting improved rents, valuations and speed of letting. Our design briefs and asset plans are structured to capitalise on this opportunity.

### Physical risks and opportunities

Whilst in the short to medium term, focus remains on transitional risks, we see a gradual increase in focus on physical risks such as flash flooding and overheating.

In 2019, we conducted physical climate risk modelling using four IPCC projections, from a 1.5°C temperature rise (RCP 2.6) up to 5.4°C (RCP 8.5) and applied a rating to each risk. With a central London portfolio the climate-related physical risks profile is largely consistent across all our buildings, with the exception of flash flooding where quantification is more challenging or riverside properties such as Minerva House, SE1 (more detail on pages 42 and 62). Following the release of the 2023 IPCC Report on Climate Change in March and the London Climate Resilience Review at the end of 2023 we are committed to updating this modelling during the next financial year as part of our Transition Plan.

We have updated our Roadmap to Net Zero including our energy and carbon targets to 2030 (including our Scope 3 emissions) as well as introducing long-term targets to 2040. We are aligning our new targets with the SBTi Corporate Net-Zero Standard and therefore remain confident that they are in line with 1.5°C. Whilst our previous target was verified by the SBTi (SME route), we are yet to complete this process for our revised Roadmap and will update publicly once complete.

We recognise that current UN projections suggest that a 2°C or 4°C warming scenario is more likely and have therefore set out our response to physical and transitional risks in those particular scenarios within the tables on pages 54 to 59.

### Resilience of organisation’s strategy considering different climate-related scenarios

Our strategy enables us to build resilience considerations into the acquisition, design, development and operation of buildings. We do not believe we will need to change our strategy in a 1.5, 2 or 4°C warming scenario.

We have outlined on pages 54 to 59 the climate-related risks and opportunities identified by our business and how we are responding to these risks to deliver both business resilience and a resilient value chain.

The delivery of actions to reduce our risk has an impact on the remuneration of all colleagues through our Annual Bonus Scorecard (pages 16 to 17). Reduction in energy consumption and net zero carbon developments are intrinsically linked to energy savings and Decarbonisation Fund contributions as listed in the Metrics and Targets on page 61.

### Risk management

In addition to the assessment of the principal and emerging risks facing the Group at the half-year and year end, the Board Committees and Management Committees, outlined on page 38, review the actions taken to help mitigate our sustainability related-risks.

During the year this included:

- the Audit Committee reviewing the outcome of an Internal Audit review of sustainability governance. A key action following the review has been the creation of a dashboard of all ESG-related KPIs to be presented to the Board regularly;
- a decision by the Executive Committee that our Roadmap to Net Zero needed to be updated to meet evolving definitions of net zero and to respond to our changing business, including raising our Internal Carbon Price from £95 to £150/tCO<sub>2</sub>e (more detail can be found on pages 42 to 43);
- the Sustainability Committee signing off new short-term targets on energy intensity and embodied carbon to align more closely with CRREM and SBTi guidance;
- oversight of our metering project and implementation of energy action plans by the Portfolio Sustainability Sub-Committee, including challenges on the commissioning of new meters and transfer of information to our data management system;
- oversight of sustainability innovation through our Development Sustainability Sub-Committee, including in relation to the availability and use of alternative concrete products and circular economy innovation; and
- Design Review meetings considered progress against and the applicability of ratings such as BREEAM, SKA and NABERS Design for Performance and NABERS UK Energy for Performance.

Controls for managing our identified climate-related risks and opportunities are outlined on the following pages 54 to 60 and more broadly, integrated as a principal risk, within the ‘Our approach to risk’ section on pages 74 to 87.

During the next reporting period we will be carrying out a double materiality exercise that will inform our disclosure for the year ending 31 March 2025, as well as our Transition Plan that will be developed in line with the guidance from the Transition Plan Taskforce.

## Sustainability continued

### Task Force on Climate-related Financial Disclosures (TCFD) continued

**Climate change and decarbonisation is considered to be a principal risk for GPE and the successful management of that risk, along with any associated opportunity, is critical for the Group to deliver its strategic priorities.**

Our overarching risk management process comprises of four main stages: risk identification, risk assessment, risk response, and monitoring reporting and escalation. The risks, and opportunities, related to climate change are managed through that same approach. Risk management is an integral part of all business activities, as is consideration of the impact of our activities on the long-term performance of the business.

The Groups principal risks have remained largely unchanged from the previous reporting period, as is the case with our climate-related transition and physical risks that can be seen in the following tables. We have taken the opportunity to consolidate some of these risks in order to simplify our approach to managing them.

Climate change remains a principal risk to the business, with a 'Medium' net risk rating. We recognise the impact it has over our ability to deliver on our strategic priorities and as such we endeavour to ensure that the appropriate policies, procedures, internal controls and people are in place to help minimise that risk.

#### Climate-related transition and physical risks

Risk	Description	Scenario	Timeframe
<b>Transition risks</b>			
<b>Policy and legal</b>	Risk 1	Ability to respond to uncertainty on evolving EPC legislation – leading to increased costs and the risk of stranded assets.	2°C 4°C Short Short
	Risk 2	Increased focus on 'energy in use ratings' within the market, leading to additional legislative burden.	2°C 4°C Short Short
	Risk 3	Evolving local planning requirements including increased carbon tariffs leading to increased complexity of developing commercial buildings.	2°C 4°C Short Medium
<b>Technology</b>	Risk 4	Inefficiencies in building operation caused by outdated utility metering, lack of understanding of complex building systems.	2°C 4°C Short Short
	Risk 5	Increased costs associated with research and development of technological solutions or pace of change is not sufficient to respond to scale of challenge.	2°C 4°C Short Medium
<b>Market</b>	Risk 6	Volatility in energy market, prices and availability of net zero energy tariffs. Energy security concerns leading to increased energy costs.	2°C 4°C Short Medium
	Risk 7	Increased costs of raw materials driven by growing demand for sustainable products may impact on ability to reduce embodied carbon of future developments.	2°C 4°C Short Medium
	Risk 8	Increased customer demand for highly sustainable buildings may lead to the risk of stranded assets.	2°C 4°C Short Short
	Risk 9	Increased cost of development and refurbishment driven by increasingly complex planning regime.	2°C 4°C Short Short

**Key**

Short term	Medium term	Long term
1–5 years (2025–2029)	6–10 years (2030–2034)	10+ years (2035+)

Response to risk	Next steps
Review of EPC upgrade costs completed, asset level plans created, upgrade works underway, target to remove energy-related fossil fuels from all buildings incorporated in Roadmap to Net Zero review.	Portfolio EPC review to be updated as new acquisitions enter portfolio and development/refurbishment works complete. Increased focus additionally on energy intensity going forward in updated Roadmap.
NABERS UK Design for Performance ratings in progress for developments. NABERS UK Energy for offices implemented at two pilot buildings. Metering project implemented.	Implement more challenging target on energy intensity, now aligned with CRREM. Create net zero asset plans for all properties once metering project fully complete.
Brief for Creating Sustainable Spaces sets out key requirements on energy performance in use, NABERS ratings, metering strategy, embodied carbon and circular economy in building design to reduce whole life carbon. Internal carbon price has supported behavioural change.	As developments that have NABERS accreditation as a deliverable get closer to practical completion we are working closely with contractors, engineers and our own operational teams to ensure delivery of energy use intensity metrics. Implement updated Roadmap to Net Zero including commitment to remove fossil fuel derived energy consumption.
Cross-portfolio, extensive metering project nearing completion to support improved energy consumption data. In turn will support identification of energy efficiency opportunities. Digital twin technology, energy management software and enhanced building management systems rolled out. New MEP service partner with clear energy-related KPIs.	Finalise the portfolio-wide metering project, ensure all data can be pulled through to real-time dashboards, provide data directly to customers, to support energy reductions. Further integration of building information modelling/digital twins and BMS/EMS systems to support a more efficient approach in collaboration with new MEP service partner.
Investment in Pi Labs supports innovation and R&D. Active programme exploring new materials and technological solutions to energy efficiency and construction-related challenges. Progress made on digital twin technology and innovation in construction. New MEP contract to drive innovation in operation.	Increase in the internal carbon price will allow Decarbonisation Fund to be used for research. Increased focus on innovation and technology to improve sustainability outcomes and climate resilience of the business. Continue to review approach to digitisation and adoption of technology.
Energy councils established with customers. Supply chain workshops underway to deal with operational energy efficiency challenges. 100% of energy purchased on net zero carbon tariffs. Procurement policy under review.	Sustainability remains a regular topic of engagement between all customer types. Integration of energy and carbon targets into service partner KPIs will lead to a performance-led approach. Review of renewable energy procurement underway.
Our 'Brief for Creating Sustainable Spaces' launched in the reporting year including expectations on material specification. Development Sustainability Sub-Committee provides oversight of sustainable products in use at our developments.	Maintain our quarterly roundtables with quantity surveyors, structural engineers etc. to identify alternative solutions for materials that are in shorter supply, i.e. GGBS being replaced with calcine clay, reused steel products over EAF produced steel.
GPE approach to building acquisition remains the same, taking poor performing assets in all regards and turning them into best-in-class space. Our development and refurbishment programme prioritises sustainable design.	Embed new Roadmap to support achievement of CRREM performance metrics. Include year of stranding when looking to acquire assets. Continue to raise bar across our developments to provide highly efficient and sustainable buildings.
The internal carbon price has been in place for three years which has driven behavioural change. Our approach to sustainability and retrofitting supports successful planning outcomes.	Development and project management teams remain integrated into wider industry groups such as the City and Westminster Planning Associations. GPE continue to feedback on public policy consultations to provide feedback on increasing performance requirements.



## Sustainability continued

### Task Force on Climate-related Financial Disclosures (TCFD) continued

#### Climate-related transition and physical risks continued

Risk	Description	Scenario	Timeframe
<b>Transition risks continued</b>			
<b>Reputation</b>	Risk 10	Ability to meet increasing requirements on sustainability disclosure from investors and lenders.	2°C 4°C Short Medium
	Risk 11	Ability to secure sufficient supplies of sustainable materials to meet embodied carbon targets for our developments. Delays caused by supply chain or transport interruptions.	2°C 4°C Medium Short
	Risk 12	Potential detrimental impact on reputation of owning lower EPC-rated assets.	2°C 4°C Medium Short
<b>Physical risks</b>			
	Risk 13	Increased severity of extreme weather events, like flash floods.	2°C Medium
	Risk 14	Increased annual temperature.	2°C Medium
	Risk 15	Reduction in precipitation.	2°C Medium
	Risk 16	Potential water shortages and subsidence within London.	4°C Medium/Long
	Risk 17	Increased severity of extreme weather events, like flash floods.	4°C Medium/Long
	Risk 18	Increased annual temperature.	4°C Medium/Long

**Key**

Short term	Medium term	Long term
1–5 years (2025–2029)	5–10 years (2030–2034)	10+ years (2035+)

Response to risk	Next steps
Active investor programme. Sustainability and Social Impact Director meets with investors to understand their priorities. Updated Roadmap to Net Zero includes alignment with CRREM pathways and Science Based Target initiative guidance.	Remaining close to our own investors with regard to their key ESG drivers and requirements, as well as with our audit and assurance partners. Focus in FY25 towards transition planning and double materiality.
‘Brief for Creating Sustainable Spaces’ supports longer-term planning on embodied carbon. Development Sustainability Sub-Committee provides oversight to progress against embodied carbon KPIs. Engagement with main contractor partners and specialist subcontractors.	Increase in the internal carbon price allows greater scope of investment to come from the Decarbonisation Fund, so that all areas of the business, and value chain, can benefit. Ongoing innovation programme. Roundtables with quantity surveyors, structural engineers to identify alternative solutions for materials in short supply.
EPC reviews to be integrated within asset plans, net zero carbon asset plans underway, and delivered alongside metering project. New acquisitions quickly enter development pipeline for upgrade.	Ongoing portfolio-wide interventions to support improvements in EPC ratings. Continue to take advantage where vacancies arise to implement energy efficiency interventions. For new acquisitions, ensure EPC upgrade plan and net zero asset plan implemented.
<p>Our Statement of Intent, Roadmap and Social Impact Strategy all include requirements for:</p> <ul style="list-style-type: none"> <li>– increased biodiversity and solar shading, and the support of community greening;</li> <li>– drought resistant planting;</li> <li>– use of sustainable drainage systems;</li> <li>– reduced water consumption;</li> <li>– designing of climate resilient buildings that are robust, adaptable and have longevity;</li> <li>– working with our supply chain to improve transparency of ethical sourcing processes; and</li> <li>– working with our partners to consider impact of extreme weather events on our supply chain.</li> </ul>	<p>With the release of our updated Roadmap, next steps will include aligning our established Statement of Intent and Creating Sustainable Spaces Brief to reflect our increased ambition with regard to energy use intensity and embodied carbon reductions.</p> <p>During the next financial year we will be:</p> <ul style="list-style-type: none"> <li>– updating physical climate change modelling on the basis of emerging information from the UN Committee on Climate Change;</li> <li>– improving financial modelling on the impact of climate change, our metering and energy management project is almost complete and will feed into that process during the next financial year; and,</li> <li>– increasing value chain engagement to reduce our Scope 3 emissions; new targets have been included within our revised Roadmap to address this risk.</li> </ul>
<p>Our ‘Brief for Creating Sustainable Spaces’ outlines key performance requirements on incorporating climate resilience in the design of all our spaces irrespective of size and scale.</p> <p>We work with our consultants and project teams to ensure our developments are able to meet the evolving requirements of planning authorities and customer expectations.</p> <p>Sustainability considerations are integrated within our acquisition process so that we are able to forecast the required improvements for assets to mitigate physical risks.</p>	

## Sustainability continued

### Task Force on Climate-related Financial Disclosures (TCFD) continued

#### Climate-related transition and physical opportunities

Opportunity	Description	Scenario	Time frame	
<b>Transition opportunities</b>				
<b>Policy and legal</b>	Opp 1	Increasing complexity of regulatory environment may present opportunities to acquire lower rated buildings (stranded assets) at reduced prices for repositioning.	2°C 4°C	Short
	Opp 2	Proactive response to legislative changes improves desirability of GPE assets for customers and investors.	2°C 4°C	Short
	Opp 3	Deep knowledge supports transition of business to a 'retrofit first' approach which is challenging in London and technically more difficult.	2°C 4°C	Short
	Opp 4	Potential increased returns and improved valuation connected with higher demand for more sustainable space.	2°C 4°C	Short Medium
<b>Technology</b>	Opp 5	Early adoption of technology supports improved visibility and management of utility consumption data and associated reduced costs for our customers.	2°C 4°C	Short
	Opp 6	Payback of costs (dependent on energy consumption and variable energy costs) likely to be short term and will support improved collaboration with customers.	2°C 4°C	Short
	Opp 7	Implementation of new technologies to drive down embodied carbon provides opportunity to capitalise on customer appetite for net zero carbon buildings.	2°C 4°C	Short Medium
<b>Market</b>	Opp 8	Increased collaboration with customers and supply chain supporting faster progress on energy efficiency.	2°C 4°C	Short
	Opp 9	Proactive approach to reducing consumption and improving energy security, including on-site energy generation, passive cooling and connection to local heat and power networks supports customer demand for sustainable spaces.	2°C 4°C	Short
	Opp 10	Ability to capitalise on deep knowledge of London market, where other developers may not be as well placed to navigate complexities.	2°C 4°C	Short
<b>Reputation</b>	Opp 11	Continued transparency of reporting coupled with frequent investor engagement results in increased confidence in ability of business to deliver on sustainability goals.	2°C 4°C	Short
	Opp 12	'Our Brief for Creating Sustainable Spaces' supports best practice approach to sustainable design irrespective of the product.	2°C 4°C	Short
	Opp 13	Early engagement and collaborative relationships with supply chain to support early warning of supply issues and ability to source alternative solutions.	2°C 4°C	Short
	Opp 14	Early adoption of innovative approaches to energy efficiency and low-carbon construction and materials.	2°C 4°C	Medium
<b>Physical opportunities</b>				
	Opp 15	Potential increase in valuation of buildings that are climate resilient and adaptable.	2°C	Medium
	Opp 16	Increased demand for buildings with climate resilience measures such as passive cooling, nature-based solutions and sustainable urban drainage systems incorporated.	4°C	Long



**Key**

Short term	Medium term	Long term
1–5 years (2025–2029)	5–10 years (2030–2034)	10+ years (2035+)

Response to opportunity	Next steps
Acquisition programme sought out lower rated buildings to reposition into best-in-class space.	Our Investment and acquisition teams continue to review the market in areas to find lower rated buildings where an innovative approach to redevelop or retrofit could support the creation of new best-in-class space.
Our Brief for Creating Sustainable Spaces has integrated a number of legislative changes from their inception. This has included biodiversity net gain, circular economy statements and climate resilience.	As we revise our Roadmap to Net Zero, we are thinking ahead to the introduction of further legislation, particularly focusing on retrofit policy and more governance around approaches to offsetting.
We have been delivering refurbishment and retrofit projects for a number of years and as such have built a strong supporting value chain around us, from architects to engineers and contractors.	Learning from our steel reuse initiative between 2 Aldermanbury Square and French Railways House & 50 Jermyn Street we are continuing to implement innovative technological solutions to promote the reuse of materials.
Sustainability is a key aspect of design and research shows that higher rated buildings support increased valuations. The net zero carbon status of 50 Finsbury Square supported the sale price. Priority is therefore continuing to be given to sustainable design and achieving the appropriate sustainability ratings.	We continue to work with our valuers to strengthen the argument for, and provide a stronger evidence base on how more sustainable spaces drive higher demand and in turn better returns. This has informed our newly announced commitment to remove energy-related fossil fuels from the portfolio.
Our portfolio wide metering project has greatly improved not only the visibility of data for ourselves and our customers but also supported greater behavioural-led change and performance improvements.	Completion of the metering project and integration of that data into our asset dashboards will ensure that our customers have real-time energy consumption data for their spaces, allowing us to work together to drive building-wide energy performance improvements and reduce costs.  We will be concentrating on the presentation of data through dashboards, onboarding a Data Manager into the business, and delivering greater Customer First and sustainability integration.
The opportunity to propose new technology has been integrated into the CSS brief, and innovations around the delivery of net zero carbon buildings are encouraged as below the line solutions in our tender process.	We are increasing the scope of the Decarbonisation Fund to our development pipeline, allowing for further investment in new technology and piloting solutions across development and portfolio.
Energy Councils with our customers are in place, whilst our regular roundtables with key members of our supply chain including architects, engineers, project managers and other service partners support innovation.	To take this collaboration further we have set public-facing targets in our new Roadmap that focus on our engagement with customers and supply chain partners.
Our new MEP contract supports increased innovation to reduce consumption. Additionally, through our Brief for Creating Sustainable Spaces we are supporting innovation. We are currently reviewing our energy procurement process to support energy security.	Reflecting on the lessons learned through our early engagement with the NABERS UK process we will be able to improve the integration of passive measures, as well as focusing on how we procure energy to ensure security of supply.
The GPE approach to building acquisition is well established, taking poor performing assets in all regards and turning them into best-in-class space in concentrated areas of London that we know well.	We continue to remain active participants in groups such as the Westminster and City Property Associations, supporting them through our own experience of the London market and local planning authority nuances.
Our approach to the disclosure of our data and performance has been established over a number of years and this has included our annual reporting process as well as third-party disclosures.	Through ongoing review of what we disclose and how we disclose it, we are making improvements to the integration of sustainability data into our Annual Report and creating a new accessible dataset that will be publicly available for download.
Over the last reporting period we have been rolling out the new Brief, and the reporting mechanisms that are associated with it. Sustainability dashboards and our Development Sustainability Sub-Committee provides oversight of progress against KPIs.	We continue to implement the Brief across all our projects, including on floor fit-out projects. Feedback is being incorporated into new projects.
Our approach to collaboration, outside of the confines of the contractual environment, have supported much more transparent and productive conversations with our supply chain partners.	Following on from the release of our revised Roadmap, and the inclusion of formal engagement targets with our supply chain partners on sustainability, we will be holding formal workshops to raise awareness and foster greater collaboration between our supply chain partners, who in some cases will operate in different parts of the built environment.
The opportunity to propose innovative approaches has been integrated into our Brief for Creating Sustainable Spaces and solutions around the delivery of net zero carbon buildings are encouraged as below the line solutions in our tender process.	We are increasing the scope of the Decarbonisation Fund to our development pipeline, allowing for further investment in new technology and piloting solutions across development and portfolio.
Our 'Brief for Creating Sustainable Spaces' outlines key performance requirements on incorporating climate resilience in the design of all our spaces irrespective of size and scale.  Being able to identify building-specific risks supports the integration of effective resilience measures such as increased flood defence being managed at our Minerva, SE1, project.	We will be reviewing our approach to climate risk modelling in the coming year to expand upon the work that has already been done across the portfolio. This will also include the identification of ways in which we can better support our customers, and the communities in which we operate, to deal with the physical risks of climate change such as accessibility issues and emergency preparedness.

# Sustainability continued

## Task Force on Climate-related Financial Disclosures (TCFD) continued

### Strategy and financial planning

Impact on strategy	Linked risks/ opportunities	Impact on financial planning
<b>Operating costs, capital expenditure and allocation</b>		
Our Sustainability Statement of Intent, and revised Roadmap to Net Zero, set out our sustainability strategy. We have refocused our strategy with the aim of ensuring that climate resilience is integrated across our business as well as increasing our ambition with regard to embodied carbon reduction and energy efficiency. We consider climate risk throughout our processes, including leasing, customer relationships, development appraisals, asset business plans, financing arrangements, acquisitions and remuneration arrangements.	<p><b>Risk:</b> 1-9, 11-12, 13-18</p> <p><b>Opp:</b> 1-3, 5-7, 9, 10, 13-16</p>	Detailed review undertaken to understand the cost of improving our portfolio to an EPC B rating. We estimated that the cost would be circa £20 million in the current regulatory environment and these are works that would have, in any event, been incorporated into our work to reposition assets. We are undertaking a similar exercise to create an energy intensity trajectory to 90 kWh per m <sup>2</sup> by 2030 for our new developments and a CRREM aligned trajectory across the portfolio. Our recently increased Internal Carbon Price to £150 per tonne feeds into our Decarbonisation Fund which supports energy efficiency improvements.
<b>Access to capital</b>		
It is increasingly important to demonstrate how financing is linked to ESG considerations. Our Sustainable Finance Framework is in place and sets out how we may link future debt facilities to our business activities. In addition, our ESG-linked RCF incorporates KPIs on energy intensity, embodied carbon and biodiversity.	<p><b>Risk:</b> 2, 3, 5, 7, 8, 9, 11, 12-18</p> <p><b>Opp:</b> 1, 2, 4, 7, 10, 11, 14-16</p>	Throughout the year we have engaged in a number of discussions with our lenders, focusing on our ESG-linked revolving credit facility as well as a new debt facility negotiated during 2023 which totals £250m. The updated energy and carbon targets included in our Roadmap to Net Zero have now been incorporated in both these debt facilities.
<b>Acquisitions and divestments</b>		
We seek to acquire assets that are at risk of being stranded to refurbish and reposition them. We may also seek to divest from assets where it is not possible to upgrade to an EPC B rating. When making an acquisition, we undertake due diligence on the potential for the asset to reach an EPC B rating and net zero carbon. At 50 Finsbury Square we delivered a building verified as net zero carbon. This was then incorporated within the contract of sale with a financial penalty in the event it was not achieved. Our learning from this process coupled with our customer engagement process with Clifford Chance at 2 Aldermanbury Square has been embedded in our processes.	<p><b>Risk:</b> 1, 5, 7, 8, 9, 11, 13, 14-18</p> <p><b>Opp:</b> 1, 3, 4, 6, 7, 10, 15, 16</p>	Appraisals for asset acquisitions are considered at a number of different levels within the business, particularly at Executive Committee and Board meetings. In order to gain sign off for these developments the implications on sustainability KPIs must be presented for discussion. This includes contributions to the Decarbonisation Fund, likely embodied carbon impact of development proposals and energy use intensities. In respect of divestments (asset disposals) CRREM analysis is completed to support the sale of these assets as sellers become more mature in the sustainability data they are requesting. The sustainability credentials of the building support the valuation.
<b>Developments</b>		
We take a whole life carbon approach to development, designing for climate resilience, longevity, and adaptability. All buildings in our development pipeline will be fossil fuel free, low embodied carbon and energy efficient, with an ambition of meeting the Net Zero Carbon Building Standard when it is released. Together these credentials support the valuations of our buildings. The financial implications of implementing this are included within our development appraisals, which also include the impact of our Internal Carbon Price. In the case of projects such as 2 Aldermanbury Square, EC2 where we are removing steel to be reused in another development, costs can vary due to the complex process of dismantling steel, charges for warehousing the steel and impact on programme. When taken in combination with reusing the steel at French Railways House & 50 Jermyn Street we expect to be cost neutral whilst reducing the embodied carbon of the steel used at the development by 95%.	<p><b>Risk:</b> 2, 3, 5, 6, 8, 9, 10, 11, 13, 14-18</p> <p><b>Opp:</b> 1-5, 7-9, 10, 12, 14-16</p>	<p>Costs related to sustainability innovation at our developments are fluctuating as the industry adapts and evolves. Our Internal Carbon Price, recently revised to £150 per tonne, is applied at practical completion of our developments and incentivises the reduction of embodied carbon and supports progress towards our short-term embodied carbon reductions.</p> <p>The ICP is included into the development appraisal process as a financial implication and impacts the overall profit on cost as a key driver for the business. Our recent exchange of contracts for the acquisition of the Courtyard, has £450,000 included within its appraisal. In effect this ensures that the embodied carbon of design changes is better understood and drives commercial decisions on carbon.</p> <p>Our 'Brief for Creating Sustainable Spaces' also ensures that we set the right design brief for all our spaces.</p>
<b>Managing assets</b>		
Our Roadmap to Net Zero sets out how we can reduce energy consumption and carbon emissions to reach our near-term targets by 2030. Our Internal Carbon Price, recently raised to £150 per tonne, is applied to operational carbon emissions, with our Decarbonisation Fund supporting ongoing investment in energy efficiency projects across our portfolio and now into innovation in our developments. Our Sustainability Statement of Intent has been updated to reposition climate resilience to ensure it is integrated across our business. Our revised Brief for Creating Sustainable Spaces further sets out how we will ensure that the design of our spaces supports reductions in carbon emissions.	<p><b>Risk:</b> 1, 2, 5, 6, 7, 9, 11, 13, 14-18</p> <p><b>Opp:</b> 2-6, 8, 9, 12, 15, 16</p>	Our Portfolio Managers are ultimately responsible for the long-term financial performance of our real estate assets. Energy performance, climate resilience, biodiversity interventions and social value are all monitored as part of our asset business planning process. In particular, scheduling energy efficiency interventions to support improvements in EPC ratings where vacancies arise to reduce the risk of stranding as legislation tightens, or the retrofitting of biodiversity interventions to support the climate resilience of an asset. The financial implications of implementing these actions are presented at quarterly asset reviews as part of overall asset performance to support better understanding of the impact of improving sustainability performance on individual asset financial performance.

## Metrics and targets

### Metrics used to assess climate-related risks and opportunities in line with strategy and risk management processes

Risk adaptation and mitigation metrics	Baseline	2021/22	2022/23	2023/24	Target	Progress
EPCs rated A and B by floor area <sup>1</sup> <b>Risk:</b> 1, 2, 13 <b>Opp:</b> 1, 2, 3, 15	2016	37%	43%	<b>40%</b>	100% by 2030	Compliant with current EPC legislation with plans in place to meet potential further EPC legislative changes and quarterly asset reviews are monitoring progress.  Our acquisition of the Soho Square Estate in the period led to a reduction in the overall operational floor area % of As and Bs but this will be remedied as it transitions to the development pipeline.  Including floor area in development 63.6% of the portfolio is meeting or targeting EPC A and B.
EPCs rated F and G by floor area <b>Risk:</b> 1, 2, 13 <b>Opp:</b> 1, 2, 3, 15	2016	0%	0%	<b>0%</b>	0%	
Proportion of portfolio with green building ratings by floor area <b>Risk:</b> 1, 2, 3, 9, 13, 14–18 <b>Opp:</b> 1, 2, 3, 4, 7, 9, 12, 14–16	2016	55%	48%	<b>44%</b>	60%	Our Brief for Creating Sustainable Spaces provides clear governance structure for the delivery of green building ratings. The Brief applies to all developments, refurbishments and fit outs. It includes certifications such as BREEAM, WELL, Fitwel, NABERS and SKA ratings. A further 25% of the portfolio in development is targeting green buildings ratings.
Estimated annual savings from energy efficiency measures implemented during the year <b>Risk:</b> 1, 2, 5, 7, 9, 11 <b>Opp:</b> 4–6, 8, 9, 12, 14	2018	3,777 MWh	3,226 MWh	<b>1,077 MWh</b>	Develop target	A greater focus this year has been on upgrading metering infrastructure, due for completion in the early part of FY25. Buildings completed early in the programme are able to utilise automated, granular data and dashboards to drive improved energy efficiency and optimisation. We anticipate we will be able to quantify the savings from greater data availability in following disclosures.
Internal Carbon Price <b>Risk:</b> 1–10, 14–18 <b>Opp:</b> 1–7, 12–16	2021	£95	£95	<b>£95</b>	Review by end of FY27	The ICP is currently applied to Scope 1 and 2 location based emissions and residual embodied carbon emissions from our development pipeline. It has been updated to £150 per tCO <sub>2</sub> e in the Roadmap v2.0.
Total (to date) contribution to Decarbonisation Fund <b>Risk:</b> 1–10, 14–18 <b>Opp:</b> 1–7, 12–16	2022	£403k	£1.29m Restated	<b>£1.63m</b>	Develop target	Decarbonisation Fund in place since 2020 supporting investment in efficiency of our standing assets. Plan to utilise the fund to support decarbonisation of our value chain.  FY23/24 contribution is lower due to reductions in Scope 1 and 2 emissions and no completed developments meeting the criteria for payment of the ICP.
Electricity purchased from renewable sources <b>Risk:</b> 5, 7, 9 <b>Opp:</b> 4, 5, 8, 9, 11	2020	100%	100%	<b>100%</b>	100%	We procure 100% REGO-backed electricity, however we are reviewing this approach to ensure our approach to energy procurement is robust and transparent.
On-site renewable energy generation <b>Risk:</b> 5, 7, 9 <b>Opp:</b> 4, 5, 8, 9, 11	2020	27 MWh	5.3 MWh Restated	<b>6.7 MWh</b>	Target removed	Our original target of 600MWh of renewable energy generation by 2030 has been reviewed as part of our Roadmap refresh exercise. We are re-prioritising this pillar of our Roadmap towards a more robust and transparent approach to energy procurement across the portfolio. We will continue to install on-site renewable energy on all new developments.

1. Based on operational floor area, excluding on-site development. Further detail with forecast EPC ratings can be found on page 47.

Further information complimentary to this disclosure can be found in our **Sustainability Statement of Intent** and our **Roadmap to Net Zero v2.0**, providing context and historic performance against all metrics and targets, at [www.gpe.co.uk/reporting](http://www.gpe.co.uk/reporting)

Our **Sustainability Performance tables** detail our full performance against our targets for the last financial year. Detailed reporting of our sustainability performance, including energy consumption and Scope 1, 2 and relevant Scope 3 metrics (including carbon emissions associated with water consumption and waste management), is included within our Streamlined Energy and Carbon Reporting (SECR) table on pages 46 to 48 of this report.

## Sustainability continued

Our business model is to take poorly performing, unloved buildings and reposition them into best-in-class sustainable spaces. In order to deliver our sustainability strategy we work with our whole value chain, whether that is our supply chain partners, our customers, local communities and planning authorities, investors, purchasers or lenders.

### Minerva House, SE1 – Major refurbishment on the banks of the Thames

#### Local authorities

In our efforts to integrate climate resilience within our own business, as well as our value chain, we recognise that we are one part of a much larger picture when it comes to delivering a resilient built environment that can withstand the impacts of a changing climate and safeguarding London's future.

At our major refurbishment project Minerva House, SE1, we have been collaborating with the local planning authority as well as the Environment Agency to ensure we design and build for a London that will be subject

to a number of physical climate risks. The project is located on the northern edge of Southwark, between Borough Market and the River Thames, and as such is directly impacted by a potential increase in flooding as climate change progresses. During the planning and design phases of the development, the project team have worked with the engineers at the Environment Agency to deliver improved resilience through repairs to the brick flood defence and specifying specialist render to the basement walls to increase their durability and lifespan. This work has been informed by the Environment Agency's updated Thames Estuary 2100 Plan.



### 2 Aldermanbury Square, EC2 – New build driving energy efficiency

#### Supply chain partners

Our innovative approach to dismantling City Place House to allow the reuse of steel at both 2 Aldermanbury Square and French Railways House & 50 Jermyn Street demonstrates the value of close collaboration with our supply chain partners.

Our partners, Arup, Elliott Wood, Keltbray, EMR and Lendlease challenged each other to deliver a market-leading approach to the circular economy, delivering emissions savings at French Railways House.

#### Customers

The sustainability features of 2 Aldermanbury Square were central to discussions with our customer, Clifford Chance LLP. Right from the start sustainability played a significant role in their decision to pre-let the building, three years ahead of completion.

Discussions included energy use, embodied carbon and the delivery of a NABERS rated building, and have expanded to nature-based solutions and the impact of a joint approach to social value.



### Egyptian and Dudley House, SW1 – Heritage refurbishment focused on retention

#### Freeholders

Across our portfolio we are often the long leaseholder, requiring effective collaboration and communication with our freehold partners.

At Egyptian and Dudley House, we have been working very closely with the Crown Estate, to not only align our sustainability ambitions, but also to push each other forward in a number of areas. By providing consistent messaging to both our value chains, we can create efficiencies whilst driving best practice and innovation.

#### Supply chain partners

Strong collaboration not only supports the environmental element of sustainability but can drive positive change with regard to social and ethical outcomes.

We are working with our principal contractor, 8Build, to roll-out ethical labour audits across the Egyptian and Dudley House supply chain. The aim is to identify key risk areas, including modern slavery, engage directly with the workforce on-site to hear their experiences and ensure we improve our own procurement processes to deliver a better, safer place of work for all.





# Our people and culture



“Our success is a testament to the passion and commitment of our people. At the heart of all our achievements lie their dedication and talent.”

Carrie Heiss Human Resources Director

## Q&A with Carrie Heiss, HR Director

### Q: What makes the culture at GPE so special?

Our culture is the character and personality of GPE. It stands out because it's the embodiment of a great purpose and core values which define who we are and how we act. These values, outlined on page 03, are at the heart of what we do and what makes us special.

Of course, it's our people who bring the culture and the values to life, so it's really important that our values resonate with everyone. GPE's values were developed several years ago in a collaborative, all-company exercise. We have recently reviewed these values with colleagues to ensure that they continue to inform our beliefs and behaviours and they are as relevant today as they've ever been. Following our colleague feedback, we were pleased to adopt a fifth value, 'We value every customer', which reflects the importance and the focus we have on providing a great customer experience.

Each year, we have an extremely high response rate to our Engagement Survey (**February 2024 Engagement Survey: 98% response rate and 1,300 comments**). This shows our colleagues care deeply about our business and making their voices heard. We rely heavily on this input to continue to evolve our working practices and ensure that GPE remains a fantastic place to work. Our **overall favourability rating of 74%** is reassuring and reinforces that we are doing a lot of things very well.

### Q: What actions have we taken to embed GPE's values this year?

We've helped colleagues and leaders to personalise the values for themselves and their teams and I can share a couple of examples. All colleagues took part in Customer First Workshops earlier in the year where we discussed GPE's service standards and made 'team commitments' to action these in our everyday activities. We even kept track of these commitments with a 'Leader Board' throughout the year. This fun and friendly competition between teams has helped to ensure that our collective commitments to customers are being actioned.

**88%**

of our employees are proud to work at GPE

**84%**

of our employees say that GPE's core values are aligned with their own personal values

The value, 'We are fair and inclusive' was similarly brought to life through Inclusion Workshops attended by all colleagues in the autumn. We worked with a specialist D&I consultant to create a safe space for colleagues to engage on a number of issues relating to inclusion. With an emphasis on personal and collective responsibility to create an inclusive workplace, colleagues were asked to make personal commitments to reflect what they could do to make a difference in the future. These were displayed for everyone to access and socialise.



We regularly take opportunities to publicly recognise behaviour that exemplifies our values. Colleagues have the opportunity to nominate their peers for a quarterly 'Living our values' award and these are awarded by the CEO.

### Q: What have we done this year to deliver against our people priorities?

We are always looking for ways to improve our colleague experience at GPE and two specific initiatives come to mind. This year we invested heavily in our leadership capabilities, designing and conducting two bespoke development programmes: 'Inspire' for our people managers; and 'Momentum' for our senior leaders. Having great people management and leadership skills makes the work environment better for everyone. Over several months, our managers and leaders worked with experts, both in small teams and one-on-one with coaches, to improve their knowledge, hone their skills and most importantly to confidently connect with their people as capable and inclusive leaders.

Another highlight for the year is an initiative we launched to promote colleagues' willingness and comfort to speak up and share their views. This is clearly an important attribute for a positive and healthy culture and, while we consistently have high response rates for our anonymous surveys, this is an area of continuous focus. We started a listening initiative called 'The Booth', which allows members of our Executive Committee to host up to seven colleagues in a monthly session at a local cafe with the sole purpose of engaging with colleagues and listening to what they want to discuss. Across the 13 sessions held in 2023, we heard ideas, suggestions, complaints and concerns – all in a safe and informal setting. Participants appreciated the opportunity to interact with members of the Executive Committee, and other colleagues, in a relaxed and informal setting. These sessions have been positively received and we plan to continue them in 2024.

## Our people and culture continued



**Alexa Baden-Powell, Inspire participant and Senior Investment Manager:**

“I found the Inspire programme very useful indeed. It gave me a better understanding of different managerial styles. The 360 feedback was really interesting and good to hear. It sparked some useful discussions with my team, helping us to improve the way we work together.”



**Rebecca Bradley, Momentum participant and Director of Customer Experience & Relationships:**

“For me, there were several benefits to taking part in Momentum. The one-on-one coaching sessions enabled me to work on my own personal development areas while the practical sessions facilitated an open environment where we could learn together and practice our leadership and coaching skills on each other. The whole programme provided the opportunity to build stronger relationships with peers in an informal environment, which has supported cross-departmental communication since the programme finished. I feel good about working for a company that invests in its people by providing this type of opportunity.”

### Q: What are the people priorities for the year ahead?

We will continue to progress our three-year People Strategy referred to internally as OneGPE which puts diversity and inclusion in the centre, with five additional focus areas: colleague experience, growth and progression, leadership capability, performance and reward, and health and wellbeing. The strategy is due to be updated in 2024 with a roadmap to cover the next three years to achieve measurable progress in key areas, including engagement, diversity, inclusion and retention.

GPE aims to be the place where the best people do their best work. This means ensuring we have the right talent and the right skills where needed. We want everyone to achieve their full potential. One of GPE's core values is ‘We are committed to excellence’ and with a high-performance culture it is vital to promote and support our colleagues’ growth and progression. To complement our focus on leadership capability in 2023 with Inspire and Momentum, we look forward to launching ‘Thrive’ in 2024, to support colleagues in achieving their potential and performance goals, focusing on the development of resilience, feedback and accountability skills. We will continue to run our highly successful internal GPE mentorship scheme, focusing on our high-potential population as identified in our annual Talent Review. This scheme matches around 20 individuals with senior leaders and runs for 9–12 months. Our Non-Executive Directors will also be continuing with mentoring sessions with selected members of senior management.

Another priority is consolidating the organisational changes that we made in 2023/24, which are explained below. With a workforce of 134 colleagues as at 31 March 2024 (down from 139 in March 2023) we rely on teamwork and collaboration to achieve our objectives and exemplify the value ‘We achieve more together’. We successfully onboarded 29 new joiners in the year and had 34 leavers. Our retention rate of 75.5% as a measure of stability (down from 83.5% in 2023) reflects a stable workforce.

We have continued to evolve the shape of the organisation to reflect our strategic ambition to grow our Flex office footprint and deliver an excellent customer experience. Changes to team structures and people within teams occurred predominantly in the second half of the year. We reviewed team structures, roles within teams, reporting lines and resourcing levels, making changes where necessary to ensure we are well positioned to deliver our strategic plans. Changes and the rationale for these changes were communicated and the priority for this coming year is to ensure that our teams are all working well and collaborating effectively.

Our employee survey is comprised of 70 questions covering all aspects of the employee experience. Within this, we consistently ask three core questions to give us an indication of overall employee engagement. While the scores for these are down slightly from the same period last year, mainly attributed to the organisational restructure and ensuing changes, they remain positive overall.

<h2>76%</h2> <p>Employee Engagement Index (February 2024) 84% in March 2023</p>	<h2>74%</h2> <p>of our employees recommend GPE as a great place to work 85% in March 2023</p>	<h2>80%</h2> <p>of our employees believe in what we are trying to achieve 87% in March 2023</p>	<h2>72%</h2> <p>say work gives them a personal feeling of accomplishment 78% in March 23</p>
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### Continuous improvement

#### Where we've improved based on feedback we heard and actions we've taken this year

We have worked hard on connecting with our colleagues, listening to them and generally encouraging people to be themselves. Our targeted efforts to foster a truly inclusive workplace have started to feed through to the feedback from colleagues. Where we have seen the biggest improvement in favourable scores from FY23 to FY24 are:

- +11%** I feel safe and able to speak up at GPE.
- +9%** I am treated with respect.
- +9%** People from diverse backgrounds are helped to feel accepted and be themselves.
- +7%** I feel comfortable here, accepted and able to be myself.
- +6%** An effort is made to accommodate any particular need or goal that I have.

#### Where we still have work to do

There are three main areas of improvement that we need to focus on based on the input and feedback we received in February.

##### Area to improve

1. Collaboration between different teams to get things done.
2. Improving internal systems and processes for optimal productivity.
3. Our physical environment in our head office location; making it more functional and enjoyable.

##### Actions planned

1. Team objectives for FY25 are being articulated and shared between teams to clarify roles and responsibilities.
2. This has been built into the work plan for our new Director of Digital & Technology.
3. A plan has been made to refresh and reconfigure the space in our head office building. This will be completed later in the year.

### A few of our key achievements in FY24

<h4 style="margin-top: 0;">April–June 2023</h4> <ul style="list-style-type: none"> <li>– Listening Initiative ('The Booth').</li> <li>– Introduced new Bank Holiday Swap Policy (suggested by the Inclusion Committee).</li> <li>– Customer First workshops attended by all colleagues in teams.</li> <li>– Signed the Race at Work Charter (Business in the Community).</li> <li>– Published first 'Diversity Tracker' to all colleagues providing full transparency on self-declared demographic profile.</li> </ul>	<h4 style="margin-top: 0;">July–September 2023</h4> <ul style="list-style-type: none"> <li>– Introduced key new benefits (additional support for fertility, menopause, volunteering).</li> <li>– Achieved Bronze level Accreditation with Clear Assured (global accreditation for best practice in diversity and inclusion).</li> <li>– Following shareholder approval of our revised 2023 Directors' remuneration policy at the 2023 AGM, we communicated changes to our annual bonus process with a new corporate scorecard cascaded through the business.</li> </ul>	<h4 style="margin-top: 0;">October– December 2023</h4> <ul style="list-style-type: none"> <li>– Achieved Level 3 Disability Confident Leader (highest status).</li> <li>– Compulsory Inclusion Training for the entire business resulting in personal commitments and greater D&amp;I competence.</li> <li>– Rotated volunteer leaders for our Impact Groups.</li> <li>– Adopted a new Board-approved ethnic diversity target for senior leaders (Parker Review).</li> </ul>	<h4 style="margin-top: 0;">January–March 2024</h4> <ul style="list-style-type: none"> <li>– HR-driven social value confirmed – £162,460 for the year (combination of training, apprenticeships, mental health support).</li> <li>– Reviewed, refreshed and published updated our corporate values (adding a fifth for customer).</li> <li>– Conducted a comprehensive annual employee engagement survey.</li> </ul>
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## Our people and culture continued



**Anthony Osho, Customer Relationships & Insights Lead:**

“I’m looking forward to developing a dedicated customer account management capability alongside our asset and operational teams. Also, understanding our customers’ experiences through what they tell us and what they don’t tell us (but what we see in how they interact with our spaces) is the next step for insight strategy.”



**Jordan McLean, Director of Digital & Technology:**

“I’m really excited about the opportunity to drive genuine innovation and digitisation into an industry that is ripe for change. GPE have the appetite, energy and leadership to transform not just the Company but the whole industry and I’m thrilled to be here to lead us on that journey.”



**Molly Maguire, Flex Leasing Manager:**

“I was very keen to join a brilliant team who all have a shared goal and vision of creating, delivering and leasing market-leading Flex spaces across London. It was GPE’s Flex aspirations and commitment to the growth of the Fully Managed portfolio which I found incredibly exciting and something I wanted to be a part of.”

### Powered by people

We have made several key changes and appointments this year, promoting from within and also recruiting talented specialists to support the acceleration of our flexible office space roll-out and our focus on customers. We have also taken steps to ensure our core supporting infrastructure is strong and future-fit, whilst remaining focused on headcount and cost management.

- **Simon Rowley** was promoted to the role of Director of Flex Workspaces with overall responsibility to grow our Flex office footprint.
- **Jordan McLean** was recruited as Director of Digital & Technology and assumed responsibility for all our digital transformation and innovation activities in addition to managing our IT infrastructure.
- **Helen Hare** expanded her Projects remit to include Health & Safety and two new teams; Technical Services and Flex Workspaces Design and Delivery.
- **Felicity Roocke** was recruited as Head of Flex Workspaces Design & Delivery and is responsible for leading our workplace design and delivery strategy for all our Flex projects.
- **Federico Boronet** joined as Senior Central Services Manager in our Customer Experience team and has responsibility for procurement and supply chain management of all outsourced service contracts and strategic service partner management.
- **Anthony Osho** was promoted to Customer Relationships and Insights Lead, a new role focused on Flex customers and portfolio-wide insight.
- **Timothy Scanlon** was recruited as a Customer Experience Senior Manager overseeing our Customer Operations at 200 Gray’s Inn Road.
- **Molly Maguire** joined as a Flex Leasing Manager and is focused on growing our flexible workplace offering.
- **Mark Walkden** was promoted to Head of Technical Services, with responsibility for the technical aspects of all our buildings.
- **Hugh Morgan**, already a commercial Director, was appointed as Director of Portfolio Management, overseeing the implementation of asset strategies across our entire building portfolio.
- **Martin Leighton** and **Stephen Burrows** were appointed Co-Directors of Finance in an internal restructuring of the Finance team. They are jointly responsible for Corporate Finance, Finance Operations, Financial Reporting, and Financial Planning & Analysis.



## Colleagues making a difference

GPE has four very active Impact Groups that are focused on diversity, equality and inclusion issues. Each Impact Group is led by volunteer colleagues from across the business and is sponsored by a member of the Executive Committee. These groups are overseen by our Inclusion Committee, which meets six times a year and coordinates our efforts to cultivate an inclusive workplace. The Inclusion Committee also advocates other strands of diversity for which we do not presently have an Impact Group (primarily LGBTQ+ and abilities including visible and invisible disabilities).



### Health & Wellbeing Impact Group

Our Health & Wellbeing Impact Group supports our vision of happy and healthy colleagues by raising awareness, increasing knowledge and ensuring people have access to tips and tools to improve their physical, mental and financial wellbeing. The group sponsors a variety of events across the year and there is widespread participation. Examples include mini 'health-MOTs', a January fitness challenge, monthly chair massages, board-game lunches, walking meetings, nutrition talks, and financial planning seminars.



### Women's Impact Group

Our Women's Impact Group advocates on issues and policies related to gender equality and seeks to provide a safe, supportive 'network' where colleagues can share experiences and challenges as well as learn from and help each other. This group provides networking opportunities for GPE women through social and learning events and a 'buddy system' which rotates on a quarterly basis. The group also organised events for International Women's Day and held various training sessions, open to all (Panel Speaking, Resilience, Avoiding Burnout, and Silencing your Inner Critic).



### Race & Ethnicity Impact Group

Our Race & Ethnicity Impact Group is comprised of a multi-cultural group of colleagues from across the business. The purpose of this group is to support each other to succeed at GPE and seeks to educate, encourage allyship, and to generally create an environment which empowers and celebrates the race, ethnicity and heritage of all our colleagues. By raising awareness, the group has been instrumental in helping colleagues in the wider business to become more comfortable talking about race, ethnicity and religion.



### Parents & Carers Impact Group

Our Parents & Carers Impact Group recognises the challenge for those with caring responsibilities outside of work to balance this with a thriving career. This group is committed to helping colleagues feel empowered to be the best they can be both inside and outside of work. This group has actively influenced our family benefit policies and has ensured that all colleagues have access to a widely used support portal which offers resources and information to help people achieve a healthy work-life balance.



**Felicity Kelly, currently on a secondment to HR covering a maternity leave:**

"In the six years I have been here, I have definitely seen progress in terms of the culture and ensuring that equal opportunities exist for everyone to succeed and advance their careers."



**James Harrop-Griffiths, Investment Manager and Inclusion Committee member:**

"I have been a member of the IC since it started in 2022. It's been a fantastic forum to increase my own learning and confidence in talking about these topics and I feel like I am helping to make GPE a safe space for everyone."



**Yasemin Kiani, Communications Lead and Co-Chair of the R&EIG:**

"At first I was concerned that the D&I work would be 'all talk, no action' but I've actually seen the commitment from our most senior leaders and I believe they mean what they say. We still have a lot to do but are on the right path."

# Our people and culture continued

## GPE gender and ethnicity balance

Diversity and inclusion is at the heart of our People Strategy. We genuinely believe that diversity gives us strength and we value all kinds of diversity including diversity of experience, thought and perspective. We are proud of the fact that:

- **89%** of our colleagues say that they are treated with respect;
- **79%** say they feel comfortable at GPE, accepted and able to be themselves;
- **70%** feel that GPE is doing the right things to improve D&I.

These results are encouraging and we will continue to build on our progress to date. We are convinced that diverse leadership teams create a competitive advantage and we have set some important aspirational targets for our gender and ethnic diversity to help us achieve our ambitions. Specifically:

- 20% of all management roles will be held by colleagues who identify with an ethnic minority category by 31 March 2025. **31 March 2024: 15%**.
- 40% of all senior leadership roles will be held by women by 31 March 2025. **31 March 2024: 33.3%**.

In line with the Parker Review recommendations, we have also set a further target for at least 15% of our senior managers (Executive Committee and their direct reports) to be represented by individuals identifying with an ethnic minority category by the end of 2027. **31 March 2024: 4.2%**.

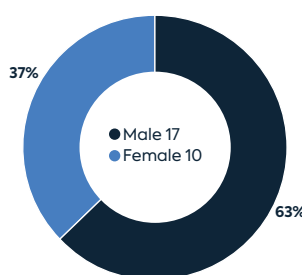
Information prescribed by the Listing Rules on the gender diversity of our Board and Executive Management, and also of our total employee population, is set out in the diversity disclosure tables below. Details regarding the Board's Diversity Policy and representation targets, its approach to D&I and our Board diversity statement can be found in the Nomination Committee report on pages 112 and 113.

## Senior leadership gender diversity as at 31 March 2024

	Males	Females	% Female
Executive Committee	6	2	25.0%
Senior Management	10	6	37.5%
<b>All senior leadership roles</b>	<b>16</b>	<b>8</b>	<b>33.3%</b>

Senior Management above is comprised of our Department Directors and Heads of Departments. As at 31 March 2024, and for the purposes of disclosure under section 414C Companies Act 2006, our 'senior leader' population of Executive Committee members (excluding the Executive Directors) and members of Senior Management comprised 16 men (66.6%) and 8 women (33.3%).

## Executive Committee and direct reports as at 31 March 2024



The Executive Committee and their direct reports include Executive Directors, other Executive Committee members (including the General Counsel and Company Secretary) and their direct reports comprising individuals for whom they have direct line management responsibility, excluding administrative or support roles.

### Diversity disclosure tables

#### Gender:

as at 31 March 2024

	Number of Board members	Percentage of the Board	Number of Senior Positions on Board (CEO, CFO, SID and Chair)	Number in Executive Management*	Percentage of Executive Management	Number of total employees	Percentage of total employees
Men	6	60%	4	6	75%	64	48%
Women	4	40%	–	2	25%	69	51%
Other categories	–	0%	–	–	0%	1	1%
Not specified/prefer not to say	–	0%	–	–	0%	–	0%

\* In accordance with the UK Listing Rules' definition, Executive Management comprises the Executive Committee (being the most senior executive body below the Board).

#### Ethnic Background:

as at 31 March 2024

	Number of Board members	Percentage of the Board	Number of Senior Positions on Board (CEO, CFO, SID and Chair)	Number in Executive Management*	Percentage of Executive Management	Number of total employees	Percentage of total employees
White British or other White (including minority-white groups)	9	90%	4	8	100%	97	72%
Mixed/multiple ethnic groups	–	0%	–	–	0%	9	7%
Asian/Asian British	1	10%	–	–	0%	7	5%
Black/African/Caribbean/Black British	–	0%	–	–	0%	11	8%
Other ethnic group, including Arab	–	0%	–	–	0%	4	3%
Not specified/prefer not to say	–	0%	–	–	0%	6	5%

#### Approach to data collection

All individuals are asked to self-report their ethnicity and gender identity on a strictly confidential and voluntary basis with a 'prefer not to say' option for certain fields. Over 95% of our population have self-reported personal information for ethnicity and gender identity as well as religion, sexual orientation and disability.

# Our stakeholder relationships

Building and nurturing the relationships we have with our stakeholders is critical to our success and too valuable to outsource. As a result, we manage all aspects of our property portfolio in-house. We aim to build lasting relationships based on professionalism, fair dealing and integrity.

## Customers

Understanding our customers' businesses and having a deep appreciation of what they require enables us to deliver a workplace environment in which they can focus on their own business activities. Having a strong, enduring relationship with our customers means we can work with them to ensure they remain satisfied within their existing workspace, and allows us to retain or relocate them when their occupational requirements change. Our 'Customer First' approach is vital to help us design and deliver spaces and experience which allow our customers' businesses to thrive.

The role of the property owner is rapidly changing as the needs of customers evolve. An attractive office is now considered more than simply a location in which to do business. It serves a broader purpose. It needs to enhance the productivity of the workforce, align to a business's brand and culture and play a key role in attracting and retaining talent in a competitive marketplace.

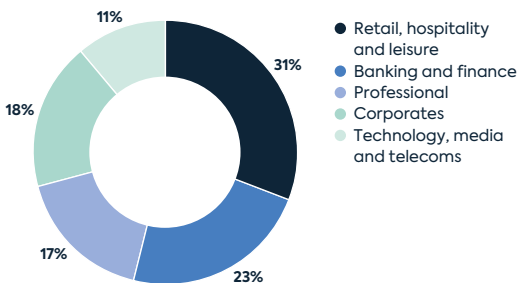
Whichever offer our customers choose, they are each developed with sustainability at their core. We future proof our spaces, incorporating technology to enhance the customer experience, and they are designed to promote health and wellbeing for our customers and local communities, with highly adaptable open plan configurations and outdoor spaces.

We recognise that to deliver a high quality service, we need to have a direct relationship with our customers. Therefore, we have dedicated in-house Customer Experience and Workplace Technical Services teams whose roles are to manage the day-to-day operation of our buildings and deliver an attractive service provision to all of our customers.

### Our service proposition

It takes a true partnership to unlock potential. That is why we work hand in hand with our customers to ensure we thrive together. We understand there is no one size fits all approach and that we need to work closely with our customers to understand their challenges and changing needs. Our service proposition 'Together we thrive' helps ensure we continue to deliver and maintain the highest standards and includes five service standards that have been rolled out across the business to ensure consistency in our approach, whilst also providing a strong promise to our customers:

GPE customer mix %



## Approach and objectives

### Customer First

We know that every business is different, so we provide choice to allow our customers to create their space the way they want it. Our Ready to Fit offering provides flexibility for customers to design and build the space in our buildings that is just right for them and their people. We provide Fitted spaces that are designed for our customers by our in-house experts. Customers can also choose to have their space Fully Managed by us, where we take care of everything, making life easier and hassle free so they can concentrate on their business.

Our key stakeholders have been identified as our investors, people, customers, joint venture partners, communities, local planning authorities and suppliers. See more on our people and culture on pages 63 to 68. See more on engaging with our investors on pages 100 and 101. See more on our communities on pages 50 and 51.

**Service proposition:**  
**Together we thrive**

**Service standards:**

<b>Actively listen</b>	<b>Bring the energy</b>	<b>Be flexible</b>	<b>Add value</b>	<b>Keep our word</b>
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Knowledge of the changing needs of our customers requires a close relationship and regular engagement. A key element of our approach, in addition to frequent day-to-day interaction, is to require our team to formally meet with every customer twice a year and we have enhanced our engagement with Executive Committee members meeting a cross section of our customers at least annually. Furthermore, our refreshed Roadmap to Net Zero has introduced new sustainability customer engagement targets. These meetings, combined with the independent customer satisfaction surveys we undertake, provide an understanding of how our customers' real estate needs are developing and provide valuable insight into the health of the sectors in which they operate.

### Examples of topics raised during the year

- The rising cost of energy for our customers;
- Ensuring safety of buildings and health and wellbeing of people in the office;
- Opportunities to improve service charge communication and management processes;
- Areas to improve the user experience of our sesame® app;
- Single point of contact to support customer requirements, enhanced strategic relationship with GPE; and
- Timely repair and swift communication of building issues.

# Our stakeholder relationships continued

## How did we respond

- Incorporated customer feedback/issue tracking in GPE customer CRM;
- Simplified our sesame® app, with phased roll out planned and testing underway;
- Senior management tours of all development sites and the managed portfolio exclusively focusing on health and safety; and
- Detailed customer journey mapping completed, service charge and Flex process improvements being implemented.

## High levels of customer satisfaction

We commission an annual independent customer satisfaction survey which is designed to determine our customers' satisfaction with their building, communication, our understanding of their business needs and ease of doing business with us. This year 122 retail and office customers participated. A key output of the survey is a Net Promoter Score (NPS), which is best translated as the willingness to recommend GPE. It is expressed as an absolute number between -100 and +100.

Our office NPS remains high, at +30.2 in 2024 (2023: +44.0). Whilst this year's score is lower than last year, it remains materially ahead of the industry average of +6.9. From the valuable feedback and comments we receive, we prepare building-specific action plans to further improve our services. The plans are produced within four weeks of the results and implemented as soon as possible, demonstrating that we have listened and, more importantly, acted on feedback.

## Next steps

70% of respondents to our customer survey shared a sustainability contact within their organisations for us to talk to which will help us and our customers drive down energy usage, drive up recycling rates and implement new sustainability activities to lower our joint impact on the environment.

Through our customer survey, this year many of our customers told us that they would like a more strategic relationship with us outside of their day-to-day interaction with our CXM team. To this end we will be strategic, ensuring that we spend more time hearing from the decision makers within our customer community to ensure we better understand their business and how we can help support their space requirements.

We have also recently hired a Data Analyst to join our CX team so 2024 will see us focusing more than ever on what our data tells us, and using it to draw out actionable insights to further improve customer experience.

Operational  
measure

Customer satisfaction  
(Office Net Promoter Score)

**+30.2**

2023: +44.0

## Our joint venture partners

Joint ventures are an important part of our business and today they comprise three active partnerships, with BP Pension Fund (GRP), the HKMA (GHS) and Threadneedle (GVP). Our joint ventures are built on long-term relationships with trusted, high quality partners. At 31 March 2024, they made up 20.4% of the portfolio valuation, 31.0% of net assets and 21.4% of rent roll (at 31 March 2023: 22.0%, 28.1% and 23.9% respectively).

## Approach and objectives

Our approach has been to seek joint venture partners to help us unlock real estate opportunities that might not have been available to GPE alone, either through sharing risk or providing access to new properties. The success of our joint venture activities relies on strong relationships with our partners, based on frequent engagement. Each partnership has a joint board (including at least one GPE Executive Director) that typically meets quarterly on a formal basis with frequent ad hoc engagement throughout the year. The joint venture properties are valued quarterly, with detailed management information being provided to the joint venture board.

## Examples of topics raised during the year

- Evaluating the further roll out of Fitted and Fully Managed spaces in Elm Yard, WC1 in GRP;
- Consideration of the refurbishment of 200 Gray's Inn Road, WC1 in GRP;
- Completion of the retail leasing at Hanover Square, W1 in GHS; and
- The retail leasing strategy for Mount Royal, W1, in GVP given the evolution of Oxford Street.

## How did we respond

- Further Flex roll out complete at Elm Yard with the majority of the building now let on either a Fitted or Fully Managed basis;
- Preparation for the refurbishment of elements of 200 Gray's Inn Road with an anticipated start in summer 2024; and
- strong leasing at Mount Royal, W1, including a new 22,500 sq ft flagship store for TK Maxx.

## Next steps

Looking forward, we are working closely with our partners to advance our business plans across our existing joint ventures, together with actively seeking opportunities to acquire new assets in joint venture structures.

Operational  
measure

Net assets in  
joint venture

**31.0%**

2023: 28.1%



## Local planning authorities

Developing buildings in central London is challenging. Conservation areas protect a large proportion of the city, building heights are restricted, development needs to be considerate to local residents and justified in sustainability terms. Consequently, the planning process is increasingly demanding, lengthy and costly. Therefore, our relationships with local planning authorities and communities are key to the delivery of new spaces in London.

### Approach and objectives

Navigating the planning process is key to our success. We engage with local authorities, residents and other stakeholders in an open, transparent and constructive manner to understand their needs and, where possible, adjust our proposals to take account of comments received. This helps us to secure planning consents that are beneficial to us and the local communities in which they are built. During the deconstruction and construction phases, we maintain regular meetings with residents and stakeholders to ensure we mitigate the impact of the works and aim for our projects to creating a lasting positive social impact in London.

### Examples of topics raised during the year

- The increasing importance of sustainability commitments and their impact on the planning landscape;
- The appropriate level of carbon tariffs, including new proposals by Westminster City Council;
- Successful planning consents at Minerva House, SE1 and French Railways House & 50 Jermyn Street, SW1;
- Planning refusal on appeal for non-determination of our proposed New City Court, SE1 development; and
- Increasing local authority preference for retrofit over new build.

### How did we respond

- Proactive engagement regarding the design and development of schemes, with changes made to incorporate feedback;
- Maintaining an appropriate balance between retrofit and new build, including innovative approaches to the circular economy;
- Driving down our in-use carbon through demanding operational carbon intensity standards;
- Continued consultation with local authorities directly and through business organisations; and
- Resident and key local stakeholder consultation during planning processes.

### Next steps

Over the coming year, we will be focused on managing the procurement and delivery of our near-term projects, whilst also progressing the early design stages of our longer-term pipeline. We are also building on our innovative approaches to design, materials and procurement to maintain our market leading position on sustainability matters. Furthermore, we will build on our ‘responsible developer’ credentials and the benefits to our projects including; creation of employment generating space, strong sustainability credentials, social value and biodiversity.

## Our suppliers

We work with a diverse range of suppliers, from small independents to large multinationals. The successful and profitable delivery of our larger projects requires strong relationships and collegiate working across our supply chain. Whilst most procurement is subject to a tender process to ensure we obtain value for money, we aim to partner with suppliers who share our values, work to secure the best people with an established track record and, where possible, retain key team members on successive projects.

### Approach and objectives

The close relationship we foster with our suppliers, alongside a track record of successful project delivery and a deep pipeline of future work, means that people want to work with us, and ensures that we have good access to quality partners.

For our development, refurbishment and fit-out projects, regular communication is paramount. This starts with the design process, where we encourage our project teams to consider the art of the possible and work with our contractors to explore new and innovative ways of working. We are increasingly working with our supply chain partners much earlier in the design process, including our leasing agents to help us to ensure our buildings are optimally designed and, where appropriate, evolve over the project to remain relevant. We also aim to treat our suppliers fairly through prompt payment, including bi-monthly payment terms with some of our largest contractors. Whilst we expect all our suppliers to operate to high standards, our Supplier Code of Conduct sets out the standards that we require. Furthermore, we work closely with our suppliers to enable us to achieve the goals set out in our Sustainability Statement of Intent, using sensible procurement methods to mitigate our carbon impact where possible. We ensure that the sustainability and social impact goals of our suppliers are taken into account prior to tendering our contracts.

### Examples of topics raised during the year

- Support for site safety and mental health;
- Impacts of inflationary pressures and supply chain disruption;
- How to improve productivity in design, procurement and construction; and
- Greater collaboration to reduce our carbon footprint and improve social impact.

### How did we respond

- 35 days’ average payment terms;
- Working with suppliers on information sharing and initiatives to reduce carbon through the supply chain;
- Encouraged the adoption of the principles of the Private Sector Playbook; and
- Working with suppliers to manage procurement options and minimise the risk of modern slavery.

### Next steps

Continue our collaboration with Lendlease to deliver the redevelopment of 2 Aldermanbury Square, EC2, with Mace to deliver French Railways House & 50 Jermyn Street, SW1 and with Multiplex to deliver Minerva House, SE1. For our refurbishment and fit-out schemes we continue our great work with Faithdean, 8Build, Knight Harwood and ISG and also continue to expand our contractor base for our near-term schemes.

# Engaging with our stakeholders

## Section 172(1) statement

The Directors have acted in the way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have had regard, amongst other matters, to those matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

- the likely consequences of any decision in the long term;
- the interests of the Company’s employees;
- the need to foster the Company’s business relationships with suppliers, customers and others;
- the impact of the Company’s operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

## Our stakeholders

As explained on pages 69 to 71, GPE has identified its key stakeholders as being its: investors, people, customers, JV partners, communities, local planning authorities and suppliers. Building and nurturing these relationships based on professionalism, fair dealing and integrity is critical to our success.

## Our engagement

Our extensive engagement efforts help to ensure that the Board can understand, consider and balance broad, and sometimes conflicting, stakeholder interests when making decisions to deliver long-term sustainable success. Every decision the Board makes will not necessarily result in a positive outcome for all stakeholders; however, the Board aims to treat stakeholders fairly and consistently, guided by GPE’s purpose, values and strategic priorities, and the long-term interests of the Company.

## Board processes

While the Board will engage directly with stakeholders on certain issues, stakeholder engagement will often take place at an operational level, with the Board receiving regular updates on stakeholder views from the Executive Directors and senior management.

As part of our Director induction process, Directors receive a briefing and induction materials regarding their duties under s.172. Training has further been delivered by the Company Secretariat team to management to ensure that they understand the duties of the Board and the importance of s.172(1) matters in GPE’s strategy discussions and decision making. Board papers for all key decisions are required to include a specific section reviewing the impact of the proposal on relevant stakeholder groups as well as other s.172(1) considerations.

Page 104 sets out some examples of how the Board has considered s.172(1) matters in its decision making in 2023/24.

You can read more about our approach to s.172(1) matters and stakeholder engagement as follows:

<b>Key decisions and long-term consequences</b>	Statement from the Chair	<a href="#">➔ See more on page 01</a>
	An evolving strategy underpinned by our values and commitment to sustainability	<a href="#">See more on pages 02 and 03</a>
	How we create value	<a href="#">See more on pages 12 and 13</a>
	Impact on decisions	<a href="#">See more on page 104</a>
	Letter from the Chair of the Board	<a href="#">See more on pages 91 to 93</a>
	What we did in 2023/24	<a href="#">See more on pages 106 and 107</a>
<b>Employees</b>	Our people and culture	<a href="#">See more on pages 63 to 68</a>
	Leadership and purpose	<a href="#">See more on pages 98, 99, 102 and 103</a>
<b>Fostering business relationships with suppliers, customers and others</b>	Our stakeholder relationships	<a href="#">See more on pages 39, 50, 63 to 70, 100 to 101</a>
	Leadership and purpose	<a href="#">See more on page 99</a>
<b>Communities</b>	We are creating a lasting positive social impact in our communities	<a href="#">See more on pages 50 and 51 and 69 to 71</a>
	Leadership and purpose	<a href="#">See more on page 99</a>
<b>Environment</b>	Sustainability	<a href="#">See more on pages 37 to 62</a>
	Our stakeholder relationships	<a href="#">See more on pages 69 to 71</a>
<b>High standards of business conduct</b>	Our people and culture	<a href="#">See more on pages 63 to 68</a>
	Our stakeholder relationships	<a href="#">See more on pages 69 to 71</a>
	Letter from the Chair of the Board	<a href="#">See more on pages 91 to 93</a>
	Anti-fraud, bribery and corruption, ethics and whistleblowing	<a href="#">See more on pages 105 and 120</a>
<b>Investors</b>	Letter from the Chair of the Board	<a href="#">See more on pages 91 to 93</a>
	Leadership and purpose	<a href="#">See more on pages 100 and 101</a>

## Non-financial and sustainability information statement

This table is disclosed on a voluntary basis and signposts related non-financial and sustainability information in this report and further reading on our website.

Reporting area <sup>1</sup>	Policies	Website	Reference in 2024 Annual Report
<b>1. Environmental and sustainability matters</b>	Sustainability Policy Statement Our Brief for Creating Sustainable Spaces Our Guiding Principles of Design Sustainability Statement of Intent Our Roadmap to Net Zero Task Force on Climate-related Financial Disclosures (TCFD) Streamlined Energy and Carbon Reporting (SECR) disclosure	<a href="http://www.gpe.co.uk/sustainability">www.gpe.co.uk/sustainability</a> <a href="http://www.gpe.co.uk/sustainability/our-approach">www.gpe.co.uk/sustainability/our-approach</a> <a href="http://www.gpe.co.uk/investors/investment-case/our-guiding-principles">www.gpe.co.uk/investors/investment-case/our-guiding-principles</a>	See more about sustainability, including our updated Roadmap to Net Zero on <b>pages 37 to 62</b> See our SECR disclosures on <b>pages 44 to 47</b> See our response to the TCFD Recommendations on <b>pages 52 to 61</b> Additional information in response to the requirements of s414CB(2A) climate-related financial disclosures (a–h) can be found on <b>pages 38, 39, 42 to 47 and 52 to 61</b>
<b>2. Employees</b>	Our values Diversity Policy Our People Plan Personal Development Plans	<a href="http://www.gpe.co.uk/our-people/our-values">www.gpe.co.uk/our-people/our-values</a> <a href="http://www.gpe.co.uk/investors/governance">www.gpe.co.uk/investors/governance</a> <a href="http://www.gpe.co.uk/our-people/diversity-inclusion">www.gpe.co.uk/our-people/diversity-inclusion</a> <a href="http://www.gpe.co.uk/our-people">www.gpe.co.uk/our-people</a>	See more about our values on <b>pages 03 and 63</b> See more about people and culture on <b>pages 63 to 68 and 110 to 113</b> See more about diversity and inclusion on <b>pages 67 and 68</b>
<b>3. Human rights</b>	Supplier Code of Conduct Annual Modern Slavery Statement	<a href="http://www.gpe.co.uk/investors/our-relationships/our-service-partners">www.gpe.co.uk/investors/our-relationships/our-service-partners</a> <a href="http://www.gpe.co.uk/our-modern-slavery-statement">www.gpe.co.uk/our-modern-slavery-statement</a>	See more about how we behave, human rights and supplier stewardship on <b>page 105</b> See more about mitigating the risk of modern slavery on <b>pages 51 and 105</b> See more about our suppliers on <b>page 71</b>
<b>4. Social</b>	Social Impact Strategy Creating Sustainable Relationships GPE Standard Supply Terms Health and Safety Policy	<a href="http://www.gpe.co.uk/sustainability">www.gpe.co.uk/sustainability</a> <a href="http://www.gpe.co.uk/investors/our-relationships/our-service-partners">www.gpe.co.uk/investors/our-relationships/our-service-partners</a> <a href="http://www.gpe.co.uk/health-safety">www.gpe.co.uk/health-safety</a>	See more about our stakeholder relationships on <b>pages 69 to 71</b> See more about communities on <b>pages 48, 50, 51 and 71</b> See more about our Social Impact Strategy on <b>pages 50 and 51</b> See more about our suppliers on <b>page 71</b> See more about providing safe, healthy and secure environments on <b>page 49</b>
<b>5. Anti-corruption and anti-bribery</b>	Financial Crime Policy Ethics and Whistleblowing Policies Gifts and Hospitality Policy Use of GPE Suppliers Policy Conflicts of Interest Policy Inside Information and Share Dealing Policy	<a href="http://www.gpe.co.uk/investors/governance">www.gpe.co.uk/investors/governance</a>	See more about anti-corruption and anti-bribery matters on <b>pages 105 and 120</b> See more about our Financial Crime, Ethics and Whistleblowing Policies on <b>page 120</b>
<b>6. Business model</b>		<a href="http://www.gpe.co.uk/why-gpe/our-brand">www.gpe.co.uk/why-gpe/our-brand</a> <a href="http://www.gpe.co.uk/investors/investment-case">www.gpe.co.uk/investors/investment-case</a>	See more about how we create value on <b>pages 12 and 13</b>
<b>7. Principal risks and uncertainties</b>	Group Risk Management Policy	<a href="http://www.gpe.co.uk/investors/governance">www.gpe.co.uk/investors/governance</a> <a href="http://www.gpe.co.uk/investors/investment-case/our-strategy">www.gpe.co.uk/investors/investment-case/our-strategy</a>	See more about our approach to risk on <b>pages 74 to 87</b>
<b>8. Non-financial key performance indicators</b>		<a href="http://www.gpe.co.uk/investors/investment-case/key-performance-indicators">www.gpe.co.uk/investors/investment-case/key-performance-indicators</a>	See more about our KPIs on <b>pages 16 and 17</b> See more about our near-term strategic priorities on <b>pages 14 and 15</b>

1. Board oversight of these policies and matters is also covered through 'What we did in 2023/24' on pages 106 and 107.

# Our approach to risk

**The successful management of risk is critical for the Group to deliver its strategic priorities. Whilst the ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is integral to the way we do business and the culture of our team.**

Our attitude to risk is one of collective responsibility, with the identification and management of risks and opportunities being part of the mindset of the GPE team. Our organisational structure, including close involvement of senior management in all significant decisions and in-house management of our development, portfolio and occupational service activities, together with our prudent and analytical approach, is designed to align the Group's interests with those of shareholders.

## Setting and monitoring our 'risk appetite'

The Group's overarching risk appetite is set in the context that we focus on a single market, that of central London, operating out of a single head office within close proximity to all of our activities. Central London's real estate markets have historically been highly cyclical and, as a result, we apply a disciplined approach to our capital allocation and managing our operational risk, in particular our development exposure, in tune with prevailing market conditions. Furthermore, we aim to operate with low financial risk by maintaining conservative financial leverage. Further details regarding our management of financial risks can be found in Note 16 to the Financial Statements on page 172.

We use a suite of key operational parameters as an important tool to set and then measure the Group's risk profile. These parameters consider, amongst other matters, the Group's size, financial gearing, interest and fixed charge cover, level of speculative and total development exposure, level of Flex exposure and single asset concentration risk. These parameters are revisited annually as part of the Board's strategy review and are regularly reviewed at Board meetings. We monitor the Group's actual and forecast position over a five-year period against these parameters.

We set a target risk position for each of our principal risks to determine whether the net risk position of each principal risk is within the Board's risk appetite level, and to determine any appropriate risk response.

## Our risk culture and how we manage our risks

Our overarching risk management process comprises four main stages, as summarised in the diagram below. We believe that effective management of risk is based

on a 'top-down' and 'bottom-up' approach with appropriate controls and oversight, as outlined on page 75, which include:

- our strategy setting process;
- the quality of our people and culture;
- established procedures and internal controls;
- policies for highlighting and controlling risks;
- oversight by the Board, Committees and management; and
- ongoing review of market conditions and the property cycle.

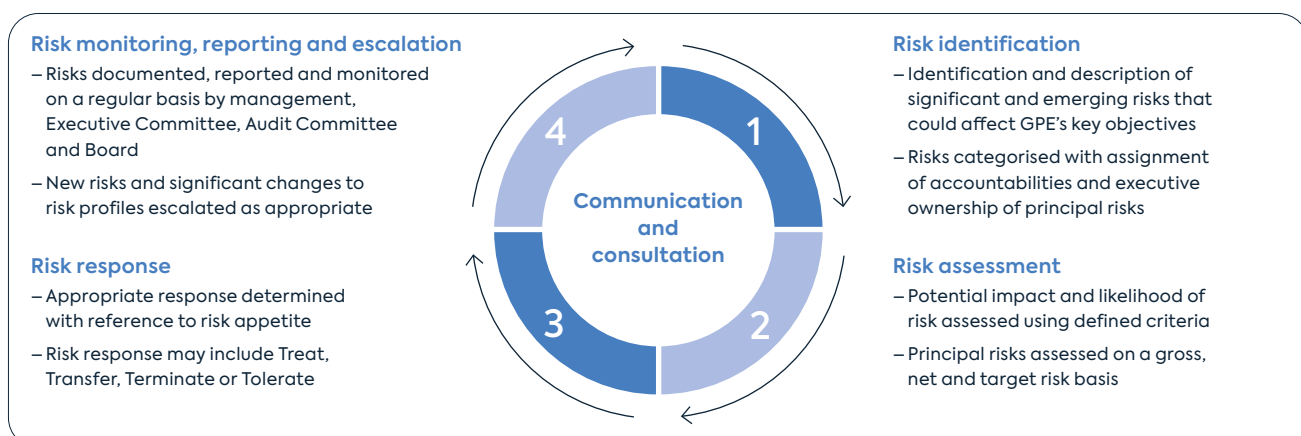
Moreover, risk management is an integral part of all our activities. We consider risks and, more positively, where these might also provide opportunities, as part of every business decision we make, including how they would affect the achievement of our strategic priorities and the long-term performance of our business.

## Six-monthly assessment of principal and emerging risks, opportunities and effectiveness of controls

As part of a robust assessment of the principal and emerging risks facing the Group, at the half-year and year end, the Executive Committee, Audit Committee and Board formally review the Group's principal and emerging risks, including those that would threaten its business model, future performance, solvency or liquidity and reputation. Importantly, part of this review is the consideration of:

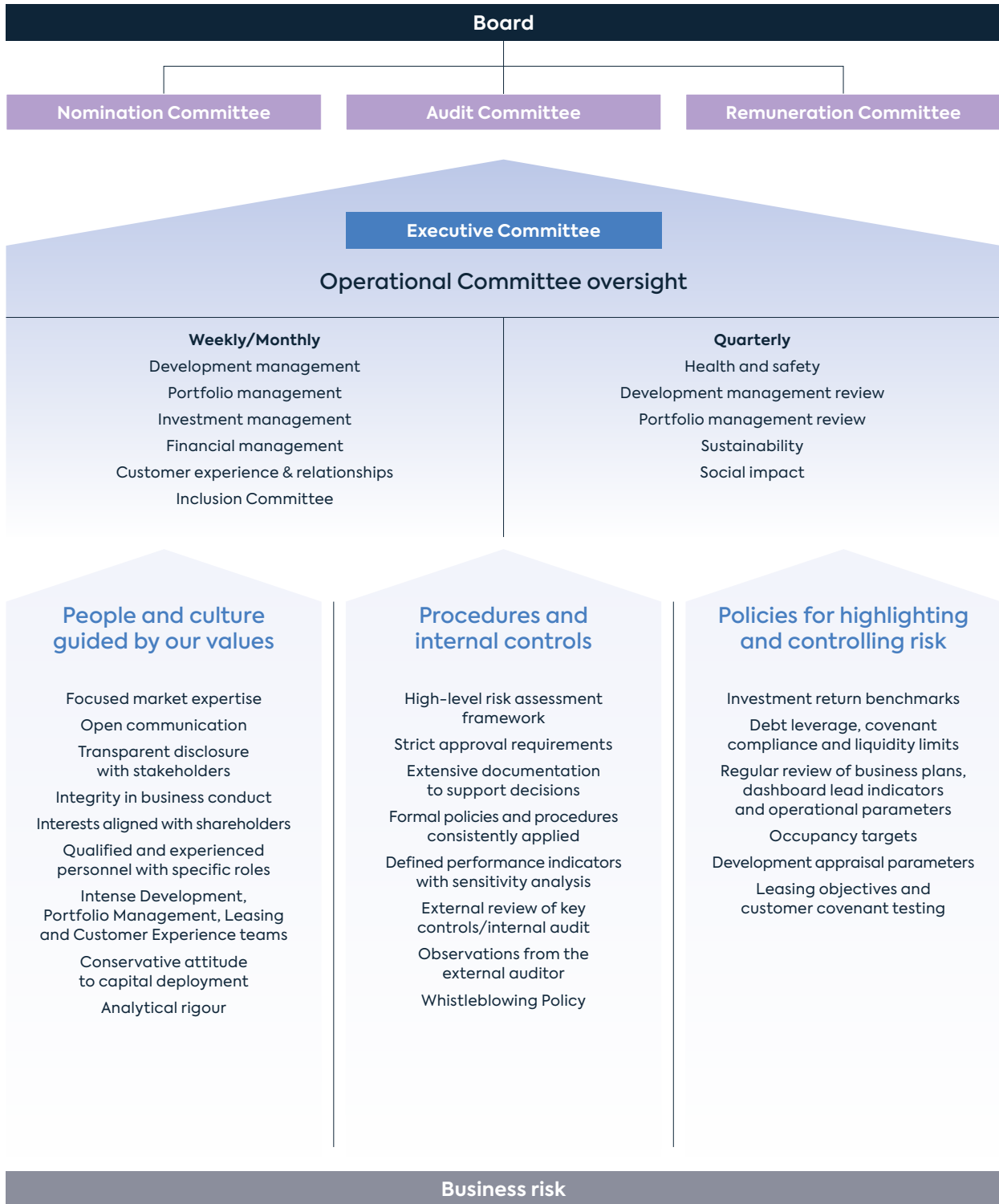
- the internal operational controls in place to mitigate the principal risks, how key controls have operated in the preceding six months and additional activities and controls to further reduce risks where desirable, including any instances where net risk assessments may exceed the target risk position;
- consideration of any emerging risks and opportunities; and
- the Board's ongoing monitoring of these risks.

Whilst emerging risks and opportunities are considered as part of this formal six-monthly assessment, the Board spends additional time at scheduled Board meetings on 'blue sky' thinking and consideration of possible emerging risks. Executive Committee members are tasked to provide a summary in their regular Board updates of the three areas concerning and exciting them the most. We also ask our functional Directors and Heads of Department the same question to continually challenge ourselves as to how we should evolve. Emerging risks are also considered by the Board as part of its annual strategy review. Further information on emerging risks can be found on page 77.





## Board oversight of risk



# Our approach to risk continued

With volatile macro conditions across the global landscape, the Board and the Audit Committee have overseen the Company's response to the challenging macro environment, including persistently higher inflation and interest rates, which have driven up property yields, and the UK entering a shallow recession. This has included actions taken to mitigate risks but also to position GPE to take advantage of the opportunities arising from uncertain markets and the evolution of the property cycle.

The Board and Audit Committee continue to monitor macro-economic and political risks, including those risks arising from Russia's invasion of Ukraine, conflict in the Middle East and other geopolitical tensions, along with their potential impacts on the UK economy, our operations and London's attractiveness. Further details on market impacts can be found in 'Our markets' on pages 21 and 22 and our viability assessment on page 88.

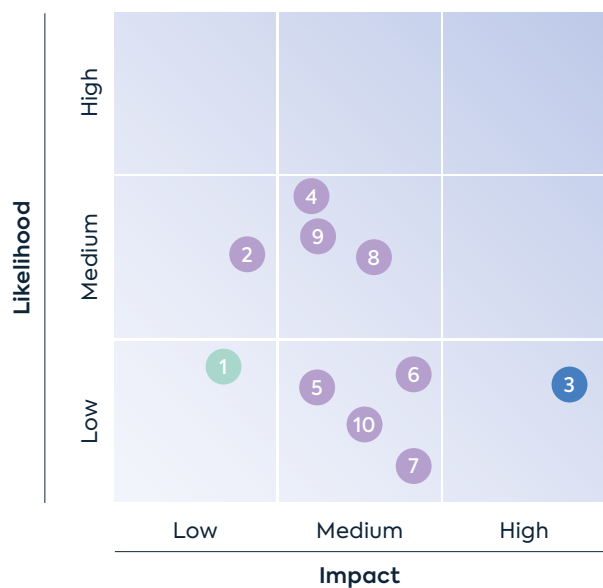
Our principal risks remain largely unchanged from the prior year when we took the opportunity to reframe, consolidate and simplify several principal risks while reflecting the increased emphasis of macro-economic uncertainty in the risk landscape. Amongst other changes, this included the introduction of a standalone 'Adverse macro-economic environment' principal risk. We have since revised the descriptions and assessments of some of our principal risks to reflect how they evolved over the past 12 months. Key changes include the following:

- our risk assessment of 'Adverse macro-economic environment' increased at the half year. However, in view of moderating inflation, anticipated interest rate cuts later in 2024 and stabilising yields, alongside improved sentiment, rebased property valuations and healthy customer demand (amidst a tightening supply of prime space and rising rents), our assessment of macro-economic risks has now, on balance, reduced back to a level comparable to where it was 12 months ago. While macro-economic risks remain, we believe that GPE is well positioned to take advantage of accretive acquisition opportunities presented by market conditions and the anticipated inflection in the property cycle;
- amidst volatile macro-uncertainty, the need to ensure the appeal of the London Stock Exchange to investors and issuers has been the subject of much high profile discussion. In this context, the risk of diminishing attractiveness of the London Stock Exchange potentially limiting the availability of capital has therefore been incorporated in our 'Adverse macro-economic environment' risk;
- the 'Poor capital allocation decisions and/or misreading market conditions' risk has been updated to expressly reference the risk of our failing to read and respond to the evolution of the property cycle. Our assessment of this risk has reduced on balance due to increased gearing being offset by less volatile market conditions, stabilising property valuations, and rebased residual values increasing forecast development returns. Market conditions are also expected to present opportunities for GPE to purchase assets at attractive pricing;

## Net risk heatmap

### Principal risk

- 1 Failure to meet customer needs
- 2 Climate change and decarbonisation
- 3 London attractiveness
- 4 Adverse macro-economic environment
- 5 Poor capital allocation decisions and/or misreading market conditions
- 6 Failure to profitably deliver the development and/or refurbishment programme
- 7 People
- 8 Health and safety
- 9 Cyber security and infrastructure failure
- 10 Failure to profitably deliver the Flex Strategy



### Risk severity

- Low 
 ● Medium 
 ● High 
 1 Net risk rating as assessed after existing controls and mitigation

- as we progress the growth of our Flex business and associated refurbishment activities, our ‘Failure to profitably deliver the development programme’ risk has been expanded to also capture the risk of our not translating the growing refurbishment programme into profitable schemes;
- our assessment of the ‘Failure to profitably deliver the development and/or refurbishment programme’ risk has reduced overall with the progress of our development pipeline (planning now having been secured for our three major HQ development schemes), construction costs stabilising, expected interest rate cuts and re-based residual land values supporting the profitability of developments. The business is live to the increasingly challenging planning environment which is a key consideration in acquisition decisions and related appraisals; and
- the ‘Failure to profitably deliver the Flex Strategy’ risk has also been updated to capture the risk that failing to deliver our target Flex growth will impact the delivery of the Flex strategy and our ability to generate appropriate risk adjusted returns.

A description of the Group’s principal risks, and a summary of the key controls and steps taken to mitigate those risks, is shown on pages 78 to 87. The likelihood and impact of each principal risk is assessed on a gross, net (taking account of the Group’s existing controls and mitigations) and target risk basis (to determine whether the net risk position is within the Board’s appetite level). The net risk assessment for each principal risk is shown on the heatmap on page 76.

### The Board’s ongoing monitoring of the Group’s principal risks and controls

Ongoing monitoring of our principal risks and controls by the Board is undertaken through:

- relatively low levels of authority for transactions requiring Board approval, with investment transactions and development approvals requiring, amongst other matters, consideration of the impact on financial leverage, interest cover and portfolio risk/composition;
- the Executive Committee’s oversight of all day-to-day significant decisions;
- the Chief Executive reporting on the market conditions dashboard, operational parameters, sustainability and digital, IT and innovation activities, as appropriate, at each scheduled Board meeting;
- members of the Executive Committee regularly providing a review of the development programme, occupational markets and key property matters to the Board;
- the Chief Financial & Operating Officer reporting on Group forecasts, including actual and prospective leverage metrics, HR, Flex, customer experience, marketing and social impact matters at scheduled Board meetings;
- the Executive Director reporting on the customer watch list and delinquencies, voids and vacancy rates, health and safety matters and new business developments at scheduled Board meetings;
- the Executive Directors communicating with the Board on any significant market and operational matters between Board meetings;
- senior managers attending the Board and Committee meetings as appropriate to discuss specific risks across the business, such as sustainability, health and safety, regulatory, people and cyber risks, or relating to transactions;
- the Audit Committee meeting with the valuers at least twice a year to better understand market conditions and challenge the assumptions underlying the valuation; and
- the Audit Committee receiving internal audit reports on key risk and control areas and observations from the external auditor.

### Board consideration of emerging risks

As explained on page 74, the Board regularly considers emerging risks and opportunities which could impact the business. Whilst risks relating to structural market changes and short and medium-term climate change are considered within our principal risks, we have also spent time discussing emerging risks across a number of themes, examples of which are set out below:

- technological advances including artificial intelligence, the emergence of the metaverse and other disruptive technologies could impact the quantum and nature of demand for work space in central London. Failure to evolve quickly enough could also result in the loss of customers to competitors. Our Digital, Technology and Innovation Strategy is designed to identify innovation opportunities for GPE to enhance its offer and demand;
- the long-term impacts of climate change could impact the ability to travel to, live, work and shop in central London. Our approach to climate resilience is set out in our Sustainability Statement of Intent, updated Roadmap to Net Zero and Our Brief for Creating Sustainable Spaces;
- deglobalisation resulting from geopolitical tensions could lead to recognised world centres becoming less relevant, which could impact London’s status as a capital city and global gateway. Geopolitical risks could restrict capital flows, adversely impact investment markets and impact the availability of materials, labour and energy security;
- changes to tax and economic policies given current levels of government debt and/or as a consequence of a general election in 2024 could result in increases in sales taxes, stamp duty, business rates and corporation tax and adversely impact the real estate market, occupier demand and GPE returns; and
- increasing regulation, reporting and assurance requirements could increase operational costs and constrain resources, impacting returns.

# Our approach to risk continued

## How we manage principal risks and uncertainties

Principal risk	Strategic priorities	How we monitor and manage risk
<b>Failure to meet customer needs</b>		
<p>We fail to identify and react effectively to shifting patterns of workspace use and/or understand and provide spaces that meet quickly evolving customer needs, including potential longer-term structural changes in working and/or retail practices that change the level and nature of demand for space in central London. This could lead to GPE failing to deliver space and lease terms that customers want and/or an inappropriate mix of Flex versus traditional space, resulting in poor investment returns, potentially stranded assets and losing customers to competitors.</p>	<ol style="list-style-type: none"> <li>1 <b>Progress sustainability and innovation agenda</b></li> <li>2 <b>Enhance portfolio through sales and acquisitions</b></li> <li>3 <b>Deliver on our Flex ambition</b></li> <li>4 <b>Embed our Customer First approach</b></li> <li>5 <b>Deliver and lease the committed schemes</b></li> <li>6 <b>Prepare the pipeline</b></li> </ol>	<ul style="list-style-type: none"> <li>– HQ repositioning and Flex office strategy to meet evolving customer demand.</li> <li>– Quarterly review of individual property business plans and the market more generally.</li> <li>– Portfolio Management, Leasing, Flex and Customer Experience quarterly updates to the Executive Committee with reporting at scheduled Board meetings.</li> <li>– Board and management review of GPE's flexible space offer across the portfolio, including broadening our product offer.</li> <li>– The Group's in-house Customer Experience team has proactive engagement with customers to understand their occupational needs and requirements with a focus on retaining income, including through meetings and regular customer surveys which help us track our Net Promoter Score. Includes proactive communication with customers to manage the impacts of building works and refurbishments.</li> <li>– Cross-functional customer and building action plans are regularly reviewed to align the customer strategy with customer needs.</li> <li>– Programme of engagement for members of the Executive Committee to meet with a selection of customers across the portfolio at least once a year.</li> <li>– Working with potential customers to address their needs and aspirations during design stages of projects. Board and management oversight of the development and implementation of our Digital, Technology and Innovation Strategy and related initiatives.</li> <li>– Design (supported by a specialist fit-out team) and innovation activities in the areas of sustainability, technology, wellbeing and experience.</li> <li>– Customer First programme and strategy in place, with dedicated leadership, relationship management and insights capabilities supported by our customer relationship management system. Customer service proposition and standards in place to ensure consistency when delivering the strategy.</li> <li>– Board annual strategy review, including market updates received from third parties.</li> <li>– New 'We value every customer' corporate value adopted in the year to reflect and reinforce our Customer First approach.</li> </ul>
<b>Climate change and decarbonisation</b>		
<p>The need to decarbonise our business increases the cost of our activities through the need to retro-fit buildings to improve their sustainability credentials (e.g. minimum energy efficiency standards and building ratings) and make them resilient to the impact of climate change. This also reduces our ability to redevelop due to planning restrictions, increased regulation (including additional reporting obligations and costs) and stakeholder expectations, the increased cost of low carbon technology/materials (including utilisation of the circular economy) and potentially the pricing of carbon. Failure to meet the climate challenge could impact our ability to raise capital, deliver buildings, reduce the demand for the buildings we own, cause significant reputational damage and result in exposure to environmental activism and potentially stranded assets.</p>	<ol style="list-style-type: none"> <li>1 <b>Progress sustainability and innovation agenda</b></li> <li>2 <b>Enhance portfolio through sales and acquisitions</b></li> <li>4 <b>Embed our Customer First approach</b></li> <li>6 <b>Prepare the pipeline</b></li> </ol>	<ul style="list-style-type: none"> <li>– Regular Board and Executive Committee review of Sustainability Policy and response to climate risk.</li> <li>– Sustainability Committee meets quarterly to consider strategy in respect of climate change-related risks. Its Portfolio and Development sub-committees meet regularly and report to the Sustainability Committee on progress.</li> <li>– Social Impact Committee meets quarterly to oversee the delivery of our Social Impact Strategy.</li> <li>– Dedicated Sustainability and Social Impact Director on the Executive Committee supported by Sustainability Lead.</li> <li>– Design Review meetings to review design brief for all buildings to ensure that forthcoming sustainability risks are considered.</li> <li>– Sustainable Spaces Brief and Sustainability Strategy in place with climate resilience strategy.</li> <li>– Updated Roadmap to Net Zero with challenging embodied carbon and energy intensity targets. Decarbonisation Fund and internal carbon price established to support initiatives including energy efficiency retro-fitting in existing buildings.</li> <li>– ESG-linked RCF and annual bonus measures to support delivery of decarbonisation and reduction in energy consumption within the business.</li> <li>– Programme of ESG investor engagement in place, with regular review of reporting requirements and participation in investor indices.</li> <li>– Steering group to assess, manage and monitor EPC risks across the portfolio both to estimate compliance costs and to inform our buy, hold and sell strategy and decisions.</li> <li>– Participation in industry bodies to influence policy and drive innovation.</li> </ul>



Net risk movement  
over the last 12 months

Commentary



No change

With hybrid working here to stay, and customers having more choices about where they work, our spaces need to provide compelling reasons to come into the office. With average office rents only c.5%–10% of a typical London business' salary cost, and the office environment a key tool in attracting and retaining talent, we anticipate that competition for the very best spaces will remain healthy. We continue to witness a growing divergence between the prospects of the best spaces versus the rest, and we believe this is set to widen further as customers seek out sustainable and well designed, prime spaces, of which there is a marked shortage, particularly in the West End.

Our strategy of focusing on the best spaces, both through our development of large, best-in-class HQ buildings and smaller fitted units, often with higher service levels, is underpinned by the need to meet the evolving demands of our customers. To ensure we are delivering the spaces our customers want, we have continued to develop our Customer First approach and embed this into our culture and across our business operations. This has included, amongst other things, a refresh of our Fully Managed branding, the reorganisation and strengthening of our teams with new hires and promotions, and the further roll out of our new customer service proposition and associated service standards supported by our Customer Relationship Management System.

Reflecting how our Customer First approach is becoming entrenched in our culture, we also adopted a new GPE Value in the year – 'We value every customer'.

Testament to our approach, we had a good leasing year, completing 66 new leases and renewals, and securing £22.5 million of rent at a 9.1% premium to March 2023 ERVs, whilst continuing the successful roll-out of our flexible space offering.

We continue to design and innovate in the areas of sustainability, technology, wellbeing and service provision. During the year, we expanded our flexible offerings in line with quickly evolving customer demand, including the further roll-out of our Fully Managed offer. Together with planned acquisitions, we are aiming to expand our Flex office offering to more than one million sq ft.

A close relationship with our customers is vital to our success. We were pleased by this year's independent customer satisfaction survey, which updated our understanding of how our customers view their buildings and the services we provide. Our office Net Promoter Score remained high (albeit down from last year's score) at +30.2, significantly above the office industry average of +6.9.



No change

With the built environment contributing approximately 40% of the UK's carbon footprint and the climate change debate being both a moral and economic imperative, particularly for our customers and other stakeholders, we have been further expanding our sustainability commitments and activities. Our Statement of Intent 'The Time is Now' was launched in 2020. Since then, our approach and thinking has developed considerably. In our recently released version 2.0, we set out our increased ambitions to reduce our carbon impacts and revised timelines in which to achieve them.

For further details, see pages 39 to 43.

Our Sustainable Finance Framework governs our potential future debt issuance, with the aim of financing projects that have a positive environmental and/or social impact. This builds on our ESG-linked revolving credit facility, which includes targets to reduce embodied carbon from our new developments and major refurbishments and to improve biodiversity across our portfolio. The rate of interest we pay on this facility depends on our performance against these targets. Furthermore, sustainability targets have been included within the annual bonus scorecard of the whole GPE team and are being used to assess levels of remuneration. Good progress has been made against the 2023/24 annual targets, as set out on pages 17, 41, 43 and 130.

We continue to work to improve the number of our buildings rated for their sustainability credentials. The UK Government has previously announced its intention that all buildings will require an Energy Performance Certificate (EPC) rating of B or above by 2030. As a result, we have created individual asset plans to proactively improve our EPC ratings to meet government and broader stakeholder expectations, to assess potential exposures and inform our hold/sell strategies.

We expect the sustainability challenge to provide us with potential opportunities to acquire orphaned assets needing a sustainability solution.

# Our approach to risk continued

## How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
<b>London attractiveness</b>		
<p>London's appeal may be impacted by reduced appetite to travel to, work and shop in London due to changes in working patterns, changes in government policies or political instability, the rise of alternative destinations for international trade, the impact of civil unrest, terrorism, a pandemic, the impact of long-term climate change (including risk of flooding), disruption to energy supplies and/or the relative expense of operating in London. This results in reduced international capital flows into London, leading to a lack of investment and/or capital flight (including diminished appeal of the London Stock Exchange), lower leasing demand and elevated vacancy, decreasing income, asset values and development viability.</p>	<ul style="list-style-type: none"> <li><b>2 Enhance portfolio through sales and acquisitions</b></li> <li><b>3 Deliver on our Flex ambition</b></li> <li><b>4 Embed our Customer First approach</b></li> <li><b>5 Deliver and lease the committed schemes</b></li> <li><b>6 Prepare the pipeline</b></li> </ul>	<ul style="list-style-type: none"> <li>– Board annual strategy review with regular economic and market updates received from third parties.</li> <li>– Strategic financial forecasts are updated prior to each Board meeting with scenario planning for different economic cycles and eventualities.</li> <li>– Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters.</li> <li>– Key London indicators are monitored to help inform GPE's view of London's economy.</li> <li>– The impacts of international trading relationships, supply chain disruption and geopolitical issues continue to be monitored and reported to the Executive Committee and Board.</li> <li>– Active participation in industry groups to promote London.</li> <li>– Business Continuity Plan in place to manage our response to a major incident or disruption.</li> </ul>
<b>Adverse macro-economic environment</b>		
<p>Adverse macro-economic conditions driven by events such as geopolitical tensions (including conflicts in the Ukraine and Middle East), UK political instability or government policy and supply chain disruption result in weakened UK GDP growth and recession. Elevated inflation (including energy prices), persistently higher interest rates and reduced consumer spending impair investor and occupier demand, increase customer and supplier failure, limit the availability and increase the costs of debt financing, curtail income and reduce asset values and returns. As a result, GPE's financial leverage increases and potentially results in limited availability of capital (including the reduced attractiveness of the London Stock Exchange) and/or a breach of our banking covenants.</p>	<ul style="list-style-type: none"> <li><b>2 Enhance portfolio through sales and acquisitions</b></li> <li><b>3 Deliver on our Flex ambition</b></li> <li><b>4 Embed our Customer First approach</b></li> <li><b>5 Deliver and lease the committed schemes</b></li> <li><b>6 Prepare the pipeline</b></li> </ul>	<ul style="list-style-type: none"> <li>– Regular review of financing and capital structure, including gearing levels, by the Chief Financial &amp; Operating Officer and Executive Committee.</li> <li>– Board annual strategy review including regular economic and market updates received from third parties.</li> <li>– Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles and eventualities.</li> <li>– Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters.</li> <li>– Regular review of current and forecast debt, hedging levels and financing ratios under various market scenarios.</li> <li>– The Group aims to maintain a consistent policy of conservative financial leverage.</li> <li>– Proactive balance sheet management.</li> <li>– Investor relations programme, with regular broker consultation, to build a supportive base in the event of future fundraisings.</li> <li>– The Group's funding measures are diversified across a range of bank and bond markets. Sustainable Finance Framework in place for future debt issuances. During the year, the Group secured a new £250 million term loan and £200 million backstop facility.</li> <li>– Selection of customers, contractors and suppliers based on creditworthiness and close monitoring of rent and service charge collection rates.</li> </ul>

Net risk movement  
over the last 12 months

Commentary



No change

London generates around a quarter of UK GDP and is one of the world's leading commercial, creative and financial centres, with a deep pool of talent. It has one of the world's largest commercial real estate markets, with around 440 million sq ft of office and retail property attracting a deep and diverse mix of customers and property investors, many from overseas. London remains one of the leading global destinations for real estate investment due to its combination of relative value, strong legal system, time zone advantages, international connectivity and a welcoming attitude to global businesses.

Factors such as the impact of geopolitical tensions, supply chain disruption, lower GDP forecasts, inflationary pressures, elevated interest rates and rising costs of living have weighed on sentiment and impacted activity in our investment markets. However, London is resilient, our leasing activity remains robust and West End footfall and tourism has returned to near pre-pandemic levels. Central London is busy and office workers have returned, with hybrid working now the norm. With the macro-economic environment anticipated to improve during 2024, we believe that London's attraction as a global cultural and business centre is undiminished.



No change

Our markets remained challenging over the course of the financial year. However, inflation has moderated, interest rate cuts are anticipated over the course of 2024 and we believe yields are stabilising. This, alongside improved sentiment, rebased property valuations and healthy customer demand amidst a tightening supply of prime space and rising rents, has resulted in our assessment of macro-economic risks being comparable to where it was 12 months ago.

Given this backdrop, our property values reduced by 12.1%, on a like-for-like basis, over the year driven by the impact of elevated interest rates on property yields. Whilst values were down, GPE delivered a strong leasing year and our portfolio ERVs continued to grow, up 3.8% in the year, reflecting the continued shortage of high quality space across our markets.

Over the long term, real estate markets have historically been cyclical, and London has been no exception to this. As a result, we have consistently adopted a conservative approach to financial leverage. As at 31 March 2024, our property LTV was 32.6%, net gearing was 46.8% and interest cover was 3.7 times. Accordingly, we have substantial headroom above our Group debt covenants. We estimate property values could fall around 34% before Group debt covenants could be endangered, even before factoring in mitigating management actions. The Group also has significant financial capacity with liquidity of £633 million (including joint ventures), comprising unrestricted cash of £30.4 million and undrawn committed credit facilities of £603.0 million.

While macro-economic risks remain, we believe that GPE is well positioned to take advantage of accretive acquisition opportunities presented by market conditions and the anticipated inflection in the property cycle.

# Our approach to risk continued

## How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
<b>Poor capital allocation decisions and/or misreading market conditions</b>		
<p>We make poor decisions regarding the allocation of capital and/or fail to adequately read the property cycle or market conditions (including global investor appetite for commercial real estate and offices) such that our leasing, buying, selling or development activities deliver inadequate investment returns, restrict our ability to finance our operations or result in inappropriate asset concentration, building mix and/or level of development undertaken as a percentage of the portfolio.</p>	<ol style="list-style-type: none"> <li>1 <b>Progress sustainability and innovation agenda</b></li> <li>2 <b>Enhance portfolio through sales and acquisitions</b></li> <li>3 <b>Deliver on our Flex ambition</b></li> <li>4 <b>Embed our Customer First approach</b></li> <li>5 <b>Deliver and lease the committed schemes</b></li> <li>6 <b>Prepare the pipeline</b></li> </ol>	<ul style="list-style-type: none"> <li>– Board annual strategy review including regular economic and market updates received from third parties.</li> <li>– Strategy review forecast on an asset-by-asset basis to provide a business plan for each individual property which is subsequently reviewed against the performance of the business as a whole.</li> <li>– Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles.</li> <li>– Regular reviews conducted of individual property IRRs, including quarterly review of individual property dashboards, and market generally. Quarterly review of asset-by-asset business plans to assess future performance and to inform hold/sell decision making.</li> <li>– Weekly investment meetings held and regular dialogue maintained with key intermediaries.</li> <li>– Portfolio Management, Flex, Customer Experience, Development and Leasing quarterly updates to the Executive Committee with reporting at scheduled Board meetings.</li> <li>– Regular review of property cycle by reference to a dashboard of lead indicators.</li> <li>– Dedicated in-house team with remit to research submarkets in central London, seeking the right balance between investment and development opportunities for both current and prospective market conditions.</li> <li>– Detailed due diligence processes for all prospective acquisitions/capital expenditure to help ensure appropriate returns. Key decisions are subject to Board and/or Executive Committee approval in line with the Group's delegated authorities.</li> </ul>
<b>Failure to profitably deliver the development and/or refurbishment programme</b>		
<p>We fail to translate the development and/or refurbishment pipeline and current committed schemes into profitable schemes. This may result from poor scheme management (including of supply chain disruption, the impacts of inflation or adverse yield movements), an increasingly challenging planning and regulatory environment, failure to agree acceptable terms with freeholders/adjoining owners/other stakeholders, poor timing of activity and/or inappropriate products for an evolving market and customer needs (including sustainability expectations). This results in reduced development and/or refurbishment activity, weak leasing performance, reputational damage and reducing property returns.</p>	<ol style="list-style-type: none"> <li>1 <b>Progress sustainability and innovation agenda</b></li> <li>2 <b>Enhance portfolio through sales and acquisitions</b></li> <li>4 <b>Embed our Customer First approach</b></li> <li>5 <b>Deliver and lease the committed schemes</b></li> <li>6 <b>Prepare the pipeline</b></li> </ol>	<ul style="list-style-type: none"> <li>– Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles.</li> <li>– Development management quarterly updates to the Executive Committee with reporting to each scheduled Board meeting.</li> <li>– Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding.</li> <li>– Regular meetings with key cost advisers, main contractors and subcontractors to monitor market conditions. Procurement routes and when to fix prices kept under close review.</li> <li>– Prior to committing to a scheme, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a scheme in light of likely risks. During the course of a scheme, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership.</li> <li>– Regular pipeline review meetings between the Development and Portfolio Management teams and quarterly asset review sessions.</li> <li>– Selection of contractors and suppliers based on their track record of delivery and creditworthiness, corporate responsibility and sustainability credentials.</li> <li>– Post-completion reviews undertaken through Final Appraisal process on all developments to identify best practice and areas for improvement.</li> <li>– Regular, proactive engagement with key stakeholders: working closely with agents, potential customers, and purchasers to identify and address their needs and aspirations, including in respect of safety, sustainability, wellbeing and technology during the planning application and design stages; regular meetings with local authorities, planning officers and experienced planning advisers; early engagement with local residents and community groups, adjoining owners and freeholders.</li> <li>– Design Review meetings to review design briefs for all buildings for sustainability considerations. All our major developments are subject to an appropriate sustainability rating requirement.</li> <li>– Regular review of the prospective performance of individual assets and their business plans with joint venture partners.</li> </ul>



Net risk movement  
over the last 12 months

Commentary



**V** Decreased

During the year, we committed to the development of Minerva House, SE1 and French Railways House & 50 Jermyn Street, SW1. We are also on-site at four Flex refurbishment schemes which are anticipated to deliver 145,000 sq ft of Fully Managed space. In total, our HQ development and Flex capex programme provides a strong platform for organic growth. Together, our seven on-site schemes will deliver 678,300 sq ft of well designed, tech-enabled and sustainable space into a market where prospective supply is increasingly limited. Moreover, with around £120 million of anticipated development surplus to come from these schemes, they will provide a strong foundation to the Group's growth in the coming years.

We continue to assess potential HQ development and Flex acquisition opportunities across central London and regularly review the forward-look performance of our portfolio to maximise returns. During the year, we acquired £122.9 million of new opportunities, including 141 Wardour Street, W1 and the Soho Square Estate, W1. More recently, we exchanged contracts to acquire the long leasehold interest at The Courtyard, WC1.

Our assessment of this risk has reduced on balance with increased gearing being offset by volatile market conditions, stabilising property valuations and rebased residual values increasing forecast development returns. Market conditions are also expected to present opportunities for GPE to purchase assets at attractive pricing. With the return of the property cycle, the Board remains focused on the acquisition pipeline and ensuring GPE is well positioned to take advantage of accretive acquisitions.



**V** Decreased

During the year, our assessment of the 'Failure to profitably deliver the development and/or refurbishment programme' risk has reduced overall with the progress of our development pipeline (planning now secured for our three major HQ development schemes), construction costs stabilising, expected interest rate cuts and re-based residual land values supporting the profitability of developments. The business is live to the increasingly challenging planning environment which is a key consideration in acquisition decisions and related appraisals.

Our seven on-site schemes, three HQ developments and four Flex refurbishments will deliver 678,000 sq ft of well designed, tech-enabled and sustainable space into a market where prospective supply is increasingly limited. Moreover, we have around £120 million of anticipated development surplus to come from these schemes.

To successfully deliver our developments, we work closely with both local authorities and communities to secure planning consents to create great new sustainable spaces, helping London to thrive. We aim to engage with local authorities in an open, transparent and non-adversarial manner. Furthermore, in line with our Social Impact Strategy, as a matter of course, we liaise with community stakeholders to understand their needs and, where possible, we will adjust our proposals to take account of comments received. We use planning performance agreements with the local planning authority to ensure that our planning applications are determined in a timely manner.

With planning permissions in place for Minerva House, SE1, French Railways House & 50 Jermyn Street, SW1 and 2 Aldermanbury Square, EC2, we are now progressing on-site for these schemes.

The planning environment remains challenging, especially for new build development schemes, where there is an increasing preference for 'retrofit first'. Sustainability is becoming ever more important in the planning process with key local authorities declaring climate emergencies. As such, we will look to work with them to support their principles of 'good growth' and continue to evolve our strategies for reducing the carbon footprint of our development activities, including through the use of the circular economy.

At New City Court, SE1, following an appeal for non-determination, in September 2023, we received confirmation that the Planning Inspector's report recommended the planning applications were refused and the Secretary of State agreed with its conclusions. As a result of the planning decision, we are exploring the opportunity to reuse and extend the existing building, combining Fully Managed and Ready to Fit spaces, to create a renewed building with exemplary sustainability credentials, amenity provision, flexible spaces and far-reaching views from large, landscaped roof terraces.

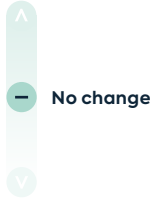
# Our approach to risk continued

## How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
<b>People</b>		
<p>Failure to attract, incentivise and retain high quality, suitably diverse and experienced individuals negatively impacts our ability to deliver our strategic objectives and has a detrimental impact on our values and inclusive culture. Additionally, failure to design and implement the right organisational structure (structure, skills, resourcing levels) will impede our ability to achieve our strategic objectives.</p>	<ul style="list-style-type: none"> <li><b>3 Deliver on our Flex ambition</b></li> <li><b>4 Embed our Customer First approach</b></li> <li><b>5 Deliver and lease the committed schemes</b></li> <li><b>6 Prepare the pipeline</b></li> </ul>	<ul style="list-style-type: none"> <li>– Regular review is undertaken of the Group’s resourcing requirements, performance management, talent review and succession planning.</li> <li>– The Group has a competitive and attractive employee value proposition that is strongly linked to performance and values and a formal six-monthly appraisal system to provide regular assessment of individual performance.</li> <li>– Regular benchmarking of remuneration and non-financial packages to ensure they remain competitive in the market, supported by shareholder adoption of a new remuneration policy in 2023 which is cascaded through the business. Cost of living actions taken where appropriate.</li> <li>– Personal development planning and ongoing training support for employees, together with focused initiatives to nurture potential successors, including talent development, mentoring and coaching programmes.</li> <li>– Clear articulation of GPE values and behaviours which are embedded in key people practices. We place strong emphasis on creating an inclusive culture, supported by the work of our Inclusion Committee and four employee-led impact groups.</li> <li>– Board, Nomination and Executive Committee oversight of our People Plan and diversity and inclusion strategy.</li> <li>– Hybrid Working Policy to give employees appropriate flexibility to perform their roles.</li> <li>– Focus on people engagement with regular two-way communication and responsive employee-focused activities.</li> </ul>
<b>Health and safety</b>		
<p>A health and safety incident (including by our contractors) results in loss of life, significant injury or widespread infection, and financial and/or reputational damage to GPE. Furthermore, significant changes in health and safety and fire safety regulations (including pursuant to the Building Safety Act 2022) and practice driven by government intervention increase compliance and development costs and/or risks of non-compliance.</p>	<ul style="list-style-type: none"> <li><b>1 Progress sustainability and innovation agenda</b></li> <li><b>4 Embed our Customer First approach</b></li> <li><b>5 Deliver and lease the committed schemes</b></li> <li><b>6 Prepare the pipeline</b></li> </ul>	<ul style="list-style-type: none"> <li>– Quarterly Health and Safety Committee meetings are held, with regular reporting on health and safety to the Executive Committee and Board, including on progress against our Health and Safety Strategy and KPIs.</li> <li>– Regular health and safety site checks are undertaken by internal teams and third parties, along with regular senior leadership building tours.</li> <li>– Pre-qualification and competency checks are undertaken for contractors and consultants with contractor management processes in place.</li> <li>– Formal reporting on near misses/significant incidents and accidents.</li> <li>– Proactive health and safety KPIs to monitor and track performance and drive behaviours.</li> <li>– Annual external cycle of health and safety, asbestos, fire safety and water safety risk assessments and surveys.</li> <li>– Online health and safety risk management system in place for the business.</li> <li>– Fire safety management procedures in place.</li> <li>– Activities are undertaken to monitor and raise employee awareness and understanding of health and safety matters, including through employee engagement surveys.</li> <li>– Comprehensive health and wellbeing programme in place for employees with mental health first aiders and an employee assistance programme.</li> </ul>
<b>Cyber security and infrastructure failure</b>		
<p>A cyber attack or infrastructure failure leads to business or network disruption within our portfolio or loss of information or personal and/or customer data. There is the potential for greater impact on Fully Managed customers, to which we provide increased infrastructure support, and high-risk customers. This results in litigation, reputational damage and/or financial or regulatory penalties.</p>	<ul style="list-style-type: none"> <li><b>1 Progress sustainability and innovation agenda</b></li> <li><b>3 Deliver on our Flex ambition</b></li> <li><b>4 Embed our Customer First approach</b></li> <li><b>5 Deliver and lease the committed schemes</b></li> </ul>	<ul style="list-style-type: none"> <li>– IT and cyber security updates are regularly reported to the Executive Committee and the Board, which oversee the implementation of our new three-year Digital, Technology &amp; Innovation Strategy approved by the Board in April 2024.</li> <li>– Cyber security systems and controls are in place and regularly reviewed, with external support, against best practice.</li> <li>– A head office and portfolio IT risk register is maintained.</li> <li>– The Group’s IT Disaster Recovery Plan is regularly reviewed and tested and recovery of data at an off-site recovery centre is tested during the year.</li> <li>– Regular testing of IT security is undertaken, including penetration testing of key systems.</li> <li>– The Group’s data is regularly backed up and replicated.</li> <li>– The Group’s Cyber Third Party Management and Security Policy and processes are designed to identify and control cyber-related risks arising from our third-party relationships.</li> <li>– Employee awareness training on cyber risk is undertaken regularly.</li> <li>– Cyber risk insurance is in place.</li> <li>– Each building has a bespoke Emergency Action Plan, maintaining appropriate systems to mitigate any infrastructure failure.</li> </ul>

Net risk movement  
over the last 12 months

Commentary



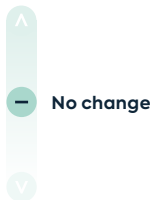
The motivation of our people and maintaining our strong inclusive culture remains fundamental to the delivery of our strategic priorities. The strength of our values and appeal of our culture was highlighted with our most recent employee survey showing 88% of our people 'are proud to work at GPE'. While our overall employee engagement scores were slightly down from the prior year, participation levels were high with 98% of the GPE team completing the survey. To enhance our Customer First approach, as we continue to innovate, digitise our activities and grow our Flex workspace offer, we made a number of organisational design changes to support the delivery of our strategic priorities. We continue to develop our talent and made several senior hires and internal promotions in our management team during the year.

We continue to progress our diversity and inclusion strategy, which forms an integral part of our People Strategy. During the year, the Board and Nomination Committee have continued to oversee the implementation of key initiatives and the setting of clear representation targets across the Group. See pages 68, 112 and 113 for further details.

The physical and mental wellbeing of our people remains a key priority. We seek to be a caring and supportive employer with a comprehensive Wellbeing Programme to support physical and mental health with a focus on de-stigmatising the reality of mental health challenges. We have trained mental health first aiders and have introduced innovative tools to support the mental health of our employees and family members.

We have continued our Board Engagement Programme to enable the Board to listen and respond to feedback from employees and to discuss important matters impacting the business. During the year, we continued the work of our four Employee Impact Groups to strengthen our engagement and feedback from under-represented groups, overseen by our Inclusion Committee.

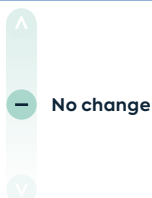
We continue to focus on growing the breadth, depth and diversity of our talent, providing focused development support where needed in an inclusive environment.



We continue to focus on ensuring that we have a best-in-class and proactive health and safety culture. With the introduction of the Fire Safety Act and Building Safety Act and subsequent guidance, we are proactively strengthening our practices and procedures in response to requirements. We continue to monitor evolving regulation and assess its potential impact on our portfolio.

The Group had two reportable accidents during the year, each of which involved contractors. Where accidents do occur, we work with our supply chain on accident investigation to understand lessons learned and opportunities for improvement, to consider how the work could have been set up differently and to understand how, as a client, we can better support our suppliers.

We continue to undertake activities to raise employee awareness and understanding of health and safety requirements and monitor health and safety across the portfolio through a set of proactive key performance indicators.



Cyber security risk has remained elevated due to the rise in attempted cyber crime amidst geopolitical tensions, combined with greater reliance on technology and increased vulnerabilities created by remote and hybrid working. We have continued to invest time and resource into our cyber security measures, both in our head office and across our portfolio.

We continue to strengthen the design and operation of our IT controls, including our IT disaster recovery procedures in response to recommendations arising from a recent internal audit review.

The Board approved a new Digital, Technology and Innovation Strategy in April 2024, which was presented by GPE's new Director of Digital & Technology. The new strategy will apply for three years and includes goals and objectives to manage risk, become a more digitally enabled business and deliver an improved digital customer experience.

We regularly consider the potential risks arising from technological advances, such as artificial intelligence, as well as the opportunities this may present for our business and our customers.

# Our approach to risk continued

## How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
<b>Failure to profitably deliver the Flex Strategy</b>		
<p>The failure to appropriately structure our activities, achieve appropriate pricing, maximise operational efficiencies, deliver target growth or adequately control costs impacts the delivery of our Flex office strategy and our ability to generate appropriate risk-adjusted returns. Further, as we scale up our Flex office delivery and increase our focus on service provision, the failure by GPE and/or its service partners to deliver high quality service impacts customer satisfaction, demand and retention and asset values.</p>	<ol style="list-style-type: none"> <li><b>1 Progress sustainability and innovation agenda</b></li> <li><b>2 Enhance portfolio through sales and acquisitions</b></li> <li><b>3 Deliver on our Flex ambition</b></li> <li><b>4 Embed our Customer First approach</b></li> <li><b>5 Deliver and lease the committed schemes</b></li> <li><b>6 Prepare the pipeline</b></li> </ol>	<ul style="list-style-type: none"> <li>– Board and management oversight of the development and implementation of the Flex strategy and business plan with regular review of Flex KPIs to monitor performance.</li> <li>– Board annual strategy review with regular market updates.</li> <li>– Regular Flex updates and formal quarterly updates to the Executive Committee with reporting at scheduled Board meetings.</li> <li>– Dedicated Flex leadership and team in place under a new organisational structure with senior design and delivery, customer relationship and retention and operational capabilities. Regular review of skills and capabilities to ensure appropriate resourcing is in place for the effective delivery of service and experience.</li> <li>– Customer First programme and strategy in place, led by our dedicated Customer Experience team, to drive customer engagement and insight and to ensure our customers' occupational needs are met.</li> <li>– Quarterly review of individual assets plans and the market generally.</li> <li>– Close management oversight of costs and services, including design and delivery.</li> <li>– Flex Design Guidelines &amp; Principles in place to provide consistency and increase efficiencies across the portfolio.</li> <li>– Board and management oversight of our Digital, Technology and Innovation Strategy and related initiatives to support customer needs.</li> </ul>



Net risk movement  
over the last 12 months

Commentary



No change

To profitably deliver our Flex Strategy and scale up our Flex operations, we have improved our ability to deliver this operationally intensive side of our business, control the associated cost base and generate appropriate risk-adjusted returns. We have also recruited additional expertise to focus on improving management information, budgeting, customer experience and delivery.

In order to expand our Flex office offers, and meet our ambitious targets for growth, we are on-site at four refurbishments to provide new dedicated Fully Managed spaces, as well as converting a significant number of individual floors across our portfolio. During the year, we acquired £122.9 million of new opportunities, including 141 Wardour Street, W1 and Bramah House, SE1 for our Fully Managed offerings. More recently, we exchanged contracts to acquire the leasehold interest at The Courtyard, WC1 which will form a new Flex cluster with our other Flex building on Alfred Place.

During the year, including our Flex Partnerships, we increased our committed Flex offerings across the portfolio, and they now total 503,000 sq ft (or approximately 23.5 % of our office portfolio). In total, we signed £13.7 million of new leases in our Flex space, which included five Fitted and 24 Fully Managed leases at a combined 12.3% ahead of March 2023 ERV.

We continue to evolve our operating model and closely monitor costs and prospective risk-adjusted returns as we refine our offer. A Flex management pack with operational KPIs has been further developed to monitor performance and maximise returns.

To date, we remain encouraged by the leasing performance and feedback we have had for our products, which was reflected in this year's independent customer satisfaction survey, where our Net Promoter Score remained high, particularly for our Flex offers. The ongoing development of our Customer First programme is designed to ensure continuous feedback and provide valuable insight to help us deliver the type and quality of services our customers demand.

# Our approach to risk continued

## Viability statement

### Assessment of the Group's prospects

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The work conducted for this longer-term assessment supports the Board's statements on both viability, as set out below, and going concern, as set out on page 152.

The Group's future prospects are assessed regularly and at an annual strategy review in late March. This review is led by the Chief Executive drawing on expertise across the Group. This year it included an assessment of the macro-economic environment, forecasts of key property market metrics (including yields and rental value movements), annual valuation movements for each of our properties, the financial metrics associated with our Flex offerings, the costs associated with meeting emerging sustainability regulations and a selection of development scenarios. It also included a number of market assumptions, including base, upside and downside scenarios, to reflect different potential economic outcomes, including further disruption from political and economic uncertainty, and a number of business activity responses, including development activity, sales and acquisitions.

The key outputs from this process are full financial statements for a five-year forecast period, with a primary focus on the first three years. The forecasts are summarised in a dashboard, which analyses profits, cash flows, funding requirements, key financial ratios, compliance with the REIT rules and headroom in respect of the financial covenants contained in the Group's various loan arrangements. The strategy review was considered by the Board in March 2024, with updated forecasts, including a Going Concern market scenario to reflect the impact of an event similar to the 2008/09 financial crisis in severity, presented to the Board in May.

The forecasts contain a number of assumptions, including:

- estimated year on year movements in rental values and yields for each of our properties under a number of scenarios;
- the continued conversion of some of our office space to our Flex offerings;
- the refinancing of the Group's existing debt facilities as they fall due, including its £175 million private placement notes maturing in May 2024 and its revolving credit facility maturing in January 2027, as disclosed in note 16;
- a number of sales and acquisition scenarios with appropriate new debt facilities to support growth;
- the completion of the Group's committed development programme in line with our most recent estimated completion dates and the commencement of certain pipeline projects; and
- forecast interest rates.

### Assessment of risks

The Group's principal risks are subject to regular review by the Executive Committee, the Audit Committee and the Board. The review conducted for the preparation of the Annual Report and the Viability Statement demonstrated limited change in our principal risks over the year.

The risks with the greatest potential impact on the Group's viability were considered as follows (see pages 74 to 87 above):

- **London attractiveness:** we rely on London's magnetism and relative appeal to other financial centres to continue to attract global capital, businesses and talent from around the world to support demand for our properties;
- **Adverse macro-economic environment:** a challenging economic backdrop could instigate financial stress in our key markets materially reducing property values, and the viability of Group's developments, and impairing the Group's income risking a breach of our banking covenants; and
- **Climate change and decarbonisation:** a changing climate could impact the resilience of our buildings, impact our ability to deliver new developments and reduce the demand for the buildings we own.

### Assessment of viability

A three-year viability period is considered an optimum balance between our need to plan for the long term and the shorter-term nature of our active business model, which often includes high levels of recycling of our property portfolio, an average lease length of around three years and a near-term development programme which will be commenced over the same period.

The assessment of viability included stress testing the resilience of the Group, and its business model, to the potential impact of the risks set out above. Specifically, given the ongoing macro-economic uncertainty, high inflationary environment and rising interest rates, our assessment of viability was based on the Group's performance under a Going Concern market scenario, with further sensitivity analysis to understand the resilience of the Group to a significant economic shock.

The Going Concern market scenario reduced rental values across both offices and retail by 10% and assumed an outward yield shift of 50 basis points. When combined, over the three-year period this scenario reduced property values by around 15%, with a 32% peak to trough from 31 March 2022. The assessment demonstrated that given the Group's low levels of debt and high liquidity, it would be able to withstand the impact of this scenario over the period of the financial forecast and continue to operate with headroom above the financial covenants contained in its various loan arrangements. Moreover, this was before any mitigating actions such as property sales or pausing of the capital expenditure associated with the conversion of office space to the Group's Flex offerings.

In addition, reverse stress tests were performed, to understand how extensive any valuation and income fall would be required to extinguish the Group's liquidity and/or breach the Group's gearing, interest cover ratio or inner borrowing covenants. In the three-year period, before any mitigating actions, rental income would need to fall by an additional 14% and property values would need to fall by a further 17%, before the Group breached its banking covenants.

The assessment also included a review of the potential impact of climate change on the Group. Whilst it would be unlikely to affect the viability of the Group within the three-year review period, we ran a scenario to assess the impact of significant increases in the cost of development to meet sustainability requirements (an additional 5% on our committed development capex). This did not impact our viability assessment.

### Viability statement

Based on the Board's assessments, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 March 2027.

# Governance

## In this section:

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## We are decarbonising our business to become net zero by 2040

Our updated Roadmap to Net Zero v2.0 sets out, in detail, how we will tackle the challenge of decarbonising our business and value chain, collaborating with our stakeholders to reduce our Scope 1, 2 and 3 emissions by 90% by 2040 before reaching net zero.

As a business we recognise that we have more than just a moral obligation to decarbonise our business with our customers increasingly holding us to account on the sustainability performance of the spaces that they occupy.



# Overview

## Leadership and purpose

Provides an overview of the activities undertaken by the Board in the year, how the Board has considered its s.172 responsibilities and its governance framework.

- A review of the year from the Chair
- The Board's attendance and activities during the year
- Setting the Company's standards
- Purpose, values and culture
- Stakeholder engagement and how the Board has considered its s.172 and stakeholder responsibilities
- Our conflicts of interest procedures
- Board induction and development

➔ See more about our approach to leadership and purpose on [pages 91 to 107](#)

## Division of responsibilities

Explains the roles of the Board and its Directors.

- The role and interaction of the Board and its Committees during the year
- The roles of the individual Directors

➔ See more about our approach to division of responsibilities on [pages 108 and 109](#)

## Composition, succession and evaluation

Sets out the key processes which ensure that the Board and its Committees can operate effectively.

- Composition and diversity
- Nomination Committee report
- This year's Board evaluation

➔ See more about our approach to effectiveness on [pages 110 to 115](#)

## Audit, risks and internal controls

Explains the role of the Board and the Audit Committee in ensuring the integrity of the financial statements and maintaining effective systems of internal controls.

- Internal controls and ongoing risk management
- Fair, balanced and understandable
- Audit Committee report

➔ See more about our approach to accountability on [pages 116 to 123](#)

## Remuneration

Describes the Company's remuneration arrangements in respect of its Directors and how these have been implemented in 2023/24.

- Statement by the Remuneration Committee Chair
- Annual report on remuneration

➔ See more about our approach to remuneration on [pages 124 to 143](#)

### Statement by the Directors on compliance with the provisions of the UK Corporate Governance Code

The UK Corporate Governance Code 2018 (the Code) applied to GPE's financial year ended 31 March 2024. The Board considers that it has complied in full with the provisions of the Code during the year. The Code is publicly available at [www.frc.org.uk](http://www.frc.org.uk). A summary of the system of governance adopted by the Company and how we have applied the principles of the Code is set out on pages 91 to 145. The Company is aware of the revised UK Corporate Governance Code published in January 2024 (Revised Code), which will begin applying to GPE from 1 April 2025. The Directors are already considering the changes introduced in the Revised Code and will report on progress at the appropriate time.



# Introduction from the Chair



“A strong governance framework with robust supporting processes across the Group, with high standards set from the top, is a key factor in our ability to deliver sustainable business performance, generate value for our shareholders and contribute to wider society.”

Richard Mully Chair

## Dear fellow shareholder

I am delighted to present this year's Corporate Governance report for the financial year ended 31 March 2024.

The Board recognises that how the Group does business is as important as what it does. A strong governance framework with robust supporting processes across the Group, with high standards set from the top, is a key factor in our ability to deliver sustainable business performance, generate value for our shareholders and contribute to wider society.

A key part of the Board's role is to provide entrepreneurial leadership, with appropriate oversight, challenge and support to management. At GPE, the Board's support, advice and interaction extend beyond the boardroom, supporting our efforts to promote and monitor culture and ensure its alignment with our purpose, values and strategy.

## Board focus and oversight

Key areas of the Board's focus during the year have included our response to macro conditions and the volatile global and political landscape, evolving and executing our strategy, driving our Flex ambitions alongside the development pipeline, developing our organisational structure to deliver our ambitions plans, further embedding our Customer First approach, wider stakeholder engagement and progressing our sustainability and diversity and inclusion agendas. Further details can be found in 'What we did in 2023/24' on pages 106 to 107.

## UK Corporate Governance Code and s.172 reporting

This report demonstrates how we have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the Code) during the year and our approach to governance in practice. Our Code compliance statement can be found on page 90. Details of how the Board has discharged its duty under s.172 of the Companies Act 2006 can be found on pages 72, 104 and 106 and 107.

The Board and its Committees have spent time considering corporate governance reforms and their implications for the Company. This has included reviewing the Revised Code, the majority of the provisions of which will apply to the Company from the financial year commencing 1 April 2025.

## Board composition

Succession planning is an important part of our governance processes. As planned, Alison Rose stepped down from the Board from the conclusion of the 2023 AGM to focus on her other commitments. Having already identified a need to strengthen the Board's City, financial markets and transaction experience, we were pleased to welcome Karen Green to the Board from 1 December 2023.

With both Nick Hampton's and my own nine-year tenure due to be completed in October 2025 and December 2025 respectively, succession planning for the Senior Independent Director and Chair roles is a continuing area of focus for the Board and Nomination Committee.

Further details regarding the Board changes in the year, and our Board appointment and succession planning processes, can be found in the Nomination Committee report on page 112.

## Diversity and inclusion

The Board continues to focus on strengthening diversity and inclusion at GPE, both in relation to the Board and more broadly throughout the organisation. A diverse Board and workforce, which is representative of London and our customers, is a strategic imperative as we enhance our customer approach and develop our operations to meet the evolving needs of a diverse customer base. We believe that a more diverse and inclusive culture will help GPE to become a more profitable, successful and innovative organisation.

We have seen good progress in a number of areas under our People Plan, supported by the incorporation of diversity and inclusion metrics within the annual bonus objectives of our Executive Committee members and other senior executives. These include targets to drive progress against our aspirational diversity targets for the organisation which were introduced last year. These targets have now been supplemented by a new target introduced in the year in line with the Parker Review. By the end of 2027, we are aiming for at least 15% of the senior management population (comprising the Executive Committee and their direct reports) to be represented by individuals who self-identify as being from an ethnic minority.

However, there is more work to do, and we continue to monitor performance against our targets, and the impact and development of wider initiatives to drive meaningful progress to foster a diverse and inclusive culture. See 'Our people and culture' on pages 63 to 68 and our Nomination Committee report on pages 112 and 113 for further details, including for our disclosure against Listing Rule requirements.

Our Board Diversity Policy setting out our diversity targets at Board level can be found at [www.gpe.co.uk/investors/governance](http://www.gpe.co.uk/investors/governance), reflecting the latest recommendations from the FTSE Women Leaders Review and the Parker Review. Diversity continues to be a key consideration in Board recruitment and succession planning.

## Board effectiveness review

This year, we undertook an internal Board evaluation which was led by Nick Hampton, our Senior Independent Director. Details of this process, the findings of the review and our progress against the actions arising from the 2022/23 Board evaluation can be found on pages 114 and 115.

# Introduction from the Chair continued

## Purpose, strategy and consideration of the likely consequences of decisions for the long term

In the context of uncertain markets and evolving customer needs, the Board has spent significant time this year considering the development and execution of our strategy, in particular our Flex plans and Customer First approach, to ensure we maximise opportunities to generate long-term value for our stakeholders in line with our purpose – to unlock potential, creating sustainable space for London to thrive. As part of these discussions, we challenge our purpose and strategic ‘givens’ and reflect on our customers’ changing needs, the optimum size for our business, whether our risk profile is appropriate and on our investment and disposal strategies in the context of the property cycle. The Group’s business model and strategy are outlined on pages 12 to 15.

We remain confident that London’s commercial property market has enduring appeal and we have been pleased to see strong customer demand across our prime office and retail portfolio, signing £22.5 million of leases in the year. This included completing the leasing at The Hickman, E1, signing 29 Flex leases and substantial progress across our retail portfolio, with significant lettings at Mount Royal, 508/540 Oxford Street, W1, Walmar House, 288/300 Regent Street, W1, and Kingsland House, 124 Regent Street, W1.

We continue to evolve with the needs of our customers to create market-leading, high quality and sustainable workspaces in London. As the market continues to bifurcate, with demand focusing on the best spaces which remain in limited supply, our activities remain focused on our two complementary, overlapping activities of HQ repositioning and the delivery of flexible office spaces, providing quality, choice and flexibility for our customers.

The Board has progressed our development programme this year, including commitments to the redevelopments of French Railways House & 50 Jermyn Street, SW1 and of Minerva House, SE1. At the same time, we have continued to grow our committed Flex space to more than 500,000 sq ft, and we are seeking to grow this to over one million sq ft through a combination of organic growth and acquisitions. To this end, since approving the acquisition of 141 Wardour Street, W1 in May 2023, the Board was pleased to approve the acquisitions of the Soho Square Estate, W1 in August 2023 and The Courtyard, WC1 in March 2024, the latter being part of a swap deal for our asset at 95/96 New Bond Street following progression of our business plan for that asset. The Board also approved Flex refurbishment schemes for Egyptian & Dudley House, Alfred Place and 141 Wardour Street.

With the return of the property cycle, the Board remains focused on the acquisition pipeline and ensuring GPE is well positioned to take advantage of market conditions and accretive acquisition opportunities. We have identified a compelling set of acquisition and development opportunities, and the rights issue to be announced alongside our year end results will provide us with further capacity for new investment to deliver returns for our shareholders.

Our customers are at the heart of everything we do, and the Board has therefore devoted time to overseeing the continued implementation of our Customer First approach. Reflecting how our customer-centric approach is becoming entrenched in our culture, we were pleased to adopt a new

GPE Value in the year which was selected by our colleagues – ‘We value every customer’.

Sustainability is integral to our offer and sits at the core of our purpose. The Board sees sustainability as a differentiator and an opportunity for GPE, including the acquisition of perceived stranded assets where GPE’s skills and credentials could potentially allow us to address sustainability demands and requirements that existing owners cannot.

It is essential that GPE has the right organisational structure and people capabilities in place to deliver our ambitious strategic plans. With this objective in mind, the Board and Nomination Committee endorsed organisational design changes along with several senior management hires and promotions in the year, as explained on page 112.

The Board recognises the importance of innovation and technology in enhancing our operations and our customer offer and discusses the related risks and opportunities, including those posed by artificial intelligence and other developments. The Board was pleased to approve a new Digital, Technology & Innovation Strategy in April 2024 which was presented by GPE’s Director of Digital & Technology, who was recruited into this newly created role during the year. The new strategy will apply for the next three years and includes goals and objectives for GPE to become a more digitally enabled business and deliver an improved digital customer experience.

## Stakeholder engagement and support

Building and nurturing strong working relationships with our stakeholders is critical to our success and the development of our strategy and is intrinsic in our day-to-day activities. As well as direct engagement, a key part of the Board’s role is, therefore, the oversight of work undertaken by the GPE team to maintain and enhance these relationships.

The past year has continued to be impacted by the volatile economic and political landscape. The wellbeing of our employees has remained paramount and we have continued to engage extensively with our colleagues to understand what matters most to them. The work of our Employee Impact Groups has also continued to strengthen our engagement with our colleagues from under-represented groups. We were pleased to see positive employee engagement scores this year, as set out on page 65, and the Board continues to consider colleague feedback and to oversee initiatives designed to further strengthen our inclusive culture.

Our Customer First programme continues to be a real differentiator, delivering high quality, personal customer experiences every day, and we are delighted that this was reflected in our Net Promoter Score of +30.2%. We continue to focus on customer and supplier engagement as we further embed our Customer First approach and progress our sustainability ambitions.

Further details of how we engage with our stakeholders are set out on pages 50, 63 to 72 and 99 to 104.

## Sustainability and the impact of the Company’s operations on the community and the environment

We see sustainability and responding to climate change as an economic and strategic imperative as well as a moral obligation. Sustainability and our wider ESG considerations are therefore integrated across all our business activities.

During the year, the Board has received regular reports and updates from our Sustainability and Social Impact Director and has held detailed discussions regarding our sustainability objectives, strategy, risks and opportunities. The Board has continued to monitor the progress against our Roadmap to Net Zero, the impact of our Internal Carbon Price (now increased to £150 per tonne) and the deployment of monies from our Decarbonisation Fund to finance the reduction of emissions from our buildings. These and other initiatives continue to drive meaningful behavioural change across the business.

However, we recognise that sustainability regulations and expectations are fast evolving. In May 2024, the Board therefore approved our updated Roadmap to Net Zero v.2.0 to align with the Science Based Targets initiative Corporate Net-Zero Standard. The updated Roadmap sets out our new near-term and longer-term targets to reduce our Scope 1, 2 and 3 carbon emissions by 90% by 2040 in order to reach net zero by 2040. Working collaboratively with our stakeholders is key to achieving our sustainability ambitions and we have therefore introduced new customer and supply chain engagement targets as part of our Roadmap. Further details can be found on page 39.

ESG metrics continue to feature as an important element of our annual bonus targets, and we were pleased to see strong performance against these targets during the year, as further explained in the Directors' remuneration report on page 130.

We have continued to oversee the delivery of our Social Impact Strategy, which is designed to create a lasting positive social impact in our communities, with a target of creating £10 million of social value by 2030. We are delighted that, for 2023/24, GPE generated £1.5 million in social value through our community programmes and direct business activities. See pages 50 and 51 for further details regarding the social value we created in the year.

As we seek to build a sustainable legacy for London, we also extended our charity partnerships with XLP, a charity focused on creating positive futures for young people growing up on inner city estates in London, National Energy Action, a charity which focuses on alleviating fuel poverty, and Young Westminster Foundation, which supports members of local youth clubs and organisations through grants, training, and networking opportunities. See pages 50 and 51 for further details.

### Maintaining a reputation for high standards of business conduct

We aspire to the highest standards of conduct and, together with a culture of continuous improvement in standards and performance, this helps to ensure that good governance extends beyond the boardroom. In April 2024, the Board approved the creation of a new Board Disclosure Committee as part of its continuous process review with the aim of maximising effectiveness. The new Committee will support the Board in the identification, assessment and disclosure of market sensitive information and oversight of key procedures.

Annually, the Board approves the Group's Financial Crime, Ethics, Gifts and Hospitality and Whistleblowing Policies, each of which are also reviewed in advance by the Audit Committee. Each of these policies is available on our website at [www.gpe.co.uk/about-us/governance](http://www.gpe.co.uk/about-us/governance)

In September each year, the Board considers and approves our Modern Slavery Statement, which explains the activities we have undertaken during the year to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or in our supply chains. A copy of our Modern Slavery Statement is available at [www.gpe.co.uk/our-modern-slavery-statement](http://www.gpe.co.uk/our-modern-slavery-statement). More on how we behave can be found on pages 51 and 105.

We seek sustainable long-term, two-way relationships with our supply chain, building mutual trust to deliver exceptional results in a responsible way. Our Supplier Code of Conduct, which is available on our website at [www.gpe.co.uk/our-relationships/our-suppliers](http://www.gpe.co.uk/our-relationships/our-suppliers), sets out the standards we require of our suppliers to help ensure they operate ethically and responsibly.

I am delighted that the efforts of our team have been rewarded by winning a number of awards, including, amongst others, Britain's Most Admired Company 2023 (Property/Residential & Commercial REITs), the Best Use of Data (Property) award at the UK PropTech Association Awards 2023, the UK Green Business Circular Economy Project of the Year 2023 award for our steel reuse project at 2 Aldermanbury Square, the 2023 RIBA National Award for our Hanover Square development and the Best Overall Company IR (Small Cap) award at the IR Society Best Practice Awards 2023. I am also very pleased to report on our achieving gold awards in relation to EPRA's 2023 Best Practice Recommendations and Sustainability Best Practices Recommendations.

### Engaging with our shareholders

We believe that communication with our shareholders is key. To this end, in addition to our comprehensive investor relations programme led by Toby Courtauld and Nick Sanderson, as detailed on pages 100 and 101, as Chair of GPE, I proactively seek periodic engagement with many of our institutional shareholders to discuss and hear their views on GPE's business and governance arrangements.

I, together with Nick Hampton as Senior Independent Director, am available to meet with shareholders as appropriate. Each of our Committee Chairs will also seek engagement with shareholders on significant matters related to their areas of responsibility. Most recently, Emma Woods, as Chair of our Remuneration Committee, met with many of our largest shareholders to discuss the changes to our Directors' remuneration policy prior to its approval at the 2023 AGM.

The AGM also provides the Board with an opportunity to engage with and answer questions from shareholders. Arrangements for the 2024 AGM can be found in our 2024 AGM Notice.

On behalf of the Board, I would like to thank all our of shareholders and other stakeholders for their continued support as we work to evolve and execute GPE's strategy to deliver long-term sustainable success.

**Richard Mully**  
Chair  
22 May 2024

# The Board

## Chair



**Richard Mully**  
BSc (Hons), MBA  
Chair

**Committees:** **N**

**Date appointed to the Board:** December 2016

**Date appointed as Chair:** February 2019

**Independent:** Yes, on appointment as Chair

**Relevant skills and experience:** Richard is currently Senior Advisor to TPG Global LLC. He has extensive property, banking and private equity experience. This, combined with his Senior Independent and Non-Executive Director experience, enables him to provide constructive leadership, challenge and support to the Board and wider business for the benefit of all stakeholders. Richard was formerly Chairman of Arlington Business Parks Partnership LLP, Vice Chairman and member of the Supervisory Board of Alstria Office REIT-AG, co-founder and Managing Partner of Soros Real Estate Partners LLC, a Non-Executive Director and Chairman of the Remuneration Committee of Standard Life Aberdeen plc and Senior Independent Director at ISG, Hansteen Holdings and St Modwen Properties.

**Current external commitments:**

Senior Advisor to TPG Global LLC and Chairman of RX Propellant Pvt Ltd (an Actis-controlled private company based in India). Also a Director of Starr Street Limited, which co-invests in and acts as a corporate director of several TPG-controlled European private real estate companies, and as an Advisory Board Member of Brydell Partners, a private UK investment firm.

**Committee memberships:**

- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee

## Executive Directors



**Toby Courtauld**  
MA, MRICS  
Chief Executive

**Committees:** **E S**

**Joint venture directorships:** Director of the GHS Limited Partnership general partner

**Date appointed to the Board:** April 2002

**Independent:** No

**Relevant skills and experience:** Toby joined the Group in April 2002 as Chief Executive and has more than three decades of extensive experience in real estate. He was previously with the property company MEPC for 11 years, where he gained broad experience ranging from portfolio management through to corporate transactions and general management as a member of the Group Executive Committee. He has previously been President and member of the British Property Federation Board and Policy Committee. Toby's significant knowledge of the Company and the sector enables him to provide broad leadership of the business internally and externally, through the successful design and implementation of the Company's strategy, values and business plans and their exemplary communication to a wide range of stakeholders.

**Current external commitments:**

Director of The New West End Company, Non-Executive Director of Liv-ex Limited, Member of the Council of Imperial College, London and Chair of its Property Committee.

- E** Executive Committee
- S** Sustainability Committee



**Nick Sanderson**  
BA (Hons), ACA  
Chief Financial & Operating Officer

**Committees:** **E S S I**

**Joint venture directorships:** Director of the GHS Limited Partnership and the Great Ropemaker Partnership general partners

**Date appointed to the Board:** July 2011

**Independent:** No

**Relevant skills and experience:** Nick joined the Group in July 2011 as Finance Director, was subsequently promoted to Finance & Operations Director and is now Chief Financial & Operating Officer. He was formerly Partner, Head of Real Estate Corporate Finance Advisory at Deloitte, following ten years of real estate investment banking experience in Europe and Asia with Nomura, Lehman Brothers and UBS Investment Bank. Nick's wide-ranging property-related financial experience combined with strategic and corporate finance skills enables him to provide valuable support in developing, implementing and articulating the Company's strategy, and taking leadership over the delivery of a wide range of financial and operational matters along with our Flex, customer experience and corporate marketing activities.

**Current external commitments:**

Member of the Reporting and Accounting Committee of EPRA and Trustee of the Outward Bound Trust.

- H** Health & Safety Committee
- S** Social Impact Committee
- I** Inclusion Committee



**Dan Nicholson**  
MA (Cantab), MA, MRICS  
Executive Director

**Committees:** **E S H**

**Joint venture directorships:** Director of the Great Ropemaker Partnership, the Great Victoria Partnership and the Great Victoria Partnership (No. 2) general partners

**Date appointed to the Board:** September 2021

**Independent:** No

**Relevant skills and experience:** Dan joined the Group in September 2021 as an Executive Director and now has responsibility for the New Business, Portfolio Management and Development Management teams. He has extensive knowledge of the real estate industry and, prior to joining GPE, spent over ten years with Tishman Speyer, for the majority of which he ran their UK business. Dan started his career as a surveyor at Lambert Smith Hampton before gaining broad property investment, development and asset management experience in a number of organisations, including at City & West End Property Group, Quintain Estates & Development plc and real estate private equity firm, Three Delta LLP. Dan's significant sector and business expertise enables him to provide valuable support in developing and implementing the Company's strategy.

**Current external commitments:**

Non-Executive Director of Bioregional Homes Limited.

**Committee Chair:**

- A** Audit Committee
- E** Executive Committee
- H** Health & Safety Committee
- N** Nomination Committee
- S** Sustainability Committee
- R** Remuneration Committee



## Non-Executive Directors



**Nick Hampton**  
MA (Hons)  
Senior Independent Director

**Committees:** A N R

**Date appointed to the Board:**  
October 2016 (Senior Independent Director from 30 March 2023)

**Independent:** Yes

**Relevant skills and experience:**  
Nick is currently Chief Executive Officer (previously Chief Financial Officer) of Tate & Lyle PLC, and prior to this spent 20 years with PepsiCo in a number of financial, commercial and operational roles. Nick's strong financial background, and general management experience, as well as his deep knowledge of GPE, provide a strong basis for him to offer wise counsel in his role as Senior Independent Director.

**Current external commitments:**  
Chief Executive Officer of Tate & Lyle PLC.



**Mark Anderson**  
Dip Mgmt, MBA, FRICS  
Non-Executive Director

**Committees:** A N R

**Date appointed to the Board:**  
September 2021

**Independent:** Yes

**Relevant skills and experience:**  
Mark is currently Property and International Managing Director of Whitbread Plc and leads its international businesses and M&A activities. Mark previously spent 16 years at J Sainsbury PLC in a variety of senior positions, finally managing all aspects of its property estate. Mark's significant property, operational and customer service knowledge and expertise, gained over many years, enable him to provide valuable strategic insight and challenge to Board and Committee discussions.

**Current external commitments:**  
Property and International Managing Director of Whitbread Plc and Trustee of Tourism for All UK.



**Vicky Jarman**  
BEng, ACA  
Non-Executive Director

**Committees:** A N R

**Date appointed to the Board:**  
February 2020

**Independent:** Yes

**Relevant skills and experience:**  
Vicky is currently a Non-Executive Director of Melrose Industries plc. She is a chartered accountant who qualified at KPMG before spending over ten years with Lazard Ltd working in the Investment Banking team and then as Chief Operating Officer for the London and Middle East operations until 2009. Vicky has previously been a Non-Executive Director and Chair of the Audit Committees of Equiniti Group plc, Hays plc and De La Rue plc, a Non-Executive Director of Signature Aviation plc and Entain plc and Senior Independent Director at Equiniti Group plc. Vicky's significant financial, commercial and non-executive experience enable her to contribute to the strategy of the business and its long-term sustainable success, and provide a strong basis for her effective performance as Audit Committee Chair.

**Current external commitments:**  
Non-Executive Director of Melrose Industries plc.



**Champa Magesh**  
MBA, MSIM  
Non-Executive Director

**Committees:** A N R

**Date appointed to the Board:**  
August 2022

**Independent:** Yes

**Relevant skills and experience:**  
Champa is currently Managing Director for the Hospitality division of The Access Group, a private equity-owned business management software provider. Champa was formerly a member of the executive team at Trainline plc and President of Trainline Partner Solutions, where she was responsible for Trainline's business travel and white label businesses. Champa has over 20 years' international

business experience gained in multiple industries and diverse functional areas, underpinned by a strong technology focus, and a background in leading successful customer-facing and digital transformation initiatives. Before joining Trainline, Champa held senior positions at Amadeus IT Group between 2015 and 2020 and previously held leadership roles at American Express, Royal Bank of Scotland and Cisco Systems. Champa's significant digital transformation, technology, operational and broad commercial experience enable her to provide valuable insight as GPE evolves its strategy, products and Customer First approach.

**Current external commitments:**  
Managing Director for the Hospitality division of The Access Group.



**Karen Green**  
BSc (Hons)  
Non-Executive Director

**Committees:** A N R

**Date appointed to the Board:**  
December 2023

**Independent:** Yes

**Relevant skills and experience:**  
Karen is currently a Non-Executive Director, Senior Independent Director and Chair of the Sustainability Committee at Phoenix Group Holdings plc and a Non-Executive Director and Chair of the Remuneration Committee at Admiral Group plc. She was previously a Council Member and Chair of the Investment Committee at Lloyd's of London until November 2023. Karen was formerly Chief Executive of Aspen UK between 2011 and 2017, which comprised the UK insurance and reinsurance companies of US-listed Aspen Insurance Holdings, and also held a number of other senior positions at Aspen including Group Head of Strategy and Corporate Development. Prior to that, Karen held various senior corporate finance, M&A and private equity roles at GE Capital and then MMC Capital (now Stone Point Capital), having started her career as an investment banker at Baring Brothers and then Schroders plc. Karen's considerable City,

financial markets and non-executive experience enable her to provide valuable commercial insight and to contribute to the development and execution of the Group's strategy.

**Current external commitments:**  
Non-Executive Director of Phoenix Group Holdings PLC, Admiral Group plc, Miller Insurance Services LLP and Asta Managing Agency Limited. Also a member of the Supervisory Board of TMF Group Holdings BV, Trustee of Wellbeing of Women Limited and Adviser to Cytora Limited.



**Emma Woods**  
MA (Hons)  
Non-Executive Director

**Committees:** A N R

**Date appointed to the Board:**  
February 2022

**Independent:** Yes

**Relevant skills and experience:**  
Emma is currently Chair of Ancient + Brave, Non-Executive Director and Chair of the Remuneration Committee of Huel Limited (a nutritional food company) and Chair of Tortilla Mexican Grill plc. Emma was formerly Non-Executive Director, Senior Independent Director and Chair of the Remuneration Committee of The Gym Group plc. She was previously Chief Executive Officer at Wagamama and subsequently an Advisory Board Member of the Wagamama Brand Board. Emma has also held senior marketing roles at Merlin Entertainments, Pizza Express and Unilever. Emma's extensive operational, customer service, digital and marketing skills, combined with her non-executive and remuneration committee experience, allow her to provide valuable strategic insight and challenge, including to further enhance delivery on our customers' needs, as well serving as a strong foundation for her effective performance as Remuneration Committee Chair.

**Current external commitments:**  
Chair of Tortilla Mexican Grill plc, Non-Executive Director of Huel Limited and Chair of Ancient + Brave.

### Changes to the Board during 2023/24

- Alison Rose stepped down from the Board on 6 July 2023.
- Karen Green joined the Board on 1 December 2023.

# Leadership and purpose

## The Board's attendance in 2023/24

Attendance at scheduled Board and Committee meetings during the year was as follows:



### Chair<sup>2</sup>

Richard Mully	●●●●●	–	●●●●●	–
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### Executive Directors<sup>2</sup>

Toby Courtauld	●●●●●	–	–	–
Nick Sanderson	●●●●●	–	–	–
Dan Nicholson	●●●●●	–	–	–

### Non-Executive Directors<sup>3</sup>

Mark Anderson	●●●●●	●●●●	●●●●●	●●●●●
Karen Green <sup>4</sup>	● (1/1)	● (1/1)	●● (2/2)	● (1/1)
Nick Hampton	●●●●●	●●●●	●●●●●	●●●●●
Vicky Jarman	●●●●●	●●●●	●●●●●	●●●●●
Champa Magesh	●●●●●	●●●●	●●●●●	●●●●●
Alison Rose <sup>5</sup>	●● (2/2)	● (1/1)	● (1/1)	●○ (1/2)
Emma Woods	●●●●●	●●●●	●●●●●	●●●●●

- Board meetings attended
- Board meetings not attended
- Committee meetings attended
- Committee meetings not attended

- There were five scheduled Board meetings in 2023/24. The Board meeting that would typically be held at the end of March was held on 4 April 2024 and therefore technically falls into 2024/25. All Directors attended that meeting. The Board also held a strategy review session on 5 April 2024 and additional meetings in the year to consider matters of a time-sensitive nature – see Board activities on pages 97 and 106 and 107.
- Non-Executive Directors (including the Chair), where not a member of a Committee, have a standing invitation to attend meetings of that Committee where appropriate.
- Executive Directors are not members of the Audit, Nomination or Remuneration Committees. However, they are invited to attend for parts or all of certain Committee meetings where appropriate.

- Karen Green was appointed to the Board and also the Audit, Nomination and Remuneration Committees with effect from 1 December 2023. The numbers in parentheses are the number of meetings she could have attended in the year.
- Alison Rose stepped down from the Board at the conclusion of the 2023 AGM held on 6 July 2023. The numbers in parentheses are the number of meetings she could have attended in the year. Alison Rose was unable to attend the Remuneration Committee meeting held on 18 April 2023 due to a late scheduling conflict with a material business commitment. Alison received meeting papers in advance and was able to provide comments to the Committee Chair.

## Board activities

The Board typically meets for scheduled Board meetings six times a year in addition to an annual strategy review session. The Board also meets as necessary to consider matters of a time-sensitive nature.

## The role and interaction of the Board and its Committees during the year

The Board has a duty to promote the long-term sustainable success of the Company for its shareholders. The Board is responsible for establishing and monitoring the Company's purpose, values and strategy and ensuring that these and its culture are aligned. Its role includes the oversight of human resource levels and succession planning, approval of major acquisitions, disposals, capital expenditure and financing arrangements and of the Group's systems of internal control, governance and risk management. The Board provides and promotes effective and entrepreneurial leadership across the business within the Group's governance framework.

	May	July	September	November	January	April <sup>1</sup>
<b>Purpose, strategy and implementation</b>						
Purpose and strategic review, discussion and setting of business plan	●	●	●	●	●	●
Chief Executive's report including market conditions dashboard, operational parameters, strategic risks and opportunities, leasing activity, sustainability, IT & innovation and team resourcing	●	●	●	●	●	–
Executive Director's and other Board reports on valuation, key portfolio and development activities, asset strategies, the longer-term pipeline, new business opportunities and health and safety updates	●	●	●	●	●	–
Chief Financial & Operating Officer's report including forecasts, finance initiatives, debt and equity markets updates, social impact updates and operational matters including Flex, customer experience, marketing and HR	●	●	●	●	●	–
Shareholder analysis and/or investor relations updates	●	●	●	●	●	–
Board property tour	–	–	●	–	–	–
<b>Risks</b>						
Formal review of risk management and internal controls	●	–	–	●	–	–
Ongoing monitoring of risks	●	●	●	●	●	●
<b>Governance</b>						
Review of half-year or annual results, going concern, viability statement, dividend policy and analyst presentation	●	–	–	●	–	–
Stakeholder feedback, including shareholders and analysts, employees, customers, communities, suppliers, joint venture partners and local planning authorities	●	●	●	●	●	●
Reports from Board Committees	●	–	●	●	●	●
Corporate governance matters including authority levels, Terms of Reference, UK Corporate Governance Code compliance	–	–	–	–	–	●
Health and safety updates	●	–	●	●	●	●
Sustainability updates including vision, strategy, targets and Roadmap	●	●	●	●	●	●
Corporate Responsibility including review of the Company's Modern Slavery Statement, Financial Crime, Ethics, Gifts and Hospitality and Whistleblowing Policies	–	–	●	–	–	●
<b>Evaluation</b>						
Board evaluation	–	–	–	–	●	–
Conflicts of interest	●	●	●	●	●	●

● Board meeting matter

1. The Board meeting that would typically be held at the end of March was held shortly after the year end, on 4 April 2024.

Other ad hoc matters for consideration by the Board at both scheduled and unscheduled Board meetings, in addition to the above, include:

- major potential acquisitions and disposals;
- significant leasing arrangements;
- approval of major developments;
- significant financing arrangements;
- Board and senior management appointments; and
- appointments of principal advisers.

A forward agenda for the Board is maintained to ensure that all necessary and appropriate matters are covered during the year and to allow sufficient time for discussion and debate.

The Board receives papers and presentations from the Executive Directors and senior managers are regularly invited to attend to provide further insight and feedback on specific matters.

Significant matters discussed and major transactions approved by the Board in the year are shown on pages 106 and 107.

Where Directors are unable to attend meetings, their comments, as appropriate, are provided to the Board or Committee Chair prior to the meeting.

At least annually, the Board reviews the nature and scale of matters reserved for its decision.

# Leadership and purpose continued

## Our purpose, strategy, values and culture

Our purpose is to unlock potential, creating sustainable space for London to thrive. In setting our purpose, we believe our role relates not only to our buildings, but also to the people who live and work there and what and how we contribute to the wider public realm, community and environment.

The Board sets our strategy and strategic priorities to align with our purpose, which informs our decisions regarding our acquisition, repositioning, operation or sale of properties.

Our purpose is underpinned by our values and behaviours, which encapsulate who we are and how we do business. Our purpose, values and behaviours were originally articulated through a Board-sponsored, employee-driven initiative and we again enlisted the help of our colleagues to revisit and update our values in the year. Engaging all our employees in this way helps to ensure we have a unifying purpose and set of values which are well understood and regularly discussed. At GPE, everyone is accountable for living by our shared set of behaviours, which form an important part of our workforce policies and remuneration processes.

Our culture is underpinned by a clear alignment of purpose, strategy, values and incentives. It is our culture that makes us unique. Further details regarding our culture, values and behaviours can be found on page 63.

Our culture inspires us to go further for our customers, partners, each other and the business. As we innovate and adapt in a fast-changing market to deliver our customer, sustainability, technology and flexible space ambitions, our strong culture has never been more important and we must therefore work hard to preserve and enhance it.

A key objective for the Board is to monitor our culture, and to address any instances where there is a misalignment between our purpose, culture, values and behaviours. Our culture is not about rules, but about actions, and the Board and senior management seek to lead by example in communicating and demonstrating the values and behaviours which lie at the heart of our culture.

## How the Board monitors culture

The Board is committed to ensuring that the tone of our values is set from the top by both the Board and senior management. Our smaller size and the high level of regular Board interaction with employees facilitates the Board's monitoring of culture and the implementation of our values, which we do in a number of ways:

- inclusion of culture, values and behaviour-led questions within employee surveys, with Board analysis of the results;
- regular face-to-face engagement with employees as part of our Non-Executive Director breakfast programme, our programme of employee engagement sessions, Board and Committee presentations, property tours and other meetings and engagements throughout the year (see 'Engaging with our employees' on pages 102 and 103 for more details);
- demonstration of our values is an integral part of our annual performance reviews, with outcomes being reported via the Remuneration Committee. 360-degree feedback reviews for senior management prompt open feedback on culture and values which then feeds into an individual's personal development plan. Our personal bonus structure ensures a strong link between the values and remuneration, with a proportion of each employee's personal bonus based on their values and behaviours;
- Executive Committee members hold regular 'Listening' sessions with colleagues across the business, the feedback from which is discussed with the Board;

- policies, pay and diversity and inclusion activities are reviewed and developed to ensure they appropriately capture and reflect our values;
- reviews of compliance, whistleblowing statistics, health and safety incidents and internal audit reports to identify and address any areas not meeting expected standards of conduct or behaviour;
- feedback from our stakeholder engagement programmes, including our customer survey results, helps the Board to assess how the values and behaviours are embedded in our interactions with third parties and the way we do business; and
- review of supplier payment practices.

The Board is satisfied that there remains a high level of engagement with our values. However, safeguarding our culture and further embedding our values remains a continuous area of focus. Following this year's feedback, a number of actions have been taken to help further strengthen our culture and drive the right behaviours through our activities. These have included:

- implementing initiatives within our People Plan, an ongoing process, to positively impact our culture through a focus on diversity, equity and inclusion;
- endorsing the launch of new development programmes for our managers and senior leaders to build on their leadership and management capabilities;

- following the participation by all members of our Executive Committee in a nine-month inclusive leadership programme, running a similar programme for other members of senior management together with compulsory Inclusion Workshops for all colleagues;
- the inclusion of diversity and inclusion KPIs within the annual bonus measures for senior executives;
- continuing the work of our Race & Ethnicity, Women's, Health & Wellbeing and Parents & Carers' employee-led impact groups, overseen by the Inclusion Committee, aimed at making our culture even more inclusive through engagement, initiatives and events;
- adopting a new Company value which was developed with our colleagues – 'We value every customer' – as we continue to build on our customer-centric culture;
- holding a series of compulsory all-employee workshops designed to embed our Customer First approach across all our operations and business activities; and
- demonstrating support for wellbeing and good mental health by sponsoring activities throughout the year and regularly communicating the resources made available to colleagues.



## Stakeholder engagement

### Understanding the views of all our stakeholders and fostering of business relationships

The Board oversees and receives regular updates throughout the year on engagement activities with our key stakeholders. The Board develops its understanding of these key stakeholder views in a number of different ways, including the following:

<b>Investors</b>	The Chair engages with major shareholders on matters of governance and strategy, and Committee Chairs engage, as appropriate, on their areas of responsibility. Formal and informal discussions are held with shareholders in the context of the Company's AGM. Shareholders are invited to attend the AGM in person and those unable to attend in person are given the opportunity to ask questions of the Board via e-mail in advance of the meeting. We have a comprehensive investor relations programme with regular reporting of feedback to the Board. Members of the Board also attend investor events to hear views and questions first-hand. Our Executive Directors and Corporate Finance team have regular dialogue with our debt providers and report to the Board on their feedback.
<b>Our people</b>	High levels of direct engagement are maintained throughout the year through numerous mechanisms, including our formal programmes of Non-Executive Director breakfast meetings and 'An Audience with...' employee engagement sessions, our Non-Executive Director mentoring programme, property tours, employee presentations and other meetings and events. The Board also receives regular reports on employee feedback, including from employee engagement surveys, 'Listening Sessions' hosted by Executive Committee members with small groups of employees, and from the work of the Inclusion Committee and our various Employee Impact Groups.
<b>Customers</b>	The Board meets customers where possible as part of its cycle of property tours. Board papers include regular updates on our Customer First programme and customer engagement activities, including feedback from customer meetings which are periodically attended by Executive Directors, updates on discussions with property agents and feedback from industry forums and events and marketing campaigns. The Board discusses Net Promoter Scores and feedback from independent customer surveys. The Board also receives updates on occupier trends and market analysis from internal and external presenters.
<b>Joint venture partners</b>	Frequent engagement with joint venture partners throughout the year is led by our Executive Directors, at least one of whom serves on each joint venture board, with regular updates and reporting of key matters to the Board.
<b>Communities</b>	Our Social Impact Strategy, which is designed to create a lasting positive social impact in our communities, is set by the Board, with implementation overseen by our Social Impact Committee which is chaired by the Chief Financial & Operating Officer. The Board receives regular updates on activities and initiatives, including the measurement of the social value we create.
<b>Local planning authorities</b>	Our relationships with key planning authorities are critical to the delivery of new spaces in London. Our Executive Director and Development Director regularly report to the Board on recent engagement activities, including planning discussions, community considerations and any development consultations involving key stakeholders and local residents.
<b>Suppliers</b>	Engagement is led through our Development, Leasing, Customer Experience, Health and Safety and Sustainability teams, with information received through regular Board reports and presentations. The Board often engages directly with contractors during development site visits and may also receive external presentations from suppliers such as property agents and valuers. The Audit Committee reviews GPE's supplier payment practices and performance twice-yearly.

Further details of our relationships and engagement with key stakeholders, how stakeholder issues have been monitored and considered by the Board through our scheduled Board meetings, and discussion of matters between these meetings, are explained in more detail in:

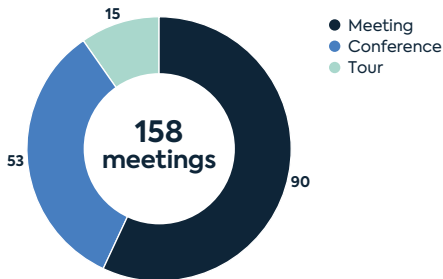
- ➔ Our stakeholder relationships on **pages 69 to 72**
- Our people and culture on **pages 63 to 68**
- Our approach to risk on **pages 74 to 87**
- Engaging with our investors on **pages 100 and 101**
- Engaging with our employees on **pages 102 and 103**
- Impact of engagement on Board decisions on **page 104**
- What we did in 2023/24 on **pages 106 and 107**

# Leadership and purpose continued

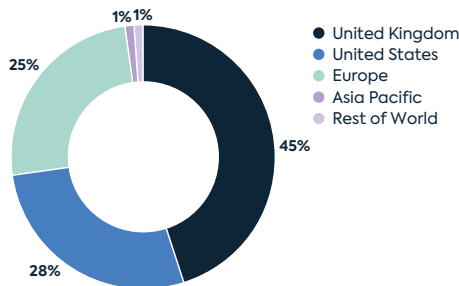
## Engaging with our investors

The Board aims to maintain an open relationship with our investors based on a clear investment case and transparent disclosure. As a result, we maintain a regular dialogue with shareholders, potential shareholders, debt providers and analysts through a comprehensive investor relations programme.

### Investor contact by method



### Institutional shareholders by geography at 31 March 2024



➔ See more about our largest shareholders on [page 145](#)

### Sustainability indices 2023/24

Given the increased focus on sustainability, the Board believes that it is essential to provide transparent reporting. We therefore participated in a number of sustainability indices during the year:

- CDP
- EPRA
- MSCI
- FTSE4Good
- ISS
- GRESB

➔ See more about our approach to sustainability on [pages 37 to 62](#)

# 200+

Investors met during the year

## What we did in 2023/24





**“We had a busy year from an IR perspective. Our priorities included showcasing a number of our recent property acquisitions and providing more granular information on our Flex office activities, which culminated in an online Flex event in February 2024.”**

**Stephen Burrows** Director of Investor Relations and Joint Director of Finance

### Our approach

Our Investor Relations programme is executed across a number of geographies, reflecting the international nature of our share register, and through a variety of routes including roadshows, meetings at industry conferences, investor and analyst events, property tours and presentations to analysts and investment banks’ equity sales teams.

The Board is also committed to providing investors with regular announcements of significant events affecting the Group, including its business activity and financial performance. These announcements are available on the Group’s website at [www.gpe.co.uk](http://www.gpe.co.uk) along with results webcasts, analyst presentations, property videos, press releases and interviews with the management team.

The Executive Directors and the Director of Financial Reporting and Investor Relations are the Company’s principal representatives with investors, analysts, fund managers, press and other interested parties, and independent feedback on presentations by the Executive Directors to shareholders and analysts is provided to the Board on a regular basis.

The Executive Directors and Corporate Finance team also have regular dialogue with our debt providers, including relationship banks, private placement investors and debenture holders and report back to the Board as appropriate.

### Activities during the year

Our engagement with our shareholders during the year was extensive. In addition to roadshows and attendance at conferences, we hosted an Investor and Analyst Flex session online to provide a deeper dive on our Flex activities and held a series of property tours to showcase a number of our recent property acquisitions.

The Executive Directors and senior management had 158 virtual and in-person meetings with over 200 shareholders, and potential shareholders, from a broad range of institutions during the year. This included participating in 12 industry conferences, which provided the management team with the ability to meet a large number of investors on a formal and informal basis. We also held five roadshows to meet

with investors from London, the Netherlands (virtual) and the US and a trip to Asia to meet investors in Hong Kong and Singapore. We actively seek feedback after every roadshow, which is provided to the Board on a regular basis.

### Examples of topics raised in the year

- Our view on the markets in which we operate;
- London economic activity and its impact on office demand, retail footfall and occupancy;
- Higher interest rates and their impact on future returns from the development pipeline;
- Our expectation of when the interest rate cycle will turn and the implications for forward-look property values;
- The expansion of our Flex offers, our ambition for growth and their respective financial returns;
- The increasingly challenging planning regime in London and the impact on the supply of new space;
- The increasing bifurcation between the best space and the rest, including the importance of sustainability; and
- Evolving working patterns including the impact of working from home, technology and design.

We used these topics to shape both the content of subsequent investor presentations and our communications to the market to ensure that we meet their expectations.

### Next steps

Following the announcement of our year-end results, we will be embarking on our post-results IR programme over the early summer. We will be conducting in-person roadshows in London, the Netherlands and the US and attending the Morgan Stanley and BNP conferences in London.

### Investor & Analyst Flex Session

Since 2017, we have been expanding our provision of flexible office spaces across our portfolio. As our Flex offers have grown, we have also increased the amount of information we provide to investors and analysts to help deepen market understanding of our activities.

In February 2024, we hosted an online Investor & Analyst Flex session to highlight the opportunity that Flex presents when leasing smaller offices in London, including an overview of our activities, how we differ from our competitors and the returns we expect over the coming years. We also took the opportunity to provide an update on progress at our exciting larger refurbishments including 6 St Andrew Street, EC4 and 141 Wardour Street, W1. There were more than 100 attendees at the session.



6 St Andrew Street

# Leadership and purpose continued

## Engaging with our employees

Being a relatively small company of approximately 135 employees operating in one location, there is a high level of visibility of the Board by employees and vice versa. Given this high level of visibility, the Board has decided not to adopt any of the three specific employee engagement methods referred to in the 2018 UK Corporate Governance Code at this time. Instead, we have adopted the following employee engagement arrangements, which the Board believes have operated effectively during the year, to provide it with regular formal and informal employee feedback for consideration as part of the Board's decision-making process:

- a formal programme of breakfast meetings between the Non-Executive Directors and members of the Executive Committee and senior management. These meetings have no fixed agenda and provide a useful forum to discuss what is happening in day-to-day operations and the associated challenges which might not be significant enough individually to warrant formal reporting at Board meetings; and

- a Non-Executive Director, on a rotational basis, presenting to all employees in a discursive format approximately twice yearly on a particular theme, followed by a Q&A session. To facilitate these sessions, we have set up an online portal for employees to raise questions, anonymously if they wish, in advance of the event. Employees are also invited to ask questions and to share their views on the day. These sessions are also designed for Board members to provide the Board's views, as appropriate, on matters raised through employee engagement, and feedback from the sessions is reported to the Board. Our latest sessions were led by Champa Magesh in November 2023 and by Karen Green in April 2024, each of which is described below.

In addition to these arrangements, direct Board engagement with employees during the year has included the following:

- in September, property tours of 141 Wardour Street and the Soho Square Estate as part of the annual Board property tour involving our New Business, Development, Project Management, Leasing and Flex and Customer Experience teams;

## An audience with Champa Magesh

One of our 'Audience with...' sessions this year was held with Champa Magesh, hosted by Rebecca Bradley, our Director of Customer Experience & Relationships.



**"The session was an excellent opportunity to hear Champa's views on the evolving digital landscape and the transformative impact that AI might have in general and for GPE. She also shared helpful insight on her career progression and how to become a successful female executive."**

**Kay Fraser**  
Deputy Company Secretary

Rebecca opened the session by exploring the evolution of Champa's career and her extensive international business experience. Champa discussed the importance of having a growth mindset and seeking out opportunities for development, which resonated with colleagues.

This led to an engaging discussion on resilience, and how GPE and its employees can navigate change by amplifying its passion and strengths, embracing opportunity and focusing on the positive outcomes for customers. Champa also highlighted the need to stay true to GPE's strong culture and values during periods of change and transformation.

Champa answered questions and provided her insights on customer service, maintaining positive relationships, the need for continuous feedback and improvement and how GPE can further drive progress in this area, also learning from other industries. This was a helpful discussion as we strengthen our approach to customer engagement.

Champa spoke about the future of technology and artificial intelligence, its potential impacts on the workplace and how it could be an enabler of revenue growth and efficiency for GPE and a tool to provide further data insight to support decision making.

Champa answered questions regarding diversity and inclusion, the use of diversity targets, the role of GPE's Employee Impact Groups and the responsibility of all colleagues to foster and maintain an inclusive environment. The discussion supported GPE's ongoing focus in this area.

There was an opportunity for employees to ask questions and exchange views with Champa across a broad range of topics which affected them.

The session was engaging and interactive. It was well attended by employees and received positive feedback.



- presentations made to the Board by the Executive Committee team at scheduled Board meetings;
- Board presentations and Q&A sessions by Heads of Department and other employees on key matters including acquisitions, development appraisals, leasing, our Flex business, customer experience, IT and cyber security, health and safety, sustainability, financing, leasing, investor relations, diversity and inclusion and corporate governance;
- mentoring sessions between Non-Executive Directors and members of senior management as part of our Non-Executive Director Mentoring Programme;

- all-staff quarterly review meetings led by our Chief Executive which provide an informal forum for employees to discuss and raise questions regarding key events at GPE; and
- all employees are invited to attend a weekly update meeting on Monday mornings, led by our Chief Executive and other Executive Directors, to discuss key developments and concerns.

During the year, we also adopted a number of initiatives and activities to maintain levels of employee engagement, wellbeing and feedback, which we continue to evolve to further support our people.

➔ See more on [pages 63 to 68](#)

## An audience with Karen Green

Our latest 'Audience with...' session was held with Karen Green, hosted by Andrew White, our Development Director.



“It was great to hear directly from Karen at our latest 'Audience with...' She offered a really fresh perspective on why GPE appeals to her, and her extensive journey to date. It was a very authentic conversation about her career but also the importance of embedding a positive culture in the workplace.”

Yasemin Kiani  
Communications Lead

Andrew introduced Karen, GPE's newest NED, and explored with Karen her career path and motivations. Karen discussed personal development, self-belief and suggestions for how everyone can develop their confidence and raise their profile.

Karen responded to questions about her role as a Non-Executive Director and what attracted her to GPE, and shared her impressions of GPE as a leader in its industry and on matters of sustainability. This led to a discussion regarding the risks and opportunities presented by sustainability challenges, and the importance of GPE's Social Impact Strategy.

Karen discussed her experience of customer service in the insurance industry and the need to prioritise areas that will deliver most value for GPE's customers.

Karen spoke about the importance of a strong culture, and how it was hoped that GPE's organisational redesign would help empower colleagues to learn and to develop.

Employees were interested to hear Karen's views on employee engagement and colleagues considered additional feedback mechanisms which will now be considered for the coming year.

There was an engaging conversation on diversity and inclusion, the need to accelerate progress both at GPE and across the wider industry and the value of mentoring in developing a diverse talent pipeline. Additional mentoring opportunities for diverse talent are now being planned. Karen also shared her own experience as a woman in business and her work as a Trustee of the Wellbeing of Women charity.

Karen also answered questions covering a variety of subjects, including hybrid working, the role and potential impacts of artificial intelligence for the real estate industry and areas in which the insurance and real estate sectors might collaborate.

The event was well-received with good levels of attendance.



# Leadership and purpose continued

## Board consideration of stakeholder interests and s.172(1) matters

### Impact on decisions

Some examples of how the Board has considered stakeholder interests and s.172(1) matters in its decision making in 2023/24 are set out below and in 'What we did in 2023/24' on pages 106 and 107. Further details on our stakeholder engagement, and our response, can also be found on pages 69 to 72.

### French Railways House & 50 Jermyn Street, SW1 (FRH)

1 4 5 6

In September 2023, the Board approved the redevelopment of FRH having secured an to option sign a development agreement and regear the headlease with freeholder, The Crown Estate.

The Board discussed the strong business case for the redevelopment and its wider stakeholder impacts compared to alternative business strategies, including a sale or refurbishment. This included the review of performance metrics, procurement and construction costs in a volatile market, the leasing prospects for the scheme and the prospective returns for GPE and its shareholders.



The Board considered customer and agent feedback and market analysis, which had highlighted strong customer demand for prime office space in a location where there was a tightening of supply and a limited development pipeline.

The Board had regard to the positive impact the scheme would have on local communities and the engagement to date with key stakeholders in designing the scheme. The impact on the Group's employees was also considered, noting that the scheme would offer employees development, project management and innovation opportunities.

The Board considered GPE's sustainability agenda and stakeholder expectations and the exemplary and market-leading sustainability credentials of the building which would include a steel frame comprised of reused steel from the careful deconstruction of the previous building at 2 Aldermanbury Square, EC2. The Board also considered GPE's ongoing work with suppliers to reduce carbon impacts.

Having weighed up the balance of risks and potential returns, it was concluded that the proposals aligned with GPE's purpose and strategy and, in view of the value expected to be delivered to stakeholders, that GPE should proceed with the redevelopment of FRH.

➔ See more on pages 23 and 24

1 Denotes strategic priorities for 2023/24 as set out on pages 14 and 15.

### Acquisition of 16/19 Soho Square, 29/43 Oxford Street and 7 Falconberg Mews, W1 (the Soho Square Estate)

1 2 4 6

In August 2023, the Board approved the acquisition of the corporate vehicle holding the freehold interests of the Soho Square Estate for cash consideration based on a property value of £70 million.

The Board noted how the acquisition of the mixed-use buildings presented the opportunity to build on GPE's HQ development footprint in a core target Soho location, close to the Elizabeth line, along with flagship retail fronting Oxford Street. Office and retail market analysis for the area was reviewed which indicated the likelihood of strong customer demand for prime assets in an undersupplied market.

The Board considered the mitigation of transaction risks and the financial impact of the acquisition, including the attractive pricing and anticipated returns for GPE and its shareholders. While the site benefited from an existing planning consent for a new development scheme, opportunities also existed to enhance the scheme's design and massing to further improve prospective returns for shareholders and respond to customer demand.



The Board noted plans to upgrade the buildings to improve their sustainability, biodiversity and wellbeing credentials in accordance with GPE's net zero carbon commitments and stakeholder expectations. Opportunities to support local community needs were also noted.

From an employee perspective, the acquisition would drive further momentum in the business and provide employees with additional development opportunities.

Having regard to stakeholder interests, and the long-term sustainable value expected to be delivered for stakeholders, the Board approved the acquisition of the Soho Square Estate.

➔ See more on pages 11, 24 and 25

## How we behave, human rights, supplier stewardship and anti-corruption and anti-bribery matters

We aspire to the highest standards of conduct based on honesty and transparency in everything we do. Our Executive Committee has a high level of oversight over the Group's day-to-day policies and procedures and carries out regular reviews of the appointment of contractors, consultants and suppliers.

We support the principles of the UN Declaration of Human Rights and core conventions of the International Labour Organization. Our expectations on human rights are set out across a number of our policies and procedures as we seek to avoid causing or contributing to adverse human rights impacts through our activities. In our business relationships, we look to demonstrate a commitment to fundamental human rights through our own behaviours and look to engage suppliers whose values and business principles are consistent with our own. Whilst we require all our suppliers to comply with standards and codes that may be specific to their industry, our Supplier Code of Conduct also sets out the additional standards that we require of our suppliers in this regard. GPE team members regularly meet with main contractors to share information on industry best practice, including in relation to human rights, modern slavery, health and safety and responsible sourcing.

In September 2023, we published our latest Modern Slavery Act Statement, which can be found at [www.gpe.co.uk/our-modern-slavery-statement](http://www.gpe.co.uk/our-modern-slavery-statement), setting out the steps we have taken over the past year, and intend to take over the next 12 months, to ensure our suppliers and their supply chains adopt similar standards to our own to prevent slavery and human trafficking taking place within our supply chain.

Formal policies in place in relation to human rights, anti-bribery and corruption, fraud and sanctions matters include our overarching Financial Crime Policy, together with our Ethics, Gifts and Hospitality, Whistleblowing, Use of GPE Suppliers, Conflicts of Interest and our Inside Information and Share Dealing Policies. All new employees receive training on these policies as part of their induction process. A formal compliance statement relating to these policies is required to be signed off by employees annually, with any matters of concern reported to the Audit Committee. There were no significant matters to report to the Audit Committee in relation to these policies in the year ended 31 March 2024. The Audit Committee also reviews our Financial Crime, Ethics, Gifts and Hospitality and Whistleblowing Policies annually. Our policies can be found at [www.gpe.co.uk/about-us/governance](http://www.gpe.co.uk/about-us/governance)

Whilst we consider our industry to be relatively low risk with regard to money laundering, we also have a formal Anti-Money Laundering Policy in place and specific training is provided to employees as appropriate.

## Our conflict of interest procedures

The Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The Company has established a procedure whereby any actual or potential conflicts of interest that may arise must be authorised by the Board, maintained on a register and periodically reviewed, with Directors required to update the Board with any changes to the nature of any conflicts disclosed.

A Director who has a conflict of interest is not counted in the quorum or entitled to vote when the Board considers the matter in which the Director has an interest and the Director may be excluded from the meeting where appropriate. The Board considers these procedures to be working effectively.

## Our approach to Board induction and development

Having joined the Board as a new Non-Executive Director this year, Karen Green received a comprehensive induction programme over a number of months which was facilitated by the Chair and the General Counsel & Company Secretary and tailored to Karen's individual needs. Our induction process is designed to develop the Director's knowledge and understanding of the Group, covering key areas including GPE's purpose, values, culture and strategy, its corporate governance, risks and internal controls and the industry and markets in which it operates. Our induction programme for new Directors is delivered through:

- meetings with the Chair, wider Board, General Counsel & Company Secretary and relevant Committee Chairs;
- a structured programme of meetings with executives and senior managers to provide a deeper understanding of risks and opportunities and stakeholder interests;
- meetings with advisers, including the internal and external auditors and brokers, to provide a valuable external perspective;
- property tours to see assets first-hand and to learn more about GPE's asset and development plans;
- access to a library of reference materials covering key areas including strategy, finance and operations, governance, risk management and internal controls; and
- training as appropriate on key policies, statutory duties and legal and governance requirements.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings and regular property tours conducted by the relevant GPE teams.

The Board strongly supports the ongoing development of its Directors. The Directors may, at the Company's expense, take independent professional advice and are encouraged to continually update their professional skills and knowledge of the business and wider industry. Senior managers and external advisers presented to the Board during the year on a range of subjects, including: macro-economic and political risks; industry themes and developments; the global and UK real estate investment market; the flexible space market and GPE's flexible space offer; property innovation and technology; climate change and sustainability; planning regulation; cyber risk; and accounting and governance developments.

Directors also individually attend seminars or conferences associated with their expertise or areas of responsibility and are provided each quarter with a list of relevant upcoming seminars by various firms. Director training is reviewed by the Nomination Committee and development areas are discussed with individual Directors as part of the annual performance evaluation process.

# Leadership and purpose continued

## What we did in 2023/24

2023

### Strategy, governance, risk and opportunity management

#### May/June

- Discussion of 2023/24 key priorities, themes, strategic actions and team resourcing
- Discussion of market conditions, the macro-economic environment, capital allocation implications and the strategic risks and opportunities
- Update on real estate trends, customer demand and rent collection
- Discussed asset strategies and potential sales and acquisitions
- Received an update on activities being undertaken in relation to the development pipeline, including the Minerva House planning process and the challenging planning environment

#### June/July

- Received an update from GPE's corporate brokers on the market backdrop and GPE's positioning and opportunity
- Approval of the refurbishments of (i) Egyptian & Dudley House, Piccadilly; and (ii) Alfred Place, each as Fully Managed spaces
- Approval of an option to regear the headlease and sign a development agreement with the freeholder at FRH
- Update on Executive Committee 'Away Day', including discussions on market dynamics, team effectiveness, delivery of a Customer First culture and the evolution of GPE's Roadmap to Net Zero
- Approval of the appointment of Karen Green as a Non-Executive Director

#### August/September

- Approval of the acquisition of the Soho Square Estate
- Strategy update and discussion of GPE's strategic response to the economic environment and return of the property cycle
- Update on Flex activities, including market conditions, performance, customer retention and team resourcing
- Approval of a new £250 million unsecured term loan to support the delivery of strategic priorities and funding of a £175 million private placement debt maturity
- Approval of the definitive appraisal and commitment to progress the redevelopment of FRH
- Authority given to progress the Minerva House scheme design and prepare the building for demolition
- Noted a health and safety update and progress against KPIs



### Understanding the views of stakeholders, the interests of employees and the fostering of business relationships

- Received an update on recent employee 'pulse' engagement survey results and feedback from Executive Committee 'Listening Sessions'
- Discussion of customer experience initiatives, strong NPS results and development of actions plans in response to feedback, including meetings with detractors and process improvements
- Approved updates to GPE's Sustainability Policy
- Consideration of engagement with freeholders, including to progress the regear of the headlease at French Railways House & 50 Jermyn Street (FRH)
- Recommendation of the payment of a final dividend to shareholders
- Noted shareholder feedback on the proposed new Directors' remuneration policy and changes made in response
- Approved proposed new Restricted Share Plan to support employee motivation and retention

- Consideration of feedback from investor meetings following the year-end results, including in respect of macro challenges, market bifurcation, earnings and opportunities to strengthen GPE's Flex messaging
- Noted updates on Customer First employee workshops and a customer panel discussion focused on customer service strategies
- Noted feedback from joint venture partners regarding the management of assets and JV strategies
- Received feedback regarding GPE's successful Community Week and funds raised for charity partner, XLP
- Consideration of reports from institutional shareholder advisory bodies and the recommendations for the AGM

- Discussion of the sustainability landscape and developing stakeholder, local authority, regulatory and wider expectations, including in respect of net zero carbon and offsetting strategies, and the implications for GPE's sustainability strategy
- Noted activities to deepen freeholder relationships with potential to pursue wider acquisition and partnership opportunities

- Discussion of a review to simplify the sesame® workplace app and improve user experience in response to feedback
- Noted improvements to customer engagement to drive actionable insights
- Discussion of development, planning, procurement and construction pricing risks and mitigating actions in collaboration with suppliers
- Review of investor relations activities and analyst updates
- Approval of GPE's 2023 Modern Slavery Statement



Consideration of stakeholder engagement



The table below provides examples of our significant discussions, transactions and appointments over and above the scheduled matters outlined on page 97, together with examples of our oversight of engagement with stakeholders and consideration of s.172(1) matters since April 2023. You can read our s.172(1) statement on page 72.

2024

## November

- Discussion of key market themes, macro conditions and the relative performance of the London office market
- Received an update from GPE's corporate brokers regarding macro conditions and opportunities as the property cycle returns
- Received a review of GPE's technological capabilities and discussed opportunities to strengthen the enterprise architecture and the role of data analytics in decision-making
- Review of potential asset sales

- Discussion of a potential acquisition
- Noted void rates and void mitigation strategies
- Noted progress against the GPE Customer Roadmap
- Supported the appointment of PwC as GPE's third-party sustainability data assurance provider



141 Wardour Street

## January/February

- Review of key themes and priorities to be addressed as part of the March 2024 strategy review
- Approval of a £200 million short term debt facility
- Approval of the definitive appraisal for the 141 Wardour Street refurbishment scheme

- Discussion of the London Flex office leasing market, customer retention and the benefits of product differentiation and building clusters in micro-locations
- Discussion of the recommendations arising from the internal Board evaluation



The Courtyard

## March/April

- External presentations on the economy and the central London office market
- Adoption of a new Digital, IT and Innovation Strategy
- Approved a revised Health & Safety Policy Statement
- Received an update on customer experience activities
- Approved the acquisition of The Courtyard building as part of a swap deal with 95/96 New Bond Street
- Approval of the definitive appraisal and commitment to progress the redevelopment of Minerva House
- Approval of the definitive appraisal for the refurbishment of 200 Gray's Inn Road

- Discussion of feedback from joint venture partners
- Supported the adoption of a new GPE senior management ethnic diversity target to increase representation and further support GPE's inclusive culture
- Discussion of design progression for near-term schemes, including Minerva House, to meet evolving customer, local community and sustainability needs

- Approval of the interim dividend
- Discussion of Customer Experience team resourcing to meet GPE's customer ambitions and positive feedback from new Flex customer onboarding surveys



Minerva House

- Discussion of a planned 'Flex teach-in' session for investors and analysts and feedback indicating that Flex was well-understood and considered to be an important part of the market going forward
- Discussed feedback from an investor roadshow in Asia suggesting improvements in sentiment towards the UK real estate market
- Received an update, in response to evolving market expectations, on plans to update GPE's Roadmap to Net Zero and sustainability targets, including to work with customers and suppliers to reduce their carbon emissions
- Noted feedback from freeholders in relation to proposed headlease regears and asset business plans

- Review of feedback from an institutional investor roadshow in November, including positive feedback on Flex progress and ongoing focus on development returns, leverage, growth and the scale of acquisition opportunities
- Noted GPE's attainment of Level Three Disability Confident Employer accreditation

- Approved GPE's updated Roadmap to Net Zero and sustainability targets



- Update on results of the recent customer satisfaction survey and Net Promoter Score and action plans to respond to feedback on processes to address maintenance and building issues and opportunities to strengthen strategic relationships, customer communications and the sesame® app
- Approved the adoption of a new Company value - 'We value every customer'
- Discussion of the impacts of social impact activities and the creation of £1.5 million of social value in the year

# Division of responsibilities

## The role of the Board and its Committees during the year



typically six scheduled meetings a year	approves major transactions
sets strategy	provides oversight of governance
provides oversight of purpose, culture and risk	oversees climate change risk and sustainability strategy

➔ See Board activities on **pages 97 to 107**  
 See biographies of the current Directors on **pages 94 and 95**  
 See the division of responsibilities of the Directors on **pages 108 and 109**



Audit Committee	Remuneration Committee	Nomination Committee
four scheduled meetings a year	five scheduled meetings a year	five scheduled meetings a year
oversees financial reporting	establishes Directors' remuneration policy to be proposed to shareholders for approval	recommends Board appointments
monitors risk management and internal controls	sets executive remuneration schemes	approves senior management appointments
scrutinises activities and performance of the external auditor	reviews Executive Committee member objectives and achievements	oversees succession planning and development of a diverse pipeline
conducts, as appropriate, the tender process for the external audit contract	approves senior management remuneration and incentive awards	responsible for Board effectiveness evaluation
evaluates internal auditor and audit plan	approves variable remuneration targets	
	approves the Directors' remuneration report	
	reviews wider workforce pay policies and alignment of incentives with culture	

➔ See Audit Committee report on **pages 116 to 123**  
 See Our approach to risk on **pages 74 to 87**

➔ See Directors' remuneration report on **pages 124 to 143**

➔ See Nomination Committee report on **pages 110 to 115**



Executive Committee	Sustainability Committee	Health and Safety Committee	Social Impact Committee
meets fortnightly	meets four times a year	meets four times a year	meets four times a year
implements the Group's strategy	manages climate change risk and resilience	reviews the Group's health and safety compliance and performance	sets direction for the Group's social value creation
oversees transactions	reviews progress and development of sustainability strategy	provides oversight on Health and Safety Strategy	oversees implementation of the Group's Social Impact Strategy, charitable partnerships and donations
monitors risks and opportunities	monitors environmental compliance	identifies and reviews opportunities for improvement	
responsible for succession planning, resourcing and people development	oversees allocation of Decarbonisation Fund		➔ See Strategic Report on <b>pages 01 to 80</b>
	development sub-committee focuses on innovation and opportunities of net zero carbon development and refurbishment		<b>Inclusion Committee</b>
	portfolio sub-committee focuses on reducing carbon emissions in the existing portfolio		meets six times a year
			provides oversight of Group diversity and inclusion initiatives
			oversees the work of Employee Impact Groups
			monitors feedback and identifies areas for improvement

➔ See Strategic Report on **pages 01 to 80**

➔ See Sustainability on our website [www.gpe.co.uk/sustainability](http://www.gpe.co.uk/sustainability)

➔ See Sustainability on our website [www.gpe.co.uk/sustainability/working-safely](http://www.gpe.co.uk/sustainability/working-safely)

➔ See Our people and culture on **pages 63 to 68**

## The division of responsibilities of the Directors

The Board currently comprises the Non-Executive Chair, three Executive Directors and six independent Non-Executive Directors and is supported by the General Counsel & Company Secretary. The Chair and the other Non-Executive Directors meet regularly without the Executive Directors, and at least once a year the Non-Executive Directors meet without the Chair. In addition, individual Directors meet routinely outside the formal Board meetings as part of each Director's contribution to the delivery of the Company's strategy and review of operations.

The Executive Directors meet every two weeks with senior management as the Executive Committee, chaired by the Chief Executive, to attend to the ongoing management of the Group. The Executive Committee makes decisions within the parameters set out in the Group's Delegated Authorities which govern the taking and escalation of significant decisions. Significant operational and market matters are communicated to the Non-Executive Directors on a timely basis outside of the Board meetings. All Directors have access to the advice and services of the General Counsel & Company Secretary, who is responsible to the Chair on matters of corporate governance.

Each year the Schedule of Board Responsibilities and Terms of Reference for the roles of Chair, Chief Executive and Senior Independent Director are revisited by the whole Board and are available on our website at [www.gpe.co.uk/investors/governance](http://www.gpe.co.uk/investors/governance)

Roles and responsibilities of the Directors:

<b>Chair</b>	Richard Mully	Richard is responsible for leading the Board and for its effectiveness, meeting with shareholders as appropriate, ensuring a culture of openness, transparency and debate and helping the Chief Executive 'to set the tone from the top' on the Company's purpose, values and culture. As part of his role in leading the Board, he ensures that the Board provides constructive input into the development of strategy, understands the views of the Company's key stakeholders and provides appropriate oversight, challenge and support.  As Chair, Richard also leads the Nomination Committee.
<b>Chief Executive</b>	Toby Courtauld	Toby is responsible for setting the Group's strategic direction, implementing the agreed strategy, the operational and financial performance of the Group and the day-to-day management of the Company, including setting the tone for, and ensuring oversight of, the Company's culture through 'living our values' and ensuring the Board is aware of key stakeholders' views. As part of his role, Toby is responsible for leading the Executive and Sustainability Committees, has executive responsibility for climate change and sustainability matters and has responsibility for oversight of the IT, Innovation & Digital Transformation, Leasing and Legal & Corporate Secretariat functions.
<b>Chief Financial &amp; Operating Officer</b>	Nick Sanderson	Nick supports the Chief Executive in developing and implementing the Group strategy and all financial matters. As part of his operations role, Nick has responsibility for oversight of the valuation process and the HR, Customer Experience, Flex and corporate Marketing functions. Nick also leads the Social Impact Committee.
<b>Executive Director</b>	Dan Nicholson	Dan further supports the Chief Executive in developing and implementing the Group strategy while he has specific responsibility for portfolio management and development management. Dan also leads the Health and Safety Committee, has Board responsibility for health and safety and leads the New Business team.
<b>Senior Independent Director</b>	Nick Hampton	Nick acts as a sounding board for the Chair, leads the other independent Non-Executive Directors in the performance evaluation of the Chair and is available to shareholders as required. As part of his role, he also acts as an intermediary for the Non-Executive Directors if necessary and is an independent point of contact in the Group's whistleblowing procedure. As Senior Independent Director, Nick is also responsible for the Chair's succession process, working closely with the Nomination Committee.
<b>Non-Executive Directors</b>	Mark Anderson Karen Green Vicky Jarman Champa Magesh Emma Woods	Responsible for bringing an external perspective and providing constructive challenge and support to the Board's deliberations and decision making, using their broad mix of business skills, knowledge and experience acquired across different business sectors. They are also responsible for monitoring the delivery of the agreed strategy within the risk management framework set by the Board and promoting high standards of integrity and corporate governance. As Committee Chair, Emma Woods is responsible for leading the Remuneration Committee, while Vicky Jarman is responsible for leading the Audit Committee. Each Committee Chair seeks engagement with shareholders, as appropriate, on significant matters relating to their areas of responsibility.

# Composition, succession and evaluation

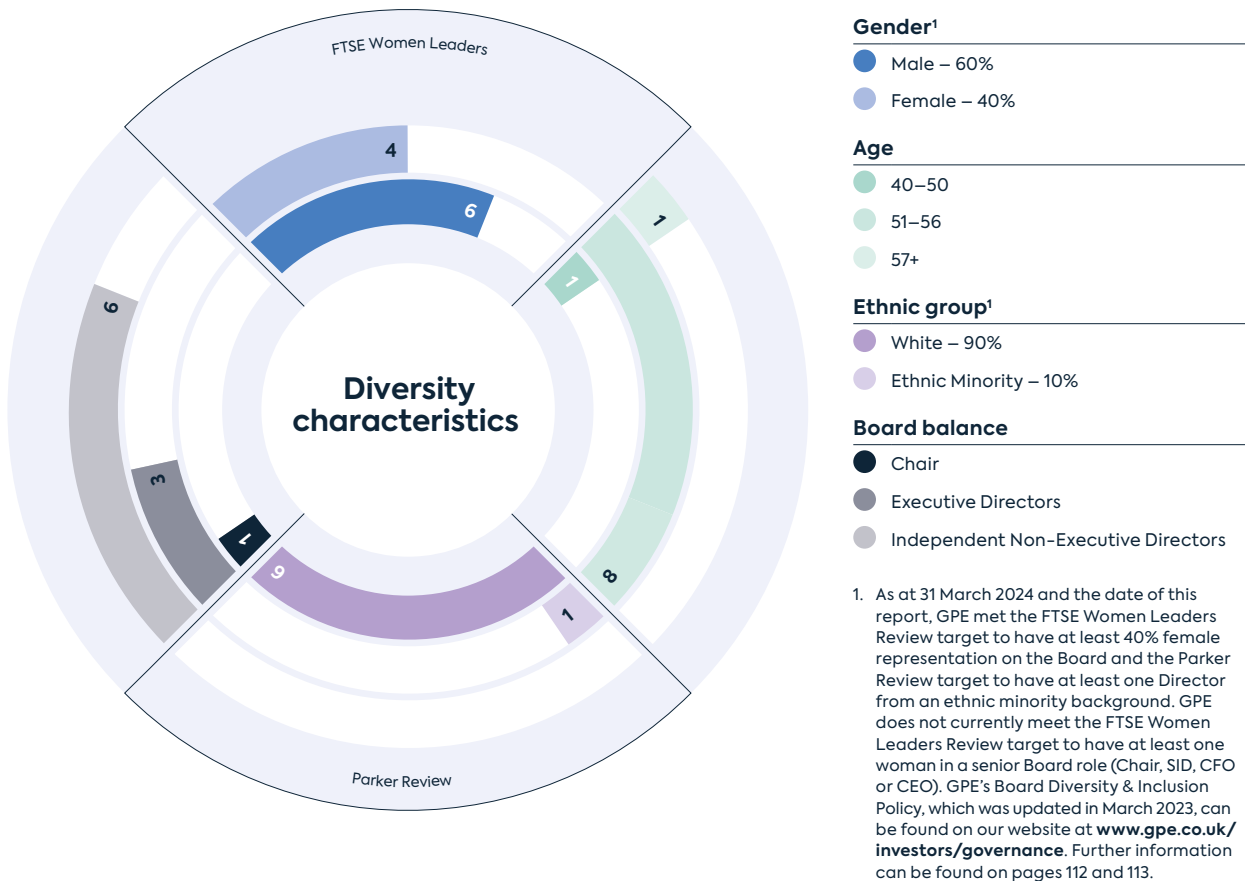
## Board composition and diversity

The diagrams below show the Board's composition, tenure and diversity characteristics.

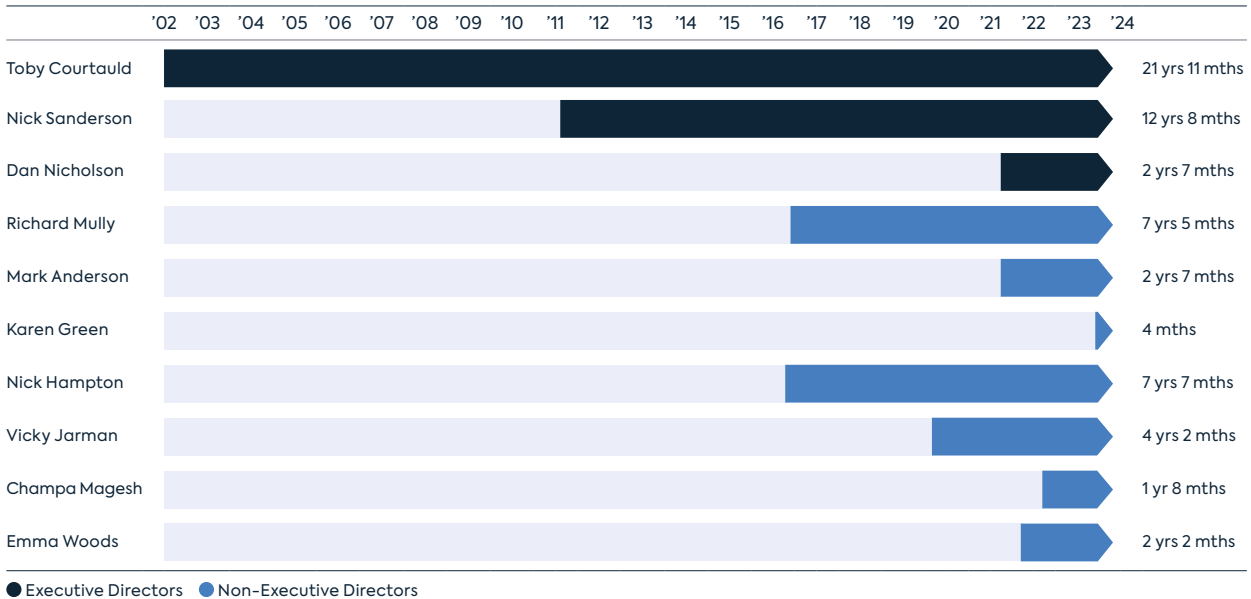
The biographical details of the Directors can be found on pages 94 and 95 which show the breadth of their skills and experience, why their contribution is important to the Company's long-term sustainable success, and their membership of the Company's various Committees.

Further details regarding diversity and inclusion at GPE can be found on pages 68, 112 and 113.

### Board diversity and tenure (as at 31 March 2024 and the date of this report)



### Directors' tenure (as at 31 March 2024)





# Nomination Committee

Further details regarding Committee memberships, meetings and attendance can be found on page 96.

## Committee members<sup>1</sup>

Director	Role
<b>Richard Mully</b>	Chair
<b>Nick Hampton</b>	Senior Independent Director
<b>Mark Anderson</b>	Non-Executive Director
<b>Karen Green</b>	Non-Executive Director
<b>Vicky Jarman</b>	Non-Executive Director
<b>Champa Magesh</b>	Non-Executive Director
<b>Emma Woods</b>	Non-Executive Director

## Our approach

The key objectives of the Committee are to regularly review the skills and experience of the Board to ensure that it is the right size, structure and composition taking into account the skills, experience, independence, knowledge and diversity of Directors and the future strategy of the Group.

It is the Committee's role to consider succession planning for the Board and senior executives below Board level, to oversee the development of a diverse pipeline for succession and to lead on the process for Board appointments.

As part of its objectives, the Committee reviews and recommends to the Board (i) the compositions of the Audit, Nomination and Remuneration Committees, taking into consideration individuals' experience, ongoing training and development needs, their time commitments and the benefits of diversity; and (ii) the re-election of Directors by shareholders at the Annual General Meeting.

## Our process

The Nomination Committee Terms of Reference are available on the Company website at [www.gpe.co.uk/investors/governance](http://www.gpe.co.uk/investors/governance)

The Nomination Committee membership generally includes all of the Non-Executive Directors. At the start of the financial year, the Nomination Committee comprised the Chair of the Board, Richard Mully, and six independent Non-Executive Directors, namely Mark Anderson, Nick Hampton, Vicky Jarman, Champa Magesh, Alison Rose and Emma Woods. Alison Rose stepped down from the Board, and therefore the Committee, with effect 6 July 2023. Karen Green was appointed to the Committee with effect from her appointment to the Board on 1 December 2023.

In making any recommendations for Board appointments, the Nomination Committee consults with the Chief Executive and other members of the Board as appropriate. During the year, the Chief Executive was invited to attend Nomination Committee meetings to provide the Committee with updates on human resourcing, diversity and inclusion activities, talent development and succession planning. The Chief Executive and the Chief Financial & Operating Officer also provided their input into Board recruitment processes.

In making recommendations to the Board on Non-Executive Director appointments, the Nomination Committee specifically considers the expected time commitment of the proposed Non-Executive Director and other commitments they already have. Agreement of the Board is also required before a Director may accept any additional commitments to ensure possible conflicts of interest are identified and that the Directors will continue to have sufficient time available to devote to the Company. In November 2023, the Board carefully considered the proposed appointments of Emma Woods as a Non-Executive Director of Ancient + Brave and of Champa Magesh as Managing Director for the Hospitality division of The Access Group, noting their other current commitments. The Board was satisfied that these changes would not impact Emma's or Champa's independence or commitment and that in each case they would continue to be able to add significant value to their respective roles at GPE.

Non-Executive Directors are not appointed for specific terms but, in accordance with the UK Corporate Governance Code, are subject to annual re-election. All proposed re-elections to the Board are formally considered by the Nomination Committee, taking account of each individual's effectiveness and commitment to the role.

The Nomination Committee also reviews the recommendations of the Board evaluation process and progress against the recommendations from the previous year.

1. Alison Rose also served as a member of the Nomination Committee during the year, stepping down from the Board and the Committee on 6 July 2023.

## Composition, succession and evaluation continued



“The Committee has continued to focus on Board recruitment and succession planning, and the progression of our diversity and inclusion agenda.”

Richard Mully Chair of the Nomination Committee

### Dear fellow shareholder

On behalf of the Nomination Committee, welcome to the report of the Nomination Committee for the year ended 31 March 2024. The Committee has continued to focus on Board recruitment and succession planning and the progression of our diversity and inclusion agenda.

### Board and Committee composition

The Nomination Committee regularly reviews the composition of the Board and its Committees to ensure they have the requisite skills, experience, diversity and knowledge in alignment with the Group’s strategy. The Committee also gives ongoing consideration to the length of service of, in particular, Non-Executive Directors, to ensure Board membership is regularly refreshed and that appropriate succession plans are in place.

As I explained in last year’s report, having identified the need to strengthen the Board’s City, financial and transaction experience, the Committee instructed executive search firm, Russell Reynolds, to support with the search for an additional Non-Executive Director with the desired skills and experience. Russell Reynolds has no connection with the Company or any individual Directors other than to assist with Executive and Non-Executive succession planning and appointment processes.

As part of the recruitment process, the Committee reviewed diverse longlists from which refined shortlists of candidates were selected for interview. Following a detailed selection process the Committee recommended to the Board the appointment of Karen Green, who joined the Board and each of its Committees from 1 December 2023. Karen’s considerable City, financial markets and non-executive experience enables her to provide valuable commercial insight and to contribute to the development and execution of the Group’s strategy.

I am delighted Karen has joined us, together with the other additions we have made to the Board over the last few years, bringing essential skills and expertise to the Board for the future. I would also like to record my thanks to Alison Rose, who stepped down from the Board at our AGM on 6 July 2023, for her valuable contributions and insight.

The Committee also spent time during the year discussing succession planning for Nick Hampton, our Senior Independent Director (SID), whose nine-year tenure is due to end in October 2025, and also for my role as Chair, given I will have served

nine years on the Board in December 2025. Chair and SID succession planning, and the shape and timings of associated processes to ensure a smooth transition, will remain an area of focus over the next year. We anticipate that Nick Hampton will lead the process at the appropriate time to find my successor.

The Committee aims for GPE to achieve the FTSE Women Leaders Review and Listing Rule target for at least one of the Chair, SID, CEO and CFO positions to be held by a woman, and the benefits of diversity will continue to be an important consideration in our Board succession planning, including our ongoing succession planning for the Chair and SID roles.

### Succession planning and talent development

During the year, in addition to the Board processes described above, we have considered the development plans and succession planning for Executive Directors, the Executive Committee and senior leaders. As part of this process, the Committee considers the depth and quality of the succession pipeline, the skills and capabilities required for the future strategic needs of the business, retention and succession planning risks, personal development needs and the strengthening of diversity and inclusion.

Recognising and developing our top talent is key to ensuring that we have a healthy and diverse pipeline of current and potential future leaders, and this remains a key area of focus for the Board and Committee. We have progressed our Non-Executive Director mentoring programme for selected members of the GPE team and continue to oversee our wider talent development programme. Further details can be found on pages 63 to 68.

To enhance the delivery of our Customer First approach as we continue to innovate, digitise our activities and grow our Flex workspace offer, we were pleased to endorse organisational design changes as well as several senior operational role changes in the year. This included: Rebecca Bradley, Director of Customer Experience & Relationships, assuming leadership of our new Customer Strategy & Insights team; Simon Rowley being appointed to the newly created role of Director of Flex Workspaces; Jordan McLean joining GPE in the newly created role of Director of Digital & Technology; and Helen Hare, Director of Projects, assuming responsibility for our Building Surveying and Technical Services teams. Details of these and other changes made to strengthen the team can be found on page 66.

### Our approach to diversity and inclusion

We recognise the strategic importance of a diverse Board and workforce which is representative of our stakeholders and which provides different perspectives to support the development and delivery of our strategy.

The Board’s Diversity & Inclusion Policy, adopted in March 2023, specifically applies to the Board and its Committees and supports GPE’s wider approach to diversity. A copy of the policy can be found on our website at [www.gpe.co.uk/investors/governance](http://www.gpe.co.uk/investors/governance). We believe that the Board should comprise Directors with a diverse mix of attributes including but not limited to skills, knowledge, experience, gender, ethnicity, age and educational, professional and socio-economic background. Different perspectives and points of view improve decision making, and we believe that ultimately

this will benefit GPE's stakeholders through better business performance. The Board also believes that the tone for diversity and inclusion at GPE must be set from the top; having a diverse leadership team and an open and inclusive culture is aligned to our core values and expected behaviours.

We expect our search consultants to ensure that the candidate pool for appointments to the Board is sufficiently wide and includes candidates from a variety of backgrounds with a wide range of experience and strengths to reflect the Board's diversity aims. This approach to recruitment is mirrored across the business.

From a gender perspective, the Committee supports the recommendations set out in the FTSE Women Leaders Review. As at 31 March 2024, women represented 40% of the Board, 25% of the Executive Committee and 37% of the population comprising the Executive Committee and their direct reports. The Board's Diversity & Inclusion Policy also states our aim for there to be at least one woman in a senior Board role (Chair, SID, CEO or CFO) by the end of 2025 at the latest.

We are pleased to have met the Parker Review target to have at least one Director from a minority ethnic background and, as explained below, we are working to increase ethnic minority representation across the organisation.

Diversity and inclusion, and the development of a diverse management pipeline, remain a key priority and the Board, along with the Nomination and Remuneration Committees, continues to drive and oversee our progress in these areas under our People Plan. To inject further pace, for 2023/24, Executive Directors and other senior executives were given a specific annual bonus scorecard measure linked to progress against two of our aspirational diversity and inclusion targets:

- for 40% of senior leadership roles (Executive Committee, Department Director and Heads of Department roles) to be held by women by 2025 (31 March 2024: 33.3%); and
- for 20% of all management roles to be held by colleagues who identify with an ethnic minority category (as identified by the ONS) by 2025 (31 March 2024: 15%).

In line with the Parker Review recommendations for FTSE 350 companies, the Committee has also set a further target for at least 15% of the population comprising the Executive Committee and their direct reports to be represented by individuals who identify with an ethnic minority category (as identified by the ONS) by the end of 2027 (31 March 2024: 4.2%).

We continue to make progress in many areas but recognise there is much work still to do and the Committee continues to oversee the development, implementation and progress of diversity and inclusion initiatives under our Board-approved People Strategy. The work of our Inclusion Committee and four Employee Impact Groups has continued to provide a voice for colleagues from under-represented groups. This year also saw the launch of compulsory inclusion workshops for all colleagues, the completion of an inclusive leadership programme by Department Directors and Heads of Department and a series of 'Listening Sessions' hosted by Executive Committee members with colleagues from across the business.

### Statement in accordance with Listing Rule 9.8.6R(9) on Board Diversity

As at 31 March 2024, GPE met the targets specified in Listing Rules 9.8.6R(9)(a) and (c) with the Board comprising 40% women and having one Director from a minority ethnic background. However, while the key roles of Audit Committee Chair and Remuneration Committee Chair are both held by women, the Board has not yet met the target under Listing Rule 9.8.6R(9)(b) for at least one of the Chair of the Board, Chief Executive, SID or CFO positions to be held by a woman.

All Board appointments are based on merit and objective criteria, taking account of the benefits of diversity and, as explained on page 112, the benefits of diversity are an important consideration in our ongoing succession planning for the roles of Nick Hampton (SID) and Richard Mully (Chair) who will have served on the Board for nine years in October 2025 and December 2025 respectively. It is the Board's aspiration and intention to meet the target specified in Listing Rule 9.8.6R(9)(b) as we refresh our Board over time and, as set out in our Board Diversity & Inclusion Policy, we aim to meet all targets set out in Listing 9.8.6(9) by no later than the end of 2025. We will provide further updates on our succession planning and recruitment processes at the appropriate time.

Details regarding GPE's gender and ethnic diversity data, including that required by Listing Rule 9.8.6R(10), and our approach to collecting data, can be found on page 68.

We believe that these, and the many other initiatives across the business, are helping to educate colleagues and foster a diverse and inclusive culture. We were delighted to become a Level 3 Disability Confident Employer in the year and to receive a Clear Assured Bronze level diversity and inclusion accreditation, reflecting the positive progress being made in many areas.

Further details regarding our diversity and inclusion initiatives and progress can be found on pages 63 to 68.

### Committee and Director effectiveness review

This year, the Committee oversaw an internal Board and Committee effectiveness review. The review concluded that the Board and its Committees, including the Nomination Committee, continue to operate efficiently and effectively. Details of the review and its findings can be found on pages 114 and 115.

All proposed elections and re-elections to the Board are formally considered by the Nomination Committee, taking account of each individual's continued effectiveness and commitment to the role. Following this review, I can confirm that each of the Non-Executive Directors is considered effective in their roles and both independent of the executive management and free from any business or other relationship which could materially interfere with their exercising of independent judgement. The SID also met with the Directors to appraise my own performance.

**Richard Mully**  
Chair of the Nomination Committee  
22 May 2024

# Composition, succession and evaluation continued

## Our 2023/24 Board evaluation process

In accordance with the recommendations of the Code, we undertake a review of the effectiveness of the Board's performance and that of its Committees and Directors every year, with an external evaluation held at least every three years.

Our progress against the actions identified through the 2022/23 external review facilitated by Milena Djurdjevic of Calibro Consult, an external board evaluation specialist, is set out below:

### Progress against 2022/23 Board evaluation actions

Actions	Progress
<b>Enhancing the Board's City, financial markets and transaction experience.</b>	<ul style="list-style-type: none"> <li>Following a detailed recruitment process, Karen Green was appointed to the Board on 1 December 2023 bringing considerable City and financial markets experience.</li> </ul>
<b>To allocate additional Board time to GPE's strategy and transformation.</b>	<ul style="list-style-type: none"> <li>Additional time allocated at scheduled Board and Committee meetings to discuss strategy and transformation, including transformation in the areas of Flex operations, customer experience, technology and people.</li> </ul>
<b>To further deepen the Board's knowledge of the developing flexible space market and continue to ensure that Flex has the right structure, resourcing and oversight.</b>	<ul style="list-style-type: none"> <li>Updates on Flex performance and market received at each scheduled Board meeting. Flexible space market also considered in the context of GPE's strategy, acquisition pipeline, refurbishment and customer feedback discussions.</li> <li>Further development of Flex management pack and KPIs to monitor performance, with additional reporting on operational improvements.</li> <li>Simon Rowley appointed to the newly created role of Director of Flex Workspaces with team recruitment and reorganisation to support Flex delivery.</li> </ul>
<b>To further develop the Board's understanding of technology and innovation threats and opportunities, GPE's ambitions in these areas and the best means of achieving them.</b> <b>(Ongoing focus area)</b>	<ul style="list-style-type: none"> <li>Presentations to the Board on progress against prior Innovation Strategy and internal and external technology risks and opportunities, including AI.</li> <li>Creation of new Director of Digital &amp; Technology role. Adoption of new Digital, IT &amp; Innovation Strategy in April 2024.</li> <li>Updates received on cyber security controls and recommendations arising from a simulated cyber attack exercise.</li> <li>Updates received on a review of the sesame® app to maximise its benefits and further support customer experience.</li> </ul>
<b>Board and Nomination Committee continued focus on talent development and Executive Committee and Board succession planning and diversity.</b> <b>(Ongoing focus area)</b>	<ul style="list-style-type: none"> <li>Board and Executive Committee gender diversity increased.</li> <li>Nomination Committee oversaw organisational design changes, team reorganisations and associated talent development and succession opportunities.</li> <li>Implementation of meaningful diversity and inclusion initiatives – see pages 63 to 68, 112 and 113.</li> <li>Diversity and inclusion targets tracked, new senior management ethnic diversity target introduced in line with Parker Review and clear D&amp;I annual bonus targets set.</li> </ul>

An internal Board and Committee effectiveness review was undertaken in 2023/24 which was led by Nick Hampton, our SID, with the support of the General Counsel & Company Secretary. The process, which was agreed by the Nomination Committee, involved completion of an online questionnaire followed by individual meetings with Directors, a detailed report of findings and discussion at the January 2024 Board meeting.

The aim of the review was to assess the effectiveness of the Board, its Committees and individual Directors in order to identify any actions to improve how Directors fulfil their duties and become a more effective Board. The review covered the following key themes:

- the Board's role, composition and operation;
- the Board's protocols and behaviours and how effectively Directors work together to achieve the Board's objectives;
- the performance of the Board and its Committees;
- progress against the key actions arising from the 2022/23 external evaluation; and
- focused questions on the Board's strategic oversight in the context of the challenging macro environment, stakeholder feedback, transition to a new external auditor and diversity and inclusion.



The process also considered the effectiveness of individual Directors and one-to-one performance feedback was given by the SID to the Chair and by the Chair to the other Directors at the end of the process. The review concluded that the Board, its Committees and individual Directors continue to operate effectively.

Some of the key strengths identified included:

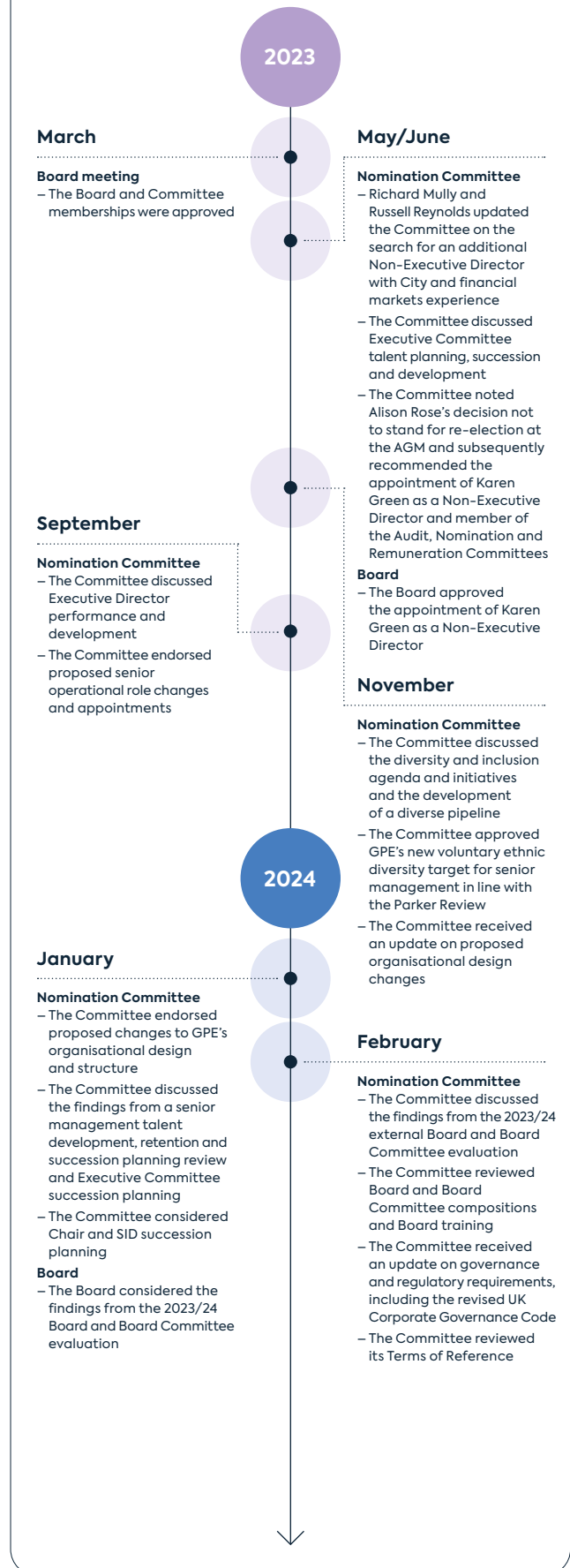
- an inclusive Board culture which is open, collaborative and collegiate;
- high levels of engagement from Directors with strong contributions to both strategic and organisational discussions;
- a diverse range of skills and perspectives, supported by recent additions to the Board;
- constructive discussion with good debate and an appropriate balance of challenge and support;
- well-managed Board and Committee meetings supported by high quality papers and effective leadership from their respective Chairs, with a clear focus on priorities; and
- strong progress having been made in response to key areas of feedback arising from the prior year's review, in particular in relation to the implementation of organisational changes and the development of the Flex strategy, business plan and operations.

The review identified some recommendations and opportunities and the key actions arising from the review are as follows:

### Key recommendations from the 2023/24 Board evaluation

- 1** To monitor the implementation of organisational design and people changes to ensure that GPE has the right structure and capabilities to deliver its ambitious strategic plan.
- 2** Continuing to oversee the evolution of the Flex strategy and product offer to drive differentiated returns and shareholder value.
- 3** To maintain close oversight of macro conditions and the next property cycle and the implications for GPE's strategy and capital allocation decisions.
- 4** To allocate additional Board time to considering technology risks and opportunities, including implementation of the new Digital, IT & Innovation Strategy.
- 5** Ongoing focus on Board composition and succession planning in view of Chair and SID tenures and on diversity representation levels of the Board and wider business.

## What we did in 2023/24



# Audit, risks and internal controls

Together, the Audit Committee and the Board are responsible for ensuring the Group has an effective internal control and risk management system and that the Annual Report provides a fair reflection of the Group's activities during the year.

## Internal controls and ongoing risk management

The Board is responsible for maintaining and monitoring the Group's system of internal control and, at least annually, reviewing its effectiveness.

Such a system can only provide reasonable, and not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The identification and management of risks and opportunities is part of the GPE mindset, underpinned by evolving processes and procedures in place for identifying, evaluating and managing the principal and emerging risks faced by the Group. These processes and procedures have been in place for the year under review and up to the date of this report, are regularly reviewed by the Board and accord with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Key features of our system of internal control include:

- a comprehensive system of financial reporting and business planning;
- a defined schedule of matters reserved for Board decision, which is reviewed by the Board at least annually;
- an organisational structure with clearly defined levels of authority and division of responsibilities;
- formal documentation of procedures;
- the close involvement of the Executive Directors and the other Executive Committee members in day-to-day operations, including regular meetings with senior managers to review operational activities and risk management systems;
- the Executive Committee reporting on control systems to the Audit Committee and Board, including to annually confirm its view on whether GPE's internal controls, and broader control environment, are appropriate and operating effectively;
- regular Board review of Group strategy, including forecasts of the Group's future performance and progress on the Group's development projects;
- formal sign-off on the Group's Ethics, Financial Crime (incorporating anti-fraud, bribery and corruption, facilitation of tax evasion and sanctions), Gifts and Hospitality and Whistleblowing Policies by all employees annually; and
- review by the Audit Committee of internal audit reports and reports from the external auditor.

Twice a year, the Audit Committee carries out, on behalf of the Board, a review of the Group's risk management framework, its principal and emerging risks, key controls and their oversight during the year. The Group's systems of risk management and internal controls involves the identification of business and financial market risks including social, ethical and sustainability issues which may impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks.

As part of its review, the Audit Committee formally considers the key controls forming the Group's system of internal control and whether these are considered to be operating effectively. The Committee considers a report from management, the work of internal audit, as described on page 120, and feedback from the external auditor. Key control observations, exceptions and management actions are reviewed and discussed, and identified risk areas are considered for inclusion in the internal audit plan where appropriate. Once complete, the Audit Committee's review of the Group's risks and internal controls, and their effectiveness, is considered by the full Board. No significant control weaknesses or failures were identified as part of this year's internal controls effectiveness review. During the year, the Board and Audit Committee have overseen actions to further enhance controls and the efficiency of GPE's internal control framework. This has included:

- the continued embedding of GPE's fraud risk assessment process;
- the reorganisation of the Finance team, strengthening information flows and management oversight of control areas. Further enhancement of GPE's controls framework is being considered in view of the new provisions under the revised UK Corporate Governance Code;
- the ongoing strengthening of IT disaster recovery controls in response to recommendations arising from an internal audit review and the adoption of a new Digital, Technology and Innovation Strategy; and
- enhancements to sustainability data assurance activities.

The Board and Audit Committee have also continued to oversee the implementation and development of the Company's risk management framework and processes to ensure these remain fit for purpose.

During the year, the Board and the Audit Committee have continued to regularly review and monitor the risks, potential impacts and controls associated with the volatile macro-economic environment and geopolitical risks arising from the war in Ukraine and the conflict in the Middle East, including in respect of rising inflation, interest rates and property yields, and supply chain pressures. This has included a review of the impacts on GPE's operations, development delivery and costs, valuations, financial forecasts and business plans. The Group's business plans continue to be prepared under a variety of market scenarios to reflect a number of potential outcomes.

The Board and the Audit Committee have continued their focus on climate change and decarbonisation risks and the steps being taken by GPE to mitigate these risks and their potential impacts on our business and operations. Such steps have included the updating of our Roadmap to Net Zero, further details of which can be found on page 39.

The Group's principal risks relating to 'Climate change and decarbonisation', 'Adverse macro-economic environment', and 'London attractiveness' continue to be identified as the risks which the Board believes could have the greatest potential impact on the Group's viability. The Group's viability statement can be found on page 88.

The Group's principal risks and the processes in place to manage those risks are described in more detail on pages 74 to 87.

# Audit Committee

Further details regarding Committee memberships, meetings and attendance can be found on page 96.

## Committee members<sup>1</sup>

Director	Role
<b>Vicky Jarman</b>	Committee Chair
<b>Nick Hampton</b>	Senior Independent Director
<b>Mark Anderson</b>	Non-Executive Director
<b>Karen Green</b>	Non-Executive Director
<b>Champa Magesh</b>	Non-Executive Director
<b>Emma Woods</b>	Non-Executive Director

## Our approach

The key objectives for the Audit Committee are to review and report to the Board and shareholders on the Group's financial reporting, internal control and risk management systems, and on the independence and effectiveness of the external auditor.

## Our process

The Audit Committee Terms of Reference are available on the Company website at [www.gpe.co.uk/investors/governance](http://www.gpe.co.uk/investors/governance)

At the beginning of the financial year, the Committee comprised six independent Non-Executive Directors: Vicky Jarman as Chair, Mark Anderson, Nick Hampton, Champa Magesh, Alison Rose and Emma Woods. Alison Rose stepped down from the Board, and therefore the Committee, at the end of the Company's Annual General Meeting on 6 July 2023. Karen Green joined the Committee with effect from her appointment to the Board on 1 December 2023.

The biographies of the current Committee members are set out on pages 94 and 95. Vicky Jarman, Nick Hampton and Karen Green have recent and relevant financial experience and are considered suitably competent in accounting and/or auditing. The Committee, as a whole, has competence relevant to the real estate sector.

The Committee provides a forum for review of the Group's financial external reporting, including its accounting policies. In respect of the Group's half-year and year-end results, this includes discussions with the Group's external valuer, CBRE, on the valuation process and conditions in London's real estate markets and with the Group's external auditor, PricewaterhouseCoopers LLP (PwC), on any accounting or audit matters. The Committee reviews the Company's sustainability data assurance activities being carried out by PwC's sustainability assurance team and considers the Company's Task Force on Climate-related Financial Disclosures in the Annual Report. The Committee also reviews the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems and is responsible for the selection and review of the effectiveness of the internal and external auditors.

The Chair of the Board, Richard Mully, attends the meetings reviewing the half-year and year-end results and has a standing invitation to attend any other meetings as appropriate. The Chief Executive, Chief Financial & Operating Officer, Executive Director, Director of Investor Relations and Joint Director of Financial Reporting, other members of senior management and representatives from the external auditor and internal auditor also attend Committee meetings as appropriate.

The Committee typically meets four times a year, with the meetings aligned with our financial reporting timetable.

1. Alison Rose also served as a member of the Audit Committee during the year, stepping down from the Board and the Committee on 6 July 2023.

## Audit, risks and internal controls continued



“The Committee has continued to play a crucial role in providing comfort to the Board on the integrity of the Group’s processes and procedures in relation to financial reporting, internal control and risk management.”

Vicky Jarman Chair of the Audit Committee

### Dear fellow shareholder

On behalf of the Audit Committee, I am pleased to present the report of the Audit Committee for the year ended 31 March 2024.

During a year which was marked by continued macro-economic volatility and the impacts of the war in Ukraine and conflict in the Middle East, the Committee has played a crucial role in providing comfort to the Board on the integrity of the Group’s processes and procedures in relation to financial reporting, internal control and risk management.

The Committee’s report is intended to provide insight into its activities during the year and sets out how it has performed against its key objectives.

As outlined on pages 117 and 123, the Committee meets four times a year to:

- review the plan for the external audit;
- agree the internal audit plan;
- identify key accounting matters and areas of judgement as early as possible;
- review reports from the external and internal auditors and valuer;
- consider how risks and internal controls have operated in the preceding six months in respect of the half-year and year-end results;
- monitor the integrity of the Group’s financial reporting and consider any key accounting judgements by management; and
- review the independence and effectiveness of both the external and internal auditors.

This year, the Committee spent time ensuring the effective transition to the new external auditor, PricewaterhouseCoopers LLP (PwC), which succeeded Deloitte as the Group’s external auditor from the conclusion of the Company’s Annual General Meeting on 6 July 2023. Further details can be found on page 121.

The Committee also oversaw a tender process resulting in the appointment of PwC as the Group’s sustainability data assurance provider in respect of selected data presented in this Annual Report, and agreed the scope of the assurance work to be performed.

In addition, the Committee has continued to monitor UK audit and corporate governance reforms and consider the implications of the revised UK Corporate Governance Code (the Revised Code) which was published in January 2024. The majority of the changes will apply to the Company from the accounting period commencing 1 April 2025 with certain provisions concerning internal controls and risk management reporting to apply from the subsequent accounting period. The Committee has also had regard to the ‘Audit Committees and the External Audit: Minimum Standard (Minimum Standard)’ against which it will report under the Revised Code. While the Committee considers that it met the requirements of the Minimum Standard in 2023/24, it is considering opportunities to enhance processes regarding the evidence it obtains from stakeholders regarding the effectiveness of the external audit in view of the recommendations of the Minimum Standard.

### Valuation of the portfolio, accounting considerations and key areas of judgement

As expected of a listed property REIT, the most significant financial judgement in the preparation of the Group accounts is GPE’s property valuation, which is central to the Group’s performance and net tangible asset value and is inherently subjective. A key responsibility of the Committee is, therefore, to satisfy itself that the valuation process in relation to the Group’s property portfolio has been carried out appropriately by the Group’s valuer, CBRE. Following a comprehensive process, which is outlined in more detail below, the Committee is satisfied that the valuation process is sufficiently robust.

In October 2023, the Royal Institution of Chartered Surveyors published an updated UK supplement of its ‘Red Book’ – its master document for regulating the valuation profession globally – implementing new rules that will prevent valuation firms from valuing an asset for regulated purposes for more than ten consecutive years. It is expected that CBRE will remain as the Group’s valuer until 31 March 2026 in accordance with the applicable rules and the Committee will be overseeing the process for the appointment of a new valuer with appropriate transitional arrangements.

During the year, the Committee considered a number of items that impacted the Group’s financial statements, including:

- the segmental reporting of GPE’s Fully Managed activities in accordance with ‘IFRS 8 – Segmental Reporting’ as these activities have grown along with associated Flex management information produced by the business;
- the accounting treatment of the acquisition of King Sloane Properties Limited, being the corporate vehicle which held the Soho Square Estate, W1;
- the accounting treatment of the £200 million interest rate cap taken out alongside GPE’s new £250 million term loan in September 2023 to protect against further interest rate increases;
- the accounting treatment in respect of the New City Court, SE1 redevelopment in accordance with ‘IAS 40 – Investment Property’; and
- the rate of capitalisation of interest for upcoming redevelopments under IAS 23 in view of the Group’s new debt facilities – ‘Borrowing Costs’.



## Fair, balanced and understandable

As part of the fair, balanced and understandable review, an advanced draft of the whole Annual Report was reviewed by senior management, with independent functions also reviewing and verifying relevant sections. The Chief Financial & Operating Officer, in his year-end Audit Committee and Board papers, includes a checklist of areas for the Audit Committee and Board to consider (including successes and challenges over the year and looking ahead) when reviewing the fairness, consistency and balance of the Annual Report and Financial Statements, including whether there are significant omissions of information. The external auditor also reported its findings to the Committee.

The Committee considered this Annual Report and Financial Statements 2024, taken as a whole, and concluded that the disclosures, as well as the process and controls underlying its production, were appropriate and recommended to the Board that the Annual Report and Financial Statements 2024 is fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.

## Viability and going concern statements

The Committee considered the viability and going concern statements and their underlying assumptions. This included management's work on assessing the potential risks to the business and the impacts arising from the adverse macro-economic environment (including the impact of high inflation and higher interest rates on property yields, property valuation, the costs and availability of financing, and on the supply chain), London attractiveness risks,

(including the rise of alternative destinations for international trade), development risk, and climate change and decarbonisation risks. Following this review, the Committee was satisfied that management had conducted robust viability and going concern assessments and recommended the approval of the viability and going concern statements to the Board.

## Internal controls and risk management

The Audit Committee's role in supporting the Board's oversight and review of the Group's principal and emerging risks, internal controls and risk management processes is covered on pages 74 to 77 and page 116.

The Committee continues to consider and monitor developments and practice in the areas of internal controls assurance and risk management, including in the context of relevant new provisions under the Revised Code which will apply to the Company from the accounting period commencing 1 April 2026.

## Financial Reporting Council (FRC) review

During the year, the Group received a letter from the Corporate Reporting Review team of the FRC concerning its review of the Group's interim report for the period ended 30 September 2023. The FRC did not raise any questions or queries based on its review, although the FRC caveated that it could do so in the future should new information become available to it which it considers relevant. The review conducted by the FRC was based solely on the interim report and does not provide any assurance that the interim report is correct in all material respects.

## Accounting and key areas of judgement

### Significant matter

### Action taken

#### Valuation of the Group's portfolio

The valuation of the Group's property portfolio is a key determinant of the Group's net tangible asset value as well as indirectly impacting executive and employee remuneration. The valuation is conducted externally by independent valuers; however, the nature of the valuation process is inherently subjective due to the assumptions made on market comparable yields, estimated rental values, void periods and the costs to complete development projects.

The Audit Committee, together with the Chair of the Board, meets with the valuer, the Executive Directors and senior management involved in the valuation process along with the external auditor in November and May to discuss the valuation included within the half-year and year-end financial statements. This review includes the valuation process undertaken, changes in market conditions, including higher interest rates and property yields, recent transactions in the market and how these have impacted our portfolio, the valuation of individual buildings and the valuer's expectations in relation to future rental growth and yield movement. The Committee asks the valuer to highlight significant judgements or disagreements with management during the valuation process.

The external auditor, PwC, using its real estate experts, separately meets the valuer and provides the Audit Committee with a summary of its work as part of its reports on the half-year review and year-end audit.

As a result of these reviews, the Committee concluded that the valuation had been carried out appropriately and independently and was suitable for inclusion in the Group's accounts.

# Audit, risks and internal controls continued

## Internal audit

Our internal audit function, which is outsourced to Grant Thornton, provides independent assurance as to the adequacy and effectiveness of the Company's internal controls and risk management systems, and reports its findings to the Committee.

During the year, Grant Thornton undertook internal audit reviews in relation to: the Flex management reporting; Information Technology Disaster Recovery; HR Operations; and Sustainability Governance. The reviews did not identify any major causes for concern. A number of recommendations were made to strengthen the design and operation of certain controls and to implement 'best practice' alongside other opportunities for improvements. Following reviews, the Committee receives regular updates on the implementation of agreed actions arising from internal audit findings. Periodic reports on IT general controls and cyber governance are also presented to the Board during the year.

At the Audit Committee meeting in February 2024, the Committee reviewed and agreed with Grant Thornton the internal audit plan for 2024/25, having regard to the Company's risk management framework. It was concluded that, for the current financial year, Grant Thornton should carry out an internal audit of:

- the Customer Relationship Management system, post implementation review;
- the end-to-end service charges management process; and
- business applications governance and procurement.

The Committee believes that the process for determining the internal audit plan is appropriate and effective with scope for the Committee to react to events, new information and situations which become known during the year and to include them as necessary. The internal audit plan for 2023/24 will continue to be reviewed and adapted, if appropriate, to meet the changing needs of the business.

## Supplier payment practices

The Committee reviews the Group's supplier payment practices twice per year along with opportunities to further enhance processes. For the period to 31 March 2024, the average supplier payment period of the Group's largest subsidiary was 35 days (2023: 31 days).

## Our Anti-Fraud, Bribery & Corruption and Whistleblowing Policies

Each year, as part of the year-end planning meeting, the Committee reviews the Group's Financial Crime, Ethics, Gifts and Hospitality and Whistleblowing Policies, which comprise the Company's key policies on bribery and fraud, for reporting to the Board. The Board has a zero tolerance for bribery and corruption of any kind. The Committee also oversees the periodic review of the Group's fraud risk assessment matrix.

This year, the Committee also considered the implications of the Economic Crime and Corporate Transparency Act 2023 (ECCTA), including the new 'failure to prevent fraud' corporate offence which is expected to come into force and apply to the Group in 2024, following the awaited publication of associated guidance by the government. A review of the Group's fraud procedures will be undertaken against the government's pending guidance to ensure they remain appropriate.

Annually, all employees are required to confirm their compliance with the Group's Financial Crime, Ethics, Gifts and Hospitality and Whistleblowing Policies as outlined on page 105, and any non-compliance is escalated to the Committee as appropriate. No matters were escalated to the Committee during the year.

The Company's whistleblowing processes include a confidential hotline, operated by an independent third party, through which employees can anonymously raise matters of concern relating to suspected wrongdoings or dangers at work. Any matters reported are investigated by the General Counsel & Company Secretary or the Senior Independent Director. During the year, there were no whistleblowing incidents reported.

## Committee effectiveness

I believe that the quality of discussion and level of challenge by the Committee with management, the internal and external audit teams and the valuer, together with the timeliness and quality of papers received by the Committee, ensures the Committee is able to perform its role effectively. The formal review of the Committee's effectiveness was covered as part of this year's internal Board and Committee evaluation process and I am pleased that the review confirmed that the Committee continues to operate effectively. Further details on the evaluation process and its broader findings can be found on pages 114 and 115.

**Vicky Jarman**  
Chair of the Audit Committee  
22 May 2024

## The external audit and review of its effectiveness

The Audit Committee advises the Board on the appointment of the external auditor, negotiates and agrees its remuneration for audit and non-audit work, reviews its effectiveness, independence and objectivity and discusses the nature, scope and results of the audit with the external auditor.

Following a competitive tender process in 2022/23 and approval by shareholders at the 2023 AGM, PwC was appointed as the Group's external auditor for 2023/24.

In view of Deloitte stepping down and PwC being newly appointed as the Company's external auditor in July 2023, the Committee did not conduct a formal backward-looking effectiveness review in respect of the 2022/23 external audit. Nevertheless, taking relevant factors into account, the Committee was satisfied with the independence and effectiveness of the 2022/23 external audit. The next such backward-looking evaluation will take place later this year after PwC has completed its first audit of the Group's financial statements.

The Committee has closely monitored the performance of PwC since its appointment and the effectiveness of the external audit process throughout the year. As part of this work, the Audit Committee has considered:

- the risks to audit quality identified by PwC and how these are being addressed, including through the use of technology;
- PwC's key audit firm level controls relied on to address audit quality risks, reports on PwC's work from the FRC's Audit Quality Review, PwC's Audit Quality Plan, Strategy and audit culture and behaviours and the findings of FRC reviews of Company financial statements;
- the calibre of PwC as an external audit firm – including reputation, coverage and industry presence;
- progress against the agreed audit plan and any changes to its scope or perceived audit risks;
- the quality of the audit team and its individuals, their character and knowledge, resources, partner involvement, team rotation, planning and execution, scope adequacy and specialist areas and understanding of the business;
- audit fee reasonableness and scope changes;
- audit communications and effectiveness – response to new developments and regulations, approach to critical accounting policies, issues and risks, quality of processes, timely resolution of issues, level of professional scepticism and challenge of management assumptions and the results of those challenges, robustness in handling key judgements, quality of responses to questions from the Audit Committee and feedback on management performance and internal control systems;
- feedback from key stakeholders on the conduct of the audit, including in private sessions held with (i) management; and (ii) internal audit without the auditors present and regular meetings between the Audit Committee Chair and members of management and the internal audit partner;

- governance and independence – internal governance arrangements, lines of communication with the Audit Committee, integrity of the audit team, Audit Committee confidence in the audit team and transparency;
- ethical standards, including potential conflicts of interest; and
- non-audit work and the potential impairment of independence by non-audit fee income.

The Committee also considered the effectiveness of the Group's management during the external audit process and sought feedback from PwC on the conduct and responsiveness of members of the Finance team. The Committee is satisfied that there has been a good level of interaction and communication between the GPE team and PwC.

The Committee believes that there has been a smooth transition of the external audit to PwC and that the audit process and external auditor have been effective. As explained above, a formal annual evaluation of PwC will also take place later this year after PwC has completed its first audit. The Committee is also satisfied with PwC's independence, with non-audit services previously provided by PwC having been transferred to other service providers ahead of PwC's appointment, where considered appropriate.

In line with best practice, the Company intends to put the external audit out to tender at least every ten years in the future.

The Company has complied during the year ended 31 March 2024, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

## Non-audit services

The external auditor, PwC, is responsible for the annual statutory audit and also provides certain other services which the Audit Committee believes PwC is best placed to undertake due to its position as auditor. These arrangements are governed by the Group's policy for provision of non-audit services by the external auditor, which is available on the Company's website at [www.gpe.co.uk/investors/governance](http://www.gpe.co.uk/investors/governance). The policy, which is reviewed annually, reflects the FRC's Revised Ethical Standard that came into force on 15 March 2020.

The purpose of this policy is to ensure that auditor independence and objectivity are maintained and, under the policy, prior approval is required by the Committee for any permitted non-statutory assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditor over 50% of that year's audit fees. The appointment of PwC to undertake any non-audit services also requires the prior approval of the Chief Financial & Operating Officer and, importantly, he is required to consider whether it is in the interests of the Company that the services are provided by PwC, rather than another supplier.

## Audit, risks and internal controls continued

The policy also applies a fee cap on permitted non-audit services, whereby such fees in any financial year must not exceed 70% of the average statutory audit fee for the prior three consecutive financial years paid to the appointed auditor. The cap on PwC's non-audit services will therefore apply from the year ending 31 March 2027, after it has completed three audits.

During the year, activities undertaken by PwC for the Group outside of the main audit included:

- the interim review;
- reporting on the income cover in connection with the debenture trust deed compliance certificate; and
- third-party sustainability assurance.

In each case, PwC was considered the most appropriate service provider due to its position as auditor and given its detailed knowledge and understanding of our business and industry. Ahead of its appointment as the Group's external auditor for the 2023/24 audit, non-audit services previously provided to the Group by PwC were transitioned to other service providers where considered appropriate.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 157. The Group's audit fees are presented to, discussed and approved by the Audit Committee at its February year-end planning meeting. In addition, audit and non-audit fees paid to PwC in respect of joint ventures totalled £94,000 (GPE share: £46,000) (2023: £52,500) and £nil (2023: £52,500) respectively.

Non-audit fees represented 23% of the 2023/24 audit fee of £548,000 (including Group share of joint ventures). A more detailed analysis is provided on page 157.

PwC's non-audit service fees for the year ending 31 March 2025 will be higher than for the year ended 31 March 2024 as a consequence of its appointment as reporting accountants to the Company in connection with the rights issue to be announced alongside our 2023/24 year-end results.

In addition to ensuring compliance with the Group's policy in respect of non-audit services, the Committee also receives confirmation from PwC that it remains independent and has maintained internal safeguards to ensure its objectivity.

### Internal audit and review of its effectiveness

An Internal Audit Charter approved by the Committee governs the internal audit remit and provides the framework for the conduct of the internal audit function, which has been outsourced to Grant Thornton since January 2022. The Internal Audit Charter reflects market practice and recommendations in the Internal Audit Code published by the Chartered Institute of Internal Auditors in 2020.

The Committee reviews and approves the internal audit plan annually which is closely aligned to the review by management and the Committee of the Group's risk management framework. In addition, the Committee Chair meets with the internal auditor separately from the Committee to discuss planned internal audit activities and the results of internal audit reviews.

The Committee meets annually with the internal auditor without management present to discuss the effectiveness of the internal audit function, and also to seek feedback from the internal auditor on the conduct of members of the GPE team during the internal audit process. The external audit partner also meets separately with the internal auditor at least annually.

In January 2024, the Committee conducted a formal assessment of the effectiveness of internal audit, which was facilitated by the Company Secretariat team. Key stakeholders were asked to complete a questionnaire-based assessment which was designed to evaluate internal audit's purpose, objectives and understanding, position, process, relationships and communication, people and performance. The responses were collated on an anonymous basis and the results were shared with the Committee Chair, internal audit partner and Chief Financial & Operating Officer prior to consideration at the Committee's meeting in February 2024.

The overall assessment concluded that the internal audit function remained effective. The review found that internal audit was trusted and respected by the business and respondents believed that its work led to lasting positive change and a stronger risk management culture. Internal audit was also considered to have good relationships and open communications with stakeholders. Feedback was constructive and provided areas of opportunity for Grant Thornton to deepen its understanding of the business and its risk environment, and to continue to build its standing in the business.

Where it is proposed to appoint Grant Thornton in any advisory role, careful consideration must first be given to any potential conflict with its internal audit role. The Audit Committee will also specifically consider Grant Thornton's independence when annually reviewing and approving the internal audit plan to ensure that there are no conflicts in Grant Thornton undertaking the proposed internal audit work.



## What we did in relation to the financial year ended 31 March 2024

2023

### September

#### Annual planning meeting

Met with CBRE to receive a market update ahead of the half-year valuation.

Met with the external auditor, PwC, and management to review:

- significant accounting and key areas of judgement – see page 119; and
- PwC's 2023/24 audit plan.

#### Internal audit

Met with the internal auditor, Grant Thornton, to discuss its findings from its Flex Management Reporting review.

#### Other matters

Discussed the scope of sustainability data assurance going forward and the process to appoint a third-party assurance provider.

Received an update from PwC regarding the latest developments in audit and corporate governance reforms.

### November

#### Review of half-year results

Met with CBRE to consider the September 2023 valuation.

Met with PwC and management to consider:

- PwC's independence;
- their review of the September 2023 valuation and the half-year results announcement;
- significant accounting and key areas of judgement, including going concern – see page 119;
- the principal and emerging risks, monitoring of internal controls and risk management processes;
- the half-year results announcement; and
- the relationship between PwC and management, with feedback provided by PwC without management present and from management without PwC present.

#### Other matters

Discussed an update from the General Counsel on corporate governance and legal developments, including the ECCTA.

Received an update on supplier payment practices.

Considered the findings from Grant Thornton's internal audit review of Information Technology Disaster and progress against the FY23 internal audit plan.

2024

### February

#### Internal audit

Met with Grant Thornton to approve the 2024/25 internal audit plan, approve updates to the internal audit charter and discuss the findings from the internal audit reviews of HR Operations and Sustainability Governance.

#### Year-end planning update

Met with PwC and management to consider/approve:

- significant accounting and key areas of judgement;
- proposed changes to disclosures planned for the 2024 Annual Report;
- developments in corporate governance presented by PwC;
- the 2023/24 audit plan update; and
- the 2023/24 audit fee – see page 122.

#### Other matters

Discussed the internal audit effectiveness review.

Discussed the roles and structure of the GPE Finance team.

Discussed the outcome of the process to appoint a new sustainability data assurance provider and the scope of work.

Corporate governance and legal update received from the General Counsel & Company Secretary and PwC, including in respect of the Revised Code and ECCTA.

Review of GPE's Financial Crime, Ethics, Gifts and Hospitality and Whistleblowing Policies – see page 120.

Reviewed the Audit Committee Terms of Reference.

Reviewed non-audit fees and the Provision of Non-Audit Services Policy.

Reviewed the Committee's effectiveness.

Discussed valuer rotation requirements and likely process and supported CBRE remaining as the Group's valuer in the interim period.

### May

#### Review of year-end results

Met with CBRE to consider the March 2024 valuation – see pages 34 to 36.

Met with PwC and management to review:

- PwC's audit of the March 2024 valuation – see pages 34 to 36;
- significant accounting and key areas of judgement, including going concern and viability work – see page 119;
- an update on Group tax matters;
- an update on GPE's supplier payment practices;
- the principal and emerging risks, monitoring of internal controls and risk management processes – see pages 74 to 87;
- the year-end results announcement and Annual Report;
- the relationship between PwC and GPE management, with feedback provided by PwC without management present.

#### Other matters

Met with Grant Thornton to receive an update on the status of the 2024/25 internal audit plan and actions arising from previous internal audits.

# Directors' remuneration report

## Remuneration Committee

Further details regarding Committee memberships, meetings and attendance can be found on page 96.

### Committee members

Director	Role
<b>Emma Woods</b>	Committee Chair
<b>Nick Hampton</b>	Senior Independent Director
<b>Mark Anderson</b>	Non-Executive Director
<b>Karen Green</b>	Non-Executive Director
<b>Vicky Jarman</b>	Non-Executive Director
<b>Champa Magesh</b>	Non-Executive Director

### Our approach

The key objectives of the Remuneration Committee (the Committee) are to ensure that the Executive Directors are appropriately incentivised and remuneration arrangements are fully aligned with the Company's strategy to generate superior portfolio and shareholder returns.

As well as being responsible for determining the remuneration of the Executive Directors, the Committee is responsible for setting the remuneration of the Chair of the Board, the members of the Executive Committee and other senior executives. The Committee also reviews the broad operation of remuneration policy and practices for all employees.

The Directors' remuneration policy (the Policy), approved at the 2023 AGM, was updated to reflect the current strategy and wider economic backdrop with a revised bonus scorecard focusing on the Company's key business priorities to drive its strategy, with this scorecard being applied to all colleagues, and the previous LTIP being replaced by a restricted share plan. It is felt that the updated policy better aligns the whole workforce to the Company's success.

### Our process

The Committee's Terms of Reference are available on the Company's website at [www.gpe.co.uk/about-us/governance](http://www.gpe.co.uk/about-us/governance).

The Committee currently comprises six independent Non-Executive Directors, namely Emma Woods as Chair, Nick Hampton, Mark Anderson, Karen Green, Vicky Jarman and Champa Magesh. Karen Green joined the Board and the Committee on 1 December 2023, whilst Alison Rose stepped down from the Board and the Committee on 6 July 2023. Non-Executive Directors who are not members of the Committee have a standing invitation to attend meetings of the Committee as appropriate. While not a member, the Company's Chair generally attends the meetings except where his own remuneration is under discussion.

At the request of the Committee, Toby Courtauld, the Chief Executive, attends Committee meetings where appropriate and provides input with regard to the achievement of personal objectives for senior executives. He also attends discussions on remuneration as considered appropriate by the Committee, including on new appointments and promotions and to provide his input on the development of the Directors' remuneration policy. The Chief Financial & Operating Officer attends discussions regarding the setting of, and performance against, annual bonus targets.

Carrie Heiss, HR Director, attends Committee meetings where appropriate to present proposals regarding Executive Director and workforce remuneration and related policies, to discuss the alignment of remuneration across the organisation and to voice the perspectives of employees on relevant matters.

The Committee ensures it seeks independent advice as appropriate and was advised during the year by independent remuneration consultants, FIT Remuneration Consultants LLP. The Committee also has access to the HR Director and General Counsel & Company Secretary without the Executives present. Consistent with good practice, no Director or employee is involved in discussions on their own pay and any decisions are taken without the affected individual present.

### Employee remuneration and engagement

The Committee applies consistent remuneration principles for employees across the Group. As part of its responsibilities, the Committee reviews GPE's wider employee remuneration policies and practices and the alignment of incentives and rewards with the Company's culture.

The Committee is advised of pay levels throughout the Group, and takes into account wider pay and conditions across the Group when determining the remuneration of the Executive Directors and other members of senior management. It specifically approves the packages of more senior colleagues and is advised of benchmark pay levels for most roles. As part of the annual pay review, the Committee receives a report setting out changes to employee remuneration levels and proposed discretionary bonus awards. The Committee also discusses GPE's gender pay gap statistics alongside our D&I objectives and related policies.

The Company engages with employees on remuneration generally, including executive remuneration. In March 2023, the Committee Chair led an interactive all-employee event to discuss the proposed changes to the Policy. Employees have since been periodically updated in the year on the implementation of the Policy and performance against the bonus scorecard measures. More broadly, remuneration is regularly discussed with employees. GPE's annual review process and how this links to employees' remuneration is incorporated into our new joiner induction process, along with an introduction to GPE's all-employee share plan. Briefing sessions are also held with employees from time to time to discuss pay policies and the work of the Committee, as well as to enable employees to find out more about GPE's pension scheme and all-employee share plan offer.

## Compliance with the 2018 UK Corporate Governance Code

Throughout the year, the Committee has considered the provisions set out in the 2018 UK Corporate Governance Code (the Code). In the Committee's view, it has complied with the provisions of the Code, including those set out in Provision 40 of the Code as set out below.

<b>Clarity</b>	<b>Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce</b>	The Committee proactively engages with shareholders and their representative bodies as part of the Policy renewal process. As such, it engaged with shareholders representing over 73% of the share register as part of the 2023 Policy review. The Committee is also regularly updated on developments in market practice and receives reports on pay and conditions across the business. In March 2023, the Chair of the Committee invited all staff to attend an interactive event to discuss the planned Policy revisions and broader remuneration matters. Employees are periodically updated on implementation of the Policy and performance against the bonus scorecard measures.
<b>Simplicity</b>	<b>Remuneration structures should avoid complexity and their rationale and operation should be easy to understand</b>	The Company operates a simple pay model which comprises fixed and variable remuneration, with the performance conditions for variable elements clearly communicated to participants. Under the Policy, at least 80% of bonus measures must be objectively measurable.  The restricted share plan (RSP) provides a simple mechanism for aligning Executive Director and shareholder interests. The RSP removes the difficult challenge of setting robust and appropriately challenging longer-term performance targets in a volatile market, thereby avoiding potentially unintended remuneration outcomes, and significantly reduces the maximum pay available to Executive Directors.
<b>Risk</b>	<b>Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated</b>	There is broad discretion to reduce variable pay if the Committee does not consider the formulaic outcome to be appropriate in the circumstances, and all plans include the ability to operate malus and clawback, where appropriate. A proportion of Executive Director bonuses is deferred into shares for three years and post-cessation shareholding guidelines apply to mitigate the risk of short-termist behaviours.
<b>Predictability</b>	<b>The range of possible reward values to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy</b>	The Policy includes a scenario chart showing potential pay levels on various assumptions, and all awards are subject to maximum grant levels as set out in the Policy, together with the discretions set out under 'Risk' above. The RSP has increased the predictability of reward values subject to an overriding discretion to reduce vesting if not considered appropriate through its underpin.
<b>Proportionality</b>	<b>The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance</b>	The outturn in respect of variable pay is clearly set out in this report on pages 129 to 135, with payment clearly linked to our strategic and financial priorities. Pages 17 and 130 set out how the measures under the bonus scorecard are clearly linked to the Company's strategy and KPIs. As indicated under 'Risk', the outturn can be reduced by the Committee as appropriate to ensure that outcomes do not reward poor performance.
<b>Alignment to culture</b>	<b>Incentive schemes should drive behaviours consistent with Company purpose, values and strategy</b>	Equivalent incentive plans apply to the wider workforce to engender a high-performance culture. The bonus scorecard is cascaded to all colleagues, albeit with a higher weighting on personal performance for less senior colleagues (and with the colleague engagement and diversity elements excluded for most colleagues to avoid potential for conflicts). All objectives are linked to the Group's strategy and KPIs. An individual's commitment to GPE's values and behaviours is also reviewed as part of the personal performance assessment process.  The RSP clearly aligns Executive Directors' interests with those of shareholders by ensuring a focus on delivering the strategy to generate long-term value for shareholders.

## Directors' remuneration report continued



**"I am particularly pleased that our new bonus scorecard has been embedded across all levels within the business as a key tool for continuous assessment of our ambition and achievement."**

Emma Woods Chair of the Remuneration Committee

### Dear shareholder

I am pleased to present our Directors' remuneration report for the year ended 31 March 2024 (the Report) on behalf of the Committee. In particular, I want to thank shareholders for the support shown in approving our revised 2023 Directors' remuneration policy (the Policy) at our AGM held on 6 July 2023, with all of the remuneration-related resolutions receiving over 92% support. Whilst we note that a minority of shareholders were unable to support the move to an RSP, and we will continue to engage with shareholders where appropriate over the three-year life of this Policy to ensure that they understand its rationale and operation, we consider the support achieved as endorsing the approach adopted to date.

The Committee has implemented the Policy during the year as set out in this Report and no changes to the Policy are proposed for 2024/25. A full copy of the Policy can be found on our website at [www.gpe.co.uk/investors](http://www.gpe.co.uk/investors) and on pages 136 to 146 of last year's Annual Report.

### Key decisions

The Committee has had regard to business performance alongside the wider context explained below when considering reward and incentive outcomes. Key Committee decisions for the year, as more fully described in this Report, include:

- determining annual bonus and Long Term Incentive Plan (LTIP) outcomes;
- agreeing salary and fee increases for the Executive Directors and the Chair of the Board below the all-colleague average increase; and
- setting suitably stretching targets for the 2024/25 annual bonus.

### Remuneration outcomes in respect of the year ended 31 March 2024

As anticipated, real estate markets have continued to be challenging, with the macro-economic backdrop impacted by elevated inflation and interest rates. As a consequence, property valuations reduced by 12.1% on a like-for-like basis, driven by increased investment yields. This resulted in a negative Total Accounting Return (TAR) in absolute terms. While a number of real estate companies are yet to publish their financial results, we anticipate that our TAR for the year underperformed the FTSE 350 Real Estate Index due to the comparatively stronger performance of other

real estate sectors, including student accommodation, industrial and logistics space. Shareholder returns were also down, with GPE delivering a Total Shareholder Return (TSR) of -21.3%.

Despite the challenging macro-economic environment, GPE has made significant progress against its strategy during the year, increasing our Flex commitments by over 21%, committing to our HQ redevelopments at Minerva House, SE1 and French Railways House & 50 Jermyn Street, SW1 and progressing our development pipeline in line with our net zero carbon commitments. We have delivered strong operational performance, signing £22.5 million of leases in the year with total rents 9.1% ahead of ERV (estimated rental values set by CBRE at 31 March 2023). We also completed the acquisitions of 141 Wardour Street, W1, Bramah House, SE1, the Soho Square Estate, W1 and exchanged contracts for the acquisition of The Courtyard, WC1.

We have continued to evolve our strategy in response to market trends and the changing needs of our customers, people and wider stakeholders as we focus on our business priorities to position GPE for success for when markets recover. We have strengthened our Customer First approach, further developed our Flex offerings, developed our updated Roadmap to Net Zero and progressed our diversity and inclusion agenda.

Moreover, we have maintained our financial strength and capital discipline, with our loan-to-property value ratio being 32.6% and our liquidity position remains strong, with £633 million of available cash and undrawn facilities. We have also maintained the payment of our ordinary dividends.

Taken as a whole, we are well positioned to deliver both our purpose and long-term shareholder value and, with the market moving in our favour, to take advantage of the investment opportunities that are starting to emerge.

Against this backdrop of business performance, the Company's variable pay was assessed as set out in the following sections.

### Salaries

As explained in last year's report, for the year commencing 1 April 2023, the average like-for-like all-colleague salary increase was 5.7%. The Committee continued to focus increases on the lowest-paid colleagues and increased Toby Courtauld's, Nick Sanderson's and Dan Nicholson's salaries by 5%, below the employee average.

### Annual Bonus Plan

This was the inaugural year of our new bonus scorecard and I am delighted with how it has landed in the organisation. Shareholders will recall that we made the move to a more target-focused operational scorecard to drive GPE's strategy and performance and to ensure that our talented team is motivated to optimise returns for shareholders as the economy recovers. Our scorecard is designed to focus on the Company's clear priorities. The changes we made followed both external and internal feedback and we were mindful of just how important it would be for us and our shareholders to retain our talent over the next few years. I'm pleased to report that the new scorecard is being used as an effective management tool to incentivise and challenge our people, with progress being discussed regularly at all-company meetings led by our Chief Executive, enabling colleagues to really understand the link between performance and reward.



As outlined above and in the Chief Executive's report on pages 19 and 20, the key scorecard achievements over the year were:

- our total rent on market lettings in the year beating ERV by over 9% whilst maintaining a low vacancy rate at 1.3%, despite the challenging macro-economic environment;
- committing to over 100,000 square feet of new Flex space as we expand this area of the business;
- achieving an office customer Net Promoter Score of +30.2, being (albeit down on last year's score), ahead of the office industry average of +6.9, as we continue to strengthen our approach to customer experience;
- exceeding our energy consumption reduction targets while ensuring that our new developments remain on track to being net zero; and
- achieving the vast majority of our planning milestones in the year, enabling us to progress our development pipeline.

The business has worked hard to foster an inclusive and diverse culture. Whilst we have seen progress in many areas, there is more work to do here and this was reflected in the outcomes of our culture and diversity targets for the year.

Full details of the bonus outturn, and the linkage of the targets to our strategic priorities, can be found on page 130.

The bonus outcome for 2023/24 is 63.5% achievement before the operation of the personal element (which now applies to a reduced 10% of the total bonus). This resulted in total payouts for the three Executive Directors being broadly in line with the prior year at 64.2% for the Chief Executive and Chief Financial & Operating Officer and 63.7% for the Executive Director.

The Committee considered the bonus outturn against this wider context and confirmed both that the scorecard was operating as intended in aligning variable pay to key milestones and that the outturn should be applied without the exercise of any discretion. Consistent with the previous policy, 40% of the achieved bonuses of the Executive Directors will be deferred into shares in the Company for three years.

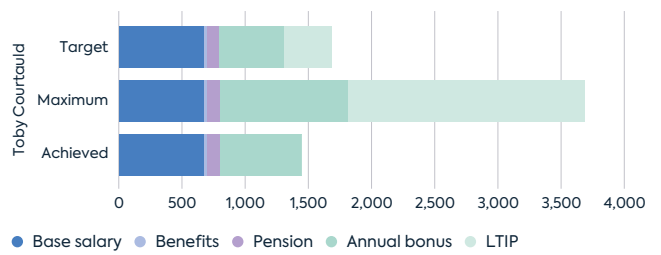
### 2021 LTIP vesting

While the LTIP has been replaced by the RSP and no further grants will be made, outstanding awards will continue to run their course. Performance under the 2021 LTIP is expected to result in no vesting based on the information available as at 31 March 2024 (a nil vesting of the TAR measure having already been confirmed).

### Overall outturn

The Committee considered the overall outturn for the year, with a moderately above target bonus and a zero vest on the 2021 LTIP, to be in line with both the significant progress against the Board's strategic objectives (justifying the bonus outturn) and the shareholder experience (leading to the zero vest of the LTIP) resulting in the Committee approving this outturn without the exercise of discretion.

### Chief Executive outturn vs max and target opportunity £000



## Decisions relating to the year to March 2025

### Salaries

For the year commencing 1 April 2024, the average all-colleague salary increase has been reduced from 5.7% last year to 4.9% (inclusive of an allowance for promotions and some benchmarking adjustments). However, we remain mindful that cost of living increases will still be impacting our lower-paid colleagues the most and so salary increases have been focused on our lower-paid colleagues who will generally receive a 5% salary increase, with our Executive Directors receiving a more modest 2% salary increase.

### Annual bonus

The Executive Directors' bonus opportunity will remain at 150% of salary, with 40% of any bonus earned deferred into shares for three years through the Company's Deferred Share Bonus Plan. The scorecard for 2024/25 will be largely carried forward although, reflecting our evolving strategic priorities and our experience of now having operated it for a year, the following minor changes have been made:

- given our increasing focus on income returns, the Flex measure will change from a space commitment measure (with a 5% weighting) to a net operating income measure (with a higher 10% weighting);
- as we look to take advantage of market conditions, we have introduced a deployment of capital measure in place of the previous liquidity measure;
- having progressed our planning targets, our development measure will focus on achieving key development milestones in the year; and
- there will be some minor definitional changes to the NPS metric to capture retail as well as office customers.

As a result, 60% (previously 50%) of the bonus scorecard will comprise financial measures, as set out on page 136.

### Restricted Share Plan (RSP)

The second grant under the RSP will be made in or around June 2024. Under this grant, the Executive Directors are expected to again receive an award each over shares worth 150% of salary, which will be subject to assessment against a performance underpin following the third anniversary of grant and then subject to a further two-year holding period.

I hope you find this Report clear and informative and I look forward to receiving your support for the resolution approving the Report at the 2024 AGM, where I will be available to engage with shareholders.

**Emma Woods**  
Chair of the Remuneration Committee  
22 May 2024

## Directors' remuneration report continued

### Our overarching remuneration policy principles and a fair and consistent approach

The Executive Directors' total pay is analysed by looking at each of the different elements of remuneration, including salary, benefits, pension, the Annual Bonus Plan and long-term incentives, to provide the Committee with a view of total remuneration rather than just the competitiveness of the individual elements. It is important that the Group's remuneration policy reinforces the Company's purpose, culture and values, providing effective incentives for exceptional Group and individual performance. As well as providing motivation to perform, remuneration plays an important retention role and needs to be appropriately competitive without being excessive.

To achieve the aims of the Company's Policy, the Committee generally seeks to position fixed remuneration, including benefits and pension, by reference to the mid-market position, taking into account the size and complexity of the business as compared with other peer companies in the sector, and, using a significant proportion of variable reward,

offers the ability to increase total potential remuneration for superior performance through the Annual Bonus Plan and long-term incentives.

The Committee seeks to apply consistent principles to remuneration across the organisation. Our approach to salary reviews is to consider each employee's level of responsibility, experience, individual performance, salary levels in comparable companies and the Company's ability to pay. Remuneration surveys and meetings with sector specialists are used, where appropriate, to establish market rates.

The weighting of the different components of an employee's remuneration will vary depending on their role, responsibilities and seniority, with senior employees having a higher proportion of their remuneration linked to variable reward and Company performance. However, we apply our overarching remuneration principles, and provide a competitive and consistent remuneration and benefits package, as appropriate, throughout GPE. This is made up of the following key components:

#### Salary

All employees receive a market-competitive base salary reflective of the individual's role, responsibilities and experience, which is subject to an annual external benchmarking review for approximately 95% of our roles.

Executive Directors: same approach.

#### Benefits

All employees receive market-competitive benefits, including private medical insurance.

Executive Directors: same approach (no car allowance).

#### Pension

All employees are eligible and encouraged to join the GPE pension scheme to save for their retirement, with an employer contribution of 15%.

Executive Directors: contribution levels are aligned with the wider workforce at 15%.

#### All-employee share plans

All employees can join the Company's Share Incentive Plan, allowing employees to purchase Company shares in a tax-efficient way and to receive matching shares, thereby encouraging employee share ownership. 63% of GPE's employees participate in the Share Incentive Plan.

Executive Directors: also eligible to participate.

#### Annual Bonus Plan

All employees participate in the Annual Bonus Plan. All employees are subject to the same measures with the exception of the employee engagement and diversity measures which will not apply to most colleagues to avoid conflicts of interest while less senior colleagues have a higher weighting on personal performance.

Executive Directors: have a bonus opportunity of 150% of salary with 40% of any outturn being deferred into shares for three years.

#### Restricted Share Plan (RSP)

Those able to influence long-term performance, generate significant sustainable returns or managing major capital budgets may participate in the RSP. RSP awards (like prior LTIP awards) will vest after three years.

Executive Directors: have a larger potential maximum opportunity under the RSP, being eligible to receive an award of up to 150% of base salary. RSP awards are subject to a five-year release period (comprising a three-year underpin period followed by a two-year holding period).

This Report sets out how the Policy was applied in 2023/24 and how it will be applied for the forthcoming year. It is divided into four sections:

Section of Report	Page numbers
Executive Directors' remuneration for the year ended 31 March 2024	See pages 129 to 135
Executive Directors' remuneration for the year ending 31 March 2025	See pages 136 and 137
Chair and Non-Executive Directors' remuneration	See page 138
Other disclosures	See pages 139 to 143

The Company's auditor has reported on specific sections of this Report and stated, where applicable, that in its opinion those sections have been properly prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended. The sections that have been subject to audit are marked with an asterisk (\*).

The Policy was approved by shareholders at the 2023 AGM and is available on the Company's website at [www.gpe.co.uk/investors](http://www.gpe.co.uk/investors).

## Executive Directors' remuneration for the year ended 31 March 2024

### Executive Directors' single figure table\*

Executive Directors	Base salary <sup>1</sup>		Benefits		Pension <sup>2</sup>		SIP <sup>3</sup>		Fixed Total		Annual Bonus <sup>4</sup>		LTIP		Variable Total		Total <sup>8,9</sup>	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 <sup>5</sup> £000	2023 £000	2024 <sup>6</sup> £000	2023 <sup>7</sup> £000	2024 £000	2023 £000	2024 £000	2023 £000
Toby Courtauld	679	646	18	16	102	121	4	4	803	787	653	630	–	–	653	630	1,456	1,417
Nick Sanderson	467	445	19	18	70	83	4	4	560	550	449	439	–	–	449	439	1,009	989
Dan Nicholson <sup>2</sup>	380	362	8	6	57	54	4	4	449	426	363	345	–	–	363	345	812	771

- Please refer to the 'Salary' table on page 136 for details of Executive Directors' annual salaries.
- Toby Courtauld and Nick Sanderson received a pension allowance of 15% of their basic salary in line with the wider workforce. Dan Nicholson has received a mix of employer pension contributions and pension allowance of 15% of his basic salary (receiving £10,000 of his total contribution into a registered pension).
- The value of the matching shares awarded under the SIP are calculated using the share price on the date the shares were purchased.
- 40% of the annual bonus will be deferred into shares for three years under the Deferred Share Bonus Plan. Deferred bonus shares are not subject to any further conditions.
- The estimated 2024 annual bonus outcome based on information available as at 19 May 2024, with the relative TAR measure to be confirmed following the publication of results by comparator companies.
- A nil vesting of the 2021 LTIP awards has been assumed based on the information available as at 19 May 2024.
- The figures disclosed in the 2023 Annual Report for the 2020 LTIP vesting were based on an estimated nil vesting which was subsequently confirmed. There was therefore no value attributed to share price appreciation.
- The single figure for the total remuneration due to the Directors for the year ended 31 March 2024.
- The aggregate emoluments (being salary/fees, benefits, cash allowances in lieu of pension and bonus) of all Directors for the year ended 31 March 2024 was £3,958,000 (2023: £3,929,000).

### Fixed pay:

#### Taxable benefits\*

Benefits principally comprise private medical insurance, membership subscriptions, travel expenses, luncheon vouchers, the Employee Assistance Programme and entertainment. No individual benefit provided has a value which is significant enough to warrant separate disclosure.

#### Pensions\*

None of the Executive Directors participate in the Group's defined benefit final salary pension plan, which was closed to new entrants in 2002. Each Executive Director's employer pension contribution rate is 15%, in line with the wider workforce.

#### All-employee Share Incentive Plan\*

In line with the wider workforce, Executive Directors may participate in the GPE Share Incentive Plan, which is an HMRC tax-advantaged plan. Participants may save up to £150 from their monthly pre-tax salary to purchase shares. For every share purchased, GPE grants two matching shares. Shares acquired attract dividends paid by the Company, typically at the half-year and year end.

# Directors' remuneration report continued

## Variable pay:

### Executive Directors' 2024 bonus outcome\*

As explained in the Committee Chair's statement and last year's Annual Report, a new bonus scorecard was introduced for 2023/24 as part of the wider Policy renewal to better align with the Company's strategic priorities and to focus on relative TAR and key business priorities to drive our financial KPIs.

Key elements of strategy	Max. % of salary	Measured by	Threshold performance target (20% payout)	Maximum performance target (100% payout)	Actual performance achieved	Actual performance level as a % of maximum	Bonus receivable (£000)		
							Toby Courtauld	Nick Sanderson	Dan Nicholson
<b>Market performance</b> (20% weighting) ① ② ③ ④ ⑤ ⑥	30%	GPE Relative TAR <sup>1</sup> (EPRA NTA growth + dividends) per share vs FTSE 350 real estate companies excluding agencies <sup>†</sup>	Median	Upper quartile	Below median <sup>2</sup> (estimated)	0% <sup>2</sup>	£0 <sup>2</sup>	£0 <sup>2</sup>	£0 <sup>2</sup>
<b>Optimising financial performance (during downturn)</b> (30% weighting – 10% each) ① ② ③ ④ ⑤	15%	Rent achieved on market lettings during year vs ERV (as per CBRE valuation at start of year) – % beat to market rent <sup>†</sup>	31 March 2023 ERV	3.5% above ERV	9.1% above ERV	100%	£101,799	£70,038	£57,055
	15%	Vacancy rate at year end (including completed development/refurbished space during year) <sup>†</sup>	8%	6%	4.4% <sup>4</sup>	100%	£101,799	£70,038	£57,055
	15%	Maintain appropriate liquidity	£150m	£350m	£433m <sup>5</sup>	100%	£101,799	£70,038	£57,055
<b>Transforming the business and putting customers first</b> (15% weighting – 5% each) ② ③ ④ ⑤ ⑥	7.5%	Hitting planning milestones in year (combination of planning submissions and planning approvals across entire portfolio)	50% of major and 50% of minor in-scope applications approved	All in-scope applications approved	50% of major and 100% of minor applications approved	50%	£25,449	£17,510	£14,264
	7.5%	Commitments to new Flex space over the year <sup>†</sup>	30,000 sq ft	100,000 sq ft	102,353 sq ft	100%	£50,899	£35,019	£28,527
	7.5%	Market leading office customer NPS <sup>†</sup>	+20 points	>+40 points	+30.2 points	60.8%	£30,947	£21,292	£17,344
<b>Delivering our Roadmap to Net Zero</b> (15% weighting – 7.5% each) ① ⑤ ⑥	11.25%	Reduction in energy consumption (targets set each year against Roadmap) <sup>†</sup>	191 kWh/m <sup>2</sup>	<174 kWh/m <sup>2</sup>	149.7 kWh/m <sup>2</sup>	100%	£76,349	£52,529	£42,791
	11.25%	All new developments to be net zero or on track to be net zero <sup>†</sup>	50%	100%	83.33% <sup>6</sup>	75%	£57,262	£39,397	£32,093
<b>Personal and business culture</b> (20% weighting – 10% for personal objectives, 5% and 5%)	15%	Personal objectives (reduced from historic 15%)	Partial achievement of personal objectives	Exceeding personal objectives	See pages 131 and 132	Toby Courtauld 70% Nick Sanderson 70% Dan Nicholson 65%	£71,259	£49,027	£37,085
	7.5%	Maintaining and nurturing a positive and inclusive culture (measured through employee engagement and inclusion index survey scores)	Score between 65% and 70%	Score above 80%	74%	50%	£25,450	£17,510	£14,263
	7.5%	Achievement against gender and diversity targets <sup>3</sup>	Progress made against both targets	Both targets achieved	Progress made against both targets	20%	£10,180	£7,004	£5,705
<b>Total</b>							<b>£653,192</b>	<b>£449,402</b>	<b>£363,237</b>
<b>% of max</b>							<b>64.2%</b>	<b>64.2%</b>	<b>63.7%</b>

† On a straight-line basis.

① Denotes strategic priorities as set out on pages 14 and 15.

- As with the previous arrangements, any dividends will be deducted from the base figure from the point of distribution (as it is not realistic to deliver growth after capital has been repaid to shareholders), except where reflected in some other way such as through a share consolidation.
- Estimated based on information available as of 19 May 2024. The actual outcome will be confirmed in next year's Annual Report.
- Objectives are to achieve (i) 40% women in senior leadership roles; and (ii) 20% of management roles to be filled by colleagues identifying with an Office for National Statistics ethnic minority category, each by March 2025. Targets for March 2024: (i) 34% and (ii) 17%.
- The actual vacancy rate at the year-end was 1.3%. To ensure that the measure operated as intended when the targets were set, the Committee added back schemes which had been scheduled to be completed in the period, increasing this figure to 4.4%.
- Excludes £200 million undrawn short-term facility arranged in the year to ensure that the measure operated as intended when the targets were set.
- A strict interpretation of the performance condition implied a 100% vesting, however the Committee felt that this was not intended and calculated the outturn with New City Court, for which original planning was declined, regarded as a non-achievement.



## Executive Directors' personal objectives\*

Under the new bonus system for the 2023/24 bonus year, the weighting on personal objectives was reduced from 15% to 10% of the total opportunity. These objectives, approved by the Committee, are designed to focus on the delivery of the strategic priorities and the successful management of risk for both 2023/24 and the longer term. Following consideration of achievement against the Executive Directors' personal objectives set at the beginning of the year as listed below, the Committee awarded Toby Courtauld, Nick Sanderson and Dan Nicholson 80%, 80% and 75% respectively for performance against personal objectives but lowered the bonus payout by 10% each at the request of the Executive Directors in recognition of the challenging market conditions and to align with the shareholder experience.

Measure	Score	Key achievements
Execute approved strategy and operational excellence	<b>CEO</b>	<b>Shared</b>
	45%/60%	– Determined and executed major capital allocation activities, including new development and refurbishment commitments.
	<b>CF&amp;OO</b>	
	45%/60%	– Drove growth of Flex space to more than 500,000 sq ft.
	<b>ED</b>	
	40%/55%	– Grew Fully Managed annualised net operating income to over £8.5m.
		– Delivered two Flex acquisitions and one HQ acquisition.
		– Exceeded leasing targets; beating both void and ERV targets.
		– Refreshed Net Promoter Score and new customer services KPIs.
		<b>CEO</b>
	– Presented and secured Board approval for a return to targeted acquisitions strategy.	
	– Flex, Customer and Digital/technology strategies all addressed through team changes.	
	– Drove sustainability strategy with notable circular economy successes at 2 Aldermanbury Square, French Railways House & 50 Jermyn Street and Minerva House. Oversaw development of Our Roadmap to Net Zero v.2.0.	
	<b>CF&amp;OO</b>	
	– Led debt financing activity.	
	– Worked with CEO on 'Customer First' strategy implementation.	
	– Oversaw growth in net operating income from Fully Managed spaces.	
	– Oversaw delivery of £1.5 million of social value under our Social Impact Strategy.	
	<b>ED</b>	
	– Ensured that sustainability remained central to operational performance with use of new materials and driving down carbon footprint of development schemes.	
	– Planning permission secured at Minerva House and French Railways House & 50 Jermyn Street.	
	– Oversaw completion of two property sales (Brook Street and Poland Street) as well as headlease regears.	

## Directors' remuneration report continued

### Executive Directors' personal objectives continued

Measure	Score	Key achievements
<b>Develop the team</b>	<b>CEO</b> 25%/30%	<b>Shared</b> – Delivered restructure of the leadership team to meet new strategy.
	<b>CF&amp;OO</b> 27%/30%	– Identified and developed potential successors, conducted Company-wide Talent Review.
	<b>ED</b> 25%/30%	<b>CEO</b> – Ensuring the team is well positioned to lead the refocus of our strategy on targeted acquisitions. – Development of direct reports through mentoring and coaching.
		<b>CF&amp;OO</b> – Completed roll out of Customer First training throughout the business to customer partners. – Restructure of Customer Experience, marketing and finance teams to align with stakeholder needs. – Elevated senior employees into new roles with Customer Experience and Flex. – Focus on development and growth for high-potential leadership successors.
		<b>ED</b> – Provided support and commercial oversight and leadership to the Portfolio Management, Investment, Development and Project Management Teams. – Restructured health & safety function.
<b>Champion our purpose, live our values</b>	<b>CEO</b> 10%/10%	<b>Shared</b> – Maintained strong employee engagement scores.
	<b>CF&amp;OO</b> 8%/10%	– Demonstrated role model behaviours. – Embedded the ethos of sustainable spaces into all our processes.
	<b>ED</b> 10%/15%	– Diversity and inclusion initiatives progressed. Stretch target of 60% exceeded with 66.6% female hires into roles above £75,000. Ensured that all recruitment shortlists have equal gender splits.
		<b>CEO</b> – Provided inspirational leadership throughout a significant period of change during the restructuring process. – Delivered regular internal communications to ensure clarity of strategic vision and performance.
		<b>CF&amp;OO</b> – Role model behaviours and provided strong support to rising leaders of the business. – Implemented means of publishing diversity representation statistics on a quarterly basis.
		<b>ED</b> – Increased leadership and oversight of direct reports while promoting empowerment.
<b>Total Performance Assessment</b>	<b>CEO</b> 80%/100%	
	<b>CF&amp;OO</b> 80%/100%	
	<b>ED</b> 75%/100%	
<b>Total Bonus Assessment</b> (following a 10% reduction to the performance assessment at the request of the Executive Directors, as explained above)	<b>CEO</b> 70%/100%	
	<b>CF&amp;OO</b> 70%/100%	
	<b>ED</b> 65%/100%	

While each of the Executive Directors was separately assessed, they inevitably had a number of common objectives so the above table identifies both individual and shared objectives. In each case, their contribution to the delivery of those objectives was considered.

## Executive Directors' LTIPs\*

### Anticipated vesting of 2021 LTIP awards

The table below sets out the anticipated vesting of the 2021 LTIP awards in June 2024, together with indicative payouts for the Executive Directors. The anticipated value of these awards at vesting reflects the disclosure in the single figure table on page 129.

Anticipated vesting of LTIP awards granted in the year ended 31 March 2022, vesting in the year ending 31 March 2025, is included in the 2024 single figure table.

Key elements of strategy	% of award	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Estimated performance	Estimated vesting level as at 19 May 2024 as a percentage of maximum by vesting date <sup>1</sup>
Shareholder value	50%	Relative Total Shareholder Return (based on a three-year performance period)	Median	Upper quartile	Below Median	0%
Absolute performance	50%	Absolute Total Accounting Return (based on a three-year performance period)	3% p.a.	7% p.a.	-5.5% p.a. (actual)	0%
<b>Total (estimated)</b>						<b>0%</b>

1. Toby Courtauld and Nick Sanderson's 2021 LTIP is due to vest on 7 June 2024. For the TAR target, the performance period for the 2021 awards is the three-year period to 31 March 2024. For the TSR element, the vesting period is the three-year period from the award date (7 June 2021) and compares the Company's TSR to that of the constituents, at the date of grant, of the FTSE 350 Real Estate Index excluding agencies.

### Confirmed vesting of 2020 LTIP awards

The figures provided in last year's Annual Report for the 2020 LTIP awards were disclosed on an estimated basis. The table below sets out the confirmed performance outcomes of the 2020 LTIP awards that resulted in a 0% vesting following the expiry of the three-year performance period on 29 July 2023.

Key elements of strategy	% of award	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Performance	Confirmed percentage of maximum at end of performance period (29 July 2023)
Shareholder value	50%	Relative Total Shareholder Return (based on a three-year performance period)	Median	Upper quartile	20.8 <sup>th</sup> percentile	0%
Absolute performance	50%	Total Accounting Return (based on a three-year performance period)	868p	925p	795p	0%
<b>Total</b>						<b>0%</b>

### Number of shares at the end of the performance period for 2020 LTIP awards

	No. of shares awarded as nil cost options	% overall vesting	No. of shares under option at the end of the performance period <sup>1</sup>
Toby Courtauld	317,906	0	0
Nick Sanderson	218,722	0	0

1. The LTIP awards made in 2020 are subject to a five-year release period, comprising a three-year performance period (to 29 July 2023) followed by a further two-year holding period. No share options will become exercisable on the fifth anniversary of the date of award because no options vested after the three-year performance period.

## Directors' remuneration report continued

### Outstanding share awards\*

The following tables provide details of outstanding share awards under the LTIP, RSP, DSBP and the performance measures that apply to the awards. All awards were granted in the form of nil cost options.

Executive Director	Date of grant	Basis of award	Face value of award made £000	Number of shares under award <sup>1,2</sup>	Percentage of award receivable for threshold performance	End of performance/underpin period	Performance measures
<b>Toby Courtauld</b>							
LTIP	7 June 2021 <sup>3</sup>	300% of salary	1,873	255,587	20%	6 June 2024	TSR – 50% TAR Target – 50%
	27 May 2022	300% of salary	1,939	300,391	20%	26 May 2025	TSR – 50% TAR Target – 50%
DSBP	2 May 2021	40% of bonus	88	12,410	n/a	n/a	n/a
	27 May 2022	40% of bonus	211	32,652	n/a	n/a	n/a
	2 June 2023	40% of bonus	252	51,486	n/a	n/a	n/a
RSP	7 July 2023	150% of salary	1,018	241,024	n/a	6 July 2026	n/a – subject to underpin <sup>5</sup>
<b>Total</b>				<b>893,550</b>			
<b>Nick Sanderson</b>							
LTIP	7 June 2021 <sup>3</sup>	300% of salary	1,289	175,845	20%	6 June 2024	TSR – 50% TAR Target – 50%
	27 May 2022	300% of salary	1,334	206,671	20%	26 May 2025	TSR – 50% TAR Target – 50%
DSBP	2 May 2021	40% of bonus	64	9,075	n/a	n/a	n/a
	27 May 2022	40% of bonus	145	22,465	n/a	n/a	n/a
	2 June 2023	40% of bonus	175	35,832	n/a	n/a	n/a
RSP	7 July 2023	150% of salary	700	165,826	n/a	6 July 2026	n/a – subject to underpin <sup>5</sup>
<b>Total</b>				<b>615,714</b>			
<b>Dan Nicholson<sup>4</sup></b>							
LTIP	27 May 2022 <sup>3</sup>	300% of salary	1,087	168,357	20%	26 May 2025	TSR – 50% TAR Target – 50%
DSBP	27 May 2022	40% of bonus	54	8,377	n/a	n/a	n/a
	2 June 2023	40% of bonus	138	28,190	n/a	n/a	n/a
RSP	7 July 2023	150% of bonus	571	135,084	n/a	6 July 2026	n/a – subject to underpin <sup>5</sup>
<b>Total</b>				<b>340,008</b>			

- For all awards, the face value is calculated on the five-day average share price prior to the date of grant. For the 2021 LTIP, this was up to and including 4 June 2021, being £7.33. For the 2022 LTIP, this was up to and including 26 May 2022, being £6.46. For the 2023 RSP, this was up to and including 6 July 2023, being £4.22. For the 2021 DSBP, this was up to and including 1 May 2021, being £7.09. For the 2022 DSBP, this was up to and including 26 May 2022, being £6.455. For the 2023 DSBP, this was up to and including 1 June 2023, being £4.896.
- In addition, a cash sum equivalent to the value of dividends on the number of plan shares which vest in respect of the period from the award date to the expiry of the applicable two-year holding period will be payable at the end of that period.
- The estimated overall outcome for the 4 June 2021 LTIP as at 19 May 2024 is 0%. This would equate to nil shares vesting for each of Toby Courtauld and Nick Sanderson.
- Dan Nicholson joined the Board on 6 September 2021 and was entitled to his first LTIP and DSBP awards in 2022.
- The underpin is the same as that set out on page 136, i.e. the vesting is subject to a robust underpin allowing the Committee to reduce the vesting of awards in whatever circumstances it considers to be appropriate. The Committee will also specifically consider reducing vesting levels in the event of a breach of the financial covenants of the Group's principal debt facilities; failure to make satisfactory progress in delivering our Sustainability of Intent; or there being material damage to the reputation of the Company.

### 2021 and 2022 LTIP awards – performance measures\*

Performance measure over three years	% of award	Vesting level		Start of measurement period
		20%	Straight-line vesting between these points	100%
<b>2021 LTIP Award</b>				
Total Accounting Return	50%	3% p.a.		1 April prior to grant date
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median		Upper quartile Grant date
<b>2022 LTIP Award</b>				
Total Accounting Return	50%	3% p.a.		8% p.a. 1 April prior to grant date
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median		Upper quartile Grant date



## Executive Director remuneration from other roles

Executive Directors are able to accept external Board appointments with the consent of the Board. Any fees received by an Executive Director for such an external appointment can be retained by the individual. Toby Courtauld is a Non-Executive Director of Liv-ex Limited, for which he received no remuneration during the year. He also received no remuneration for serving as a Director of the New West End Company.

Nick Sanderson is a Trustee of the Outward Bound Trust, for which he received no remuneration during the year. Dan Nicholson is a Non-Executive Director of Bioregional Homes Limited, for which he also received no remuneration during the year.

## Statement of Executive Directors' shareholdings and share interests\*

Executive Directors are required to hold a minimum of 300% of base salary in shares. The table below sets out their holdings against the requirement and their beneficial and conditional ownership as at 31 March 2024. Dan Nicholson joined the Board on 6 September 2021. As with the other Executive Directors, Dan will be required to build up a shareholding of 300% of base salary and to retain all shares that are vested to him, net of any tax liabilities, until the requirement is satisfied.

Director	Beneficial ownership		Conditional ownership <sup>6</sup>				Total beneficial and conditional ownership as at 31 March 2024	Total beneficial and conditional ownership as at 31 March 2023	Shareholding requirement met <sup>9,10</sup>	Comparator to 2023
	Number of shares owned <sup>1</sup>	SIP Matching shares subject to forfeiture	Total beneficial ownership <sup>2,3,4,5</sup>	LTIP/RSP subject to performance conditions/underpins	LTIP awards which have met their performance conditions and remain subject to a holding period <sup>7</sup>	Deferred Share Bonus Plan <sup>8</sup>				
Toby Courtauld	1,399,022	2,018	<b>1,401,040</b>	797,002	18,686	96,548	<b>2,313,276</b>	2,337,379	835% – Yes	1,112%
Nick Sanderson	281,531	2,016	<b>283,547</b>	548,342	12,856	67,372	<b>912,117</b>	927,891	271% <sup>11</sup>	326%
Dan Nicholson	20,556	1,564	<b>22,120</b>	303,441	–	36,567	<b>362,128</b>	177,787	42% <sup>12</sup>	1%

1. Excludes SIP shares that are subject to forfeiture.

2. Holdings are calculated based on the share price as at 31 March 2024 of £3.878.

3. Beneficial interests include shares held directly or indirectly by connected persons.

4. The Executive Directors did not exercise any share options in the year ended 31 March 2024. Between 1 April 2024 and 19 May 2024, Toby Courtauld and Dan Nicholson each acquired 37 Partnership shares and 74 conditional Matching shares and Nick Sanderson acquired 38 Partnership Shares and 76 Matching Shares under the SIP. In addition, under the SIP, 40 Matching shares vested to each of Toby Courtauld and Nick Sanderson. Otherwise there were no changes in their shareholdings during that period.

5. 40% of the Executive Directors' annual bonuses for the year ended 31 March 2024 will be deferred into shares for three years under the Deferred Share Bonus Plan (DSBP). The number of shares awarded will be disclosed following the awards, in the 2025 Annual Report. In respect of their annual bonuses for the year ended 31 March 2023, Toby Courtauld, Nick Sanderson and Dan Nicholson were granted DSBP awards over 51,486, 35,832 and 28,190 shares respectively.

6. LTIP, RSP and DSBP awards are granted in the form of nil cost options. A nil vesting of the 2021 LTIP awards has been assumed based on the information available as at 19 May 2024.

7. Consistent with best practice, estimated after-tax shares that will be retained after the cessation of the two-year holding period are included in the shareholding requirement (53% of shares retained).

8. Consistent with best practice, estimated after-tax shares retained are included in the shareholding requirement (53% of shares retained).

9. Post-cessation shareholding guidelines came into effect following the approval of the Policy at the 2020 AGM. Executive Directors are expected to retain the lower of actual shares held at cessation and shares equal to 300% of salary for two years post-cessation. Shares retained following vesting of LTIP, RSP and DSBP awards granted after the 2020 AGM will be held in via escrow/a nominee arrangement to enable enforcement of the post-cessation guidelines.

10. Executive Directors are required to hold 300% of their base salary and are expected to retain the after-tax shares received on the exercise of awards until they have acquired the necessary shares to meet their shareholding requirement.

11. The fall in share price over the year resulted in Nick Sanderson's holding falling moderately below the guideline level. He will not sell any shares other than to meet tax liabilities until this requirement is met.

12. Dan Nicholson joined the Board with effect from 6 September 2021 and is working towards his minimum shareholding requirement.

# Directors' remuneration report continued

## Executive Directors' remuneration for the year ending 31 March 2025

### Statement of implementation of Policy for the year ending 31 March 2025

The Policy and its implementation for the Executive Directors for the forthcoming financial year is summarised below. For information on the Chair of the Board and Non-Executive Directors, please refer to page 138.

Salary			
	Year ending 31 March 2025 £000 <sup>1</sup>	Year ended 31 March 2024 £000 <sup>1</sup>	Base salary increase
Executive Director			
Toby Courtauld	692	679	2%
Nick Sanderson	476	467	2%
Dan Nicholson	388	380	2%

1. Rounded to the nearest £1,000.

Executive Directors have received an increase in salary below the all-colleague average increase of 4.9%. In reviewing the salaries of the Executive Directors, the Committee has also taken account of both the individual's and the Company's performance and the employment conditions and salary increases awarded to employees across the Group.

### Pension and benefits

There have been no changes to the benefits and pension provision for the Executive Directors.

### Bonus for the year ending 31 March 2025

The target and maximum annual bonus potentials will remain unchanged at 75% and 150% of salary respectively for the Executive Directors. As with the existing Policy, under the proposed new Policy, 40% of any annual bonus outcome will be deferred into shares for three years under the Deferred Share Bonus Plan.

The scorecard measures will be consistent with those for 2023/24 except that, as explained on page 127, the Flex measure will change from a space commitment to a net operating income measure, a deployment of capital measure will replace the liquidity measure, the development measure will focus on achieving key development milestones in the year and there will be some minor definitional changes to the NPS metric to capture retail as well as office customers. Furthermore, the weighting of measures will be adjusted, increasing the total weightings on financial measures from 50% to 60% as follows:

#### 2024/25 Bonus weightings

Financial measures	Total weighting	Non-financial measures	Total weighting
Relative TAR	20%	Development milestones	5%
Rent achieved vs ERV	10%	Customer NPS	5%
Vacancy rate	10%	Energy consumption	5% (previously 7.5%)
Deployment of capital	10%	Net zero developments	5% (previously 7.5%)
Flex net operating income	10% (replaces 5% Flex space measure)	Personal objectives	10%
		Positive and inclusive culture	5%
		Diversity targets	5%
<b>Total</b>	<b>60%</b>		<b>40%</b>

The Committee is of the opinion that, given the commercial sensitivity around GPE's business, disclosing precise targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Objectives, performance achieved and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any payouts.

### Restricted Share Plan awards for the year ending 31 March 2025

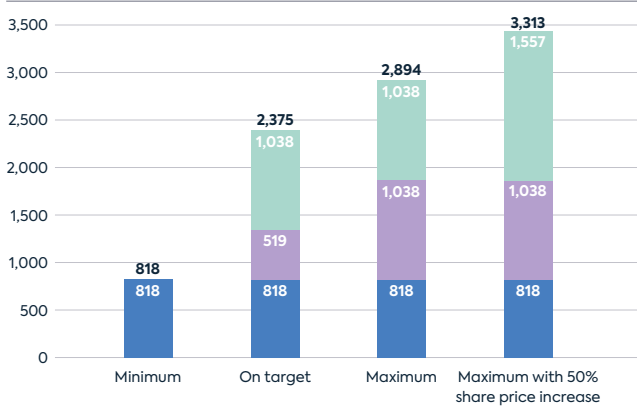
Performance measure over three years	Award as % of base salary
Subject to underpins as described in full in the Remuneration Policy	150%

The maximum potential award for the 2024 Restricted Share Plan Award is 150% of base salary, being 50% of the 300% of base salary awarded under historic LTIPs. This conversion rate is reflective of common market practice. The awards, granted in the form of nil cost options, will be subject to the underpins set out in the Policy. Alongside the operation of a robust underpin allowing the Committee to reduce the vesting of awards in whatever circumstances it considers to be appropriate, the Committee will also specifically consider reducing vesting levels in the event of a breach of the financial covenants of the Group's principal debt facilities; failure to make satisfactory progress in delivering our Sustainability Statement of Intent; or there being material damage to the reputation of the Company. Following a three-year vesting period, the 2024 RSP awards will be subject to a two-year holding period, whereby participants will not be permitted to exercise any performance-vested awards until the fifth anniversary of the award date. The holding period will generally continue to operate post-cessation of employment.

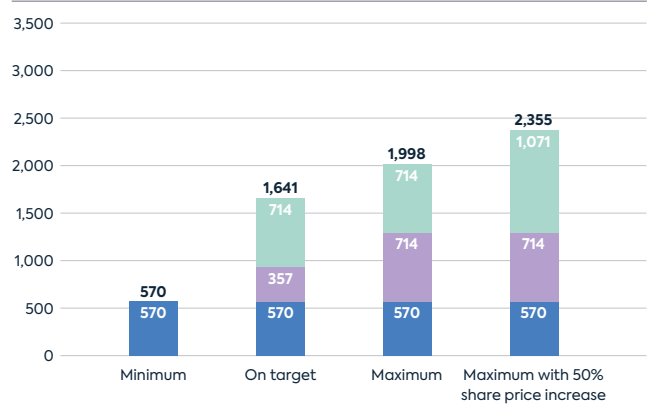
## Executive Director remuneration scenarios based on performance

The charts below set out the potential remuneration receivable by Executive Directors for minimum (where performance is below threshold for variable awards), on-target and maximum performance. Potential reward opportunities are based on the Policy and applied to salaries for the year ending 31 March 2025. It should be noted that the projected values exclude the impact of any dividend accrual.

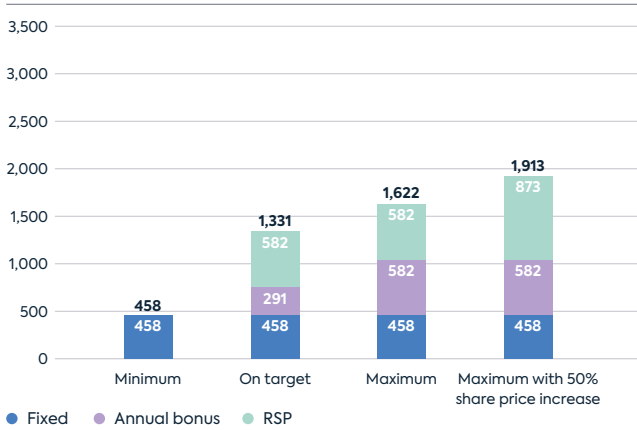
**Chief Executive £000**



**Chief Financial & Operating Officer £000**



**Executive Director £000**



● Fixed ● Annual bonus ● RSP

# Directors' remuneration report continued

## Chair and Non-Executive Directors' remuneration

### Single figure table annual fees for year ended 31 March 2024\*

This section of the Report contains details of how the Policy for the Chair and Non-Executive Directors was implemented during the financial year ended 31 March 2024.

Name	Fees		Benefits		Totals	
	2024	2023	2024	2023	2024	2023
Richard Mully	256	244	2 <sup>1</sup>	2 <sup>1</sup>	258	246
Mark Anderson	75	72	–	–	75	72
Karen Green <sup>2</sup>	25	–	–	–	25	–
Nick Hampton <sup>3,4</sup>	85	74	–	–	85	74
Vicky Jarman <sup>4</sup>	82	77	–	–	82	77
Champa Magesh <sup>5</sup>	75	48	2 <sup>6</sup>	–	77	48
Alison Rose <sup>7</sup>	20	72	–	–	20	72
Emma Woods <sup>8</sup>	82	77	–	–	82	77
<b>Total</b>	<b>700</b>	<b>664</b>	<b>4</b>	<b>2</b>	<b>704</b>	<b>666</b>

- Richard Mully's benefits of less than £2,000 related to reimbursed travel (and related tax) for GPE meetings.
- Karen Green joined the Board and each of its Committees on 1 December 2023.
- Nick Hampton became Senior Independent Director from 30 March 2023.
- Vicky Jarman succeeded Nick Hampton as Chair of the Audit Committee from 7 July 2022.
- Champa Magesh joined the Board and each of its Committees on 1 August 2022.
- Champa Magesh's benefits of less than £2,000 related to reimbursed travel (and related tax) for GPE meetings.
- Alison Rose stepped down from the Board and its Committees on 6 July 2023.
- Emma Woods became Chair of the Remuneration Committee from 7 July 2022.

## Shareholdings\*

	31 March 2024	31 March 2023
Richard Mully	60,000	31,379
Mark Anderson	2,451	2,451
Karen Green	–	–
Nick Hampton	2,500	2,500
Vicky Jarman	2,708	2,708
Champa Magesh	–	–
Alison Rose	–	–
Emma Woods	–	–

There were no changes in the shareholdings of the Chair and Non-Executive Directors in office between 1 April 2024 and 19 May 2024. The reported figures reflect the position at the stated dates or date of appointment if later/date of retirement if earlier.

## Annual fees for year ending 31 March 2025

The table below sets out the fee rates for the Chair of the Board and Non-Executive Directors for the year ending 31 March 2025. The fees of the Chair and the base fees of the Non-Executive Directors have been increased by approximately 2%, being below the average of 4.9% awarded to colleagues. Fee levels for the Chair and Non-Executive Directors are assessed having regard to individual responsibility and fees paid to Non-Executive Directors in the wider FTSE 250.

	1 April 2023 to 31 March 2024 £	From 1 April 2024 (per annum) £
Chair fee	256,000	261,100
Non-Executive Director base fee	61,500	62,700
Senior Independent Director fee	10,000	10,000
Audit or Remuneration Committee Chair	12,500	12,500
Audit or Remuneration Committee Member	5,000	5,000
Nomination Committee Member	3,350	3,350



## Other disclosures

### Percentage change in Board remuneration vs Group employees

The table below shows the percentage change in remuneration/fees for the years ended 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024 for each of the Directors who served during the year ended 31 March 2024 (including salary, taxable benefits and annual bonus) compared to that for an average Group employee (noting that the Group has been used rather than parent company on the basis that there are no Company employees).

Name	Base salary/fees				Taxable benefits <sup>10</sup>				Bonus <sup>11</sup>		
	2020/21	2021/22	2022/23	Change 2023/24	2020/21	2021/22	2022/23	Change 2023/24	2021/22	2022/23	Change 2023/24
<b>Average employee<sup>1</sup></b>	+5.1%	+3.2%	+6.2%	<b>+6.6%</b>	+4.1%	-20.1%	-0.3%	<b>+15.2%</b>	+71.3%	+13.5% <sup>8</sup>	<b>+12.4%</b>
<b>Executive Directors</b>											
Toby Courtauld	+1.5%	+1.5%	+3.5%	<b>+5.0%</b>	-3.6%	-38.5%	0%	<b>+12.5%</b>	+139.5%	+19.5%	<b>+3.7%</b>
Nick Sanderson	+1.5%	+1.5%	+3.5%	<b>+5.0%</b>	-22.7%	-12.5%	+18.6%	<b>+5.6%</b>	+125.5%	+20.9%	<b>+2.3%</b>
Dan Nicholson <sup>2</sup>	n/a	n/a	80.1%	<b>+5.0%</b>	n/a	n/a	+100%	<b>+33.3%</b>	n/a	+155.6%	<b>+5.2%</b>
<b>Non-Executive Directors</b>											
Richard Mully (Chair)	-5.0%	0%	3.8%	<b>+4.9%</b>	-100%	+100%	+100%	<b>+0%</b>	n/a	n/a	<b>n/a</b>
Mark Anderson <sup>3</sup>	n/a	0%	75.6%	<b>+4.2%</b>	n/a	-	-	<b>-</b>	n/a	n/a	<b>n/a</b>
Karen Green <sup>4</sup>	n/a	n/a	n/a	<b>-%</b>	n/a	-	-	<b>-</b>	n/a	n/a	<b>n/a</b>
Nick Hampton <sup>5,6</sup>	-4.2%	0%	-1.3%	<b>+14.9%</b>	-100%	-	-	<b>-</b>	n/a	n/a	<b>n/a</b>
Vicky Jarman <sup>6</sup>	-2.9%	0%	+10.0%	<b>+6.5%</b>	-	-	-	<b>-</b>	n/a	n/a	<b>n/a</b>
Champa Magesh <sup>7</sup>	-	-	0%	<b>+56.3%</b>	-	-	-	<b>+100%</b>	n/a	n/a	<b>n/a</b>
Alison Rose <sup>8</sup>	-2.9%	0%	+2.9%	<b>-72.2%</b>	-	-	-	<b>-</b>	n/a	n/a	<b>n/a</b>
Emma Woods <sup>9</sup>	n/a	n/a	+541.7	<b>+6.5%</b>	n/a	-	-	<b>-</b>	n/a	n/a	<b>n/a</b>

- Based on all employees who were employed for the full consecutive financial years being compared. Average employee pay has been calculated on a full-time equivalent basis.
- Dan Nicholson joined the Group in September 2021, part-way through the financial year. His remuneration in 2021/22 reflected this period of service, whereas his remuneration from 2022/23 was for a full year's service, explaining his large percentage increase over the two years.
- Mark Anderson joined the Board on 1 September 2021.
- Karen Green joined the Board on 1 December 2023.
- Nick Hampton became Senior Independent Director on 30 March 2023.
- Vicky Jarman succeeded Nick Hampton as Chair of the Audit Committee from 7 July 2022.
- Champa Magesh joined the Board from 1 August 2022.
- Alison Rose stepped down from the Board on 6 July 2023.
- Emma Woods joined the Board on 1 February 2022 and became Chair of the Remuneration Committee from 7 July 2022.
- Taxable benefits from 31 March 2023, in line with the single figure table on page 129, have been updated to include: private medical insurance, membership subscriptions, travel expenses, luncheon vouchers, Employee Assistance Programme and entertainment. Prior years included death in service, life assurance and permanent health insurance which are not taxable benefits in line with HMRC guidelines.
- Executive Directors have a higher proportion of their remuneration linked to variable pay and Company performance for greater alignment with shareholders. The percentage change in bonus payments will therefore fluctuate according to variable pay outcomes each year. The payout for the 2020/21 annual bonus financial measures was nil, resulting in the higher percentage change in bonuses for 2022/23.

# Directors' remuneration report continued

## Ten-year Chief Executive remuneration package

The table below shows the Chief Executive's (Toby Courtauld throughout) remuneration package over the past ten years, together with incentive payout/vesting as compared to the maximum opportunity.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single figure of total remuneration (£000)	3,689	2,650	1,420	1,174	905	1,599	984	1,425	1,417	<b>1,456</b>
Bonus payout (as % of maximum opportunity)	48%	100%	20%	37%	19%	31%	23.9%	56.3%	65%	<b>64.2%</b>
Long-term incentive vesting rates (as % of maximum opportunity)	81%	58%	33%	10%	0%	28.8%	0%	7.4%	0% <sup>2</sup>	<b>0%</b> <sup>1</sup>

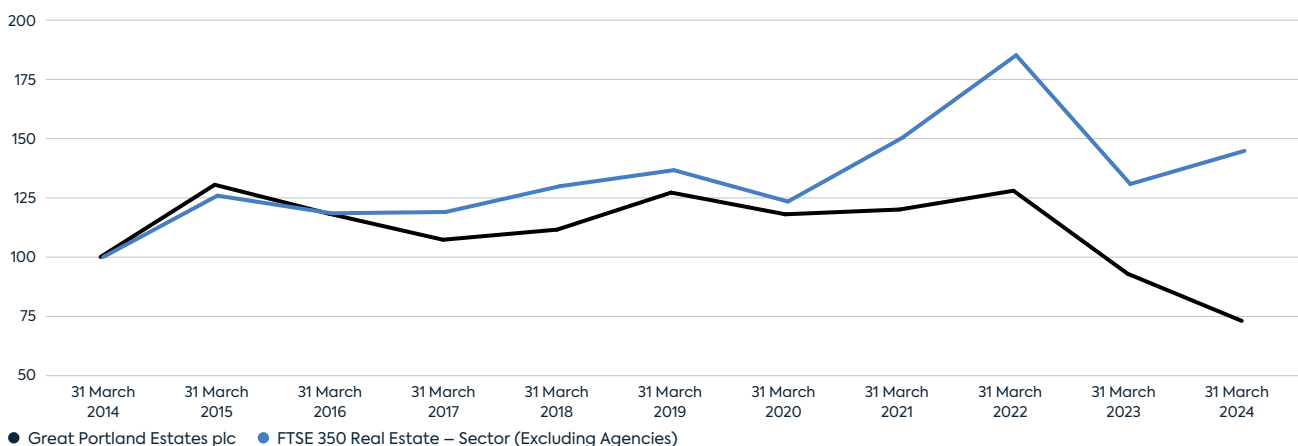
1. Based on estimated performance as at 19 May 2024.

2. This reflects the actual LTIP performance outcome of 0% as referred to in the single figure table on page 129. The figure provided in last year's Annual Report, of 0%, was disclosed on an estimated basis.

## Total Shareholder Return performance

The following graph shows the Total Shareholder Returns for the Company for each of the last ten financial years compared to the FTSE 350 Real Estate Index (excluding agencies). The Company is a constituent of the FTSE 350 Real Estate Index and the Committee considers this benchmark to be the most appropriate for illustrating the Company's performance.

### Total Shareholder Return over ten years (indexed)



Source: Refinitiv Datastream.

## CEO pay ratio

Although the Company has fewer than 250 employees and is not, therefore, subject to any legal requirement to include such ratios, the Committee considers inclusion of the ratio to be reflective of best practice and includes this on a voluntary basis. The Committee notes the general preference of institutional shareholders for companies to use statutory Method A and prepared the calculations on that basis. However, for a company with a relatively small number of employees (134 as at 31 March 2024), the ratios can be unduly impacted by joiners and leavers who may not participate in the full suite of remuneration arrangements in the year of joining or leaving. Accordingly, the Committee modified the statutory basis to exclude any employee not employed throughout the financial year. In all other respects, Method A was followed so the following tables refer to modified Method A being adopted.

The Company believes that a bias towards variable pay for senior executives is the most appropriate means of both incentivising the senior executives and aligning them with shareholders. The ratios will therefore fluctuate according to variable pay outcomes each year. Variable pay outcomes were broadly consistent in 2022/23 and 2023/24 and the ratios have therefore remained broadly consistent in these years. Overall, the outcomes and the resulting ratios are considered appropriate.

## Ratio of the pay of the Chief Executive to that of the UK lower quartile, median and upper quartile employees

Year	Method	Pay ratio		
		25th percentile	50th percentile (median)	75th percentile
31 March 2024	Modified Method A	17.3:1	12.1:1	6.5:1
31 March 2023	Modified Method A	18.0:1	12.6:1	6.7:1
31 March 2022	Modified Method A	19.9:1	15.4:1	7.2:1
31 March 2021	Modified Method A	15.1:1	11.2:1	5.8:1
31 March 2020	Modified Method A	24.1:1	18.2:1	8.7:1

### Additional information on the ratio of the pay of the Chief Executive to that of employees

- Employee pay data is based on full-time equivalent pay for UK employees as at 31 March 2024. For each employee, total pay is calculated in line with the single figure methodology (i.e. fixed pay accrued during the financial year and the value of performance-based incentive awards vesting in relation to the performance year).
- Employee pay data excludes leavers and joiners to help ensure data is on a like-for-like basis. No other calculation adjustments or assumptions have been made.
- Chief Executive pay is as per the single total figure of remuneration for 2024, as disclosed on page 129.
- The 2024 ratio will be re-stated in the 2025 Directors' remuneration report (if required) to take account of the final LTIP vesting data for eligible employees and for the Chief Executive.

The Committee has considered the pay data for the three individuals identified for 2024 and believes that it fairly reflects pay at the relevant quartiles among the UK employee population. Each of the individuals identified was a full-time employee during the year and received remuneration in line with the Policy. The Company employs a highly skilled and experienced workforce which leads to a narrower CEO ratio than at many other listed companies with a different employee base. The ratios reflect this and are felt appropriate in this context. This year, there was no LTIP vesting and, in a year in which the LTIP did vest, the ratio would widen given the greater focus on variable pay for more senior levels.

### Salary and total remuneration used to calculate the pay ratio

	Chief Executive £000	25th percentile £000	50th percentile (median) £000	75th percentile £000
Total salary	679	58	76	130
Total remuneration (single figure)	1,456	84	120	224

## Employee Share Trust

Upon the vesting of share awards, shares used to satisfy awards under the LTIP, RSP and Deferred Share Bonus Plan are transferred out of the Great Portland Estates plc LTIP Employee Share Trust (the Trust), a discretionary trust established to facilitate the operation of the Company's share plans. The shares to satisfy vested awards have been purchased by the Trustees of the Trust in the open market. The number of shares held by the Trust as at 31 March 2024 was 887,159 (2023: 877,159).

### Dilution

The Company currently funds the Trustees to purchase all of the shares required to satisfy awards under the Company's share plans and no shares have been issued to satisfy any grants made in the last ten years. However, if the Company decided to issue new shares to meet these awards, the Company would operate all of its share incentive arrangements within The Investment Association (IA) Guidelines on dilution. The following table sets out the level of dilution against the IA limits for all share plans and discretionary plans in respect of the outstanding awards should the Company issue shares rather than use purchased shares held in Trust.

	As at 31 March 2024 <sup>1</sup>
Maximum	
10% dilution in ten years (all plans)	1.23%
5% dilution in ten years (discretionary plans)	1.28%

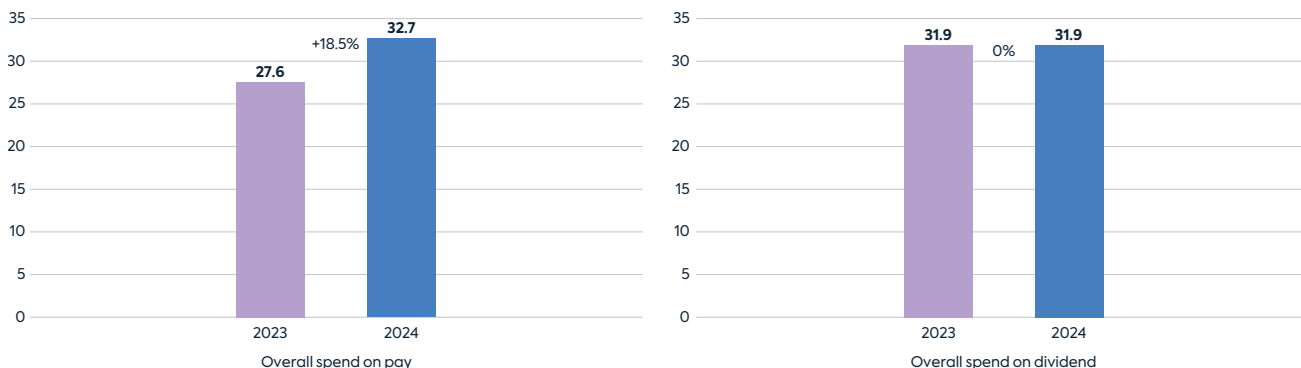
1. This figure shows the number of shares required to satisfy all outstanding awards as at 31 March 2024 as a percentage of the Company's issued share capital were these to be satisfied by the issue of new shares. This does not include vested awards that have been satisfied using market purchased shares.

# Directors' remuneration report continued

## Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in 2023 and 2024:

### Relative importance of spend on pay £m



## Committee advisers

The Committee was advised during the year by FIT Remuneration Consultants LLP (FIT Rem) as independent remuneration consultants. FIT Rem, which was appointed by the Committee in August 2014 following a review of advisers, attends Committee meetings and provides advice on remuneration for the Executive Directors, analysis on all elements of the Directors' remuneration policy and regular market and best practice updates.

FIT Rem reports directly to the Committee and does not provide any other services to the Company.

The Committee is satisfied that the advice received from FIT Rem is independent and objective as FIT Rem complies with the Code of Conduct for Remuneration Consultants (which can be found at [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com)) and provides no other advice to the Group. FIT Rem's fees for the year to 31 March 2024 were £68,127.50 (2023: £112,056) which were charged on the basis of the time spent advising the Company.

Independent and objective performance certificates are provided to the Committee by Aon Hewitt on measurement of TSR performance targets for the LTIP. Fees paid to Aon Hewitt in respect of this were £10,750. Aon Hewitt also provides gender pay gap assistance and salary benchmarking to the Group and fees paid in relation to these totalled £15,000 and £1,750 respectively.



## Statement of voting at the AGM

The following table shows the results of the remuneration related resolutions at the 2023 AGM:

It is the Committee's policy to consult with major shareholders prior to any major changes to its Executive remuneration.

	For	Against	Abstentions
2023 Directors' remuneration report	197,428,528 (96.51%)	7,135,959 (3.49%)	3,186
2023 Directors' remuneration policy	189,336,232 (92.56%)	15,228,255 (7.44%)	3,186

## Consideration of shareholder views

When determining remuneration, the Committee takes into account the guidelines of investor bodies and shareholder views. The Committee is always open to feedback from shareholders on remuneration policy and arrangements, and commits to undertaking shareholder consultation in advance of any significant changes to the remuneration policy.

The Policy was subject to thorough consultation with our major shareholders and the main proxy voting advisers ahead of being approved by shareholders at the 2023 AGM.

## Service agreements and payments for loss of office/payments to former Directors\*

The policy of the Company is to have service contracts for Executive Directors with notice periods of one year. It is sometimes necessary when recruiting a new Executive Director to give a service contract with an initial term of up to 18 months, in which case a 12-month notice period may be given no earlier than six months from the start date of the contract.

Non-Executive Directors, who have letters of appointment, are subject to annual re-election under the Company's Articles of Association and have a notice period of three months by either party. They are not eligible for payment in lieu of notice or any other payment on termination.

The following table sets out the dates of each of the Executive Directors' service agreements and their unexpired term, the dates of the Non-Executive Directors' letters of appointment and the date on which the Non-Executive Director is next subject to reappointment or re-election.

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002 (amended 2017)	12
Nick Sanderson	7 June 2011 (amended 2017)	12
Dan Nicholson	30 July 2021	12

Non-Executive	Date of appointment letter	Date when next subject to appointment or re-election
Richard Mully	12 October 2016	4 July 2024
Karen Green <sup>1</sup>	15 June 2023	4 July 2024
Nick Hampton	28 September 2016	4 July 2024
Vicky Jarman	22 January 2020	4 July 2024
Mark Anderson	30 July 2021	4 July 2024
Emma Woods	25 January 2022	4 July 2024
Champa Magesh	6 June 2022	4 July 2024

1. Karen Green was appointed to the Board on 1 December 2023 and will be subject to election at the next AGM on 4 July 2024.

No Directors received termination payouts or payments for loss of office in respect of the year and no former Director received any relevant payments.

This Report will be submitted to shareholders for approval at the AGM to be held on 4 July 2024.

Approved by the Board on 22 May 2024 and signed on its behalf by:

### Emma Woods

Chair of the Remuneration Committee  
22 May 2024

# Report of the Directors

## Strategic Report

The Group's Strategic Report on pages 01 to 88 includes the Company's business model and strategy, the principal risks and uncertainties facing the Group and how these are managed and mitigated, an indication of likely future developments in the Company and details of important events since the year ended 31 March 2024.

The purpose of the Annual Report is to provide information to the members of the Company, as a body. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

## Results and dividends for the year

The Group's results for the year are set out on pages 148 to 178. An interim dividend of 4.7 pence per share (2023: 4.7 pence) was paid on 4 January 2024, and the Directors propose to pay a final dividend of 7.9 pence per share on 8 July 2024 to shareholders on the register of members as at the close of business on 31 May 2024. This makes a total of 12.6 pence per share (2023: 12.6 pence) for the year ended 31 March 2024.

## Directors

Biographical details of the current Directors of the Company are shown on pages 94 and 95. Alison Rose also served as a Director during the year under review, stepping down from the Board on 6 July 2023.

In accordance with the UK Corporate Governance Code, all the current Directors will retire, and those who wish to continue to serve will offer themselves for election or re-election at the forthcoming Annual General Meeting (AGM).

## Directors' shareholdings

The interests of the Directors of the Company (and of their connected persons) in the shares of the Company, which have been notified to the Company in accordance with the UK Market Abuse Regulation, are set out in the Directors' remuneration report on pages 135 and 138. The Directors' remuneration report also sets out details of any changes in those interests between 31 March 2024 and 19 May 2024.

## Directors' indemnities and insurance

On 14 September 2007, an indemnity was given by the Company to the Directors in terms which comply with company law. The indemnity was in force during the year and remains in force at the date of this Report of the Directors.

The Company maintains directors' and officers' liability insurance and pension trustee liability insurance, both of which are reviewed annually.

## Directors' powers

The powers of the Directors are contained in the Company's Articles of Association. These include powers, subject to relevant legislation, to authorise the issue and buyback of the Company's shares by the Company, subject to authority being given to the Directors by the shareholders in a general meeting.

## Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in the Company's Articles of Association. Under the Articles of Association, every Director who held office on the date seven days before the date of notice of the AGM shall retire from office. A retiring Director shall be eligible for re-election at the AGM, and a Director who is re-elected will be treated as continuing in office without a break. This is in line with the UK Corporate Governance Code, which recommends that all Directors should be subject to annual re-election.

Changes to the Articles of Association must be approved by the Company's shareholders in accordance with legislation in force from time to time.

## Corporate governance statement

The information fulfilling the requirements of the corporate governance statement can be found in this Report of the Directors and on pages 89 to 143, all of which are incorporated into this Report of the Directors by reference.

## Political donations

It is the Company's policy not to make political donations or undertake any activities incurring political expenditure.

## Annual General Meeting

Details of the Company's AGM can be found in the Notice of AGM 2024, which will be made available on the Company's website at [www.gpe.co.uk/investors/shareholder-information/agm2024](http://www.gpe.co.uk/investors/shareholder-information/agm2024)

## Additional disclosures

Disclosures required by Schedule 7, Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), to the extent not already disclosed or referred to in this Report of the Directors, can be found on the following pages, all of which are incorporated into this Report of the Directors by reference:

	Page/s
Financial instruments	154, 171 to 173
Greenhouse gas emissions, energy consumption and energy efficiency action	37 to 62
Engagement with suppliers, customers and others	39 to 41, 48 to 51, 62, 69 to 72 and 99 to 103
Research and development	01, 08, 14, 22 to 25, 26, 27, 39 to 42, 69 to 70

Disclosures required by the Financial Conduct Authority's Listing Rule 9.8.4R can be found on the following pages:

	Page/s
Capitalised interest	158 and 163
Waiver of dividends	145

The Directors' responsibilities statement is on page 146 and is incorporated into this Report of the Directors by reference. The 'Other information' found on pages 194 to 203 is also incorporated into this Report of the Directors by reference.

## Significant shareholdings

As at 31 March 2024, the Company had been notified, in accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR 5), of the following interests in the voting rights in its ordinary share capital:

	Number of voting rights <sup>1</sup>	% <sup>1</sup>	Nature of holding <sup>1</sup>
Norges Bank Investment Management	32,829,313	12.93	Direct
T. Rowe Price Associates, Inc.	27,888,682	10.99	Indirect
BlackRock, Inc.	20,088,428	7.91	Indirect
	2,638,337	1.03	Financial instruments
KKR Investment Management LLC	13,579,569	5.35	Indirect

1. As at date of notification.

In the period from 31 March 2024 to 19 May 2024, the Company received a further notification from BlackRock, Inc. disclosing that its interests in voting rights in the Company through indirect holdings and holdings of financial instruments had increased to 21,297,445 (8.38%) and 4,062,147 (1.59%) respectively.

Information provided to the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules is publicly available via the regulatory information service and on the Company's website.

## Share capital and control

As at 31 March 2024, the issued share capital of the Company was 253,867,911 (2023: 253,867,911) ordinary shares of 15<sup>1</sup>/<sub>16</sub> pence each, all fully paid up and listed on the London Stock Exchange.

At the 2023 AGM, shareholders authorised the Company to make market purchases of up to 38,054,799 ordinary shares of 15<sup>1</sup>/<sub>16</sub> pence each, representing 14.99% of the issued share capital of the Company as at 29 May 2023, such authority to expire at the earlier of the conclusion of the 2024 AGM or 1 October 2024. No shares were purchased under that authority during the financial year. The Company is seeking to renew the authority at the forthcoming AGM, within the limits set out in the Company's Notice of AGM 2024.

There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers and voting rights. The Great Portland Estates plc LTIP Employee Share Trust (the Trust) is an employee share scheme which holds ordinary shares in the Company on trust for the benefit of employees within the Group. The Trustee of the Trust has the power to exercise all the rights and powers (including rights with regard to control of the Company) incidental to, and to generally act in relation to, the ordinary shares subject to the Trust in such manner as the Trustee in its absolute discretion thinks fit as if it were absolutely entitled to those ordinary shares. The Trustee has waived the right to receive dividends on the shares held in the Company.

## Change of control

The Company has a number of unsecured borrowing facilities provided by various lenders. These facilities generally include provisions that may require any outstanding borrowings

to be repaid or the alteration or termination of the facilities upon the occurrence of a change of control of the Company. The Company's Restricted Share Plan, Long Term Incentive Plan, Deferred Share Bonus Plan, Restricted Share Plan and Annual Bonus Plan contain provisions relating to the vesting of awards in the event of a change of control.

## Going concern

The Group's business activities, together with the factors affecting its performance, the impact of recent macro-economic uncertainty and weak UK growth, are set out in the Strategic Report on pages 01 to 88. Details of the finances of the Group, including its strong liquidity position, attractively priced borrowing facilities and favourable debt maturity profile, are set out in 'Our financial results' on pages 30 to 33 including 'Our capital strength' on page 32 and in notes 9, 16 and 17 of the financial statements on pages 152 to 178.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance, with particular focus on macro-economic conditions in which the Group is operating, including weak UK growth, the ongoing economic disruption from geopolitical tensions, a high inflationary environment and elevated interest rates. This included a going concern scenario to consider the impact of market disruption on the Group's cash balances, its capital commitments, its debt maturity profile, including undrawn facilities and the long-term nature of customer leases. The going concern scenario did not include the proceeds of the intended rights issue. The Directors also conducted extensive stress testing, including sensitising significant increases in the cost of development to meet sustainability requirements as detailed further in the viability statement. Further information on the assumptions contained in the going concern scenario is on page 88. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

## Viability statement

The Company's viability statement is on page 88.

## Events after the balance sheet date

In April 2024, the Group exchanged contracts to buy The Courtyard, WC1 for £10.4 million of cash and through a property exchange of 95/96 New Bond Street for £18.2 million. At the reporting date, the acquisition had not yet completed. In addition, the Group's £175.0 million 2.15% private placement notes 2024 were repaid on 22 May 2024.

## Statement as to disclosure of information to the auditor

So far as the Directors who held office at the date of approval of this Report of the Directors are aware, there is no relevant audit information of which the auditor is unaware and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

**Darren Lennark**  
General Counsel & Company Secretary  
Great Portland Estates plc  
Company number: 596137  
22 May 2024

# Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' confirmations

The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in pages 94 to 95 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

**Toby Courtauld**  
Chief Executive  
22 May 2024

**Nick Sanderson**  
Chief Financial & Operating Officer  
22 May 2024



# Financial statements

## In this section:

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## We are putting health and wellbeing front and centre

We are in the age of the conscious consumer. Therefore, it's more important than ever for businesses to consider its customers, as customers will make decisions on whom they work for and where they work, based on social and environmental issues. A sustainable building should contribute to the wellbeing of our customers and the local community, supporting healthier, happier and more productive lives.

## Group income statement

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Revenue	3	95.4	91.2
Cost of sales	4	(33.3)	(32.2)
		62.1	59.0
Administration expenses	5	(42.3)	(38.3)
Expected credit losses		(0.1)	(0.8)
Development management losses		–	(0.1)
<b>Operating profit before deficit from investment property, revaluation movements and results of joint ventures</b>		<b>19.7</b>	<b>19.8</b>
Deficit from investment property	10	(267.3)	(145.0)
(Deficit)/surplus on revaluation of other investments	13	(0.2)	0.1
Share of results of joint ventures	11	(46.7)	(33.4)
<b>Operating loss</b>		<b>(294.5)</b>	<b>(158.5)</b>
Finance income	6	6.1	6.0
Finance costs	7	(17.7)	(11.5)
Fair value loss on derivatives	17	(1.7)	–
<b>Loss before tax</b>		<b>(307.8)</b>	<b>(164.0)</b>
Tax	8	–	0.1
<b>Loss for the year</b>		<b>(307.8)</b>	<b>(163.9)</b>
<b>Basic loss per share</b>	9	<b>(121.7p)</b>	<b>(64.8p)</b>
<b>Diluted loss per share</b>	9	<b>(121.7p)</b>	<b>(64.8p)</b>
<b>Basic EPRA earnings per share</b>	9	<b>7.1p</b>	<b>9.5p</b>
<b>Diluted EPRA earnings per share</b>	9	<b>7.1p</b>	<b>9.5p</b>

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

## Group statement of comprehensive income

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Loss for the year		(307.8)	(163.9)
<b>Items that will not be reclassified subsequently to profit and loss</b>			
Actuarial gain on defined benefit scheme	26	0.1	0.3
Deferred tax on actuarial gain on defined benefit scheme	8	–	(0.1)
<b>Total comprehensive expense for the year</b>		<b>(307.7)</b>	<b>(163.7)</b>

# Group balance sheet

At 31 March 2024

	Notes	2024 £m	2023 £m
<b>Non-current assets</b>			
Investment property	10	1,911.0	1,922.2
Investment in joint ventures	11	491.3	538.8
Property, plant and equipment	12	2.0	3.5
Pension asset	26	4.9	4.1
Derivative financial instruments	17	0.4	–
Other investments	13	2.4	1.8
		<b>2,412.0</b>	<b>2,470.4</b>
<b>Current assets</b>			
Trade and other receivables	14	24.9	15.8
Cash and cash equivalents	22	22.9	19.4
		<b>47.8</b>	<b>35.2</b>
<b>Current assets held for sale</b>			
Investment property held for sale	10	18.2	–
		<b>18.2</b>	<b>–</b>
<b>Total assets</b>		<b>2,478.0</b>	<b>2,505.6</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	16	(175.0)	–
Trade and other payables	15	(76.2)	(56.8)
Corporation tax	8	(0.3)	–
		<b>(251.5)</b>	<b>(56.8)</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	(565.4)	(458.5)
Head lease obligations	18	(74.1)	(66.7)
Occupational lease obligations	19	(1.0)	(2.0)
Provisions in respect of warranties on sold buildings		(3.0)	(3.0)
		<b>(643.5)</b>	<b>(530.2)</b>
<b>Total liabilities</b>		<b>(895.0)</b>	<b>(587.0)</b>
<b>Net assets</b>		<b>1,583.0</b>	<b>1,918.6</b>
<b>Equity</b>			
Share capital	20	38.7	38.7
Share premium account		46.0	46.0
Capital redemption reserve		326.7	326.7
Retained earnings		1,166.0	1,504.4
Investment in own shares	21	5.6	2.8
<b>Total equity</b>		<b>1,583.0</b>	<b>1,918.6</b>
<b>Basic net assets per share (diluted)</b>	9	<b>624p</b>	757p
<b>EPRA NTA (diluted)</b>	9	<b>624p</b>	757p

Approved by the Board on 22 May 2024 and signed on its behalf by:

**Toby Courtauld**  
Chief Executive

**Nick Sanderson**  
Chief Financial & Operating Officer

# Group statement of cash flows

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
<b>Operating activities</b>			
Operating loss		(294.5)	(158.5)
Adjustments for non-cash items	23	313.4	175.1
(Increase)/decrease in receivables		(8.6)	5.3
Increase/(decrease) in payables		4.1	(6.1)
Cash generated from operations		14.4	15.8
Interest paid		(22.3)	(17.6)
Interest received		0.3	0.1
<b>Cash flows used in operating activities</b>		<b>(7.6)</b>	<b>(1.7)</b>
<b>Investing activities</b>			
Distributions from joint ventures		–	7.5
Repayment of loans by joint ventures		6.7	9.0
Investment in joint ventures		(0.1)	–
Purchase of other investments		(0.8)	(0.7)
Development of investment property		(121.7)	(80.5)
Purchase of investment property		(128.3)	(39.9)
Purchase of plant and equipment		(0.1)	(0.2)
Sale of properties		12.6	217.4
<b>Cash flows (used in)/generated from investing activities</b>		<b>(231.7)</b>	<b>112.6</b>
<b>Financing activities</b>			
Revolving credit facility repaid	16	(275.4)	(387.0)
Revolving credit facility drawn	16	308.4	314.0
Term loan drawn	16	248.0	–
Purchase of derivative	17	(2.1)	–
Payment of lease obligations		(3.4)	(3.3)
Dividends paid	24	(32.7)	(31.9)
<b>Cash flows generated from/(used in) financing activities</b>		<b>242.8</b>	<b>(108.2)</b>
Net increase in cash and cash equivalents		3.5	2.7
Cash and cash equivalents at 1 April		19.4	16.7
<b>Cash and cash equivalents at 31 March</b>	22	<b>22.9</b>	<b>19.4</b>



## Group statement of changes in equity

For the year ended 31 March 2024

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2023		38.7	46.0	326.7	1,504.4	2.8	1,918.6
Loss for the year		–	–	–	(307.8)	–	(307.8)
Actuarial gain on defined benefit scheme	26	–	–	–	0.1	–	0.1
Deferred tax on defined benefit scheme		–	–	–	–	–	–
Total comprehensive expense for the year		–	–	–	(307.7)	–	(307.7)
Employee incentive plan charges	21	–	–	–	–	4.0	4.0
Dividends to shareholders	24	–	–	–	(31.9)	–	(31.9)
Transfer to retained earnings	21	–	–	–	1.2	(1.2)	–
<b>Total equity at 31 March 2024</b>		<b>38.7</b>	<b>46.0</b>	<b>326.7</b>	<b>1,166.0</b>	<b>5.6</b>	<b>1,583.0</b>

## Group statement of changes in equity

For the year ended 31 March 2023

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2022		38.7	46.0	326.7	1,697.9	3.6	2,112.9
Loss for the year		–	–	–	(163.9)	–	(163.9)
Actuarial gain on defined benefit scheme	26	–	–	–	0.3	–	0.3
Deferred tax on defined benefit scheme		–	–	–	(0.1)	–	(0.1)
Total comprehensive expense for the year		–	–	–	(163.7)	–	(163.7)
Employee Long-Term Incentive Plan charge	21	–	–	–	–	1.3	1.3
Dividends to shareholders	24	–	–	–	(31.9)	–	(31.9)
Transfer to retained earnings	21	–	–	–	2.1	(2.1)	–
<b>Total equity at 31 March 2023</b>		<b>38.7</b>	<b>46.0</b>	<b>326.7</b>	<b>1,504.4</b>	<b>2.8</b>	<b>1,918.6</b>

# Notes forming part of the Group financial statements

## 1 Material accounting policies

### Basis of preparation

Great Portland Estates plc is a public company limited by shares incorporated and domiciled in the United Kingdom (England and Wales). The address of the registered office is given on page 202. The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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

The Directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2024, with particular focus on the impact of the macro-economic conditions in which the Group is operating. The Directors also considered the Group's net current liability position as at 31 March 2024, which is primarily driven by the maturity in May 2024 of a £175 million private placement note (see note 16). The Directors' assessment is based on the next 12 months of the Group's financial forecasts from the date of approval of the annual report, including a going concern scenario which included the following key assumptions:

- a 14% decline in the valuation of the property portfolio; and
- a 35% decline in earnings before interest and tax.

The going concern scenario did not include the proceeds of the intended rights issue and demonstrates that the Group over the next 12 months:

- has sufficient liquidity to fund its ongoing operations;
  - is operating with significant headroom above its Group debt financing covenants;
  - property values would have to fall by 18% before breach (or 34% from 31 March 2024 values);
  - earnings before interest and tax would need to fall by 42% before breach (or 63% from 31 March 2024 levels); and
- has sufficient liquidity to continue its operations on repayment of the Group's £175 million private placement notes, that mature in May 2024, as were repaid on 22 May 2024.

The Directors also conducted extensive stress testing, sensitising the potential impact of climate change as detailed further in the viability statement as well as the impact of removing non-committed disposal proceeds and capital expenditure. Based on these considerations, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors have adopted the going concern basis in preparing the accounts for the year ended 31 March 2024. The Group has adopted a number of alternative performance measures, see note 9 for further detail.

### Critical accounting judgements and key sources of estimation uncertainty

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

No critical judgements have been made.

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

#### Key source of estimation uncertainty: investment property portfolio valuation

The valuation to determine the fair value of the Group's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions and estimations, including future rental income, anticipated capital expenditure, including future development costs and an appropriate discount rate. The valuer also makes reference to market evidence of transaction prices for similar properties. Information about the valuation techniques, significant assumptions and associated key unobservable inputs sensitivity disclosures are disclosed in note 10. An adjustment to any of these assumptions could lead to a material change in the property valuation. For the current year and prior year, the Directors adopted the valuation without adjustment – further information is provided in the accounting policy for investment property and note 10.

#### New accounting standards

In the current year, the Group has applied a number of amendments to IFRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. These new standards and amendments are listed below:

- IFRS 17 – Insurance contracts;
- Disclosure of accounting policies amendments to IAS 1 and IFRS Practice Statement 2;
- Amendments to IAS 8 – Accounting policies – definition of accounting estimates;
- Amendments to IAS 12 – Income taxes – deferred tax relating to assets and liabilities arising from a single transaction; and
- OECD Pillar Two Rules (out of scope).

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

## 1 Material accounting policies continued

- Amendments to IAS 1 – Presentation of financial statements – classification of liabilities as current or non-current and non-current liabilities with covenants;
- Amendments to IFRS 16 – Leases – lease liability in a sale and leaseback;
- IFRS 18 – Presentation and Disclosure in Financial Statements;
- Amendments to IAS 7 and IFRS 7 – supplier finance arrangements; and
- Amendments to IFRS 10 and IAS 28 – sale or contribution of assets between an investor and its associate or joint venture.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, with the exception of IFRS 18, where the Directors are assessing its potential impact.

### Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2024. Subsidiary undertakings are those entities controlled by the Group. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

### Revenue

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

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

Revenue from Fully Managed spaces is split between an amount attributable to the rent on a fitted basis and services income as set out in the lease agreement, which is based on stand-alone selling prices. Where the lease agreement does not provide an attribution, the Group splits the revenue based on the ERV of the fitted rent, which represents the stand-alone selling price. The rent is recognised in gross rental income (see above) and the services income is recorded over the period when the services are provided and benefit the customer.

The Group's Flex Partnerships represent leases with third-party operators where the rent payable is calculated by reference to the profitability of the space under management. The rent is recognised in gross rental income (see above).

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

### Cost of sales

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

Fully Managed service costs represent the costs of operating the Group's Fully Managed spaces and are expensed as incurred.

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

### Administration expenses

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

### Share-based payments

The cost of granting share-based payments to employees and Directors is recognised within administration expenses in the income statement. The Group has used the stochastic model to fair value LTIP grants, which is dependent upon factors including the share price, expected volatility and vesting period. The fair value of the RSP is based on the share price at grant date. The resulting fair value is amortised through the income statement over the vesting period. The charge is recognised over the vesting period and reversed if it is likely that any non-market-based performance or service criteria will not be met. Any cost in respect of share-based payments relating to the employees of a subsidiary company is recharged accordingly.

### Investment property

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

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

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

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

# Notes forming part of the Group financial statements continued

## 1 Material accounting policies continued

An investment property will be classified as held for sale where it is available for immediate sale in its present condition and the sale is highly probable.

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

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

### Lease obligations

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

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

### Depreciation

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

Fixtures and fittings – over three to five years.

Leasehold improvements – over the term of the lease.

### Joint ventures

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

### Income tax

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

### Pension benefits

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

### Capitalisation of interest

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

### Other investments

Other investments comprise investments in Pi Labs European PropTech venture capital fund, which is measured at fair value, based on the net assets of the fund; this is a Level 3 valuation as defined by IFRS 13. Changes in fair value are recognised in profit or loss.

### Financial instruments

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

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



## 1 Material accounting policies continued

**iii Trade receivables and payables** Trade receivables are initially measured at the transaction price, and are subsequently measured at amortised cost using the effective interest rate method. See note 14 for further information on trade receivables and associated expected credit losses. Trade payables are initially measured at fair value and subsequently measured at amortised cost.

**iv Derivative financial instruments** The Group uses derivatives (principally interest rate caps) in managing interest rate risk, and does not use them for trading. They are recorded, and subsequently revalued, at fair value, with revaluation gains or losses being immediately taken to the income statement. Derivatives with a maturity of less than 12 months or that expect to be settled within 12 months of the balance sheet date are presented as current assets or liabilities. Other derivatives are presented as non-current assets or liabilities.

## 2. Segmental analysis

IFRS 8 Operating Segments requires the identification of operating segments based on internal financial reports detailing components of the Group regularly reviewed by the chief operating decision makers (the Group's Executive Committee) in order to allocate resources to the segments and to assess their performance.

In recent years, the Group has evolved the types of office space it provides to its customers. This has included a Fully Managed offer with additional service provision. As this element of the Group's business has grown, so has the level of financial information and oversight. As a result, the Directors have concluded that, based on the level of information provided to the Executive Committee, for the current year this element of the business is an operating segment as defined by IFRS 8. Furthermore, given the revenue for the current financial year is in excess of 10% of wider Group revenue, the segment should be separately reported from the remainder of the Group's activities. The Executive Committee reviews the performance of its Fully Managed offer based on gross revenue (including Fully Managed services income) net of cost of sales on a proportionally consolidated basis (including the Group's joint ventures at share). The cost of sales information is not available for the prior year due to the information not being available and the cost to develop it would be excessive. Total assets and liabilities are not monitored by segment.

The remainder of the Group's components are managed together, with their operating results reviewed on an aggregated basis. All of the Group's revenue is generated from investment properties located in a small radius within central London. The properties are managed as a single portfolio by a portfolio management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed-use, therefore the office, retail and any residential space is managed together. The Directors have considered the nature of the business, how the business is managed and how they review performance, and in their judgement, the Group has only two reportable segments.

### Segmental analysis for the year ended 31 March 2024

	Fully Managed offices including joint ventures £m	Joint ventures £m	Group Fully Managed offices £m	Remainder of portfolio £m	Total 2024 £m	Total 2023 £m
Revenue	13.6	(1.4)	12.2	83.2	95.4	91.2
Cost of sales	(8.6)	0.5	(8.1)	(25.2)	(33.3)	n/a
<b>Net result</b>	<b>5.0</b>	<b>(0.9)</b>	<b>4.1</b>	<b>58.0</b>	<b>62.1</b>	n/a

Revenue for the Group's Fully Managed offices in the year to 31 March 2023 was £7.8 million (£8.0 million including share of joint ventures).

## 3 Revenue

	2024 £m	2023 £m
Gross rental income	67.2	66.6
Spreading of lease incentives	5.7	5.9
Service charge income	14.4	12.5
Fully Managed services income	6.4	3.7
Trading property revenue	–	0.1
Joint venture fee income	1.7	2.4
	<b>95.4</b>	<b>91.2</b>

# Notes forming part of the Group financial statements continued

## 3 Revenue continued

The table below sets out the Group's gross rental income split between types of space provided:

	2024 £m	2023 £m
Ready to Fit	37.9	42.4
Retail	10.5	11.1
Fitted	6.8	3.8
Fully Managed	5.8	4.1
Flex Partnerships	3.8	3.2
Hotel	2.4	2.0
	<b>67.2</b>	66.6

The table below sets out the Group's net rental income, which is an alternative performance measure:

	2024 £m	2023 £m
Gross rental income	67.2	66.6
Expected credit loss	(0.2)	(0.6)
Rental income	67.0	66.0
Spreading of lease incentives	5.7	5.9
Ground rent	(0.6)	(1.0)
Net rental income	<b>72.1</b>	70.9

## 4 Cost of sales

	2024 £m	2023 £m
Service charge expenses (including Fully Managed service costs – see note 2)	25.8	19.3
Other property expenses	6.9	11.9
Ground rent	0.6	1.0
	<b>33.3</b>	32.2

For the year ended 31 March 2024, the Fully Managed service costs comprised £8.1 million of the £25.8 million service charge expenses (see note 2).

The table below sets out the Group's property costs, which is an alternative performance measure:

	2024 £m	2023 £m
Service charge income	(14.4)	(12.5)
Fully Managed services income	(6.4)	(3.7)
Service charge expenses (including Fully Managed service costs)	25.8	19.3
Other property expenses	6.9	11.9
Expected credit (recovery)/loss	(0.1)	0.2
Property costs	<b>11.8</b>	15.2

## 5 Administration expenses

	2024 £m	2023 £m
Employee costs	30.9	26.3
Depreciation (see note 12)	1.6	1.7
Other head office costs	9.8	10.3
	<b>42.3</b>	38.3

## 5 Administration expenses continued

Included within employee costs is an accounting charge for the Employee Long Term Incentive Plan and deferred bonus shares of £4.0 million (2023: £1.3 million). Employee costs, including those of Directors, comprise the following:

	2024 £m	2023 £m
Wages and salaries (including annual bonuses)	24.4	22.4
Share-based payments	4.1	1.5
Social security costs	3.7	3.4
Other pension costs	2.4	2.3
	34.6	29.6
Less: recovered through service charges	(1.9)	(2.0)
Less: capitalised into development projects	(1.8)	(1.3)
	30.9	26.3

### Key management compensation

The emoluments and pension benefits of the Directors are set out in detail within the Directors' remuneration report on pages 124 to 143. The Directors and the Executive Committee are considered to be key management for the purposes of IAS 24 – Related Party Transactions with their aggregate compensation set out below:

	2024 £m	2023 £m
Wages and salaries (including annual bonuses)	6.8	6.8
Share-based payments	1.9	0.3
Social security costs	1.1	1.0
Other pension costs	0.5	0.5
	10.3	8.6

The number of people considered key management totalled 17 (2023: 18). The Group had loans to key management of £2,880 (2023: £17,882) outstanding at 31 March 2024. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

### Employee information

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

	2024 Number	2023 Number
Head office and property management	150	145

### Auditor's remuneration

	2024 £000	2023 £000
Audit of the Group and Company's annual accounts	394	242
Audit of subsidiaries	107	94
	501	336
Audit-related assurance services, including the interim review	61	49
Sustainability assurance	68	63
Auditor's remuneration	630	448

For the year ended 31 March 2024, PricewaterhouseCoopers LLP was appointed as auditor to the Group, succeeding Deloitte LLP.

# Notes forming part of the Group financial statements continued

## 6 Finance income

	2024 £m	2023 £m
Interest income on joint ventures balances	5.8	5.9
Interest on cash deposits	0.3	0.1
	6.1	6.0

## 7 Finance costs

	2024 £m	2023 £m
Interest on revolving credit facilities	5.8	5.7
Interest on term loan	8.5	–
Interest on private placement notes	11.0	10.9
Interest on debenture stock	1.2	1.2
Interest on obligations under occupational leases	–	0.1
Interest on obligations under head leases	2.4	2.4
Other	0.1	–
Gross finance costs	29.0	20.3
Less: capitalised interest	(11.3)	(8.8)
	17.7	11.5

The Group capitalised interest on certain developments with specific associated borrowings at 6.8% (2023: nil), with the remainder at the Group's weighted average cost of non-specific borrowings of 3.5% (2023: 3.0%).

## 8 Tax

	2024 £m	2023 £m
<b>Current tax</b>		
UK corporation tax – current period	–	–
UK corporation tax – prior periods	–	–
Total current tax	–	–
<b>Deferred tax</b>	–	(0.1)
Tax credit for the year	–	(0.1)

The effective rate of tax is lower (2023: lower) than the standard rate of tax. The difference arises from the items set out below:

	2024 £m	2023 £m
Loss before tax	(307.8)	(164.0)
Tax credit on loss at standard rate of 25% (2023: 19%)	(77.0)	(31.2)
REIT tax exempt rental profits and gains	(7.4)	(7.1)
Changes in fair value of properties not subject to tax	80.5	35.1
Difference between accounting profit and tax profit on disposal	–	2.0
Other	3.9	1.1
Tax credit for the year	–	(0.1)

During the year, £nil million (2023: £0.1 million) of deferred tax was debited directly to equity. The Group recognised a net deferred tax asset at 31 March 2024 of £nil (2023: £nil). This consists of deferred tax assets of £1.6 million (2023: £1.2 million) and deferred tax liabilities of £1.6 million (2023: £1.2 million).



## 8 Tax continued

Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. The standard rate of tax increased on 1 April 2023 from 19% to 25%.

### Movement in deferred tax

	At 1 April 2023 £m	Recognised in the income statement £m	Recognised in equity £m	At 31 March 2024 £m
Net deferred tax asset/(liability) in respect of other temporary differences	–	–	–	–

The Group has not recognised further deferred tax assets in respect of gross temporary differences arising from the following items, because it is uncertain whether future taxable profits will arise against which these assets can be utilised:

	2024 £m	2023 £m
Revenue losses	24.6	15.7
Share-based payments	8.4	10.5
Other	1.3	1.4
	34.3	27.6

As a REIT, the majority of rental profits and chargeable gains from the Group's property rental business are exempt from UK corporation tax. The Group is otherwise subject to corporation tax. In particular, the Group's REIT exemption does not extend to either profits arising from the sale of trading properties or gains arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years (including the sale of 50 Finsbury Square, EC2, which completed in February 2023).

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

## 9 Alternative performance measures and EPRA metrics

As is usual practice in our sector, we use alternative performance measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionally consolidated basis to include joint ventures, as it best describes how we manage the portfolio, and using measures prescribed by the European Public Real Estate Association (EPRA). The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector in accordance with its Best Practice Recommendations. The Directors consider these EPRA metrics, and the other metrics provided, to be the most appropriate method of reporting the value and performance of the business. A summary of our EPRA measures is on page 33. EPRA capital expenditure and EPRA NIY are included in note 10 and EPRA vacancy is set out on page 197.

### Earnings per share

#### Weighted average number of ordinary shares

	2024 Number of shares	2023 Number of shares
Issued ordinary share capital at 1 April	253,867,911	253,867,911
Investment in own shares	(887,159)	(941,432)
Weighted average number of ordinary shares at 31 March – basic	252,980,752	252,926,479

#### Basic and diluted earnings per share

	Loss after tax 2024 £m	Number of shares 2024 million	Loss per share 2024 pence	Loss after tax 2023 £m	Number of shares 2023 million	Loss per share 2023 pence
Basic	(307.8)	253.0	(121.7)	(163.9)	252.9	(64.8)
Dilutive effect of LTIP shares	–	–	–	–	–	–
Diluted	(307.8)	253.0	(121.7)	(163.9)	252.9	(64.8)

# Notes forming part of the Group financial statements continued

## 9 Alternative performance measures and EPRA metrics continued

### Basic and diluted EPRA earnings per share

	(Loss)/ Earnings after tax 2024 £m	Number of shares 2024 million	(Loss)/ Earnings per share 2024 pence	(Loss)/ Earnings after tax 2023 £m	Number of shares 2023 million	(Loss)/ Earnings per share 2023 pence
Basic	(307.8)	253.0	(121.7)	(163.9)	252.9	(64.8)
Deficit from investment property net of tax (note 10)	267.3	–	105.7	145.0	–	57.3
Deficit from joint venture investment property (note 11)	56.5	–	22.3	43.2	–	17.1
Trading property revenue	–	–	–	(0.1)	–	–
Deficit on revaluation of derivatives	1.7	–	0.7	–	–	–
Deficit/(surplus) on revaluation of other investments (note 13)	0.2	–	0.1	(0.1)	–	–
Deferred tax in respect of adjustments (note 8)	–	–	–	(0.1)	–	(0.1)
Basic EPRA earnings	17.9	253.0	7.1	24.0	252.9	9.5
Dilutive effect of LTIP shares (note 21)	–	0.2	–	–	0.2	–
Diluted EPRA earnings	17.9	253.2	7.1	24.0	253.1	9.5

### Net assets per share

The Group has adopted EPRA's Best Practice Recommendations for Net Asset Value (NAV) metrics. The recommendations include three NAV metrics: EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). We consider EPRA NTA to be the most relevant measure for the Group and the primary measure of IFRS net asset value, definitions are included in the glossary.

### Number of ordinary shares

	2024 Number of shares	2023 Number of shares
Issued ordinary share capital	253,867,911	253,867,911
Investment in own shares	(887,159)	(887,159)
Number of shares – basic	252,980,752	252,980,752
Dilutive effect of LTIP shares	563,956	326,340
Number of shares – diluted	253,544,708	253,307,092

### EPRA net assets per share at 31 March 2024

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	1,583.0	1,583.0	1,583.0	1,583.0
Fair value of derivative financial instruments	–	(0.4)	–	(0.4)
Fair value of financial liabilities (note 17)	–	–	50.7	–
Real estate transfer tax	–	–	–	170.1
Net assets used in per share calculations	1,583.0	1,582.6	1,633.7	1,752.7

	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share (pence)	626	626	646	693
Diluted net assets per share (pence)	624	624	644	691

## 9 Alternative performance measures and EPRA metrics continued

### EPRA net assets per share at 31 March 2023

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	1,918.6	1,918.6	1,918.6	1,918.6
Fair value of financial liabilities (note 17)	–	–	83.4	–
Real estate transfer tax	–	–	–	173.6
Net assets used in per share calculations	1,918.6	1,918.6	2,002.0	2,092.2
	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share (pence)	758	758	791	827
Diluted net assets per share (pence)	757	757	790	826

### Total Accounting Return (TAR)

	2024 Pence per share	2023 Pence per share
Opening EPRA NTA (A)	757.0	835.0
Closing EPRA NTA	624.0	757.0
Decrease in EPRA NTA	(133.0)	(78.0)
Ordinary dividends paid in the year	12.6	12.6
Total return (B)	(120.4)	(65.4)
Total Accounting Return (B/A)	(15.9%)	(7.8%)

### EPRA loan-to-property value and net debt

We consider loan-to-property value, including our share of joint ventures, to be the best measure of the Group's risk from financial leverage. We also present net gearing as it is a key covenant on our loan facilities (see note 16).

	2024 £m	2023 £m
£21.9 million 5½% debenture stock 2029	21.9	21.9
£450.0 million revolving credit facility	47.0	14.0
£250.0 million term loan	250.0	–
Private placement notes	425.0	425.0
Less: cash and cash equivalents	(22.9)	(19.4)
Group net debt	721.0	441.5
Net payables (including customer rent deposits)	54.6	44.0
Group net debt including net payables	775.6	485.5
Joint venture net payables (at share)	10.5	3.4
Less: joint venture cash and cash equivalents (at share)	(25.7)	(17.7)
Net debt including joint ventures (A)	760.4	471.2
Group properties at market value	1,855.1	1,855.5
Joint venture properties at market value (at share)	476.1	524.5
Property portfolio at market value including joint ventures (B)	2,331.2	2,380.0
EPRA loan-to-property value (A/B)	32.6%	19.8%

Group cash and cash equivalents includes customer rent deposits (as restated) held in separate designated bank accounts of £17.0 million (2023: £16.2 million), the use of the deposits is subject to restrictions as set out in the customer's lease agreement and therefore not available for general use by the Group.

# Notes forming part of the Group financial statements continued

## 9 Alternative performance measures and EPRA metrics continued

### EPRA cost ratio (including share of joint ventures)

	2024 £m	2023 £m
Administration expenses	42.3	38.3
Net property costs (excluding Fully Managed services income and costs <sup>1</sup> )	10.1	15.2
Joint venture management fee income (note 3)	(1.7)	(2.4)
Joint venture property and administration costs (note 11)	3.6	2.2
EPRA costs (including direct vacancy costs) (A)	54.3	53.3
Direct vacancy costs	(5.1)	(7.8)
Joint venture direct vacancy cost	(2.2)	(0.3)
EPRA costs (excluding direct vacancy costs) (B)	47.0	45.2
Net rental income (note 3)	72.1	70.9
Joint venture net rental income (note 11)	19.4	18.2
Gross rental income (C)	91.5	89.1
Portfolio at fair value including joint ventures (D)	2,331.2	2,380.0
Cost ratio (including direct vacancy costs) (A/C)	59.3%	59.8%
Cost ratio (excluding direct vacancy costs) (B/C)	51.4%	50.7%
Cost ratio (by portfolio value) (A/D)	2.3%	2.2%

1. For 2024 only, the information is not available for the prior year see note 2.

### Net gearing

	2024 £m	2023 £m
Nominal value of interest-bearing loans and borrowings (see note 16)	743.9	460.9
Obligations under occupational leases	1.0	2.0
Less: cash and cash equivalents (unrestricted) (see note 22)	(5.9)	(3.2)
Adjusted net debt (A)	739.0	459.7
Net assets	1,583.0	1,918.6
Pension scheme asset	(4.9)	(4.1)
Adjusted net equity (B)	1,578.1	1,914.5
Net gearing (A/B)	46.8%	24.0%

### Cash earnings per share

	Profit after tax 2024 £m	Number of shares 2024 million	Earnings per share 2024 pence	Profit after tax 2023 £m	Number of shares 2023 million	Earnings per share 2023 pence
Diluted EPRA earnings	17.9	253.2	7.1	24.0	253.1	9.5
Capitalised interest	(11.3)	–	(4.5)	(8.8)	–	(3.5)
Spreading of lease incentives	(5.7)	–	(2.3)	(5.9)	–	(2.3)
Spreading of lease incentives in joint ventures	(1.4)	–	(0.5)	(7.0)	–	(2.8)
Employee incentive plan charges	4.0	–	1.6	1.3	–	0.5
Cash earnings per share	3.5	253.2	1.4	3.6	253.1	1.4

## 10 Investment property

### Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2022	929.6	1,047.2	1,976.8
Costs capitalised	17.6	11.2	28.8
Movement in lease incentives	4.8	1.1	5.9
Acquisitions	7.5	36.1	43.6
Disposals	(27.3)	–	(27.3)
Transfer to investment property under development	–	(101.2)	(101.2)
Net valuation deficit on investment property	(48.7)	(69.4)	(118.1)
Book value at 31 March 2023	883.5	925.0	1,808.5
Costs capitalised	28.0	57.3	85.3
Movement in lease incentives	7.8	(0.4)	7.4
Interest capitalised	2.2	2.6	4.8
Acquisitions	128.3	–	128.3
Disposals	(5.8)	(8.4)	(14.2)
Transfer to investment property under development	(50.1)	(59.6)	(109.7)
Transfer to investment property held for sale	–	(18.2)	(18.2)
Net valuation deficit on investment property	(108.8)	(106.0)	(214.8)
Book value at 31 March 2024 (A)	885.1	792.3	1,677.4

### Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2022	167.6	–	167.6
Costs capitalised	21.1	32.0	53.1
Disposals	(193.4)	–	(193.4)
Interest capitalised	4.7	4.1	8.8
Transfer from investment property	–	101.2	101.2
Net valuation deficit on investment property under development	–	(23.6)	(23.6)
Book value at 31 March 2023	–	113.7	113.7
Costs capitalised	–	54.6	54.6
Interest capitalised	–	6.5	6.5
Transfer from investment property	50.1	59.6	109.7
Net valuation deficit on investment property under development	–	(50.9)	(50.9)
Book value at 31 March 2024 (B)	50.1	183.5	233.6
<b>Book value of investment property &amp; investment property under development (A+B)</b>	<b>935.2</b>	<b>975.8</b>	<b>1,911.0</b>

### Investment property held for sale

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2022 and 31 March 2023	–	–	–
Transfer from investment property – held for sale	–	18.2	18.2
Book value of investment property held for sale at 31 March 2024 (C)	–	18.2	18.2
<b>Book value of total investment property at 31 March 2024 (A+B+C)</b>	<b>935.2</b>	<b>994.0</b>	<b>1,929.2</b>

The book value of investment property includes £74.1 million (2023: £66.7 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £1,855.1 million. The total portfolio value including joint venture properties of £476.1 million (see note 11) was £2,331.2 million. At 31 March 2024, property with a carrying value of £107.0 million (2023: £111.0 million) was secured under the first mortgage debenture stock (see note 16). At the balance sheet date, one property had exchanged for sale and accordingly was classified as held for sale. The sale is anticipated to complete in January 2025.



# Notes forming part of the Group financial statements continued

## 10 Investment property continued

### Surplus from investment property

	2024 £m	2023 £m
Net valuation deficit on investment property	(265.7)	(141.7)
Loss on sale of investment properties	(1.6)	(3.3)
	(267.3)	(145.0)

The Group's investment properties, including those held in joint ventures (note 11), were valued on the basis of fair value by CBRE Limited (CBRE), external valuers, as at 31 March 2024. The valuations have been prepared in accordance with the current versions of the RICS Valuation – Global Standards (incorporating the International Valuation Standards (IVS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

The total fees, including the fixed fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group are less than 5.0% of its total UK revenues. CBRE has carried out valuation instructions, agency and professional services on behalf of the Group for in excess of 20 years.

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

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and a decrease in rental values will reduce the valuation of the property. Any percentage movement in rental values will translate into approximately the same percentage movement in the property valuation. However, due to the long-term nature of leases, where the passing rent is fixed and often subject to upwards only rent reviews, the impact will not be immediate and will be recognised over a number of years. The relationship between capitalisation yields and the property valuation is negative and more immediate; therefore, an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. There is a negative relationship between development costs and the property valuation, such that an increase in estimated development costs will decrease the valuation of a property under development and a decrease in estimated development costs will increase the valuation of a property under development.

An increase of 10% on the capital expenditure on the Group's three HQ development schemes and four Flex conversion schemes, which the Directors believe is a reasonable variance to budgeted cost based on industry experience, would reduce the valuation by £49.8 million, with a decrease of 10% increasing the valuation by £49.8 million.

A decrease in the capitalisation yield by 50 basis points would result in an increase in the fair value of the Group's investment property by £203.2 million (£241.4 million including a share of joint ventures), whilst a 50 basis point increase would reduce the fair value by £166.7 million (£200.0 million including a share of joint ventures). A movement of 56 basis points was shown across the portfolio over the last 12 months and a 50 basis point movement is therefore considered to be a reasonably possible change. Given there is only a marginal difference in the overall yields for office and retail and the movement in year, we feel this sensitivity to be appropriate. There are interrelationships between these inputs as they are determined by market conditions, and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease), valuation movements can be amplified, whereas if they move in the same direction, they may offset, reducing the overall net valuation movement.

The valuation of the property portfolio reflects its fair value taking into account the climate related risks associated with the properties. This includes the impact of expected regulatory changes, and we estimate that the investment required to upgrade our existing buildings to the new minimum EPC B rating by 2030 is less than £10 million (including share of joint ventures) over and above specific refurbishment and development assumptions included in the valuation.

During the year, the Group capitalised £1.8 million (2023: £1.3 million) of employee costs in respect of its development team into investment properties under development. At 31 March 2024, the Group had capital commitments of £502.3 million (2023: £311.6 million). For further detail, see Our development activities on pages 23 to 25.

In April 2024, the Group exchanged contracts to buy The Courtyard, WC1 for £10.4 million of cash and through a property exchange of 95/96 New Bond Street for £18.2 million. At the reporting date, the acquisition has not yet completed.

## 10 Investment property continued

### Key inputs to the valuation (by building and location) at 31 March 2024

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	102	74 – 174	5.3	4.8 – 7.3
	Retail	67	34 – 110	5.3	4.5 – 10.0
Rest of West End	Office	143	70 – 249	5.8	5.0 – 7.3
	Retail	115	15 – 295	5.0	3.2 – 6.8
City, Midtown and Southwark	Office	83	47 – 173	5.7	5.4 – 7.3
	Retail	36	28 – 363	5.9	5.5 – 6.7

### Key inputs to the valuation (by building and location) at 31 March 2023

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	88	54 – 131	4.8	4.3 – 6.8
	Retail	63	33 – 107	4.5	4.2 – 7.5
Rest of West End	Office	101	57 – 163	5.4	3.3 – 7.3
	Retail	96	15 – 266	4.7	3.2 – 7.1
City, Midtown and Southwark	Office	75	47 – 167	5.0	4.5 – 6.1
	Retail	25	25 – 27	5.5	4.6 – 5.9

### EPRA capital expenditure

	2024 £m	2023 £m
<b>Group</b>		
Acquisitions	128.3	43.6
Developments	54.6	53.1
Interest capitalised	11.3	8.8
Investment properties: incremental lettable space	–	–
Investment properties: no incremental lettable space	85.3	28.8
Movement in lease incentives	7.4	5.9
<b>Group total</b>	<b>286.9</b>	<b>140.2</b>
<b>Joint ventures (at share)</b>		
Developments	–	–
Interest capitalised	–	–
Investment properties: incremental lettable space	–	–
Investment properties: no incremental lettable space	5.7	1.3
Movement in lease incentives	2.4	7.8
<b>Total capital expenditure</b>	<b>295.0</b>	<b>149.3</b>
Conversion from accrual to cash basis	(12.0)	7.3
<b>Total capital expenditure on a cash basis</b>	<b>283.0</b>	<b>156.6</b>

# Notes forming part of the Group financial statements continued

## 10 Investment property continued

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

	2024 £m	2023 £m
Properties at fair value including joint ventures	2,331.2	2,380.0
Less: properties under development including joint ventures	(201.5)	(89.0)
Less: residential properties	(4.7)	(12.4)
<b>Like-for-like investment property portfolio, proposed and completed developments</b>	<b>2,125.0</b>	<b>2,278.6</b>
Plus: estimated purchasers' costs	155.0	166.3
<b>Grossed-up completed property portfolio valuation (B)</b>	<b>2,280.0</b>	<b>2,444.9</b>
Annualised cash passing rental income <sup>1</sup>	85.9	76.7
Net service charge expense including joint ventures	(5.1)	(3.3)
Other irrecoverable property costs including joint ventures	(7.9)	(12.9)
<b>Annualised net rents (A)</b>	<b>72.9</b>	<b>60.5</b>
Plus: rent-free periods and other lease incentives including joint ventures	3.9	16.8
<b>Topped-up annualised net rents (C)</b>	<b>76.8</b>	<b>77.3</b>
<b>EPRA net initial yield (A/B)</b>	<b>3.2%</b>	<b>2.5%</b>
<b>EPRA topped-up initial yield (C/B)</b>	<b>3.4%</b>	<b>3.2%</b>

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

See note 9 for further detail on EPRA measures which are Alternative Performance Metrics.

## 11 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2024 Total £m	2023 Total £m
At 1 April	324.4	214.4	538.8	582.8
Movement on joint venture balances	–	(0.9)	(0.9)	(3.1)
Additions	0.1	–	0.1	–
Share of profit of joint ventures	9.8	–	9.8	9.8
Share of revaluation deficit of joint ventures	(56.5)	–	(56.5)	(43.2)
Share of results of joint ventures	(46.7)	–	(46.7)	(33.4)
Distributions	–	–	–	(7.5)
At 31 March	277.8	213.5	491.3	538.8

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

	Country of registration	2024 ownership	2023 ownership
The GHS Limited Partnership	Jersey	50%	50%
The Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Victoria Partnerships	United Kingdom	50%	50%

## 11 Investment in joint ventures continued

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

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2024 Total £m	2024 At share £m	2023 At share £m
<b>Balance sheets</b>						
Investment property	643.6	245.4	73.5	962.5	481.2	529.6
Current assets	0.5	3.8	1.1	5.4	2.7	3.6
Cash and cash equivalents	13.1	19.6	18.7	51.4	25.7	17.7
Balances from partners	(222.0)	(131.8)	(73.1)	(426.9)	(213.5)	(214.4)
Current liabilities	(12.0)	(13.2)	(1.3)	(26.5)	(13.2)	(7.0)
Obligations under head leases	–	(10.2)	–	(10.2)	(5.1)	(5.1)
Net assets	423.2	113.6	18.9	555.7	277.8	324.4

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2024 Total £m	2024 At share £m	2023 At share £m
<b>Income statements</b>						
Revenue	24.7	21.5	6.8	53.0	26.5	25.5
Net rental income	20.1	14.6	4.1	38.8	19.4	18.2
Property and administration costs	(2.0)	(3.2)	(2.0)	(7.2)	(3.6)	(2.2)
Net finance costs	(9.0)	(3.1)	0.1	(12.0)	(6.0)	(6.2)
Share of profit from joint ventures	9.1	8.3	2.2	19.6	9.8	9.8
Revaluation of investment property	(25.8)	(77.4)	(9.8)	(113.0)	(56.5)	(43.2)
Results of joint ventures	(16.7)	(69.1)	(7.6)	(93.4)	(46.7)	(33.4)

At 31 March 2024 and 31 March 2023, the joint ventures had no external debt facilities.

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

	2024 £m	2023 £m
Movement on joint venture balances during the year	0.9	3.1
Balances receivable at the year end from joint ventures	(213.5)	(214.4)
Interest on balances with partners (see note 6)	5.8	5.9
Distributions	–	7.5
Joint venture fees paid (see note 3)	1.7	2.4

The joint venture balances are repayable on demand and bear interest as follows: the GHS Limited Partnership at 4.0% and the Great Ropemaker Partnership at 2.0%. In measuring expected credit losses of the balances receivable at the year end from joint ventures under IFRS 9, the ability of each joint venture to repay the loan at the reporting date if demanded by the Group is assumed to be through the sale of the investment properties held by the joint venture. Investment properties are held at fair value at each reporting date as described in note 10. Therefore, the net asset value of the joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the loan balance and the requirement to recognise expected credit losses.

The investment properties include £5.1 million (2023: £5.1 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 £476.1 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's length transactions. See notes 10, 14 and 17 for more information on the valuation of investment properties and expected credit losses in joint ventures.

At 31 March 2024, the Group had £nil contingent liabilities arising in its joint ventures (2023: £nil). At 31 March 2024, the Group had capital commitments in respect of its joint ventures of £nil million (2023: £0.4 million).

# Notes forming part of the Group financial statements continued

## 12 Property, plant and equipment

	Right of use asset for occupational leases £m	Leasehold improvements £m	Fixtures and fittings/ other £m	Total £m
<b>Cost</b>				
At 1 April 2022	4.9	5.6	1.9	12.4
Costs capitalised	–	–	0.2	0.2
At 31 March 2023	4.9	5.6	2.1	12.6
Costs capitalised	–	–	0.1	0.1
At 31 March 2024	4.9	5.6	2.2	12.7
<b>Depreciation</b>				
At 1 April 2023	3.3	3.9	1.9	9.1
Charge for the year	0.8	0.6	0.2	1.6
At 31 March 2024	4.1	4.5	2.1	10.7
Carrying amount at 31 March 2023	1.6	1.7	0.2	3.5
Carrying amount at 31 March 2024	0.8	1.1	0.1	2.0

## 13 Other investments

	2024 £m	2023 £m
At 1 April	1.8	1.0
Acquisitions	0.8	0.7
(Deficit)/surplus on revaluation	(0.2)	0.1
At 31 March	2.4	1.8

In January 2020, the Group entered into a commitment of up to £5.0 million to invest in the Pi Labs European PropTech venture capital fund. At 31 March 2024, the Group had made net investments of £2.5 million. Launched in 2014, Pi Labs is Europe's longest standing PropTech VC, and this third fund has a primary focus to invest in early stage PropTech start-ups across Europe and the UK that use technology solutions to enhance any stage of the real estate value chain. The valuation of the fund is based on the net assets of its investments therefore, given these are not readily traded, we have classified the valuation of the investments as Level 3 as defined by IFRS 13. Key areas of focus for the fund include sustainability, future of work, future of retail, commercial real estate technologies, construction technology and smart cities.

## 14 Trade and other receivables

	2024 £m	2023 £m
Trade receivables	6.7	8.3
Expected credit loss allowance	(0.3)	(1.7)
	6.4	6.6
Prepayments	0.2	4.4
Other sales taxes	5.9	–
Other receivables	12.4	4.8
	24.9	15.8



#### 14 Trade and other receivables continued

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

Of the gross trade receivables of £6.7 million, £4.4 million (2023: £5.5 million) was past due, of which £1.2 million (2023: £3.0 million) was over 30 days.

	2024 £m	2023 £m
<b>Movements in expected credit loss allowance</b>		
Balance at the beginning of the year	(1.7)	(6.0)
Expected credit loss allowance during the year	(0.3)	(1.0)
Expected credit loss allowance in respect of prior years	–	0.8
Amounts written-off as uncollectable	1.7	4.5
	(0.3)	(1.7)

The expected credit loss for the year represents 5% (2023: 26%) of the net trade receivables balance at the balance sheet date.

#### 15 Trade and other payables

	2024 £m	2023 £m
Rents received in advance	16.4	15.1
Accrued capital expenditure	18.1	5.9
Payables in respect of customer rent deposits	17.0	16.2
Other accruals	23.3	15.2
Other taxes	–	0.7
Other payables	1.4	3.7
	76.2	56.8

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

# Notes forming part of the Group financial statements continued

## 16 Interest-bearing loans and borrowings

	2024 £m	2023 £m
<b>Current liabilities at amortised cost</b>		
<b>Unsecured</b>		
£175.0 million 2.15% private placement notes 2024	175.0	–
<b>Non-current liabilities at amortised cost</b>		
<b>Secured</b>		
£21.9 million 5 <sup>5</sup> / <sub>8</sub> % debenture stock 2029	22.0	22.0
<b>Unsecured</b>		
£450.0 million revolving credit facility	46.1	12.8
£250.0 million term loan	248.3	–
£175.0 million 2.15% private placement notes 2024	–	174.8
£40.0 million 2.70% private placement notes 2028	39.9	39.9
£30.0 million 2.79% private placement notes 2030	29.9	29.9
£30.0 million 2.93% private placement notes 2033	29.9	29.9
£25.0 million 2.75% private placement notes 2032	24.9	24.9
£125.0 million 2.77% private placement notes 2035	124.4	124.3
Non-current interest-bearing loans and borrowings	565.4	458.5
<b>Total interest-bearing loans and borrowings</b>	<b>740.4</b>	<b>458.5</b>

In April 2023, the Group extended the maturity of £50 million of its £450 million unsecured revolving credit facility (RCF) to January 2027, coterminous with the remainder of the facility. The facility is unsecured, attracts a floating rate based on a headline margin that was unchanged at 90.0 basis points over SONIA (plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years).

In September 2023, the Group arranged a new £250 million unsecured term loan at a headline margin of 175 basis points over SONIA with three existing relationship banks. The loan has an initial three-year term which may be extended to a maximum of five years at GPE's request, subject to bank consent. The Group also entered a £200 million interest rate cap (at a cost of £2.1 million) to protect against any further increases in rates whilst preserving the benefit of any reductions. The loan and interest rate cap were both effective from 9 October 2023.

In January 2024, the Group arranged a new £200 million loan facility at a headline margin of 75 basis points over SONIA, with the margin stepping up by 0.25% after six months, a further 0.25% after 12 months and a final step-up of 0.50% at 18 months. The loan has a one-year term, which may be extended by up to a further year at GPE's request and was undrawn at 31 March 2024.

The Group's £175.0 million 2.15% private placement notes 2024 were repaid on 22 May 2024.

At 31 March 2024, the nominal value of the Group's interest-bearing loans and borrowing was £743.9 million (2023: £460.9 million) and the Group had £603 million (2023: £436.0 million) of undrawn credit facilities.

## 17 Financial instruments

Categories of financial instrument	Carrying amount 2024 £m	Amounts recognised in income statement 2024 £m	Gain/(loss) to equity 2024 £m	Carrying amount 2023 £m	Amounts recognised in income statement 2023 £m	Gain/(loss) to equity 2023 £m
Other investments	2.4	(0.2)	–	1.8	0.1	–
Interest rate cap	0.4	(1.7)	–	–	–	–
Assets at fair value	2.8	(1.9)	–	1.8	0.1	–
Balances with joint ventures	213.5	5.8	–	214.4	5.9	–
Trade receivables	24.7	(0.1)	–	11.4	(0.8)	–
Cash and cash equivalents	22.9	0.3	–	19.4	0.1	–
Assets at amortised cost	261.1	6.0	–	245.2	5.2	–
Trade and other payables	(1.4)	–	–	(4.4)	–	–
Payables in respect of customer rent deposits	(17.0)	–	–	(16.2)	–	–
Interest-bearing loans and borrowings	(740.4)	(15.2)	–	(458.5)	(9.0)	–
Obligations under occupational leases	(1.0)	–	–	(2.0)	(0.1)	–
Obligations under finance leases	(74.1)	(2.4)	–	(66.7)	(2.4)	–
Liabilities at amortised cost	(833.9)	(17.6)	–	(547.8)	(11.5)	–
Total financial instruments	(570.0)	(13.5)	–	(300.8)	(6.2)	–

### Financial risk management objectives

#### Capital risk

The Group manages its capital to ensure that entities in the Group will be able to operate on a going concern basis and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. Debt comprises long-term debenture stock, private placement notes and drawings against committed revolving credit facilities from banks. The Group aims to maintain a loan-to-property value of between 10–35% (see note 10). The Group operates solely in the United Kingdom, and its operating profits and net assets are sterling denominated. As a result, the Group's policy is to have no unhedged assets or liabilities denominated in foreign currencies.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of reviewing the financial information of prospective customers and only dealing with those that are creditworthy and obtaining sufficient rental cash deposits or third-party guarantees as a means of mitigating financial loss from defaults. The concentration of credit risk is limited due to the large and diverse customer base, with no one customer providing more than 10% of the Group's rental income. Details of the Group's receivables, and the associated expected credit loss, are summarised in notes 11 and 14 of the financial statements. The Directors believe that there is no further expected credit loss required in excess of that provided. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group's cash deposits are placed with a diversified range of investment grade banks, and strict counterparty limits ensure the Group's exposure to bank failure is minimised.

#### Liquidity risk

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

# Notes forming part of the Group financial statements continued

## 17 Financial instruments continued

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

Key covenants	Covenant	March 2024 actuals
<b>Group</b>		
Net gearing (see note 9)	<125%	46.8%
Inner borrowing (unencumbered asset value/unsecured borrowings)	>1.66x	2.42x
Interest cover	>1.35x	3.65x

The Group has undrawn credit facilities of £603.0 million and has substantial headroom above all of its key covenants. As a result, the Directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

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

At 31 March 2024	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
<b>Non-derivative financial liabilities</b>						
£21.9 million 5½% debenture stock 2029	22.0	27.8	1.2	1.2	25.4	–
£450.0 million revolving credit facility	46.1	58.9	4.2	4.2	50.5	–
£250.0 million term loan	248.3	291.3	17.2	17.2	256.9	–
Private placement notes	424.0	489.6	182.5	7.0	60.0	240.1
<b>Derivative financial instruments</b>						
Interest rate cap	(0.4)	(0.3)	(0.2)	(0.1)	–	–
	740.0	867.3	204.9	29.5	392.8	240.1

At 31 March 2023	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
<b>Non-derivative financial liabilities</b>						
£21.9 million 5½% debenture stock 2029	22.0	29.0	1.2	1.2	3.7	22.9
£450.0 million revolving credit facility	12.8	22.0	2.1	2.1	17.8	–
Private placement notes	423.7	500.2	10.8	182.5	20.8	286.1
	458.5	551.2	14.1	185.8	42.3	309.0

The maturity of lease obligations is set out in notes 18 and 19.

### Interest rate risk

Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements.

### Interest rate caps

Interest rate caps protect the Group from rises in short-term interest rates by making a payment to the Group when the underlying interest rate exceeds a specified rate (the 'cap rate') on a notional value. If the underlying rate exceeds the cap rate, the payment is based upon the difference between the two rates, ensuring the Group only pays the maximum of the cap rate. At 31 March 2024, the Group's only interest rate derivative was a £200 million interest rate cap.

## 17 Financial instruments continued

### Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date, and represents management's assessment of possible changes in interest rates based on historical trends. For the floating rate liabilities, the analysis is prepared assuming the amount of the liability at 31 March 2024 was outstanding for the whole year:

	Impact on loss		Impact on equity	
	2024 £m	2023 £m	2024 £m	2023 £m
Increase of 50 basis points	(0.5)	(0.1)	(0.5)	(0.1)
Increase of 25 basis points	(0.2)	(0.1)	(0.2)	(0.1)
Decrease of 25 basis points	0.7	0.1	0.7	0.1
Decrease of 50 basis points	1.5	0.1	1.5	0.1

### Fair value of interest-bearing loans and borrowings

	Book value 2024 £m	Fair value 2024 £m	Book value 2023 £m	Fair value 2023 £m
<b>Items carried at fair value</b>				
Interest rate cap (asset)	(0.4)	(0.4)	–	–
<b>Items not carried at fair value</b>				
£21.9 million 5 <sup>5</sup> / <sub>8</sub> % debenture stock 2029	22.0	22.0	22.0	22.4
£450.0 million revolving credit facility	46.1	46.1	12.8	12.8
£250.0 million term loan	248.3	248.3	–	–
Private placement notes	424.0	373.3	423.7	339.9
	<b>740.0</b>	<b>689.3</b>	458.5	375.1

The fair values of the Group's private placement notes were determined by comparing the discounted future cash flows using the contracted yields with those of the reference gilts plus the implied margins, representing Level 2 fair value measurements as defined by IFRS 13 – Fair Value Measurement. The fair values of the Group's outstanding interest rate cap has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. The fair 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.

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

	Average contracted fixed interest rate		Notional principal amount		Fair value asset	
	2024 %	2023 %	2024 £m	2023 £m	2024 £m	2023 £m
<b>Cash flow hedges</b>						
Interest rate cap	5.094%	–	200.0	–	0.4	–

The Group entered a £200 million interest rate cap (at a cost of £2.1 million) effective from 9 October 2023 and expires in September 2025.

## 18 Head lease obligations

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

	Minimum lease payments 2024 £m	Interest 2024 £m	Principal payments 2024 £m	Minimum lease payments 2023 £m	Interest 2023 £m	Principal payments 2023 £m
Less than one year	2.9	(2.9)	–	2.4	(2.4)	–
Between one and five years	11.5	(11.3)	0.2	9.7	(9.5)	0.2
More than five years	358.0	(284.1)	73.9	304.5	(238.0)	66.5
	<b>372.4</b>	<b>(298.3)</b>	<b>74.1</b>	316.6	(249.9)	66.7



# Notes forming part of the Group financial statements continued

## 19 Occupational lease obligations

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

	Minimum lease payments 2024 £m	Interest 2024 £m	Principal payments 2024 £m	Minimum lease payments 2023 £m	Interest 2023 £m	Principal payments 2023 £m
Less than one year	1.0	–	1.0	1.0	–	1.0
Between one and five years	–	–	–	1.0	–	1.0
	1.0	–	1.0	2.0	–	2.0

## 20 Share capital

	2024 Number	2024 £m	2023 Number	2023 £m
<b>Allotted, called up and fully paid ordinary shares of 15<sup>5</sup>/<sub>9</sub> pence</b>				
At 1 April and 31 March	253,867,911	38.7	253,867,911	38.7

At 31 March 2024, the Company had 253,867,911 ordinary shares with a nominal value of 15<sup>5</sup>/<sub>9</sub> pence each.

## 21 Investment in own shares

	2024 £m	2023 £m
At 1 April	(2.8)	(3.6)
Employee share-based incentive charges	(4.0)	(1.3)
Transfer to retained earnings	1.2	2.1
At 31 March	(5.6)	(2.8)

The investment in the Company's own shares is held at cost and comprises 887,159 shares (2023: 887,159 shares) held by the Great Portland Estates plc LTIP Employee Share Trust, which will vest for certain senior employees of the Group if performance conditions are met. During the year, no shares (2023: 192,112) vested to Directors and senior employees and no additional shares were acquired by the Trust (2023: 201,936). The fair value of shares awarded and outstanding at 31 March 2024 was £9.8 million (2023: £8.4 million).

Details of outstanding share plans are set out below:

Date of Grant/Fair value (pence)	At 1 April 2023 No. of shares	Granted No. of shares	Vested No. of shares	Lapsed/ forfeit No. of shares	At 31 March 2024 No. of shares	Vesting dates
<b>Long Term Incentive Plan</b>						
29 July 2020/581p	1,619,621	–	–	(1,619,621)	–	28 July 2023
12 November 2020/704p	19,522	–	–	(19,522)	–	11 November 2023
7 June 2021/733p	1,358,980	–	–	(19,545)	1,339,435	6 June 2024
27 May 2022/645p	1,926,632	–	–	(126,942)	1,799,690	26 May 2025
<b>Restricted Share Plan</b>						
7 July 2023/422p	–	1,220,784	–	(119,474)	1,101,310	6 July 2026
24 November 2023/408p	–	10,283	–	–	10,283	23 November 2026
	4,924,755	1,231,067	–	(1,905,104)	4,250,718	

## 22 Cash and cash equivalents

	2024 £m	2023 £m
Cash held at bank (unrestricted)	5.9	3.2
Amounts held in respect of customer rent deposits (restricted)	17.0	16.2
	<b>22.9</b>	19.4

Amounts held in respect of customer rent deposits are subject to restrictions as set out in the customers' lease agreement and therefore not available for general use by the Group.

## 23 Notes to the Group statement of cash flows

### Reconciliation of financing liabilities

	1 April 2023 £m	New obligations £m	Inflows/ (outflows) £m	Other non-cash movements £m	31 March 2024 £m
Long-term interest-bearing loans and borrowings	458.5	248.0	33.5	(174.6)	565.4
Short-term interest-bearing loans and borrowings	–	–	–	175.0	175.0
Obligations under leases	68.7	7.4	(3.3)	2.3	75.1
	527.2	255.4	30.2	2.7	815.5

	1 April 2022 £m	New obligations £m	Inflows/ (outflows) £m	Other non cash movements £m	31 March 2023 £m
Long-term interest-bearing loans and borrowings	531.0	–	(73.0)	0.5	458.5
Short-term interest-bearing loans and borrowings	0.2	–	(0.2)	–	–
Obligations under leases	58.5	11.1	(3.3)	2.4	68.7
	589.7	11.1	(76.5)	2.9	527.2

### Adjustment for non-cash items

Adjustments for non-cash items used in the reconciliation of cash generated used in operations in the Group statement of cash flows' is disclosed below:

	2024 £m	2023 £m
Deficit from investment property	267.3	145.0
Deficit/(surplus) on revaluation of other investments	0.2	(0.1)
Employee share-based incentive charge	4.0	1.3
Spreading of lease incentives	(5.7)	(5.9)
Share of results of joint ventures	46.7	33.4
Depreciation	1.6	1.7
Other	(0.7)	(0.3)
Adjustments for non-cash items	<b>313.4</b>	175.1

## 24 Dividends

	2024 £m	2023 £m
<b>Dividends paid</b>		
Interim dividend for the year ended 31 March 2024 of 4.7 pence per share	11.9	–
Final dividend for the year ended 31 March 2023 of 7.9 pence per share	20.0	–
Interim dividend for the year ended 31 March 2023 of 4.7 pence per share	–	11.9
Final dividend for the year ended 31 March 2022 of 7.9 pence per share	–	20.0
	<b>31.9</b>	31.9

A final dividend of 7.9 pence per share was approved by the Board on 22 May 2024 and, subject to shareholder approval, will be paid on 8 July 2024 to shareholders on the register on 31 May 2024. The dividend is not recognised as a liability at 31 March 2024. The 2023 final dividend and the 2023 interim dividend are included within the Group statement of changes in equity.

# Notes forming part of the Group financial statements continued

## 25 Lease receivables

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

	2024 £m	2023 £m
<b>The Group as a lessor</b>		
Less than one year	66.0	58.3
Between two and five years	141.0	129.9
More than five years	62.9	66.7
	<b>269.9</b>	<b>254.9</b>

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2024 was 3.4 years (2023: 3.2 years). All investment properties, except those under development, generated rental income, and Enil contingent rents were recognised in the year (2023: £nil).

## 26 Employee benefits

The Group operates a UK-funded approved defined contribution plan. The Group's contribution for the year was £1.8 million (2023: £1.5 million). The Group also contributes to a defined benefit final salary pension plan (the Plan), the assets of which are held and managed by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2023 by a qualified independent actuary using the projected unit method. The Plan was valued using the following key actuarial assumptions:

	2024 %	2023 %
Discount rate	4.90	4.80
Expected rate of salary increases	4.10	4.20
RPI inflation	3.10	3.20
Rate of future pension increases	2.90	2.90

Life expectancy assumptions at age 65:

	2024 Years	2023 Years
Retiring today age 65 – male:female	23:25	25:26
Retiring in 25 years (age 40 today) – male:female	25:27	27:29

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

	2024 £m	2023 £m
Defined benefit obligation at 1 April	26.9	35.9
Service cost	0.2	0.3
Interest cost	1.2	1.1
Effect of changes in demographic assumptions	(1.9)	–
Effect of changes in financial assumptions	(0.5)	(10.5)
Effect of experience adjustments	1.3	1.1
Benefits paid	(1.3)	(1.0)
Present value of defined benefit obligation at 31 March	<b>25.9</b>	<b>26.9</b>

## 26 Employee benefits continued

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

	2024 £m	2023 £m
Fair value of the Plan assets at 1 April	31.0	39.4
Interest income	1.5	1.1
Actuarial loss	(1.0)	(9.1)
Employer contributions	0.6	0.6
Benefits paid	(1.3)	(1.0)
Fair value of the Plan assets at 31 March	30.8	31.0
Net pension asset	4.9	4.1

The amount recognised immediately in the Group statement of comprehensive income was £0.1 million (2023: £0.3 million).

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

	2024 £m	2023 £m
Present value of unfunded obligations	(25.9)	(26.9)
Fair value of the Plan assets	30.8	31.0
Pension asset	4.9	4.1

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

	2024 £m	2023 £m
Current service cost	(0.2)	(0.3)
Net interest income	0.3	–
	0.1	(0.3)

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

	2024 £m	2023 £m
Cash	0.1	0.1
Equities	1.6	11.9
Bonds	27.6	19.0
Derivatives	1.5	–
	30.8	31.0

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

### Changes in bond yields

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

# Notes forming part of the Group financial statements continued

## 26 Employee benefits continued

### Life expectancy

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

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

	2024 £m	2023 £m
Discount rate -0.25%	26.9	27.9
Discount rate +0.25%	25.1	26.0
RPI inflation -0.25%	25.6	26.5
RPI inflation +0.25%	26.3	27.4
Post-retirement mortality assumption – one year age rating	26.9	27.9

Given the Plan surplus, the Group has agreed to pause contributions to the Plan. Accordingly, the Group expects to contribute £nil (2023: £0.6 million) to the Plan in the year ending 31 March 2024. The expected total benefit payments for the year ending 31 March 2024 are £0.9 million, rising to around £1.1 million per annum over the next five years. A total of c.£6.6 million is expected to be paid over the subsequent five year period.

## 27 Reserves

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

**Share capital:** The nominal value of the Company's issued share capital, comprising 15<sup>5</sup>/<sub>19</sub> pence ordinary shares.

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

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

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

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



# Independent auditors' report to the members of Great Portland Estates plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Great Portland Estates plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the group and company Balance Sheets as at 31 March 2024; the group Income Statement, the group Statement of Comprehensive Income, the group Statement of Cash Flows, and the group and company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5 to the Financial Statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Our audit approach

### Context

The year ended 31 March 2024 is our first year as the external auditors of the group. Following the external audit tender in 2022, we undertook certain transition activities, including attending key governance meetings during the 2023 financial reporting process. In planning for our first year audit, we met with the Audit Committee and members of management across the group to understand the business and any significant changes during the year, and to understand their perspectives on associated business risks. We used this insight, in addition to our reviewing the previous auditors' audit work papers, when forming our own views regarding the audit risks and as part of developing our planned audit approach to address those risks.

### Overview

#### Audit scope

- Our audit scope has been determined to provide coverage of all material financial statement line items, and as part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.
- The group's investment properties are held across a number of subsidiary and joint venture entities within the group financial statements. All work was carried out by the group audit team with additional procedures performed at the group level to ensure sufficient coverage for our opinion on the group financial statements as a whole.

#### Key audit matters

- Valuation of investment properties, either held directly or through joint ventures (group).
- Recoverability of investments and loans to subsidiaries and joint ventures (parent).

#### Materiality

- Overall group materiality: £24.7 million based on 1% of total assets.
- Overall company materiality: £22.3 million based on 1% of total assets.
- Performance materiality: £18.5 million (group) and £16.7 million (company).
- Specific group materiality: £0.89 million based on 5% of the group's adjusted profit before tax.

# Independent auditors' report continued

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties, either held directly or through joint ventures (group)</b></p> <p>Refer to the Audit Committee Report and the Financial Statements (including notes to the Financial Statements; Note 1, Accounting policies; Note 10, Investment property; and Note 11, Investments in joint ventures).</p> <p>We focused on the valuation of investment properties because investment properties represent the principal element of the net asset value as disclosed in the group Balance Sheet in the Financial Statements and is an area of significant estimation uncertainty. The portfolio is held by the group, and through joint ventures.</p> <p>The portfolio includes completed investment properties and properties under development. The valuation of the group's portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property. The wider challenges currently facing the real estate sector as a result of the macroeconomic environment further contributed to the subjectivity at 31 March 2024.</p> <p>Valuations are carried out by third party valuers CBRE (the 'Valuers'). The Valuers were engaged by the Directors, and performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Global Standards 2022. The valuations take into account the property-specific information including the current tenancy agreements and rental income, condition and location of the property, and future rental prospects, as well as prevailing market yields and market transactions.</p>	<p>Given the inherent subjectivity involved in the valuation of investment properties, and therefore the need for deep market knowledge when determining the most appropriate assumptions, and the technicalities of the valuation methodology, we engaged our internal valuation experts to assist us in our audit of this matter.</p> <p><b>Assessing group's external Valuers' expertise and objectivity</b></p> <p>We assessed the Valuers' qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the group and the Valuers. We found no evidence to suggest that the objectivity of the Valuers was compromised.</p> <p><b>Testing the valuations assumptions and capital movement</b></p> <p>We obtained and read the CBRE valuation reports covering all of the group's investment properties. We held meetings with management and the Valuers, at which the valuations and the key assumptions therein were discussed. We focused on the largest properties, properties under development, flex spaces, short leaseholds and any outliers (where the assumptions used and/or year on year capital value movement were out of line with our range of assumptions developed using externally published market data for the relevant sector). To verify that the valuation approach was suitable for use in determining the carrying value for investment properties in the Financial Statements, we:</p> <ul style="list-style-type: none"><li>– Confirmed that the valuation approach was in accordance with RICS standards;</li><li>– Obtained valuation details of every property held by the group and developed ranges for each key valuation assumption or capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the Valuers with the expected range of yields and the year on year capital movement to our expected range;</li><li>– Assessed the reasonableness of other assumptions that are not readily comparable with published benchmarks, such as Estimated Rental Value;</li><li>– For developments valued using the residual valuation method, we obtained the development appraisals and assessed the reasonableness of the Valuers' key assumptions. This included comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans and contracts, and considering the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as estimated rental value and developers' profit; and</li><li>– With the support of our internal valuation experts, we also questioned the Valuers as to the extent to which yields and expected rental values used in deriving their valuations took into account the impact of climate change and ESG considerations.</li></ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties, either held directly or through joint ventures (group) continued</b></p>	<p>In addition to the above, where assumptions were outside the expected range or otherwise appeared unusual, and/or valuations showed unexpected movements, we undertook further investigations and, when necessary, held further discussions with the Valuers and obtained evidence to support explanations received. The supporting evidence and valuation commentaries provided by the Valuers, enabled us to consider the property specific factors that had or may have had an impact on value, including recent comparable transactions where appropriate.</p> <p><b>Information and standing data</b></p> <p>We agreed the amounts per the valuation reports to the accounting records and from there we agreed the related balances through to the Financial Statements. We tested the standing data which the group provided to the Valuers for use in the performance of the valuation. For operating properties, we agreed tenancy information to supporting evidence on a sample basis. For properties under development, we confirmed that the supporting information for construction contracts and budgets, which was supplied to the Valuers, was also consistent with the group's records for example by inspecting construction contracts. For these properties, capitalised expenditure was tested on a sample basis to invoices, and budgeted costs to complete compared to supporting evidence.</p> <p>We have no matters to report in respect of our work over the valuation of investment properties.</p>
<p><b>Recoverability of investments and loans to subsidiaries and joint ventures (parent)</b></p> <p>Refer to the Financial Statements (including notes to the Financial Statements; Note 1, Accounting policies; Note 11, Investments in joint ventures; and Note iii, Fixed asset investments).</p> <p>The company has investments in subsidiaries of £1,240.6 million (2023: £1,240.8 million) and loans to subsidiaries of £761.2 million (2023: £548.4 million) at 31 March 2024. The company has investments in joint ventures of £0.1 million (2023: £0.1 million) and loans to joint ventures of £213.5 million (2023: £214.4 million) at 31 March 2024. This is following the recognition of a £11.2 million (2023: £2.2 million) provision for impairment in investments and loans to subsidiaries, and a £0.0 million (2023: £0.1 million) provision for impairment investments and loans to joint ventures in the year.</p> <p>The company's accounting policy for investments and loans is to hold them at cost less any impairment. Impairment of the loans is calculated in accordance with IFRS 9, where expected credit losses are considered to be the excess of the company's loan to a subsidiary over the subsidiary net asset value. Investments in subsidiaries and joint ventures are assessed for impairment in line with IAS 36.</p>	<p>We assessed the accounting policy for investments and loans to subsidiaries and joint ventures to ensure they were compliant with FRS 101 "Reduced Disclosure Framework". We obtained management's impairment assessments for the recoverability of investments and loans in subsidiaries and joint ventures as at 31 March 2024.</p> <p>We verified that the methodology used by management in arriving at the carrying value of the investments in subsidiaries and joint ventures was in line with IAS 36 Impairment of Assets, and that for loans to subsidiaries and joint ventures the expected credit loss was in line with IFRS 9 Financial Instruments, including the related provision for impairment of investments and loans.</p> <p>We identified the key estimate within the assessment of impairment of the investments and loans to subsidiaries and joint ventures to be the underlying valuation of investment property held by the subsidiaries and joint ventures. For details of our procedures over investment property valuations please refer to the related group key audit matter above.</p> <p>We have no matters to report in respect of this work.</p>

# Independent auditors' report continued

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group's investment properties are held across a number of subsidiary and joint venture entities within the group financial statements. All work was carried out by the group audit team with additional procedures performed at the group level to ensure sufficient coverage for our opinion on the group financial statements as a whole.

The group operates a common IT environment, processes and controls across all reported segments. In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

In respect of the audit of the company, the group audit team performed a full scope statutory audit, leveraging on the work performed on the group audit where appropriate with additional audit procedures performed on other company specific balances.

## The impact of climate risk on our audit

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks would impact the assumptions made in the valuation of investment properties as explained in our key audit matter above. We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, the financial statements and the knowledge obtained from our audit. We assessed the consideration of the cost of delivering the group's climate change and sustainability strategy within the going concern and viability forecasts.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
<b>Overall materiality</b>	£24.7 million.	£22.3 million.
<b>How we determined it</b>	1% of total assets.	1% of total assets.
<b>Rationale for benchmark applied</b>	The primary measurement attribute of the group is the carrying value of investment properties. On this basis, we set an overall group materiality level based on total assets.	The primary measurement attribute of the company is the carrying value of investments in subsidiaries. On this basis, we set an overall company materiality level based on total assets.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.1 million and £22.3 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £18.5 million for the group financial statements and £16.7 million for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.2 million (group audit) and £1.1 million (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

In addition we agreed with the Audit Committee that we would report to them misstatements identified during our group audit above £0.04 million for misstatements related to adjusted profit before tax within the financial statements, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Procedures to identify events or conditions that may cast significant doubt on the ability to continue as a going concern and whether or not a material uncertainty related to going concern exists;
- Obtaining the directors' assessment of going concern and assessing the current impact of severe, but plausible, downside scenarios and the basis for the downside stress scenarios that have been applied;
- Evaluation and corroboration of management's significant assumptions used to assess going concern, including whether or not they align with our understanding of the entity and other relevant areas of the entity's business activities; and
- Considered the appropriateness of the mitigating actions available to management in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the group's control and are achievable.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

### Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.



# Independent auditors' report continued

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Real Estate Investment Trust (REIT) status Part 12 of the Corporation Tax Act 2010 and UK regulatory principles, such as those governed by the Listings Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the engagement team included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by internal audit;
- Understanding management's internal controls designed to prevent and detect irregularities;
- Reviewing the group's litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board of Directors and the Audit Committee;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- Reviewing tax compliance with the involvement of our tax specialists in the audit;
- Challenging assumptions and judgements made by management in their significant areas of estimation including procedures relating to the valuation of investment properties; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Independent auditors' report continued

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 6 July 2023 to audit the financial statements for the year ended 31 March 2024 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

### Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

**Saira Choudhry**  
(Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

22 May 2024

# Company balance sheet

At 31 March 2024

	Notes	2024 £m	2023 £m
<b>Non-current assets</b>			
Fixed asset investments	iii	1,240.7	1,240.9
Amounts owed by subsidiary undertakings		761.2	548.4
Amounts owed by joint ventures		213.5	214.4
Derivative financial instruments	17	0.4	–
		<b>2,215.8</b>	<b>2,003.7</b>
<b>Current assets</b>			
Other debtors		6.6	1.3
Deferred tax	vi	–	1.2
Cash at bank and short-term deposits		6.0	9.2
		<b>12.6</b>	<b>11.7</b>
<b>Total assets</b>		<b>2,228.4</b>	<b>2,015.4</b>
<b>Current liabilities</b>			
	iv	<b>(1,205.0)</b>	<b>(1,023.2)</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	v	(565.4)	(458.5)
		<b>(565.4)</b>	<b>(458.5)</b>
<b>Total liabilities</b>		<b>(1,770.4)</b>	<b>(1,481.7)</b>
<b>Net assets</b>		<b>458.0</b>	<b>533.7</b>
<b>Capital and reserves</b>			
Share capital	20	38.7	38.7
Share premium account		46.0	46.0
Capital redemption reserve		326.7	326.7
Retained earnings		41.0	119.5
Investment in own shares	21	5.6	2.8
<b>Shareholders' funds</b>		<b>458.0</b>	<b>533.7</b>

Notes: The loss within the Company financial statements was £47.8 million (2023: £25.0 million). References in roman numerals refer to the notes to the Company financial statements, references in numbers refer to the notes to the Group financial statements.

The financial statements of Great Portland Estates plc (registered number: 00596137) were approved by the Board on 22 May 2024 and signed on its behalf by:

**Toby Courtauld**  
Chief Executive

**Nick Sanderson**  
Chief Financial & Operating Officer

## Company statement of changes in equity

For the year ended 31 March 2024

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2023		38.7	46.0	326.7	119.5	2.8	533.7
Loss for the year and total comprehensive expense		–	–	–	(47.8)	–	(47.8)
Dividends to shareholders	24	–	–	–	(31.9)	–	(31.9)
Employee Long-Term Incentive Plan charge	21	–	–	–	–	4.0	4.0
Transfer to retained earnings	21	–	–	–	1.2	(1.2)	–
<b>Total equity at 31 March 2024</b>		<b>38.7</b>	<b>46.0</b>	<b>326.7</b>	<b>41.0</b>	<b>5.6</b>	<b>458.0</b>

At 31 March 2024, the Company had unaudited realised profits available for distribution of approximately £30 million.

## Company statement of changes in equity

For the year ended 31 March 2023

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2022		38.7	46.0	326.7	174.3	3.6	589.3
Loss for the year and total comprehensive expense		–	–	–	(25.0)	–	(25.0)
Dividends to shareholders	24	–	–	–	(31.9)	–	(31.9)
Employee Long-Term Incentive Plan charge	21	–	–	–	–	1.3	1.3
Transfer to retained earnings	21	–	–	–	2.1	(2.1)	–
<b>Total equity at 31 March 2023</b>		<b>38.7</b>	<b>46.0</b>	<b>326.7</b>	<b>119.5</b>	<b>2.8</b>	<b>533.7</b>



# Notes forming part of the Company financial statements

## i Accounting policies

### Accounting convention

Great Portland Estates plc is a public company limited by shares incorporated and domiciled in the United Kingdom (England and Wales). The address of the registered office is given on page 202. The financial statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. There were no significant judgements made or critical estimates applied in the preparation of the financial statements.

### Disclosure exemptions adopted

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

In preparing these financial statements, Great Portland Estates plc has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by the United Kingdom adopted international accounting standards;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated Group accounts into which Great Portland Estates plc is consolidated.

### Subsidiary undertakings and joint ventures

The Company is a holding and financing company for the Great Portland Estates plc Group. Shares in subsidiary undertakings and joint ventures are carried at amounts equal to their original cost less any provision for impairment.

Amounts owed by subsidiary undertakings and joint ventures are expected to remain outstanding for the foreseeable future and therefore deemed long term in nature and classified as non-current assets and are stated at amortised cost including a provision for expected credit losses. For the purposes of impairment assessment, amounts to subsidiary undertakings and joint ventures are considered low credit risk and, therefore, the Company measures the provision at an amount equal to 12-month expected credit losses. Provision for expected credit losses in the current and prior year are immaterial.

### Other

Accounting policies for share-based payments, other investment, deferred tax and financial instruments are the same as those of the Group and are set out on pages 152 to 155.

The Company participates in a Group defined benefit scheme which is the legal responsibility of Great Portland Estates Services Limited as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company accounts for the contributions to the scheme as if it were a defined contribution scheme. Details of the Group's pension plan can be found on pages 176 to 178.

The auditor's remuneration for audit and other services is disclosed in note 4 to the Group accounts.

## ii Profit attributable to members of the parent undertaking

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The loss dealt within the financial statements of the Company was £47.8 million (2023: £25.0 million). The employees of the Company are the Directors and the Company Secretary. Full disclosure of the Directors' remuneration can be found on pages 124 to 143.

# Notes forming part of the Company financial statements continued

## iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Total £m
At 1 April 2023	0.1	1,240.8	1,240.9
Additions	–	11.0	11.0
Impairment	–	(11.2)	(11.2)
31 March 2024	0.1	1,240.6	1,240.7

Shares in subsidiary undertakings and joint ventures are carried at cost less any provision for impairment. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2024 was £1,240.7 million (2023: £1,240.9 million).

The subsidiaries of the Company at 31 March 2024 were:

### Direct subsidiaries

The Company has a 100% interest in the ordinary share capital of the following entities:

	Principal activity		Principal activity
Great Portland Estates Services Limited (00517550)	Property management	G.P.E. (St Thomas Street) Limited (05593274)	Property investment
Collin Estates Limited* (00349259)	Property investment	J.L.P. Investment Company Limited (00459857)	Property investment
Courtana Investments Limited (00764696)	Property investment	Knighton Estates Limited (00379493)	Property investment
G.P.E. (Bermondsey Street) Limited (05593239)	Property investment	Pontsarn Investments Limited (00611070)	Property investment
73/77 Oxford Street Limited (00628026)	Property investment	Portman Square Properties Holdings Limited (06049187)	Holding company
GPE (Brook Street) Limited* (09144095)	Property investment	GPE Pension Trustee Limited (05406955)	Corporate trustee
GPE (GHS) Limited* (08737134)	Property investment	G.P.E. (Marcol House) Limited (07046709)	Holding company
Gresse Street Limited* (05279893)	Property investment	G.P.E. (Rathbone Place 1) Limited (0774083)	Property investment
GPE (Dufour's Place) Limited* (14078313)	Property investment	GPE St Andrew Street Limited* (14085827)	Property investment
GPE (Soho Square) Limited (15088898)	Property investment	GPE (Piccadilly) Limited (14832783)	Property investment
GPE (Bramah House) Limited* (14790117)	Property investment	GPE (135–141 Wardour Street) Limited* (14780172)	Property investment
G.P.E. Construction Limited* (04936146)	Development management	G.P.E. (Rathbone Place 2) Limited (07754121)	Property investment
The Rathbone Place Partnership (G.P. 1) Limited (07740829)	Property investment	G.P.E. (Rathbone Place 3) Limited (07754130)	Property investment
King Sloane Properties Limited (22867/OE027819)	Property investment		

\* Great Portland Estates plc has guaranteed the liabilities of these subsidiaries under section 479A and C of the Companies Act 2006 (as amended). As such, these subsidiaries will take advantage of the audit exemption set out within section 479A for the year ended 31 March 2024.

### iii Fixed asset investments continued

#### Indirect subsidiaries

	Principal activity		Principal activity
The Rathbone Place Partnership (G.P. 2) Limited (07742507)	Property investment	Portman Square Properties Limited (03872261)	Property investment
The Rathbone Place Limited Partnership** (LP014603)	Property investment	G.P.E. (Newman Street) Limited* (07796204)	Property investment
Rathbone Square No. 1 Limited (04122795)	Property investment	Rathbone Square No.2 Limited (04122784)	Property investment
The Newman Street Unit Trust	Property investment	Marcol House Jersey Limited (95425)	Property investment

\*\* The Group has taken advantage of the exemption, which is conferred by The Partnerships (Accounts) Regulations 2008, for preparing financial statements for The Rathbone Place Limited Partnership.

#### Directly held joint venture entities

	Principal activity		Principal activity
The Great Victoria Partnership (G.P.) Limited (05216728)	Property investment	The Great Victoria Partnership (G.P.) (No. 2) Limited (05375913)	Property investment
Great Ropemaker Partnership (G.P.) Limited (06526534)	Property investment	GHS (GP) Limited (114189)	Property investment

#### Indirectly held joint venture entities

	Principal activity		Principal activity
Great Victoria Property Limited (05208609)	Property investment	The Great Victoria Partnership (LP009971)	Property investment
The Great Victoria Partnership (No. 2) (LP010380)	Property investment	Great Victoria Property (No. 2) Limited (05385912)	Property investment
Great Ropemaker Property Limited (06526552)	Property investment	The Great Ropemaker Partnership (LP012802)	Property investment
Great Ropemaker Property (Nominee 1) Limited (07830921)	Property investment	Great Ropemaker Property (Nominee 2) Limited (07830923)	Property investment
The GHS Limited Partnership (1697)	Property investment	GPE (Hanover Square) Limited (03723180)	Property investment
14 Brook Street Management Company Limited (12938268)	Property investment	GHS (Nominee) Limited (114197)	Property investment

All of the above companies are registered at 33 Cavendish Square, London, W1G 0PW and operate in England and Wales except for: Marcol House Jersey Limited, GHS (GP) Limited, GHS (Nominee) Limited and The GHS Limited Partnership, which are registered at 44 Esplanade, St Helier, Jersey, JE4 9WG, The Newman Street Unit Trust, which is registered at 11 Old Jewry, London, EC2R 8DU and King Sloane Properties Limited, which is registered in One Welches, Welches, St. Thomas BB22025, Barbados. Great Portland Estates plc is the ultimate parent undertaking of the GPE Group.

## Notes forming part of the Company financial statements continued

### iv Current liabilities

	2024 £m	2023 £m
Amounts owed to subsidiary undertakings	1,017.6	1,014.0
Interest bearing loans and borrowings	175.0	–
Other creditors	–	1.0
Accruals	12.4	8.2
	<b>1,205.0</b>	<b>1,023.2</b>

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third-party debt. Amounts are unsecured and are repayable on demand.

### v Interest-bearing loans and borrowings

	2024 £m	2023 £m
Bank loans	294.4	12.8
Debentures	22.0	22.0
Private placement notes	249.0	423.7
	<b>565.4</b>	<b>458.5</b>

At 31 March 2024, property with a carrying value of £107.0 million (2023: £111.0 million) was secured under the first mortgage debenture stock. Further details of the Company's loans and borrowings can be found on notes 16 and 17 of the Group accounts.

### vi Deferred tax

	1 April 2023 £m	Recognised in the income statement £m	Recognised in equity £m	31 March 2024 £m
Net deferred tax asset in respect of other temporary differences	1.2	(1.2)	–	–
	1.2	(1.2)	–	–

The Company has not recognised further deferred tax assets in respect of gross temporary differences arising from the following items, because it is uncertain whether future taxable profits will arise against which these assets can be utilised:

	2024 £m	2023 £m
Revenue losses	30.7	15.7
Share-based payments	2.7	2.7
	<b>33.4</b>	<b>18.4</b>



## Other information (unaudited)

### In this section:

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## We are creating a lasting positive social impact in our communities

We know that the socially disadvantaged members of our communities will be the most impacted by climate change. We are therefore committed to supporting the people, and the communities, in which we work to have a better quality of life, whilst also supporting a thriving economy for London's future.

Through the continued implementation of our Social Impact Strategy and by maintaining long-term community relationships, we are creating at least £10 million of social value by 2030 and disclosing our progress against this target annually.



# Five-year record

Based on the Group financial statements for the years ended 31 March

## Balance sheet

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Property portfolio	1,987.1	1,894.5	2,144.4	1,922.2	1,929.2
Joint ventures	647.0	626.4	582.8	538.8	491.3
Trading property	–	–	–	–	–
Loans and borrowings	(444.3)	(488.6)	(531.2)	(458.5)	(740.4)
Other assets/(liabilities)	13.3	(60.7)	(83.1)	(83.9)	(97.1)
<b>Net assets</b>	<b>2,203.1</b>	<b>1,971.6</b>	<b>2,112.9</b>	<b>1,918.6</b>	<b>1,583.0</b>

## Financed by

	£m	£m	£m	£m	£m
Issued share capital	38.7	38.7	38.7	38.7	38.7
Reserves	2,164.4	1,932.9	2,074.2	1,879.9	1,544.3
<b>Total equity</b>	<b>2,203.1</b>	<b>1,971.6</b>	<b>2,112.9</b>	<b>1,918.6</b>	<b>1,583.0</b>
<b>Net assets per share</b>	<b>868p</b>	<b>779p</b>	<b>835p</b>	<b>757p</b>	<b>624p</b>
<b>EPRA NTA</b>	<b>868p</b>	<b>779p</b>	<b>835p</b>	<b>757p</b>	<b>624p</b>

## Income statement

	£m	£m	£m	£m	£m
Revenue	102.5	88.5	84.2	91.2	95.4
Cost of sales	(27.7)	(24.7)	(30.1)	(32.2)	(33.3)
	74.8	63.8	54.1	59.0	62.1
Administration expenses	(29.0)	(25.2)	(35.0)	(38.3)	(42.3)
Estimated credit loss	(0.1)	(7.7)	(4.1)	(0.8)	(0.1)
Development management losses	(0.2)	(0.1)	(0.4)	(0.1)	–
<b>Operating profit before (deficit)/surplus from property and results of joint ventures</b>	<b>45.5</b>	<b>30.8</b>	<b>14.6</b>	<b>19.8</b>	<b>19.7</b>
(Deficit)/surplus on investment property	(52.6)	(156.8)	107.9	(145.0)	(267.3)
(Deficit)/surplus on revaluation of investments	–	–	–	0.1	(0.2)
Share of results of joint ventures	57.9	(76.2)	45.9	(33.4)	(46.7)
<b>Operating (loss)/profit</b>	<b>50.8</b>	<b>(202.2)</b>	<b>168.4</b>	<b>(158.5)</b>	<b>(294.5)</b>
Finance income	7.3	8.0	7.4	6.0	6.1
Finance costs	(6.5)	(7.8)	(9.1)	(11.5)	(17.7)
Fair value loss on derivatives	–	–	–	–	(1.7)
<b>(Loss)/profit before tax</b>	<b>51.6</b>	<b>(202.0)</b>	<b>166.7</b>	<b>(164.0)</b>	<b>(307.8)</b>
Tax	0.2	0.1	0.5	0.1	–
<b>(Loss)/profit for the year</b>	<b>51.8</b>	<b>(201.9)</b>	<b>167.2</b>	<b>(163.9)</b>	<b>(307.8)</b>
<b>(Loss)/earnings per share – basic</b>	<b>20.0p</b>	<b>(79.8)p</b>	<b>66.1p</b>	<b>(64.8)p</b>	<b>(121.7)p</b>
<b>(Loss)/earnings per share – diluted</b>	<b>20.0p</b>	<b>(79.8)p</b>	<b>66.0p</b>	<b>(64.8)p</b>	<b>(121.7)p</b>
<b>EPRA earnings per share – diluted</b>	<b>22.0p</b>	<b>15.8p</b>	<b>10.8p</b>	<b>9.5p</b>	<b>7.1p</b>
<b>Dividend per share</b>	<b>12.6p</b>	<b>12.6p</b>	<b>12.6p</b>	<b>12.6p</b>	<b>12.6p</b>

## Our properties and customers

In value order (GPE share)					
Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
<b>£200 million plus</b>					
50%	Hanover Square	Rest of West End	FH/LH	12,501,400	220,500
100%	1 Newman Street & 70/88 Oxford Street	Noho	FH	11,257,600	122,700
<b>£100 million – £200 million</b>					
100%	Wells & More	Noho	FH	5,358,500	122,200
100%	Elsley House	Noho	FH	4,105,600	65,000
100%	2 Aldermanbury Square	Noho	FH	–	322,600
100%	Kent House	Noho	FH	6,183,100	59,300
<b>£75 million – £100 million</b>					
100%	City Tower	City	LH	6,963,000	138,600
100%	Walmar House	Noho	LH	4,485,000	56,500
<b>£50 million – £75 million</b>					
100%	Soho Square Estate	Rest of West End	FH	1,249,100	57,500
50%	200 & 214 Gray's Inn Road	Midtown	LH	2,999,200	287,900
100%	Empire House	Rest of West End	LH	4,333,900	45,700
100%	The Hickman	City	FH	4,202,500	74,900
100%	35 Portman Square	Noho	LH	5,483,900	73,400
100%	Carrington House, 126/130 Regent Street	Rest of West End	LH	3,178,200	30,900
100%	Woolyard	Southwark	FH	4,682,200	46,300
100%	New City Court, 14/20 St Thomas Street	Southwark	FH	3,811,800	98,000
100%	Egyptian & Dudley House	Rest of West End	LH	490,000	30,100
100%	Minerva House	Southwark	FH	85,500	166,800
<b>£30 million – £50 million</b>					
100%	54/56 Jermyn Street	Rest of West End	LH	2,803,500	28,700
100%	French Railways House & 50 Jermyn Street	Rest of West End	LH	–	67,600
100%	48/54 Broadwick Street and 16 Dufour's Place	Rest of West End	FH	3,909,700	24,500
100%	Challenger House	City	FH	2,439,200	59,200
100%	6 St Andrew Street	Midtown	FH	–	47,800
100%	31/34 Alfred Place	Noho	LH	532,200	41,700
100%	141 Wardour Street	Rest of West End	FH	–	33,700
50%	Mount Royal, 508/540 Oxford Street	Noho	LH	2,977,800	92,100
100%	Pollen House	Rest of West End	LH	2,725,500	21,300
<b>£10 million – £30 million</b>					
100%	7/15 Gresse Street	Noho	LH	2,490,000	43,100
50%	103/113 Regent Street	Rest of West End	LH	2,466,600	56,900
100%	Orchard Court	Noho	LH	295,600	47,900
50%	Elm Yard	Midtown	FH	2,020,900	49,400
100%	Foxglove House	Rest of West End	LH	1,246,800	18,100
100%	95/96 New Bond Street	Rest of West End	LH	188,000	9,000
100%	Bramah House	Southwark	FH	247,300	16,000
100%	Kingsland House, 122/124 Regent Street	Rest of West End	LH	970,300	8,700
<b>Below £10 million</b>					
100%	Cathedral Street	Southbank	LH	332,000	6,400
100%	23/24 Newman Street	Noho	LH	7,900	25,200
100%	183/190 Tottenham Court Road	Noho	LH	438,400	12,000

FH = Freehold or Virtual Freehold.  
LH = Leasehold.

## Our properties and customers continued

### Top ten customers

	Customer	Use	Rent roll (our share) £m	% of rent roll (our share)
1	Kohlberg Kravis Roberts LLP	Office	4.4	4.1
2	Runway East	Office	3.6	3.4
3	Glencore UK Limited	Office	3.1	2.9
4	Exane SA	Office	2.8	2.6
5	Richemont UK Limited	Office	2.7	2.5
6	Fashion Retail Academy	Office	2.5	2.3
7	Uniqlo	Retail	2.5	2.3
8	RBH Group	Hotel	2.4	2.2
9	New Look	Office	1.9	1.8
10	Synthesia	Office	1.7	1.6
	<b>Total</b>		<b>27.6</b>	<b>25.7</b>

# Portfolio statistics at 31 March 2024

## 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	32.5	3.1	35.6	–	–	–	35.6
		Retail	8.1	0.9	9.0	3.0	0.1	3.1	12.1
	Rest of West End	Office	14.6	2.3	16.9	9.7	1.8	11.5	28.4
		Retail	6.5	0.7	7.2	5.3	0.2	5.5	12.7
	<b>Total West End</b>		<b>61.7</b>	<b>7.0</b>	<b>68.7</b>	<b>18.0</b>	<b>2.1</b>	<b>20.1</b>	<b>88.8</b>
	City, Midtown and Southwark	Office	20.0	2.1	22.1	5.0	0.3	5.3	27.4
		Retail	2.8	(0.7)	2.1	–	–	–	2.1
	<b>Total City, Midtown and Southwark</b>		<b>22.8</b>	<b>1.4</b>	<b>24.2</b>	<b>5.0</b>	<b>0.3</b>	<b>5.3</b>	<b>29.5</b>
	<b>Total let portfolio</b>		<b>84.5</b>	<b>8.4</b>	<b>92.9</b>	<b>23.0</b>	<b>2.4</b>	<b>25.4</b>	<b>118.3</b>
	Voids (A)				2.7			–	2.7
	Premises under refurbishment and development				89.0			4.5	93.5
	<b>Total portfolio (B)</b>				<b>184.6</b>			<b>29.9</b>	<b>214.5</b>
	<b>Vacancy rate % (A/B)</b>				<b>1.5</b>			<b>–</b>	<b>1.3</b>

## EPRA vacancy

		Wholly-owned £m	Joint ventures £m	Total £m
	Voids and premises under refurbishment excluding development (A)	42.5	4.5	47.0
	<b>Total portfolio</b>	<b>184.6</b>	<b>29.9</b>	<b>214.5</b>
	Less: premises under development	(49.2)	–	(49.2)
	<b>Total (B)</b>	<b>135.4</b>	<b>29.9</b>	<b>165.3</b>
	<b>EPRA vacancy rate % (A/B)</b>	<b>31.4</b>	<b>15.1</b>	<b>28.4</b>

## Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Void %	Rent roll secure for five years %	Weighted average lease length Years	Void %
London	North of Oxford Street	Office	34.2	4.2	1.2	–	–	–
		Retail	48.4	5.6	2.0	–	1.7	–
	Rest of West End	Office	0.7	1.6	0.7	89.1	11.3	–
		Retail	19.8	4.0	1.2	30.7	5.3	–
	<b>Total West End</b>		<b>25.8</b>	<b>3.7</b>	<b>1.1</b>	<b>57.2</b>	<b>7.9</b>	<b>–</b>
	City, Midtown and Southwark	Office	13.9	2.6	2.0	–	1.6	–
		Retail	11.3	2.2	–	–	–	–
	<b>Total City, Midtown and Southwark</b>		<b>13.6</b>	<b>2.5</b>	<b>2.0</b>	<b>–</b>	<b>1.6</b>	<b>–</b>
	<b>Total portfolio</b>		<b>22.5</b>	<b>3.4</b>	<b>1.5</b>	<b>44.7</b>	<b>6.5</b>	<b>–</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	86	102	–	–	3.3	5.3	–	–
		Retail	66	67	83	83	2.2	5.3	4.7	5.8
	Rest of West End	Office	99	143	116	138	4.6	5.8	3.6	4.6
		Retail	99	115	108	113	3.9	5.0	4.1	4.4
	<b>Total West End</b>		<b>86</b>	<b>106</b>	<b>107</b>	<b>113</b>	<b>3.5</b>	<b>5.4</b>	<b>3.9</b>	<b>4.8</b>
	City, Midtown and Southwark	Office	64	83	46	53	4.4	5.7	4.5	6.1
		Retail	39	36	–	–	4.3	5.9	–	–
	<b>Total City, Midtown and Southwark</b>		<b>59</b>	<b>76</b>	<b>46</b>	<b>53</b>	<b>4.4</b>	<b>5.7</b>	<b>4.5</b>	<b>6.1</b>
	<b>Total portfolio</b>		<b>77</b>	<b>91</b>	<b>83</b>	<b>84</b>	<b>3.7</b>	<b>5.4</b>	<b>4.0</b>	<b>5.1</b>

# Glossary

## **Building Research Establishment Environmental Assessment Methodology (BREEAM)**

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

## **Cash EPS**

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

## **Core West End**

Areas of London with W1 and SW1 postcodes.

## **Development profit on cost**

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

## **Development profit on cost %**

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

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

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

## **EPRA metrics**

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

## **EPRA Net Disposal Value (NDV)**

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

## **EPRA Net Reinstatement Value (NRV)**

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

## **EPRA Net Tangible Assets (NTA)**

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

## **Estimated rental value (ERV)**

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

## **Fair value – investment property**

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

## **Ready to fit**

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

## **Fitted spaces**

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

## **Fully Managed**

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

## **Flex space partnerships**

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

## **Full repairing and Insuring (FRI) lease**

In an FRI lease, the customer is responsible for managing the space they occupy, including all costs associated with repairing and maintaining the property, as well as obtaining insurance coverage.

## **IFRS**

United Kingdom adopted international accounting standards.

## **Internal rate of return (IRR)**

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



### Like-for-like (Lfl)

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

### MSCI

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

### EPRA Loan-to-Value (LTV)

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

### MSCI central London

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

### Net assets per share or net asset value (NAV)

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

### Net debt

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

### Net gearing

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

### Net initial yield

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

### Net rental income

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

### Non-PIDs

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

### Property costs

Service charge and Fully Managed services income less service charge expenses, Fully Managed services cost, other property expenses and expected credit losses for service charges.

### Property Income Distributions (PIDs)

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

### PMI

Purchasing Managers Index.

### REIT

UK Real Estate Investment Trust.

### Rent roll

The annual contracted rental income.

### Reversionary potential

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

### Topped-up initial yield

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

### Total potential future growth

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

### Total Accounting Return (TAR)

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

### Total Property Return (TPR)

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

### Total Shareholder Return (TSR)

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

## Glossary continued

### True equivalent yield

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

### Ungearred IRR

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

### EPRA vacancy rate

The element of a property which is unoccupied, expressed as the ERV of the vacant space divided by the ERV of the total portfolio, excluding committed developments.

### Weighted Average Unexpired Lease Term (WAULT)

The Weighted Average Unexpired Lease Term expressed in years.

### Whole life surplus

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

# Shareholders' information

## Shareholder enquiries

Enquiries relating to shareholdings, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's Registrar at:

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

Tel: +44 (0) 371 384 2030

(Lines are open 8.30am to 5.30pm, Monday to Friday, excluding bank holidays in England and Wales).

See [help.shareview.co.uk](https://www.shareview.co.uk) for additional information.

## Managing your shares online

Shareholders and employees can manage their Great Portland Estates plc holdings online by registering with Shareview, a secure online platform provided by Equiniti Limited. Registration is a straightforward process and allows shareholders to:

- access information on their shareholdings, including share balance and dividend information;
- sign up for electronic shareholder communications;
- buy and sell shares;
- update their records following a change of address;
- have dividends paid into their bank account; and
- vote by proxy online in advance of general meetings of the Company.

## Electronic communication

Shareholders are encouraged to elect to receive all shareholder documentation electronically by registering with Shareview at [www.shareview.co.uk](https://www.shareview.co.uk). Shareholders who have registered for this option will receive an email notification when shareholder documents are available on the Company's website and a link will be provided to that information.

When registering, shareholders will need their shareholder reference number, which can be found on their share certificate or proxy form.

Equiniti Limited offers a range of shareholder information and services online at [www.shareview.co.uk](https://www.shareview.co.uk)

For deaf and speech impaired customers, Equiniti welcomes calls via Relay UK. Please see [www.relayuk.bt.com](https://www.relayuk.bt.com) for more information.

## Unsolicited telephone calls – boiler room scams

In recent years, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company.

These are typically from overseas based 'brokers' who target UK shareholders offering to sell them shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These operations are commonly known as 'boiler rooms'. Shareholders are advised to be very wary of any offers of unsolicited advice, discounted shares, premium prices for shares they own or free reports into the Company. If you receive any unsolicited investment advice:

- ensure you get the correct name of the person and firm;
- check that the firm is on the Financial Conduct Authority (FCA) Register to ensure they are authorised at <https://register.fca.org.uk>;
- use the details on the FCA Register to contact the firm;
- call the FCA Consumer Helpline (0800 111 6768) if there are no contact details in the Register or you are told they are out of date; and
- if the calls persist, hang up.

If you use an unauthorised firm to buy or sell shares, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.

## Dividends

Dividends can be paid by BACS directly into a UK bank account, with the dividend confirmation being sent to the shareholder's address. This is the easiest way for shareholders to receive dividend payments and avoids the risk of lost or out-of-date cheques. A dividend mandate form is available from Equiniti Limited or online at [www.shareview.co.uk/info/directdividends](https://www.shareview.co.uk/info/directdividends)

## Dividends payable in foreign currencies

Equiniti is able to pay dividends to shareholder bank accounts in over 83 currencies worldwide through the Overseas Payment Service. An administrative fee will be deducted from each dividend payment. Further details can be obtained from Equiniti or online at [www.shareview.co.uk/info/ops](https://www.shareview.co.uk/info/ops)

## Dividend Reinvestment Plan

Our Dividend Reinvestment Plan (DRIP) enables shareholders to use their dividends to buy further Great Portland Estates plc shares. Full details of the DRIP can be obtained from Equiniti Limited or online at [www.shareview.co.uk/info/drip](https://www.shareview.co.uk/info/drip)

## Shareholders' information continued

### Tax consequences of REIT status

As a REIT, dividend payments may 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

Great Portland Estates plc shares can be traded through most banks, building societies or stockbrokers. Equiniti Limited offers a telephone and internet dealing service. Terms and conditions and details of the commission charges are available on request.

For telephone dealing, please telephone 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday (excluding bank holidays in England and Wales), and for internet dealing visit [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing)

Shareholders will need their reference number, which can be found on their share certificate.

### Website

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

### General Counsel & Company Secretary

Darren Lennark

Registered office  
33 Cavendish Square  
London W1G 0PW  
Tel: 020 7647 3000  
Registered number: 596137

# Financial calendar

2024

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**30 May**

Ex-dividend date for 2023/24 final dividend

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**31 May**

Registration qualifying date for 2023/24 final dividend

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**4 July**

Annual General Meeting

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**8 July**

2023/24 final dividend payable

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**14 November**

Announcement of 2024/25 interim results (provisional)

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**21 November**

Ex-dividend date for 2024/25 interim dividend (provisional)<sup>1</sup>

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**22 November**

Registration qualifying date for 2024/25 interim dividend (provisional)<sup>1</sup>

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2025

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**3 January**

2024/25 interim dividend payable (provisional)<sup>1</sup>

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**21 May**

Announcement of 2024/25 full-year results (provisional)<sup>1,2</sup>

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1. Provisional dates will be confirmed in the half-year results announcement 2025. All dividends are subject to the Board's recommendation (and also, in the case of the final dividend, to shareholder approval) at the appropriate time.
2. The timetable for the potential final dividend will be confirmed in the 2025 Annual Report.





For more information on how we are working to decarbonise our business, please visit our website:

[www.gpe.co.uk/sustainability](http://www.gpe.co.uk/sustainability)



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This Annual Report is printed on TREE FREE and uses 25% cotton linters and 75% bamboo. Both are renewable annual crops which yield high quality fibres giving a smooth, natural and soft to the touch finish to the paper and high performance in printing.

To complete the story of sustainability it is recyclable, biodegradable and made using EKOenergy from our own hydroelectric power station. The emissions generated during production of this eco-friendly paper are fully offset through Carbon Credits used to finance activities that can absorb CO<sub>2</sub> in the atmosphere.

Needless to say Tree Free carries the FSC® certification, even though like the name implies it has no impact on forests.

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