GPE.

We unlock potential, creating sustainable space for London to thrive

Annual Report and Accounts 2023

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**

In this report

Cover image: The ground floor communal space at Wells & More, W1.

Statement from the Chair

"We expect continued strong demand for the magnetic spaces we create for our customers and communities in thriving central London locations. Quality, sustainability and exceptional service are core to our offer."

Richard Mully Chair

Committed to London, our true global city

Whilst heightened uncertainty prevailed across the global political and economic landscape, London's position as a truly global city remains undiminished. Central London is busy, with West End footfall nearing pre-pandemic levels. The opening of the Elizabeth line has added significant world-class capacity to the transport infrastructure, allowing even more people to enjoy both the business and leisure attractions of our diverse and vibrant capital.

Creating magnetic spaces, for our customers and their people

As our customers incorporate hybrid working into their real estate plans, we are delivering high quality office spaces for their people, along with choice, service and flexibility. All of our spaces have sustainability, health and wellbeing, and technology central to the customer offer and around 21% of our office space is now available on a Flex basis. Our Customer First approach is a real differentiator, delivering personal customer experiences every day, and we are delighted that this was reflected in our market-beating Net Promoter Score.

Record leasing, with a flight to quality

With this backdrop, we experienced strong demand across our prime office and retail portfolio, and we remain committed to creating great sustainable spaces in central London for both our customers and communities. As the market bifurcates with demand focusing on the best spaces and prime new supply remaining constrained, this has played to our strengths, helping to deliver another record leasing year, including strengthening retail activity.

At the height of UK political and economic instability in the autumn, we secured both our largest ever pre-letting with Clifford Chance LLP at our landmark City development scheme at 2 Aldermanbury Square, and the sale of our recently completed net zero carbon refurbishment at 50 Finsbury Square to an international investor. Our outstanding leasing performance, combined with our sale and development activities, delivered a portfolio performance well ahead of our central London benchmark.

Investing, from a position of financial strength

Our £0.8 billion development and refurbishment programme is well underway as we focus on creating prime HQ and Flex office spaces. With two schemes on site, and a further two due to commence this year, we have the financial strength to deliver these projects and also to take advantage of emerging opportunities in the investment market, as vendors are impacted by both debt repricing and the leasing challenges of properties with weak sustainability credentials. As a result, we are primed for growth.

Innovating, building for London's sustainable future

As the needs of our customers, society and the planet evolve, we are innovating too. We are embracing the circular economy, including through the reuse of steel and other materials across our development schemes, and we have updated our Sustainability Statement of Intent with v2.0, further evolving our approach to climate resilience and social impact. As we seek to build a sustainable legacy for our great capital city, we have also continued to invest in our charity partnership with XLP, a charity focused on creating positive futures for young people growing up on inner city estates in London.

Greater together, with confident outlook

We welcomed Champa Magesh to the Board, whilst thanking Wendy Becker and Charles Philipps, who stood down during the year, for their many years of valuable contribution. I would of course like to extend my personal thanks to all my other Board colleagues, GPE management and the wider team for all their ongoing efforts.

We can look to the future with confidence as we are well placed to capitalise on opportunities that emerge and to continue unlocking potential, creating sustainable spaces for London to thrive.

Our Strategic Report, on pages 01 to 78, has been reviewed and approved by the Board.

On behalf of the Board

Richard Mully
Chair
24 May 2023

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 | Manage | Recycle

See more on how we create value on **page 12**

Our strategic principles

Our strategy is underpinned by a set of clear principles:

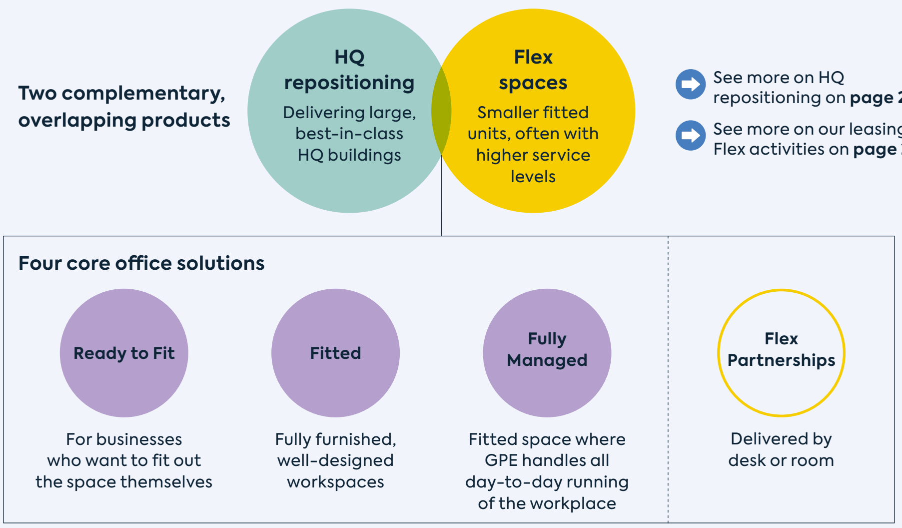
- 100% central London
- Reposition properties
- Match risk to cycle
- Low financial leverage
- Disciplined capital management
- Sustainability: an imperative
- **Customer First**

Our near-term priorities

In the near term, our priority is to create exciting sustainable spaces for our customers, whether through expanding our flexible offerings or delivering on our ambitious development programme. This includes further embedding our Customer First approach by launching our new service proposition and standards across our portfolio.

See more on our near-term strategic priorities on **page 14**

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



See more on HQ repositioning on **page 23**

See more on our leasing and Flex activities on **page 26**

...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:

We achieve more together

We are open and fair

We are committed to excellence

We embrace opportunity

See more on our people and culture on **pages 54 to 57**

Our approach to sustainability

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

Integrating climate resilience across our business

Decarbonising our business to become net zero by 2030

Putting health and wellbeing front and centre

Creating a lasting positive social impact in our communities

See more on sustainability on **pages 37 to 53**

Our financial performance

One year

	2023	2022
Portfolio valuation[1]	**£2.38bn**	£2.65bn
IFRS NAV & EPRA NTA per share	**757p**	835p
(Loss)/profit after tax	**£(163.9)m**	£167.2m
Total Property Return (TPR)[1]	**(4.1%)**	9.4%
Total Accounting Return (TAR)	**(7.8%)**	8.8%
Total Shareholder Return (TSR)	**(27.3%)**	6.6%

Ten years

	2023	Benchmark
Total Property Return (TPR)[1]	**192.0%**	198.5%[2]
Total Accounting Return (TAR)	**94.0%**	47.0%
Total Shareholder Return (TSR)	**20.1%**	80.9%

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 8 of the financial statements.

1. Includes share of joint ventures.
2. MSCI Annual Central & Inner London index.

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

Highlights

IFRS net assets
£1.9bn
2022: £2.1bn

Customer satisfaction (NPS Score)
+44.0
2022: +27.8

EPRA Loan to Value[1]
19.8%
2022: 20.5%

Employee engagement index (EEI)
84%
2022: 86%

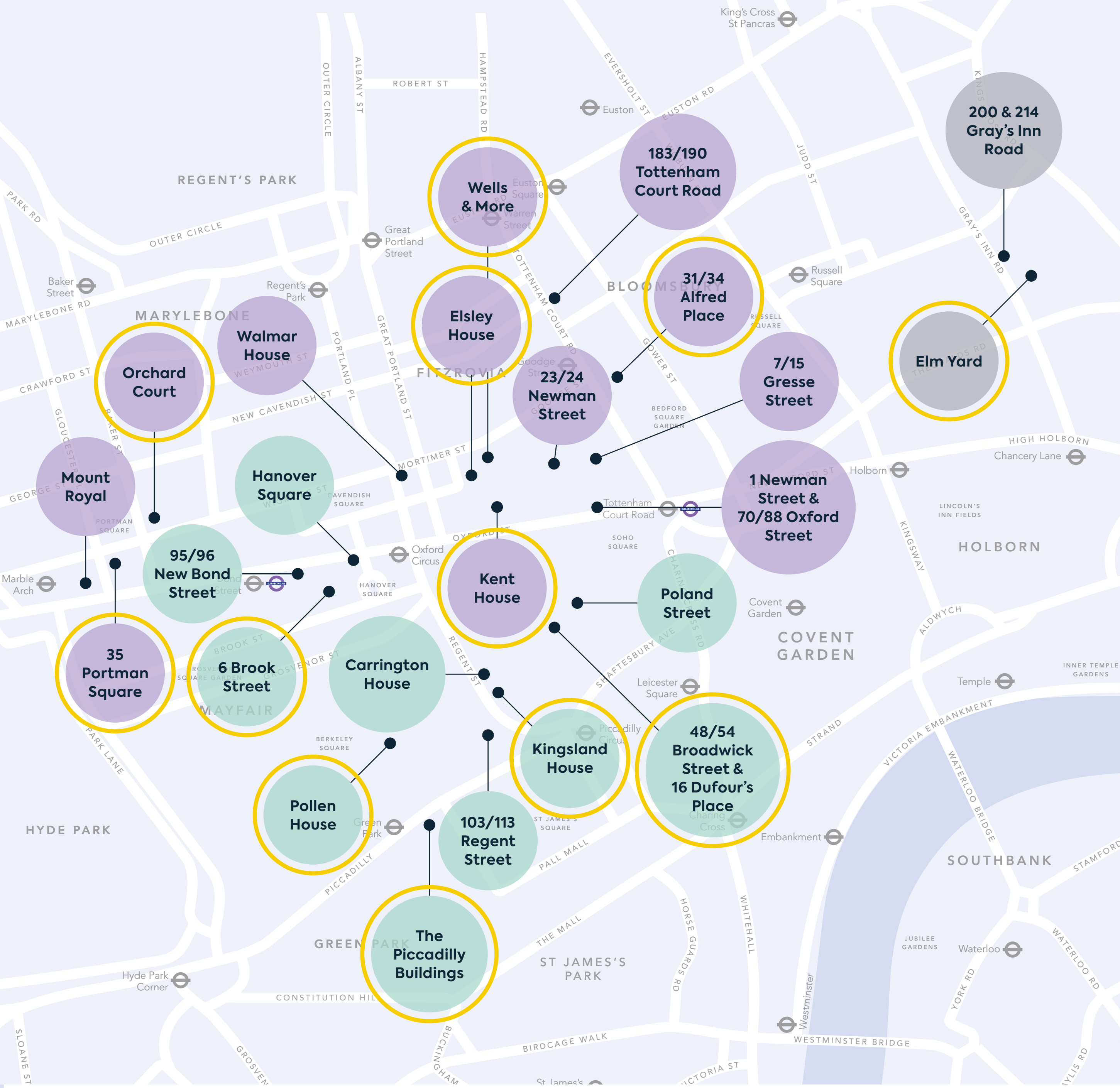
Cash and undrawn credit facilities[1]
£457m
2022: £391m

Reduction in energy intensity
–32.2%
2022: –24.3%

Dividend per share
12.6p
2022: 12.6p

Committed Flex space
414,000 sq ft

Creating great spaces in central London



Our portfolio[1]

Rent roll[1]	No. of customers[2]	Portfolio valuation[1]	Property sq ft[2]
£106.4m	**283**	**£2.4bn**	**2.6m sq ft**
2022: £104.1m	2022: 295	2022: £2.6bn	2022: 2.5m sq ft

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

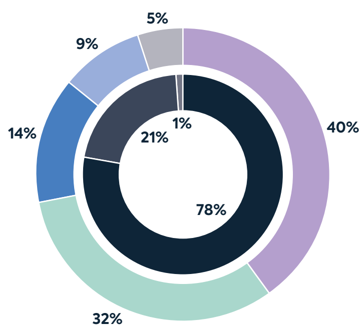
100% central London, with 19% in our development programme

Locations

	Value
North of Oxford Street	£958.1m
Rest of West End	£765.7m
City	£318.0m
Southwark	£214.8m
Midtown	£123.4m

Business mix

	Value
Office	£1,866.6m
Retail	£501.0m
Residential	£12.4m



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 10**

Trusted partners.

See more on **page 08**

Future London.

See more on **page 11**

Greater choice.

Our Customer First approach offers a variety of products across our diverse central London portfolio, providing customers with solutions and choices to create the space the way they want it and on flexible terms that suit them.

Our recent leasing success demonstrates that this approach is working. This year we delivered a record amount of leasing, completing 105 new leases generating £55.5 million in annual rent. This included continued growth in our Fitted and Fully Managed spaces as well as signing our largest ever pre-let with Clifford Chance LLP at 2 Aldermanbury Square, EC2. We also made substantial progress across our retail portfolio, leasing all but one unit across our Oxford Street and Hanover Square developments, as London's iconic shopping districts were buoyed by the recovery in West End footfall and the opening of the Elizabeth line.

With a portfolio stacked full of opportunity, delivering best-in-class HQ spaces, flagship retail stores and an expanding Flex offer, never have we provided a greater amount of choice across London's most exceptional places.

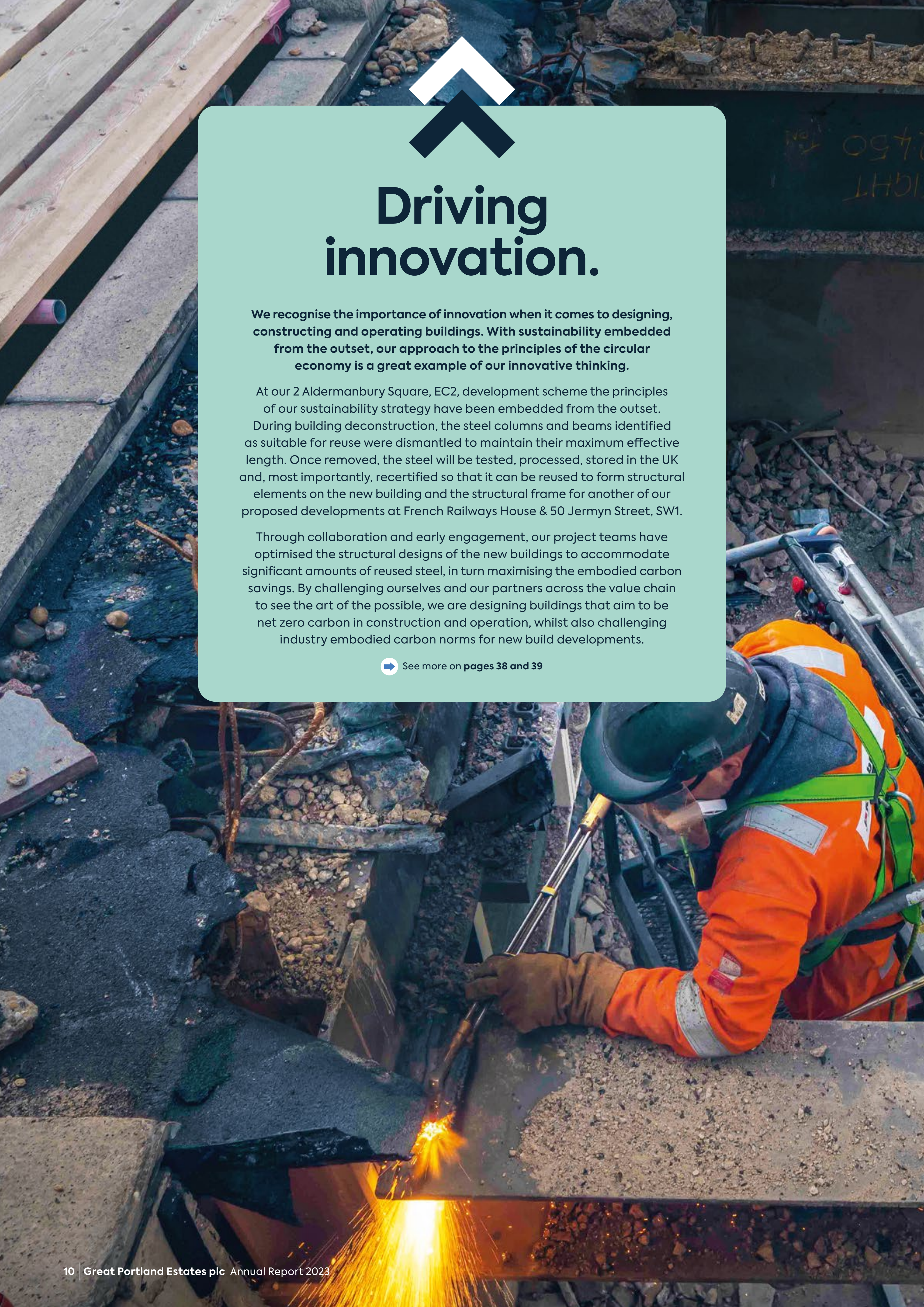
See more on **page 27**

Trusted partners.

We believe in the power of people and partnerships to create exceptional, sustainable spaces that deliver for our customers. However, these spaces are rare. They are in high demand, but supply is increasingly scarce. As a result, London businesses are looking further ahead and pre-leasing space early to secure their next home.

Testament to this, in November 2022, we pre-let the entirety of the workspace at 2 Aldermanbury Square, EC2 to Clifford Chance LLP, one of the world's pre-eminent law firms. Clifford Chance will occupy up to 322,600 sq ft of best-in-class offices alongside expanded public realm and amenity, and new retail space. Construction of the new building has begun with completion expected in late 2025. In Clifford Chance we have found a partner who shares our values and, in particular, our commitment to the highest sustainability standards, with 2 Aldermanbury Square set to hit our 2030 sustainability commitments almost five years early. We are delighted to welcome Clifford Chance to GPE and look forward to working together to create their new London office.

See more on **page 24**



Driving innovation.

We recognise the importance of innovation when it comes to designing, constructing and operating buildings. With sustainability embedded from the outset, our approach to the principles of the circular economy is a great example of our innovative thinking.

At our 2 Aldermanbury Square, EC2, development scheme the principles of our sustainability strategy have been embedded from the outset. During building deconstruction, the steel columns and beams identified as suitable for reuse were dismantled to maintain their maximum effective length. Once removed, the steel will be tested, processed, stored in the UK and, most importantly, recertified so that it can be reused to form structural elements on the new building and the structural frame for another of our proposed developments at French Railways House & 50 Jermyn Street, SW1.

Through collaboration and early engagement, our project teams have optimised the structural designs of the new buildings to accommodate significant amounts of reused steel, in turn maximising the embodied carbon savings. By challenging ourselves and our partners across the value chain to see the art of the possible, we are designing buildings that aim to be net zero carbon in construction and operation, whilst also challenging industry embodied carbon norms for new build developments.

See more on **pages 38 and 39**

Future London.

We want to build a sustainable legacy for our great capital city with positive social impact at its heart, whilst also supporting a thriving economy for London's future.

We have a strong track record of creating and developing spaces that have a positive impact on their surrounding area, its residents and the wider community. This includes the creation of brand new public spaces, local regeneration and making our buildings accessible to the communities around them. However, our impact goes beyond our spaces.

In April 2022, we announced a new three-year charity partnership with XLP, which aims to create positive futures for young people living in areas of London that experience high levels of anti-social behaviour and gang violence. Our partnership provides an annual corporate donation of £75,000 and at least 240 hours of GPE employee time each year. Together, we aim to help XLP empower young people from disadvantaged backgrounds to complete their education, avoid anti-social behaviour and ultimately become independent and confident contributors within their communities.

After all, when our communities thrive, our business and our customers' businesses thrive too.

See more on **page 43**

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.

During the year, we bought 6/10 St Andrew Street, EC4, to add to our flexible office offer. We have committed to the development and we anticipate starting on-site in June 2023.

See more on our investment activities on **pages 28 and 29**

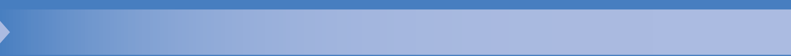
Reposition

- 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, our activities focused on growing our flexible office offers, pre-letting 2 Aldermanbury Square, EC2 and preparing our near-term development pipeline.

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 58 to 60**

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, future proof 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; 19% of portfolio in development programme. Potential c.£700 million commitment across four on-site and near-term development schemes. All net zero carbon.

See more on our portfolio and sustainability on **pages 34 to 36 and 37 to 53**

...to create value

+44.0
Net Promoter Score, outperforming the industry office average of +3.8

£1.16m
Social value created

575hrs
Volunteering hours donated to XLP

See our KPIs on **pages 16 and 17**

-6.6%
Like-for-like portfolio valuation decline[1]

100%
BREEAM 'Excellent' completions

£768k
Contributed to our Decarbonisation Fund

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 56 and 75**

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 sold 50 Finsbury Square, EC2, taking the opportunity to crystallise the development surpluses we had created. In a challenging market, the building was sold for £190 million, broadly in line with the 31 March 2022 valuation and at a 3.85% net initial yield.

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 and Workspace Services, 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.
– Strong employee engagement.

See more on our culture and people on **pages 54 to 57**

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**

85%
Employees who recommend GPE as a great place to work

73%
Employee Inclusion Index

84%
Employee Engagement Index

-9.3%
EPRA NTA NAV decline

19.8%
EPRA loan to value[1]

£457m
Cash and undrawn facilities[1]

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. This includes further embedding our Customer First approach by launching our new service proposition and standards across our portfolio.

Priorities for 2022/23

1 Progress sustainability agenda

See more on **pages 37 to 53**

Key initiatives

- Deliver Climate Resilience Strategy.
- Launch Sustainable Spaces Brief.
- Commence business plans to upgrade portfolio EPC ratings.
- Deploy Decarbonisation Fund.
- Identify 'stranded' assets for acquisition.

Progress in year

- All £768,000 contributed to our Decarbonisation Fund in the year.
- Sustainability Statement of Intent and New Sustainable Spaces Brief launched incorporating our climate resilience approach.
- EPC analysis evolving, with asset plans to achieve EPC B ratings across the portfolio by 2030, with an anticipated cost of less than £20 million.
- To date, limited 'stranded assets' coming to the investment market.

2 Drive innovation and change

See more on **pages 54 to 57**

Key initiatives

- Develop a GPE data warehouse, to aid information flows and decision making.
- Implement updated Innovation Strategy – discover potential disruptors and implement known technology.
- Launch new GPE website.
- Implement People Plan.

Progress in year

- Data warehouse developed and launched. Dashboards created to enhance management information.
- New customer-focused GPE website launched in October 2022.
- Trialled five pieces of proptech for adoption in the portfolio.
- Achieved SmartScore Platinum accreditation for 160 Old Street, EC1 and a Gold for 16 Dufour's Place, W1.

3 Deliver on our Flex ambition

See more on **pages 26 and 27**

Key initiatives

- Deliver 600,000 sq ft of Flex space organically by 2027.
- Further supplement growth of Flex space through acquisition.
- Deliver the majority of our Flex space on a Fully Managed basis.
- Further enhance systems and structures to support Flex growth.

Progress in year

- Flex space comprises around 414,000 sq ft, or 21% of office portfolio.
- Additional Flex acquisition at 6/10 St Andrew Street, EC4 due to commence on-site in June 2023.
- Flex management pack developed, with dashboards on all GPE key flexible office metrics.
- Team enhanced to support further growth of our Flex offer.

Priorities for 2023/24

Progress sustainability and innovation agenda

Key initiatives

- Roll out 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.
- Continue to evolve approach to circular thinking.

Enhance portfolio through sales and acquisitions

- 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.

Unchanged

- 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 6/10 St Andrew Street, EC4, Alfred Place, W1 and Egyptian House, SW1.

Priorities for 2022/23

4 Embed our 'Customer First' approach

See more on pages 56 and 57

Key initiatives

- Finalise our customer vision, strategy and implementation plan.
- Refine customer journeys for key touchpoints.
- Deliver engagement plan to communicate our customer strategy.
- Establish KPIs to assess progress towards customer vision.

Progress in year

- Customer First workshops held for all employees.
- Customer vision and customer promise (service proposition and service standards) developed.
- In depth customer journeys mapped to refine GPE processes.
- Implementation of phase 1 of new customer relationship management (CRM) system to help manage and analyse customer interactions and marketing and sales opportunities.

Priorities for 2023/24

Unchanged

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.

5 Deliver and lease the committed schemes

See more on pages 23 to 25

Key initiatives

- Commence development of 2 Aldermanbury Square, EC2, sign construction contract Q4 2022.
- Lease remaining retail space at Hanover Square, W1 and 1 Newman Street & 70/88 Oxford Street, W1.
- Seek a pre-let of 2 Aldermanbury Square, EC2.
- Complete 50 Finsbury Square, EC2 in late 2022.

Progress in year

- Development of 2 Aldermanbury Square commenced, with the entirety of the offices pre-let to Clifford Chance.
- Leasing at Hanover Square and 1 Newman Street & 70/88 Oxford Street virtually complete.
- 50 Finsbury Square completed in January 2023, delivering our first net zero carbon development.

Priorities for 2023/24

Unchanged

Key initiatives

- Progress the redevelopment of 2 Aldermanbury Square to time and budget.
- Maintain close relationship with Clifford Chance to help deliver a building that meets its needs.
- Deliver the refurbishment of 6/10 St Andrew Street by Q3 2024, prepare marketing campaign for launch.

6 Prepare the pipeline

See more on pages 23 to 25

Key initiatives

- Resolve planning status at New City Court, SE1.
- Further develop design concepts and planning consultation on medium-term pipeline.
- Achieve planning permission at Minerva House, SE1.

Progress in year

- Planning applications at New City Court appealed for non-determination, resolution expected summer 2023.
- Planning submitted for Minerva House with the decision delayed, now expected June 2023.
- New head lease under negotiation at French Railways House, to unlock the redevelopment.

Priorities for 2023/24

Unchanged

Key initiatives

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

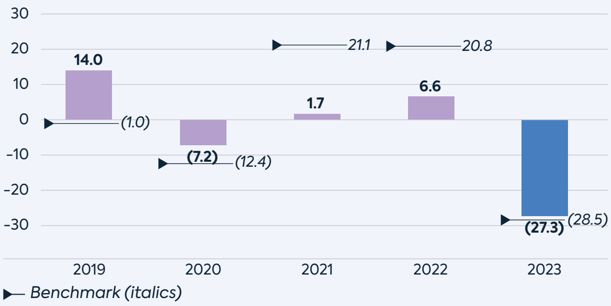
Our key performance indicators

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.

Financial KPIs

Total Shareholder Return
% (TSR)

All | LTIP



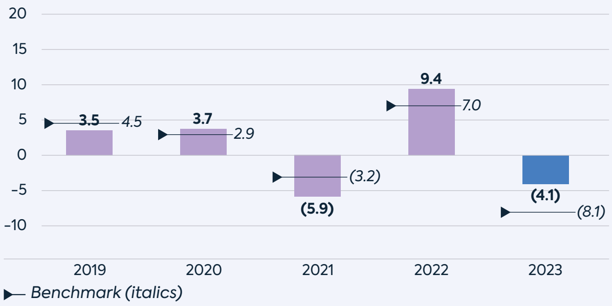
Rationale
TSR is a standard measure of shareholder value creation over time. It measures the movement in a company's share price plus dividends expressed as an annual percentage movement.

Commentary
TSR of the Group has been benchmarked against the TSR of the FTSE 350 Real Estate Index (excluding agencies). The TSR of the Group was -27.3%[1] for the year, compared to -28.5% for the benchmark following the repricing of real estate shares given the impact of rising global interest rates.

See more on **page 133**

Total Property Return
% (TPR)

3 5 | Exec Bonus



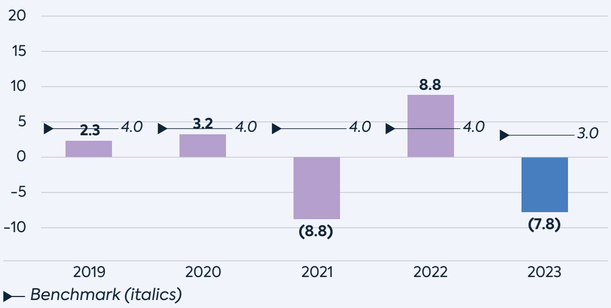
Rationale
TPR measures a company's performance at driving value from its property portfolio. It is calculated as the net capital growth of the portfolio plus the net rental income plus profit or loss on disposals expressed as a percentage return on the period's opening value as calculated by MSCI.

Commentary
TPR has been compared to a benchmark of around £50 billion of similar assets included in the MSCI central London annual benchmark. Relative to the annual benchmark of -8.1%, the Group generated a portfolio TPR of -4.1%. The outperformance of 4.0% was driven by our greater than benchmark weighting to the West End, along with GPE delivering a record leasing year.

See more on **pages 43 to 35**

Total Accounting Return
% (TAR)

All | LTIP | Exec Bonus[1]



Rationale
TAR is measured as absolute EPRA NTA per share growth (the industry standard measure of a real estate company's success at creating value) plus any ordinary dividends paid, expressed as a percentage of the period's opening EPRA NTA.

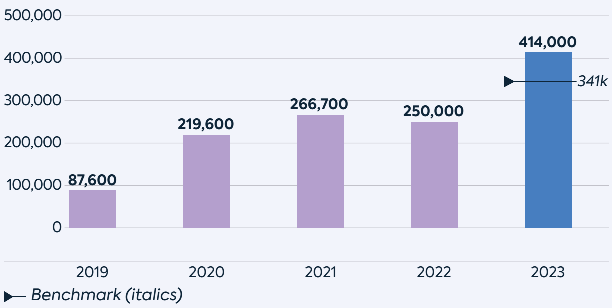
Commentary
This year we compared our TAR to a target year on year growth of 3% or more. TAR was -7.8% for the year. The TAR underperformance was driven by the impact of rising interest rates on the property valuation.

See more on **pages 30 to 33** and note 8 to the financial statements

1. On a spot basis.

Growth of committed Flex space
sq ft

3 | Exec Bonus



Rationale
Growth of our Flex offer is an integral part of the Group's strategy and a near-term strategic priority designed to enhance our valuation and income growth. We are targeting to grow our Flex space to more than one million sq ft over the next five years.

Commentary
During the year, we increased our committed Flex space to 414,000 sq ft, exceeding a targeted 341,000 sq ft, with the outperformance supported by the acquisition of, and commitment to refurbish, 6/10 Andrew Street, EC4.

See more on **pages 22, 25 and 27**

Our KPIs looking forward

Given the macro-economic backdrop, for future years the Group is moving to a more target-based operational scorecard, designed to motivate management to optimise returns for shareholders by focusing on clear and measurable objectives to deliver our strategic priorities.

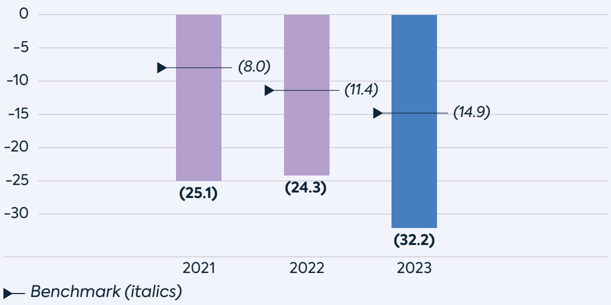
Each of the measures is designed to directly or indirectly drive our financial KPIs and shareholder value in the longer term and form an integral part of the revised Directors' remuneration policy to align performance and executive remuneration.

See more in Directors' remuneration report on **page 121**

Non-financial KPIs

Energy consumption
% reduction

1 Exec Bonus



Rationale
Lowering our energy intensity is an essential part of delivering our Roadmap to Net Zero.

Commentary
Our target is to reduce energy intensity by 40% by 2030, when compared to our 2016 baseline. For this year, the benchmark was 199.0 kWh/m² and we delivered 158.5 kWh/m² across all occupied buildings. A number of projects were undertaken during the year to improve energy intensity, with our performance improving despite increased occupancy levels as workers returned to the office following the pandemic.

See more on **page 50**

Our KPIs are driven by our strategic priorities:

1. Progress sustainability agenda
2. Drive innovation and change
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.

Exec Bonus

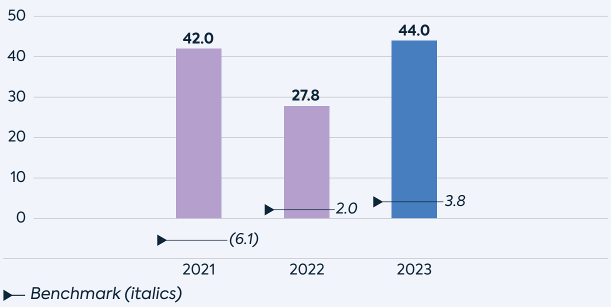
Performance criteria for Executive Directors' and all employees' annual bonuses in the case of the financial KPIs and certain senior executives' annual bonuses in the case of the non-financial KPIs.

See Directors' remuneration report on **pages 114 to 146**

The sustainability KPIs have been simplified to focus on one priority measure, to reduce our energy consumption, which aligns to our Net Zero Carbon Roadmap and which management has the ability to impact year on year across a significant proportion of the portfolio. Embodied carbon and biodiversity targets have continued to be measured separately and are set out on page 50.

Customer satisfaction
(NPS)

4 Exec Bonus



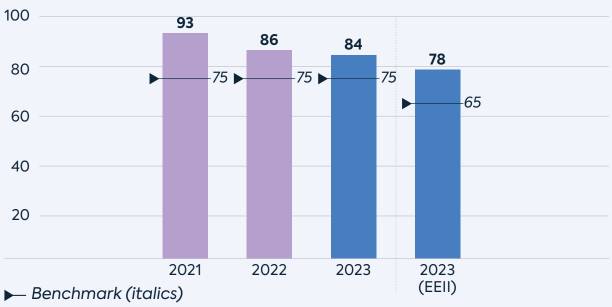
Rationale
High levels of customer satisfaction are critical to both attracting and retaining businesses in our buildings.

Commentary
The Net Promoter Score (NPS) of the Group is compared to the office industry average, expressed as a number between -100 and +100, with a minimum target of the industry average. Our NPS of +44.0 significantly outperformed the office industry average of +3.8.

See more on **pages 56 and 57**

Employee engagement
% (EEI)

2 Exec Bonus



Rationale
Maintaining high levels of employee engagement, and an inclusive culture, is key to motivation, productivity and ultimately the delivery of our business plans.

Commentary
From the 2022/23 financial year, we compare a blended Employee Engagement Index and Employee Inclusion Index (EEII) score of the Group to a 65% hurdle. At 78% we outperformed the benchmark, and aim to improve performance as we progress our diversity and inclusion initiatives.

See more on **pages 52 to 55**

GPE Future London Photography Award

This year, we proudly initiated the GPE Future London Photography Award, with Nico Froehlich being selected as our inaugural winner. The purpose of this prestigious award is to provide a platform for up-and-coming artists to help bridge the gap between university and a career in the arts. Nico's exhibition, around the theme of 'The space in-between' showcases a multifaceted portrayal of London and will be open to the public at one of our buildings, Wells & More, from July and will be in place for a year.

www.nicofroehlich.com
#gpephotographyaward

Strategic Report
Annual review

In this section:

Statement from the Chief Executive

> **"Whilst markets were challenging, we delivered an exceptional operational performance. Record leasing, net zero carbon development starts and completions, our Flex expansion and a strong NPS score all contributed to our resilient financial results."**
>
> **Toby Courtauld** Chief Executive

Strategic positioning delivering success

Despite an uncertain political and economic backdrop, our leasing successes, positive progress at our development schemes, successful recycling and disciplined capital management together delivered resilient financial results.

Last year we outlined our evolving strategy, setting out two complementary, overlapping activities:

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

This year we saw the benefit of our efforts: we completed our largest ever pre-let, sold 50 Finsbury Square, EC2 for a market-beating yield, increased our Flex space footprint to 414,000 sq ft and raised our ambition for growth to one million sq ft, with recent acquisitions further demonstrating our intent. With a portfolio full of opportunity, exceptional financial strength and a talented team, we remain extremely well positioned.

Customer First; together we thrive

The foundation of our success, across the breadth of our business, rests on our providing spaces and experiences that our customers want. Our Customer First approach, puts customer needs at the centre of everything we do, helping them to thrive, by designing, creating, managing and owning market-leading, sustainable workspaces, delivering personal customer experiences every single day.

This year, to ensure we continue to deliver and maintain the highest standards, we have developed our new service proposition 'Together we thrive' which sets out five service standards that we will always adhere to, ensuring both a consistency in our approach and the promise of a compelling offer to our customers. We have also restructured and enhanced our teams to increase our capability and improve the diversity of our customer facing roles. Encouragingly, our approach is working well, with positive feedback from our customers and our Net Promoter Score rising to +44.0, significantly ahead of the industry average of +3.8.

Another record leasing year

During the year, we saw sustained demand for both our office and retail spaces. We delivered a record £55.5 million of new leases, with market lettings 3.3% ahead of the March 2022 ERV. In October, we pre-let all 321,100 sq ft of office space at our 2 Aldermanbury Square, EC2 development to Clifford Chance LLP, demonstrating, once again, the enduring attraction of well-designed and located, modern, sustainable offices. We also signed 31 new deals across our Flex spaces, securing £11.8 million in rent. With our portfolio well suited to Flex, and our long track record of delivering best-in-class spaces, we are being rewarded for our endeavours, setting new record rents as we further expand our offer.

Retail activity also continued to recover, with levels of footfall in the West End's key shopping streets close to pre-pandemic levels. This was reflected in our leasing, with 35 deals completed, securing £10.2 million of rent and reducing our retail vacancy rate significantly, from 20.4% to 5.5%.

Outperforming in challenging markets

Despite our operational successes, the challenging macro-economic and geopolitical environment put property values in our markets under pressure. Across our portfolio, property values reduced by 6.6% over the year, reflecting the global impact of rising interest rates on property yields. Whilst values were down, our portfolio performance was well ahead of our central London benchmarks. Our retail space was down 4.5%, outperforming our office space, which was down by 7.3%, with our Flex office spaces again outperforming traditional offices, down 5.1%. Despite the economic disruption, office ERVs continued to grow, up 3.3% in the year, reflecting the continued shortage of high quality office space across our markets. Our retail ERVs declined by 1.5%; however, looking forward, we are increasingly optimistic for the coming year.

The valuation decline reduced IFRS NAV and EPRA NTA per share by 9.3% over the year. When combined with an ordinary dividend maintained at 12.6 pence per share, our Total Accounting Return was minus 7.8%. Including the revaluation of the portfolio, we delivered an IFRS loss for the year of £163.9 million. Diluted EPRA EPS was 9.5 pence, a decline of 12.0%, driven by our reduced surrender premium, investment in our Customer First and digitisation initiatives, along with the impact of our strong outperformance against our MSCI benchmark on performance-related pay.

Strong London fundamentals

Whilst macro-economic volatility persists, we remain confident that we are well placed for the prevailing market conditions. London remains a dominant global city and has bounced back quickly from the pandemic, with London business activity and optimism recovering in the first three months of 2023. It is clear from our recent leasing experience that high quality offices remain in high demand. 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.

Statement from the Chief Executive continued

So, with office demand robust, we expect that the uncertain economic outlook in the near term will exacerbate the shortage of new deliveries in central London, further restricting supply. As a result, we anticipate supportive rental conditions for the best spaces with rents for prime office space likely to rise over the next 12 months by 3.0% to 6.0%. We expect retail rents to grow between 0.0% to 5.0%.

Our opportunity-rich portfolio

With these supportive market conditions characterised by the sharp bifurcation between the best spaces and the rest, our clear strategy means we have a portfolio which is well positioned for growth. Furthermore, as lower quality space falls from favour, we anticipate that the investment market will present opportunities for us to add to our HQ development pipeline and expand our Fitted and Fully Managed offers. Crucially, we have the financial strength to deliver on these ambitions with our EPRA loan-to-value ratio at only 19.8%, and £457 million of available firepower.

HQ repositioning – significant progress

During the year, we completed the development of 50 Finsbury Square, EC2, which was verified as our first net zero carbon development, eight years ahead of our sustainability target. Despite a challenging backdrop, we sold the building in October 2022, achieving a headline sale price of £190.0 million which reflected a market-beating topped-up net initial yield of 3.85%.

We also had significant success at 2 Aldermanbury Square, EC2. In November 2022, following the pre-let of the offices, we committed to the redevelopment of the building and entered a building contract with Lendlease. The demolition of the existing building is almost complete, including the extraction of the steel to repurpose in other developments, and we expect to deliver a new best-in-class, net zero carbon building in December 2025.

We have made good progress in preparing our three other near-term schemes which, together with 2 Aldermanbury Square, will deliver 0.9 million sq ft of prime, predominantly office space with exemplary sustainability credentials, along with £60.0 million of ERV following our proposed £0.7 billion of total investment.

Flex spaces – targeting growth to one million sq ft

With continued demand for our Flex spaces, we have significantly expanded our footprint to 414,000 sq ft across 22 of our buildings. With customers prepared to pay a premium for a hassle free, high quality, real estate experience, our Flex offers are achieving significant rental and cash flow premia. This year, we completed our largest ever Fitted letting at The Hickman, E1 where an existing customer took 23,200 sq ft, moving from Wells & More, W1. We have also experienced significant growth in the rents we have been achieving for our Fully Managed spaces with an average rent of £181 per sq ft achieved in the year.

With our portfolio ideally suited to delivering more Flex, and the investment market presenting more opportunities to buy, we have increased our ambition and are now seeking to grow our Flex office offering to more than one million sq ft over the next five years. Since the year end, we have made continued progress, having completed two further Flex acquisitions.

Sustainability and embracing the circular economy

Today's customers have increasingly ambitious sustainability strategies, in part reflecting growing expectations from employees wanting to work in businesses demonstrating a progressive and responsible approach to sustainability. Our customers are therefore rightly expecting that the spaces they occupy reflect those ambitions, and we are working hard to satisfy their, and other stakeholders', sustainability needs.

Our original Statement of Intent was launched in 2020. Since then, our approach and thinking on sustainability has developed considerably and we recently released version 2.0, which sets out our progress to date and updates our approach. Alongside this we published 'Our Brief for Creating Sustainable Spaces', which sets out how we will meet our commitments as we design, construct, fit out and operate our spaces. The Brief is designed to inform and help our supply chain as we respond to climate risk and the opportunities inherent in the transition to a low carbon economy. This includes our sector-leading approach to the circular economy and the future proofing of our spaces.

Outlook

During a year marked by elevated political and economic uncertainty, we have delivered a strong operating performance with record leasing, positive rental growth and resilient financial results.

Despite the impact of recent interest rate rises, London has continued to recover and is evidently busier than this time last year; centrally located offices are returning to more normal levels of occupation, and the West End is seeing higher numbers of both shoppers and tourists, supported by the opening of the Elizabeth Line.

From here, whilst macro-economic challenges are likely to persist, we do not expect the recovery to be uniform. For some time, we have witnessed 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. Consequently, we have increased our rental growth guidance for our prime offices to be between 3.0% to 6.0% for the year.

Through our strategic focus on prime HQ and Flex offerings, we are well positioned to benefit, and we are growing our ambition. Our office-led capex programme extends to more than £800 million of best-in-class sustainable spaces and we are targeting growth of our Flex space to more than one million square feet, underpinned by our Customer First service approach which is delivering industry-leading customer satisfaction. So, with exceptionally strong finances and plentiful liquidity, we will continue capitalising on opportunities that are emerging, and with our experienced team, we can look to our future with confidence.

Our markets

Our markets softened over the year, as the monetary response to rising inflation pushed up interest rates across the world. The most immediate impact was felt in our investment market, with upward pressure on property yields impacting values. However, despite the economy slowing, our occupational markets were resilient, with the best spaces showing continued demand and rising rents.

Macro-economic backdrop

- IMF estimates global GDP growth of 3.4% in 2022 and forecasts 2.8% and 3.0% growth for 2023 and 2024 respectively.
- UK still forecast to grow; 0.3% GDP growth in 2023 or 1.3% p.a. over next three years with London expected to outperform at 1.6% p.a. (Oxford Economics).
- Consumer confidence recovering from 2022 lows, now at highest level since February 2022.
- Deloitte CFO survey: having run below average throughout 2022, business confidence has risen sharply and is now well above its long-term average.
- UK composite PMI surveys have improved, now indicating expansion; 53.9 in April 2023.
- Inflationary risks remain; UK CPI 10.1% in March 2023, forecast to decline over the course of 2023.

Occupational markets[1]

- Activity levels remain healthy; central London take-up 11.8 million sq ft in year, up 6.9%, although Q1 2023 slowed to 2.1 million sq ft, 33.0% below ten-year average.
- Central London active demand 6.6 million sq ft, down 4.8% year on year (Knight Frank).
- Availability remains elevated at 25.4 million sq ft, marginally ahead of 31 March 2022 and remains 55.0% ahead of the ten-year average.
- Space under offer 3.2 million sq ft, down from 4.4 million sq ft at 31 March 2022.
- Central London vacancy rate 8.3% at 31 March 2023; down from 9.0% last year.
- Supply remains tight; availability of space newly completed or under construction low, at 33.1% of total stock (8.4 million sq ft).
- Rents for prime spaces significantly outperformed Grade B rents at +2.0% v -5.0% respectively for the West End (Savills).

The West End

- Office take-up 4.9 million sq ft, up 22.5% on preceding year.
- Availability 6.1 million sq ft, up 2.4%.
- Vacancy 3.6%, down from 4.6% at 31 March 2022; vacancy of newly completed space only 0.6%.
- Prime office rental values £140 per sq ft at 31 March 2023, up 12.0% in year.
- Retail vacancy stabilised; Zone A rents maintained on key retail streets.

The City

- Office take-up 4.8 million sq ft, up 10.0% on preceding year.
- Availability 10.8 million sq ft, down 8.7%.
- Vacancy 11.7% down from 12.9% at 31 March 2022; vacancy of newly completed space only 2.4%.
- Prime office rental values £72 per sq ft, up 1.4% in year.

Investment markets[1]

- Investment markets challenged given heightened interest rate environment.
- Demand for London real estate normalised post pandemic; office investment deals £11.2 billion in 2022, up 11.7% year on year. However, six months to 31 March 2023 demonstrate significant slowdown, with only £2.3 million of transactions, down 53.1% on prior six months.
- We estimate that £4.6 billion of real estate is currently on the market to buy versus £27.5 billion of equity demand looking to invest.
- Given rising global interest rates, prime yields have softened; CBRE reports prime yields of 3.75% and 4.75% for the West End and City respectively.
- Retail yields now stable; 4.00% Regent Street, 4.25% Oxford Street and 2.75% Bond Street.

Near-term outlook

We actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last year, our property capital value indicators have marginally worsened, driven by the continued macro-economic uncertainty, heightened levels of inflation and interest rates, and geopolitical tensions.

Today we expect the flight to quality to continue, with investment demand to support prime yields in the near term, with upward pressure on secondary spaces. In the occupational market, given a strong leasing and rental performance of the portfolio, our rental value growth range for the financial year to 31 March 2023 is positive at between 0.0% and 5.0%, predominantly driven by the positive expected performance of our office portfolio.

1. To 31 March 2023 and sourced from CBRE unless otherwise stated.

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 future office

Although the pandemic's impact on London is quickly receding, it has left an impact. As London's workers return in force, many employees continue to value the flexibility and convenience of remote work. Therefore, the office of the future will need to adapt to offer the best of both worlds, providing employees with the flexibility they desire while maintaining the benefits of face-to-face collaboration and team building that the office provides. All combined with high services levels as differentiator.

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. Buildings that cannot meet these criteria risk being stranded.

We are well placed to capitalise. Our development programme is delivering spaces matched to meet this evolving demand, and as buildings which do not meet these criteria suffer, we anticipate opportunities will emerge to acquire new raw material for our future pipeline.

Improving retail sentiment

For a number of years, more shops have been closing in the UK than opening, with sales from physical stores moving online. This trend was accelerated during the pandemic with retailers having to adapt and, in some cases, greatly reduce the physical space they occupy. However, whilst the economic outlook in the UK remains challenging, there are signs of optimism. Footfall is returning to more normal levels, domestic and international tourism has returned and leasing activity has improved.

Our response

We believe that central London's attraction as a premium retail destination is undiminished. 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 newly opened Elizabeth line.

This year we experienced a significant improvement in retail sentiment. We completed £10.2 million of retail lettings, and finished the year with the retail units at both our 70/88 Oxford Street, W1 and Hanover Square, W1 developments virtually fully let.

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 26 and 27**

The need for sustainable spaces

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 demanding spaces with the highest sustainability and wellbeing credentials. Regulation is also accelerating, both through the planning regime and from forthcoming legislation to tighten EPC and other sustainability regulations. Sustainability is therefore no longer only a moral obligation; it is a prerequisite for high quality spaces and a strategic and economic imperative.

Our response

Sustainability is becoming an increasing differentiator 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 the 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 53**

Our development activities and capex programme

"We expect that the supply of new spaces in central London will fall short of the continued demand we are seeing across our markets. As a result, our development programme is well placed to benefit."

Andrew White Development Director

2022/23 Strategic priorities:

5 **Deliver and lease the committed schemes**

6 **Prepare the pipeline**

Business model

Acquire | **Reposition** | Manage | Recycle

Operational measures[1]

	2023	2022
(Loss)/profit on cost	**(2.1%)**	39.1%
Ungeared IRR	**4.4%**	20.0%
Yield on cost	**5.4%**	6.5%
Income already secured	**99.5%**	94.5%
BREEAM Excellent (targeted)	**100%**	100%
Committed capital expenditure to come[2]	**£265.2m**	£23.9m

1. Committed developments at date of report.
2. Including share of joint ventures.

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 schemes (one development and two Flex refurbishment) 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.

In a busy year, our development activities continued to play to the theme of the best quality assets outperforming the rest. This was demonstrated by the completion, and subsequent sale, of 50 Finsbury Square, and the pre-letting and commencement of our development of 2 Aldermanbury Square. Today, our capex programme provides a significant platform for growth, with a potential capital commitment of more than £0.8 billion from our on-site and near-term schemes, and from our programme of Flex conversions.

Repositioning our buildings through redevelopment and refurbishment is a core part of the GPE 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 2.8 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 almost double that, at 5.0 million sq ft p.a. Given this shortage, we have a significant capex programme aimed to meet this expected excess demand.

One scheme completed in the year

At 50 Finsbury Square, EC2, refurbishment of the building completed in January 2023, with the leases to Inmarsat Global Limited and various smaller retailers commencing shortly thereafter.

The finished 129,200 sq ft building comprises nine floors of office space, an integrated cafe and business lounge and new retail and leisure facilities. With innovation at the heart of the design, the project was designed to be highly operationally efficient and adaptable and provide a healthy and productive environment for its occupiers. It is also our first building to be verified as net zero carbon, beating industry standards for embodied carbon at only 270kg per m^2 and low energy consumption in-use at only 115kWh per m^2. It is also the first GPE development to have our internal carbon price applied, contributing almost £365,000 to GPE's Decarbonisation Fund. The proceeds of the fund will be reinvested across our wider GPE portfolio to improve the Group's energy performance.

With the lettings concluded, the sale to a private German family office completed in February 2023. Based on the sales price, the scheme delivered a profit on cost of 37.4%.

37.4%

Profit on cost at 50 Finsbury Square, EC2

One committed scheme: 322,600 sq ft

2 Aldermanbury Square, EC2

Size	322,600 sq ft
Construction cost	£302m
Expected completion date	Q4 2025
BREEAM target	Excellent
Distance to Elizabeth line station	250 metres

One committed scheme, offices 100% pre-let

Following the pre-let of all the office space to Clifford Chance in November 2022, we committed to the redevelopment of 2 Aldermanbury Square, EC2. Our scheme will substantially increase the size of the building to 322,600 sq ft (up from 176,000 sq ft) and will deliver our second net zero carbon building, after 50 Finsbury Square, EC2.

We are currently on-site demolishing the old building and, as part of this process, are carefully extracting the structural steel and reconditioning it for reuse. Once removed, the steel will be tested, processed, recertified and stored in appropriate conditions in the UK until such a time that it can be reused to form some structural elements on the new building and the structural frame for our proposed development at French Railways House & 50 Jermyn Street, SW1, one of our near-term development schemes. This pioneering approach will reduce the embodied carbon of the steel when reused by around 99%.

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. The cost to complete the scheme is £265.2 million. Given recent upward pressure on yields, the scheme is expected to deliver a loss on cost of 2.1%. However, cost saving measures and the anticipated future correction of valuation yields, once interest rates reduce, should enable the scheme to make an acceptable profit.

See our case study on **pages 08 and 09**

In total, we have £307.4 million of committed capital expenditure, including £265.2 million at our committed development.

Three near-term development schemes

Beyond our one committed scheme, we have a substantial and flexible pipeline of six uncommitted schemes, including three schemes in our near-term pipeline.

In May 2022, we obtained planning permission at French Railways House & 50 Jermyn Street, SW1, part of our Piccadilly Estate. Our proposed major office-led redevelopment will provide 66,600 sq ft (up from 54,700 sq ft) of new Grade A space. The scheme is designed to embrace the principles of the circular economy. We will retain the existing foundations and basement, typically the largest embodied carbon element of a building, and build as light a new building as possible to allow the retention of the substructure. We will also reuse the structural steel from the demolition of 2 Aldermanbury Square, EC2, in its construction. If successful, this will save around 1,000 tonnes of carbon and almost eliminate the embodied carbon in the steelwork. The development of the building is subject to freeholder consent.

At New City Court, SE1, we have submitted two planning applications, one in 2018 and one in 2021. Having explored all avenues to have both schemes approved by Southwark Council without success, we regretfully appealed for non-determination, with the associated public inquiry taking place in July 2022. With the inquiry now concluded, we expect a decision from the Secretary of State in summer 2023. Once planning consent is obtained, given the size of this development, we anticipate seeking a partner to help deliver the ultimate development.

At Minerva House, SE1, we submitted planning permission for a 140,300 sq ft major office refurbishment in November 2021, with the planning decision now expected in June 2023. Our proposals will reposition this building, taking full advantage of its river frontage and, by adding additional storeys, we will be able to create outdoor terraces and amenity space with commanding views over central London. 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, leading to an anticipated embodied carbon of 450kg CO_2/sqm (saving 3,067 tonnes of CO_2) and expected BREEAM Outstanding, NABERS 5*, WELL Core Platinum, WiredScore Platinum, SmartScore Platinum and CyclingScore Platinum accreditations.

In total, our on-site and three near-term schemes comprise around £700 million of anticipated capital expenditure and are expected to deliver 0.9 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 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.

99%

Embodied carbon saving from steel reuse

Three near-term schemes: 596,000 sq ft, all net zero carbon

New City Court, SE1

Proposed size	**389,100 sq ft**
Earliest start	**2024**
Opportunity area	**London Bridge**
Distance to London Bridge	**25 metres**

Minerva House, SE1

Proposed size	**140,300 sq ft**
Earliest start	**2023**
Opportunity area	**London Bridge**
Distance to London Bridge	**250 metres**

French Railways House & 50 Jermyn Street, SW1

Proposed size	**66,600 sq ft**
Earliest start	**2024**
Opportunity area	**Core West End**
Distance to Elizabeth line station	**750 metres**

Computer Generated Images.

Significant capex programme

In order to expand our Flex office offers, and meet our ambitious targets for growth, we are planning to refurbish four standalone buildings to provide new dedicated Fully Managed spaces, as well as converting a significant number of individual floors across our portfolio. The dedicated buildings to be refurbished include our recent purchases at 6/10 St Andrew Street, EC4, 7/15 Gresse Street, W1, Alfred Place, WC1 and Egyptian House, SW1 (Piccadilly).

Two major committed refurbishments

At 6/10 St Andrew Street, EC4, which was purchased as a vacant building in May 2022, we have recently agreed a new head lease and will be shortly starting on-site. 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 cost £31.2 million to construct and will complete in August 2024, delivering 46,200 sq ft of new Grade A Fully Managed offices.

At 31/34 Alfred Place, WC1, in the heart of Fitzrovia, we have committed to an extensive refurbishment of the entirety of the 42,700 sq ft building to provide outstanding Fully Managed office space. The cost to convert the space will be £11.0 million and we anticipate the scheme will be completed in January 2024.

Further expanding our Flex offers

Together with our other planned conversions, we anticipate growing our Flex offerings organically to around 0.5 million sq ft. Moreover, we are aiming to add to this programme through acquisition, as demonstrated by the recent purchases of Bramah House, SE1 and 141 Wardour Street, W1 and are targeting enlarging our Flex offerings to one million sq ft over the next five years.

How we are positioned

In total, our anticipated development and Flex capex programme provides a strong platform for organic growth, totalling around £830 million over the next five years, and will deliver 1.4 million sq ft of well-designed, tech-enabled and sustainable space with high levels of service delivery and amenity provision.

596,000 sq ft

Three near-term developments

Our leasing and Flex activities

"Our Customer First approach has helped deliver a record leasing year, with rents 3.3% ahead of the valuer's estimate. We signed our largest ever pre-let at 2 Aldermanbury Square, with Clifford Chance, and made substantial progress leasing the remainder of our retail space at our Hanover Square and 70/88 Oxford Street developments."

Marc Wilder Leasing Director

2022/23 Strategic priority:

3 **Deliver on our Flex ambition**

5 **Deliver and lease the committed schemes**

Business model

Acquire | Reposition | **Manage** | Recycle

Operational measures

	2023	2022
New lettings and renewals	**£55.5m**	£38.5m
Premium to ERV[1] (market lettings)	**3.3%**	9.8%
Vacancy rate[2]	**2.5%**	10.8%
ERV growth[2]	**2.1%**	3.0%
Reversionary potential[2]	**9.3%**	4.7%
Rent collected within seven days[3]	**99.5%**	85.8%

1. ERV at beginning of financial year.
2. Including share of joint ventures.
3. For March 2023 quarter, including benefit of rent deposits.

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 portfolio managers work closely with our Leasing and Marketing teams to 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 283 customers, from a diverse range of industries, in 43 buildings across 33 sites. This diversity limits our exposure to any one customer or sector, with our 20 largest customers at 31 March 2023 accounting for 39.4% (2022: 39.9%) of our rent roll.

Despite the challenging macro-economic and geopolitical environment, demand for best-in-class spaces remained robust, delivering strong leasing activity and helping us deliver a record leasing year, signing £55.5 million of new leases and beating rental values by 3.3%. This included our largest ever pre-let at 2 Aldermanbury Square, EC2 to leading international law firm Clifford Chance LLP.

Given the continued demand for the very best spaces, we have continued to focus our efforts on delivering high-quality HQ redevelopments, growing our Flex offerings and concentrating our retail efforts on the very best shopping streets. We expect the trend of the best spaces outperforming the rest to continue. This supportive demand, combined with the limited future supply of new prime space in central London, means that occupational market dynamics remain in our favour.

During the year, our rental values increased by 2.1% across the portfolio. Within this, our offices continue to perform better than our retail space, with our office rental values increasing by 3.3% compared with a 1.5% fall in retail rental values. Within our offices, our Flex property rental values outperformed, increasing by 4.0% on a like-for-like basis.

See our markets on **pages 21 and 22**

The key leasing highlights for the year included:

- 105 new leases and renewals completed during the year (2022: 65 leases), generating annual rent of £55.5 million (our share: £52.8 million; 2022: £38.5 million), with market lettings 3.3% ahead of ERV;
- of the new leases signed, 17 were Fitted and 14 were Fully Managed space, achieving on average £181 per sq ft on the Fully Managed space, 8.2% ahead of March 2022 ERV;
- 35 new retail leases securing £10.2 million of rent with market lettings 9.1% below March 2022 ERV, including three units at Hanover Square, W1, where all of the retail space is now let, with the exception of a small unit which is under offer;
- 11 rent reviews securing £11.5 million of rent (our share: £6.3 million; 2022: £4.1 million) were settled at an increase of 2.6% over the previous rent and 5.0% ahead of ERV at review date;
- total space covered by new lettings, reviews and renewals was 861,200 sq ft (2022: 580,800 sq ft);
- the Group's vacancy rate decreased to 2.5% (31 March 2022: 10.8%);
- the Group's rent roll has increased by 2.2% to £106.4 million following a successful leasing period (not including the pre-let at 2 Aldermanbury Square, EC1); and
- 91% (by area) of the 122 leases with breaks or expiries in the 12 months to 31 March 2023 were retained, re-let, or are under offer, leaving 32,000 sq ft still to transact.

Flex: £11.8 million, continues to grow

During the year, including our Flex partnerships, we increased our committed Flex offerings across the portfolio and they now total 414,000 sq ft (or c.21% of our offices). This included rolling out our offering to three new buildings in the year, including at Wells & More, W1, as well as committing to the 46,200 sq ft refurbishment of our recent acquisition of 6/10 St Andrews Street, EC4, and extensive refurbishment of Alfred Place, WC1; see Our development activities.

In total, we signed £11.8 million of new leases in our Flex space; 17 Fitted and 14 Fully Managed leases at a combined 10.8% ahead of March 2022 ERV. Our Fully Managed deals achieved on average £181 per sq ft, 8.2% ahead of March 2022 ERV. Whilst inflationary pressures have reduced the margins on our Fully Managed space, recent and anticipated leasing deals demonstrate that this is being more than outweighed by rental uplifts.

We also let a further 27,900 sq ft of office space at The Hickman in two lettings, both on Fitted terms. The first customer will occupy the offices on the third and fourth floors (23,250 sq ft) on ten-year leases with a break at year seven. The second has moved from a nearby location and now occupies the second floor (North), 4,650 sq ft on a 37-month term. The Hickman is now 100% let or under offer.

Ready to Fit: £33.5 million, significant pre-let

The largest transaction in the year, and our largest ever leasing transaction, was the pre-let of all 321,100 sq ft of office space at our 2 Aldermanbury Square, EC2 net zero carbon development to leading international law firm Clifford Chance. Clifford Chance will pay an initial rent of £77.00 per sq ft on a 20-year term and benefit from an initial 38 months rent free. Clifford Chance also has an option to hand back the first to fourth floors of the building (up to 89,000 sq ft) which expires on 1 March 2024. Demolition of the existing building has commenced, with completion anticipated in December 2025; see Our development activities.

At 1 Newman Street, W1, we signed a further two office leases (27,700 sq ft) in the year for a combined rent of £2.6 million p.a. These two lettings completed the 80,700 sq ft office leasing at an average 3.2% ahead of ERV and an average void period of only five months.

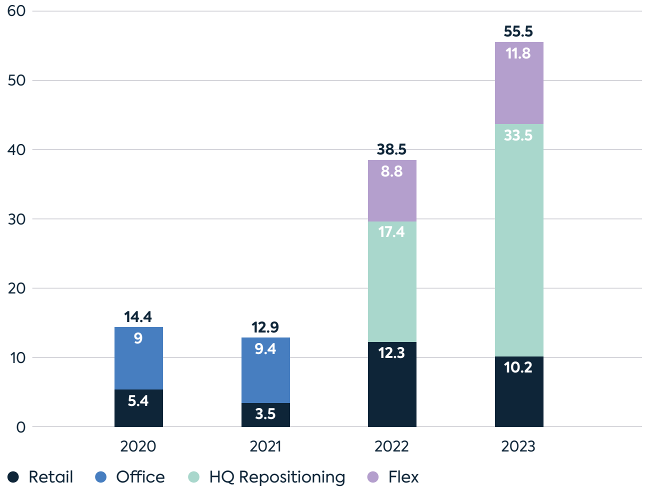
Retail: £10.2 million, strong leasing progress

During the year, our retail leasing was strong. At 70/88 Oxford Street, W1, we leased a new London flagship store to Reserved (19,645 sq ft) on the ground and first floors. We also leased a two further smaller units to the jewellery brand Pandora (3,675 sq ft) and to The Fragrance Shop (2,300 sq ft). Following these lettings, the building is now fully let.

At Hanover Square, W1, we achieved four further retail lettings to premium brands on New Bond Street, including: Opera Gallery, which will be relocating further north on New Bond Street to create a new larger flagship premises (6,100 sq ft), Bang & Olufsen (4,000 sq ft), Dsquared2 (4,700 sq ft) and Hackett (2,350 sq ft). All of the retail space at Hanover Square is now let, with the exception of a small unit which is under offer.

Overall, our retail vacancy rate reduced from 20.4% to 5.5% over the year.

Lettings £m (years to March)



Vacancy rate now only 2.5%

At 31 March 2023, the Group's overall vacancy rate (including share of joint ventures) was 2.5%, down from 10.8% at 31 March 2022, due to our strong leasing. Activity at our completed developments significantly contributed to this reduction, including Hanover Square, W1, 70/88 Oxford Street, W1 and The Hickman, E1.

How we are positioned

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

We have further ambitions for growth and are targeting to grow our Flex offer to more than one million sq ft over the next five years. This growth would take these offerings to more than 40% of our office portfolio. We expect a proportion of this growth to come from acquiring new raw material to convert, as demonstrated by our acquisitions of 7/15 Gresse Street, W1 and 6/10 St Andrew Street, EC4 earlier in 2022 as well as the recent acquisition of Bramah House, SE1 and 141 Wardour Street, W1 in May 2023.

Against this backdrop we remain well positioned: our leasing record remains strong, our committed development programme is focused on high quality, well-located office-led schemes that have enduring demand, we are delivering innovative products that lease well, our average office rent remains low at £72.20 per sq ft and 92% of our portfolio is within walking distance of an Elizabeth line station.

£55.5m

Leases signed in record leasing year

Our investment activities

“The acquisition of St Andrew Street is a great opportunity for us to completely reposition a tired, vacant building into a sustainable, high quality, beautifully designed, Fully Managed office space that caters to our customers’ evolving demands.”

Dan Nicholson Executive Director

Business model

Acquire | Reposition | Manage | Recycle

Operational measures[1]

	2023	2022
Acquisitions	**£37.1m**	£36.5m
Capital value per sq ft	**£705**	£847
Sales	**£217.8m**	£90.8m
(Discount)/premium to book value[2]	**(1.1%)**	5.0%
Capital value per sq ft	**£1,472**	£1,091
Total investment transactions[3]	**£254.9m**	£127.3m
Net investment[4]	**£(180.7)m**	£(54.3)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 3,000 – 5,000 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.

During the period, the investment market and property values came under pressure as they adjusted to increased inflation and a higher interest rate environment. Against this backdrop, we made a significant sale, disposing of 50 Finsbury Square, EC2 at a market-beating yield of 3.85%, and bought two smaller properties to augment our portfolio.

Sales for the year ended 31 March 2023

	Price £m	Premium/ (discount) to book value %	Price per sq ft £	NIY %
50 Finsbury Square, EC2	190.0	(1.7)	1,471	3.9
6/10 Market Place, W1	27.8	3.0	1,480	4.1
Total	**217.8**	**(1.1)**	**1,472**	**3.9**

In June 2022, we sold the freehold of 6, 7/8 and 9/10 Market Place, W1 to a UK private property company. The property comprises three adjoining mixed-use assets totalling 18,000 sq ft including multi-let offices and restaurant/cafe space. The headline sale price of £28.2 million reflects a net initial yield of 4.1% on a topped-up basis and capital value of £1,480 per sq ft. After deduction of outstanding occupier incentives and rental guarantees, the net price was £27.8 million, 3.0% ahead of the March 2022 book value.

In October 2022, despite the wider macro uncertainty, we exchanged on the sale of our 50 Finsbury Square, EC2 development to a private German family office. The headline price of £190.0 million reflected a topped-up net initial yield of 3.85% and capital value of £1,471 per sq ft (or £1,690 per sq ft on expiry of rent frees) and was marginally below the March 2022 book value. Construction of the 129,200 sq ft building completed in January, with the leases to Inmarsat, and various retailers, commencing shortly thereafter. With the lettings concluded, the sale completed in February 2023.

Acquisitions for the year ended 31 March 2023

	Price £m	NIY %	Area sq ft	Cost per sq ft
6/10 St Andrew Street, EC4	30.0	n/a	46,200	650
2 Cathedral Street, SE1	7.1	4.4	6,400	1,100
Total	**37.1**	**4.4**	**52,600**	**705**

In May 2022, we completed the off-market acquisition of the long leasehold interest at 6/10 St Andrew Street, EC4 for £30.0 million (£650 per sq ft).

The 46,200 sq ft building is currently vacant and benefits from planning permission for a two-storey extension. The building is located within five minutes’ walking distance of Chancery Lane and Farringdon stations and is only 450 metres from the new Farringdon Elizabeth line. It has excellent fundamentals and requires substantial refurbishment to bring it in line with GPE’s net zero carbon commitment. It will provide approximately 48,000 sq ft over lower ground and eight upper floors, with two private terraces as well as a communal roof terrace and winter garden. St Andrew Street will deliver best-in-class Fully Managed office space in a core location, with outstanding amenity space at ground floor and rooftop levels. We anticipate starting on-site in June this year.

Two acquisitions – £37.1 million

6/10 St Andrew St, EC4

Area	**46,200 sq ft**
Acquisition date	**May 2022**
Price	**£30.0m**
Opportunity	Fully Managed refurbishment

2 Cathedral St, SE1

Area	**6,400 sq ft**
Acquisition date	**May 2022**
Price	**£7.1m**
Opportunity	Proximity to Minerva House

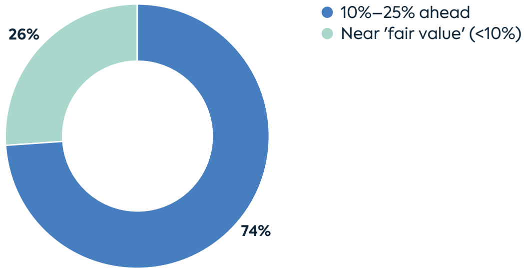
Also in May 2022, we acquired 2 Cathedral Street, SE1 for £7.1 million, reflecting a 4.4% net initial yield and £1,100 per sq ft. The 6,400 sq ft freehold building is currently let until 2029 at a rent of £332,000 per annum. The property is located in the heart of Borough Market and will complement GPE's Minerva House holding in this exciting submarket.

Disciplined approach

We have seen a clear shift in sentiment in our investment markets over the last 12 months, as greater economic uncertainty and rising interest rates have put upward pressure on property yields and lowered values. Looking forward, we anticipate that this will present an opportunity to buy and there is some evidence of owners being more motivated to sell. 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.

Of the £524 million deals we had under review since November 2022, encouragingly 26% have subsequently traded within 10% of our view of fair value.

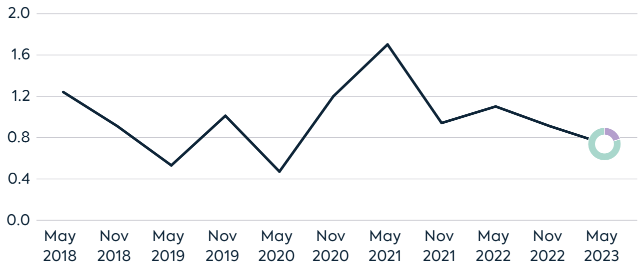
Near fair value

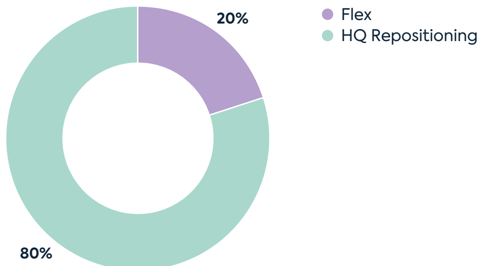


How we are positioned

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

Current value deals under review £bn
£741m under review – 9 assets





Our deal flow remains good and we are constantly reviewing acquisition opportunities. We currently have £0.7 billion of potential acquisitions under review, predominantly off-market, and assets which play into our strategic focus on Flex and HQ repositioning.

In May 2023, we acquired the freehold interest at Bramah House, SE1 and 141 Wardour Street, W1 for £14.0 million and £39.0 million respectively. We will substantially refurbish both buildings to provide outstanding Fully Managed office space.

3.85%
NIY on sale of
50 Finsbury Square, EC2

Our financial results

"In a year marked by economic and political challenges, our operational performance was strong and our results resilient."

Nick Sanderson Chief Financial & Operating Officer

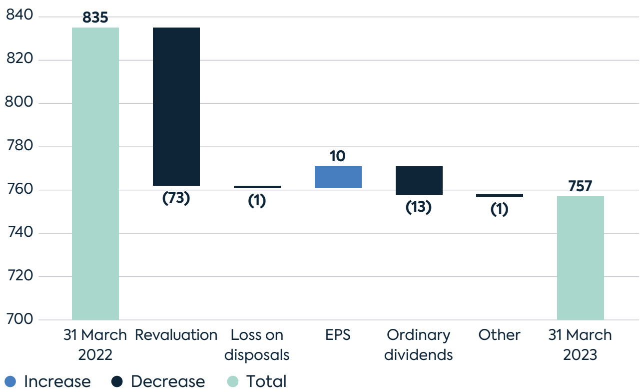
As is usual practice in our sector, we use alternative performance measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionately consolidated basis to include joint ventures, as it best describes how we manage the portfolio, like-for-like 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 8 of the financial statements.

See more about performance measures and EPRA metrics on **page 33** and note 8 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 2023 were 757 pence per share, a decrease of 9.3% over the year, largely due to the 6.6% 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 7.8%.

EPRA NTA pence per share



The main drivers of the 78 pence per share decrease in EPRA NTA from 31 March 2022 were:

- the decrease of 73 pence per share arising from the revaluation of the property portfolio;
- the small loss on disposal after sale fees from 50 Finsbury Square, EC2 and 6/10 Market Place, W1 reduced NTA by one pence per share;
- EPRA earnings for the year of ten pence per share enhanced NTA;
- ordinary dividends paid of 13 pence per share reduced NTA; and
- other items reduced NTA per share by one pence per share.

At 31 March 2023, the Group's net assets were £1,918.6 million, down from £2,112.9 million at 31 March 2022, with the decrease largely attributable to the decrease in property valuation of £184.9 million. EPRA NDV and EPRA NRV were 790 pence and 826 pence at 31 March 2023 respectively, compared with 838 pence and 911 pence at 31 March 2022.

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

Revenue increased due to increased rental income

Revenue for the year was £91.2 million, up from £84.2 million on the prior year, driven by higher gross rental income, increased service charge income and greater income associated with our Fully Managed spaces given its expansion. The increase in revenue was supported by our successful leasing, where we signed 105 leases, generating new annual income of £55.5 million p.a. and greatly reduced our investment void from 10.8% at 31 March 2022 to 2.5% at 31 March 2023.

Net rental income, after taking account of expected credit losses (see below), lease incentives and ground rents, was £70.9 million, up from £62.6 million in the prior year, as we saw the benefit from the lease commencements at our recently completed developments and a reduced credit loss provision as rental collection rates return to pre-pandemic levels.

Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including share of joint ventures) increased by 6.5% excluding expected credit losses.

Joint venture fee income for the year was £2.4 million, a decrease of £2.7 million, as a result of no property disposals and associated fees in the current year (2022: sale of 160 Old Street, EC1 by the Great Ropemaker Partnership).

£1.9bn

Net assets

Improving rent collection

Over the course of the financial year, and as the impact of the pandemic continued to fade, we experienced a further improvement in our rent collection performance. We secured 99.5% of all rents, including in our joint ventures, due for the December 2022 and March 2023 quarterly charge. Accordingly, the level of expected credit loss provisions in the Group reduced to £0.8 million (£0.6 million including our share of joint ventures) from £4.1 million in the prior year.

At 31 March 2023, we had around 16% of our rent roll on monthly payment terms (March 2022: 8%), with the increase attributable to an increase in Fully Managed leases. Since 1 April 2022, six of our customers have gone into administration, representing less than 1.2% of our rent roll. At 31 March 2023, we held rent deposits and bank guarantees totalling £20.2 million, including our share of joint ventures.

Cost of sales increased

Cost of sales increased from £30.1 million to £32.2 million for the year ended 31 March 2023. This increase was primarily driven by increased costs associated with our leasing initiatives, given the record leasing year, greater service charge costs as we emerged from the pandemic and additional costs associated with managing our Fully Managed offer.

Taken together, net service charge income, other property costs and expected credit loss provisions for service charges reduced to £15.2 million from £17.7 million in the prior year.

Joint venture earnings

EPRA earnings from joint ventures were £9.8 million, down from £14.5 million last year, largely as a result of the disposal of 160 Old Street, EC1 and the one-off surrender premium of £3.9 million (our share) at 103/113 Regent Street, W1 received in the prior year.

Administration costs

Administration costs were £38.3 million, £3.3 million higher than the previous year. The increase in the Group's overhead was primarily as a result of the investment associated with digitising elements of the business, the delivery of our Customer First programme and marketing costs associated with our growing Flex activities. Employment costs also rose, due to inflationary salary uplifts, increased headcount to support our enhanced operational capabilities and higher performance-related pay given our strong relative outperformance against our TPR benchmarks.

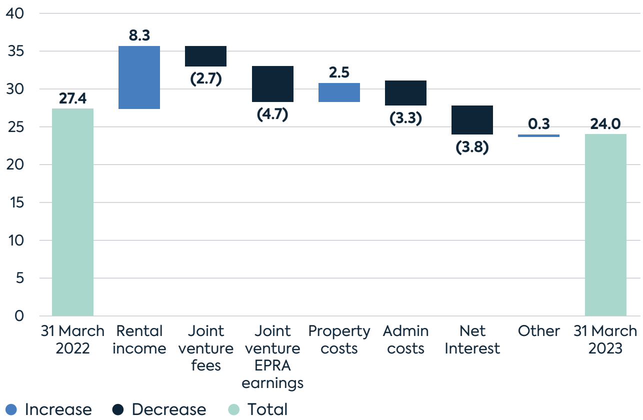
Increased interest costs

Gross interest paid on our debt facilities was £20.3 million, £4.0 million higher than the prior year. This increase was primarily due to a combination of higher average drawn debt on our £450 million revolving credit facility, which was used to fund both our recent acquisitions as well as the Group's development capital expenditure, together with higher underlying interest rates. Capitalised interest increased by £1.6 million to £8.8 million as our development activity increased, following the commitment to develop 2 Aldermanbury Square, EC2. As a result, the Group had net finance costs (including interest receivable) of £5.5 million (2022: £1.7 million).

EPRA earnings

EPRA earnings were £24.0 million, 12.4% lower than last year as expected, predominantly due to reduced surrender premiums, together with increased administration and finance costs offset by increased net rental income and lower credit loss provisions.

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 £163.9 million (2022: profit of £167.2 million). Basic and diluted loss per share for the year were both a 64.8 pence loss, compared with a 66.0 pence profit for 2022. Diluted EPRA EPS was 9.5 pence (2022: 10.8 pence), a decrease of 12.0% and cash EPS was 1.4 pence (2022: 5.7 pence).

For the forthcoming year, we anticipate that EPRA earnings will be broadly stable given the balance of new income coming on line as spaces are converted to our Flex offer being offset by new spaces going into refurbishment and other inflationary pressures.

Results of joint ventures

The Group's net investment in joint ventures decreased to £538.8 million at 31 March 2023, down from £582.8 million in the previous year. The decrease is largely due to the 6.3% like-for-like decrease in value of the property portfolio. Our share of joint venture net rental income was £18.2 million, down 24.2% from last year. This decrease was primarily as a result of the profitable sale of 160 Old Street, EC1 and a one-off surrender premium of £3.9 million (our share) received in the prior year, offset by increased leasing activity at Hanover Square, W1.

See more about our joint ventures on **page 59**

Our financial results continued

Our capital strength

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

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

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

EPRA LTV low at 19.8%

The Group's consolidated net debt decreased to £457.7 million at 31 March 2023, compared with £531.2 million at 31 March 2022. The decrease was largely due to the sales proceeds received from 50 Finsbury Square, EC2 for £190.0 million offset by £112.8 million of development capital expenditure across the Group and two acquisitions, including 6/10 St Andrew Street, EC4 for £37.1 million (excluding costs). As a result, the Group's gearing decreased to 24.0% at 31 March 2023 from 25.4% at 31 March 2022.

Including cash balances in joint ventures, total net debt was £440.0 million (2022: £502.3 million), equivalent to a low EPRA LTV of 19.8% (2022: 20.5%). At 31 March 2023, we had no external debt in any of our joint ventures. At 31 March 2023, the Group, including its joint ventures, had unrestricted cash (£21 million) and undrawn committed credit facilities (£436 million) totalling £457 million.

Debt analysis

	March 2023	March 2022
Net debt excluding JVs (£m)	**457.7**	531.2
Net gearing	**24.0%**	25.4%
Total net debt including 50% JV cash balances (£m)	**440.0**	502.3
EPRA LTV	**19.8%**	20.5%
Interest cover	**10.2x**	n/a
Weighted average interest rate	**2.7%**	2.5%
Weighted average cost of debt	**3.0%**	2.9%
% of drawn debt fixed/hedged	**97%**	84%
Cash and undrawn facilities (£m)	**457**	391

The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 3.0%, marginally higher than the prior year. The weighted average interest rate (excluding fees) was 2.7% at the year end, up 20 basis points over the 12 months. Our weighted average drawn debt maturity was 6.4 years at 31 March 2023 (31 March 2022: 6.9 years), supported by one of our relationship banks in our revolving credit facility extending their £50 million commitment to January 2027, in line with the other banks.

At 31 March 2023, 97% of the Group's total drawn debt was at fixed or hedged rates (2022: 84%). The Group is operating with substantial headroom over its debt covenants. At 31 March 2023, given our low levels of leverage, property values would have to fall by around 58% 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 of between 10% and 35% through the cycle and today we are at the lower end of the range, given our portfolio activities and market cycle position. Additionally, we have a track record of accretively raising and returning equity capital to shareholders at the appropriate time and in the appropriate circumstances, 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 £0.1 million (2022: £0.5 million) and the effective tax rate on EPRA earnings was 0% (2022: 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 (including the taxable profit on the sale of 50 Finsbury Square, EC2). The Group complied with all relevant REIT tests for the year to 31 March 2023.

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 £25.8 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 £17.3 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.

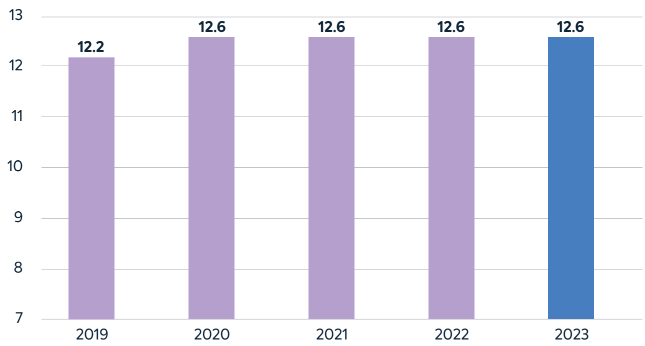
See more about our tax strategy at:
www.gpe.co.uk/about-us/governance

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 (2022: 7.9 pence) which will be paid, subject to shareholder approval, on 10 July 2023 to shareholders on the register on 2 June 2023. All of this final dividend will be a REIT PID in respect of the Group's tax-exempt property rental business.

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

Ordinary dividends: 12.6 pence per share



EPRA performance measures

Measure	Definition of measure	March 2023	March 2022
EPRA earnings*	Recurring earnings from core operational activities	**£24.0m**	£27.4m
EPRA EPS*	EPRA earnings divided by the weighted average number of shares	**9.5p**	10.8p
Diluted EPRA EPS*	EPRA earnings divided by the diluted weighted average number of shares	**9.5p**	10.8p
EPRA costs (by portfolio value)*	EPRA costs (including direct vacancy costs) divided by market value of the portfolio	**2.2%**	1.9%
EPRA capital expenditure*	The Group's capital expenditure on the portfolio categorised between acquisitions, development and on the investment portfolio	**£149.3m**	£151.6m
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	**£1,918.6m**	£2,112.9m
EPRA NTA per share*	EPRA NTA assets divided by the number of shares at the balance sheet date on a diluted basis	**757p**	835p
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	**£2,002.0m**	£2,120.8m
EPRA NDV per share*	EPRA NDV assets divided by the number of shares at the balance sheet date on a diluted basis	**790p**	838p
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	**£2,092.2m**	£2,306.1m
EPRA NRV per share*	EPRA NRV assets divided by the number of shares at the balance sheet date on a diluted basis	**826p**	911p
EPRA LTV	Debt (including net payables) divided by market value of the property	**19.8%**	20.5%
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 168	**2.5%**	2.3%
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 168	**3.2%**	3.1%
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 199	**20.4%**	21.1%

* Audited; reconciliation to IFRS numbers included in note 8 to the financial statements.

£457m

Cash and undrawn facilities

Strategic Report – Annual review

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 Investment Management

Operational measures

-6.6%
Property valuation decline (on a like-for-like basis)

18.9%
Percentage of portfolio in development programme

+42 bps
Outward yield movement

21%
Percentage of office portfolio converted to our 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.

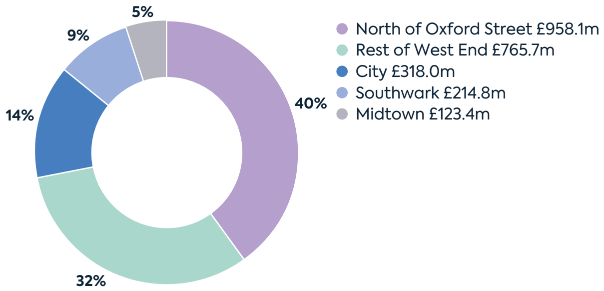
Our portfolio is exclusively based in central London, with the majority located in the West End. Our customers are diverse, and their demands and preferences are evolving at a rapid pace. As a result, we are committed to shaping our products and services to meet these changing needs.

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 58 and 59**

Our portfolio by value – 72% in West End[1]



1. Including share of joint ventures.

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 18.9% 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 future proofed 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 78% 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 and near-term developments will commit £0.7 billion of capital, delivering 0.9 million 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.

Portfolio down 6.6%, driven by higher investment yields

The valuation of our portfolio, including our share of joint ventures, declined over the 12 months by 6.6% on a like-for-like basis, to £2,380.0 million at 31 March 2023.

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 42 basis points (2022: -13 basis points) during the year (office: +48 basis points; retail: +22 basis points) reducing valuations. At 31 March 2023, the portfolio true equivalent yield was 4.8%;

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

– rental value growth – since the start of the financial year we have seen continued demand for the best spaces and our rental values increased by 2.1% on a like-for-like basis, with our office portfolio up by 3.3%. ERVs in our retail portfolio reduced by 1.5%. However, we anticipate that we are nearing the trough for retail rents given the declines experienced in previous years;

See more about our market on **pages 21 and 22**

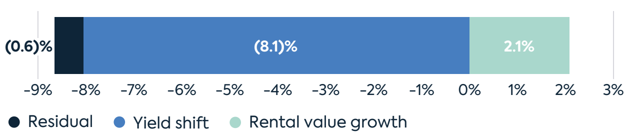
– active portfolio management – we delivered a record leasing year, signing 116 new leases, rent reviews and renewals, with new lettings 3.3% ahead of ERV. This secured £59.1 million (our share) of annual income, supporting the valuation over the year; and

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

– developments – the valuation of our committed development properties decreased by 21.0% on a like-for-like basis to £89.0 million during the year. Our development returns are especially sensitive to movements in investment yields. At 2 Aldermanbury Square, EC2 this impact more than outweighed the benefit of securing a major pre-letting ahead of the valuer's assumptions.

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 2023 was 3.8%, the same as at the start of the financial year.

The overall valuation decline of 6.6% during the year was largely driven by our office portfolio which reduced by 7.3%, driven by yield expansion of 48 basis points. Our Flex offices were only down 5.1% as a result of rental value increases of 4.2% across the Flex portfolio on a like-for-like basis. Our retail performed slightly better, falling in value by only 4.5%. Furthermore, properties with an EPC rating of A or B reduced in value by 4.5%, outperforming properties with an EPC of C or greater, which fell by 8.6%. Short leasehold properties (<100 years), which represent around 9% of the portfolio, reduced in value by 10.4% compared to a decrease of 6.2% in the rest of the portfolio, as investor demand for shorter leasehold assets remained low. We also saw a significant bifurcation in valuation based on capital value per sq ft. Properties with a value greater than £1,000 per sq ft fell by 4.5% compared to a greater decline in those less than £1,000 per sq ft of 10.5%.

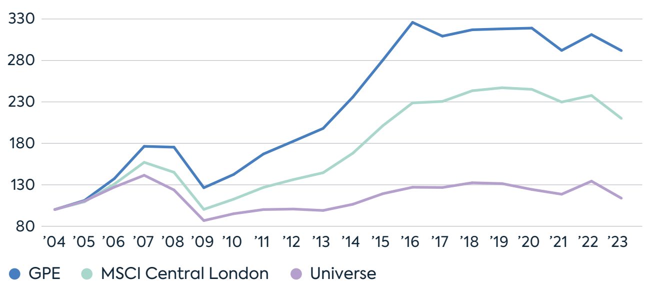
Our joint venture properties fell in value by 6.3% over the year, driven by higher investment yields partially offset by leasing successes at our recently completed development at Hanover Square, W1. The wholly-owned portfolio decreased by 6.7% on a like-for-like basis.

Our relative performance

The Group delivered a Total Property Return (TPR) for the year of minus 4.1%, compared with the central London MSCI annual index of minus 8.1%, and a capital return of minus 6.2%, versus minus 11.0% for MSCI. This outperformance was driven by greater than benchmark weighting to the West End, along with GPE delivering a record leasing year.

Long-term outperformance
Relative returns vs MSCI

Relative capital growth % p.a.[1]



1. 2004 – first pure comparability to MSCI Central London.

100%

Of the portfolio in central London

Our portfolio continued

Portfolio performance

		Wholly-owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	742.4	–	742.4	31.1	(3.7)
	Retail	169.9	41.2	211.1	8.9	(5.9)
	Residential	4.6	–	4.6	0.2	11.5
Rest of West End	Office	245.0	237.8	482.8	20.3	(7.9)
	Retail	155.8	122.1	277.9	11.7	(4.1)
	Residential	5.0	–	5.0	0.2	(2.3)
Total West End		**1,322.7**	**401.1**	**1,723.8**	**72.4**	**(5.2)**
City, Midtown and Southwark	Office	392.9	123.4	516.3	21.7	(8.8)
	Retail	11.6	–	11.6	0.5	17.6
	Residential	2.8	–	2.8	0.1	(6.4)
Total City, Midtown and Southwark		407.3	123.4	530.7	22.3	(8.4)
Investment property portfolio		**1,730.0**	**524.5**	**2,254.5**	**94.7**	**(6.0)**
Development property		89.0	–	89.0	3.8	(21.0)
Total properties held throughout the year		**1,819.0**	**524.5**	**2,343.5**	**98.5**	**(6.6)**
Acquisitions		36.5	–	36.5	1.5	(11.3)
Portfolio valuation		**1,855.5**	**524.5**	**2,380.0**	**100.0**	**(6.7)**

1. GPE share.

Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		958.1	–	958.1	742.4	211.1	4.6	958.1	760
Rest of West End		765.7	–	765.7	482.8	277.9	5.0	765.7	568
Total West End		**1,723.8**	**–**	**1,723.8**	**1,225.2**	**489.0**	**9.6**	**1,723.8**	**1,328**
City, Midtown and Southwark		567.2	89.0	656.2	641.4	12.0	2.8	656.2	1,237
Total		**2,291.0**	**89.0**	**2,238.0**	**1,866.6**	**501.0**	**12.4**	**2,380.0**	**2,565**
By use:	Office	1,778.0	88.6	1,866.6					
	Retail	500.6	0.4	501.0					
	Residential	12.4	–	12.4					
Total		**2,291.0**	**89.0**	**2,380.0**					
Net internal area sq ft 000's		2,242	323	2,565					

£2.4bn

Portfolio valuation

Sustainability

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 Sustainability Statement of Intent. Working with our stakeholders we are:

Integrating climate resilience across our business	Decarbonising our business to become net zero by 2030	Putting health and wellbeing front and centre	Creating a lasting positive social impact in our communities
See **page 40**	See **page 41**	See **page 42**	See **page 43**

– Launched 'Our Brief for Creating Sustainable Spaces'

– Delivered our first net zero carbon building at 50 Finsbury Square, EC2

For more information see **page 23**

How our sustainability strategy supports our business

Statement of Intent for 2030, 'The Time is Now V2.0'
Sets out the four pillars of our approach to sustainability

www.gpe.co.uk/documents/the-time-is-now

Climate resilience

Decarbonise
Our Roadmap to Net Zero

www.gpe.co.uk/media/jopd1yjk/nzcr_2021.pdf

Health and wellbeing

Social impact
Social Impact Strategy

www.gpe.co.uk/media/kr4oocvx/social_impact_strategy_2021.pdf

Our Brief for Creating Sustainable Spaces
Sets out how we implement the four pillars of our approach as we design, construct, fit out and manage our spaces

www.gpe.co.uk/documents/sustainable-spaces-brief

Supported by strong governance and reporting
Transparent disclosure through our annual sustainability performance report

For **TCFD response** see **pages 44 to 50**

www.gpe.co.uk/sustainability/governance-reporting

Continually adapting and evolving our approach

What's changed about our approach?

Our updated Sustainability Statement of Intent and newly launched 'Brief for Creating Sustainable Spaces' set out our refocused strategy recognising the importance of integrating climate resilience across our business, and how circular thinking and innovative technology can support improved sustainability outcomes. Strong relationships with our key stakeholders are essential for success.

Advancing our sustainability thinking

Integrating climate resilience across our business

Climate resilience is now central to our sustainability strategy. Climate resilience in its broadest sense addresses how businesses adapt to the physical impacts of climate change, whilst mitigating their own carbon emissions. We are continuing to address transitional risks, including evolving legislation and best practice whilst decarbonising our business. We're designing our buildings to be more climate resilient, including embedding nature-based solutions across our portfolio and working with our supply chain and communities.

For further information see **page 40**

Circular thinking

In order to continue to develop and refurbish our buildings, whilst minimising carbon emissions, we are embracing the principles of the circular economy in the design of all our spaces irrespective of project scope. This is demonstrated by our steel reuse project at 2 Aldermanbury Square, EC2, the reuse of the glazing and stone from the facade at 50 Finsbury Square, EC2, and the repurposing and reuse of furniture in our Fully Managed spaces.

For further information see **page 41** and our case study on **page 10**

Innovation

To assist in meeting our net zero carbon targets, and to continue to evolve our portfolio to meet ever more challenging requirements, we are embracing the opportunity presented by technology throughout the life cycle of the building, from design to construction and from fit-out to operation. Increasingly our customers are looking for more detailed information on subjects such as resource consumption, waste management and indoor air quality, and through the implementation of technology we are better able to meet their needs.

For further information see **page 42** and our case study on **page 10**

Changing stakeholder relationships

Customers

We will create exceptional, inviting work spaces that meet and exceed the needs of our customers. We put our customers at the heart of everything we do, embracing open dialogue on how we can jointly meet our sustainability ambitions. This approach is relevant for all our customers irrespective of the size of space that they occupy. Our approach to sustainability therefore applies to all our products, from Ready to Fit through to Fully Managed.

For further information on what our customers can expect from us, see **'Our Brief for Creating Sustainable Spaces'** at **www.gpe.co.uk/documents/sustainable-spaces-brief**

Communities

We will continue to maintain close positive relationships with our communities and will prioritise the climate resilience of our local neighbourhoods by supporting access to, and management of, existing and new green spaces and working with a fuel poverty charity. Our Social Impact Strategy has been fully integrated within 'Our Brief for Creating Sustainable Spaces' to ensure that it is embedded in the design, construction, fit-out and operation of our spaces.

For further information, see our **Social Impact Strategy** at **www.gpe.co.uk/sustainability**

Suppliers

We are working with our supply chain partners to deliver on our sustainability ambitions. We are highly collaborative and encourage innovation and open debate. Additionally, we are working to improve transparency within our supply chain, ensuring that the materials we use are sourced ethically. Our business cannot be climate resilient without a resilient supply chain. We are also working with our partners to consider the impact of the physical risks of climate change on their businesses.

For further information, see our **Supplier Code of Conduct** at **www.gpe.co.uk/investors/our-relationships/our-service-partners**

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.

50 Finsbury Square, EC2
Major refurbishment and GPE's first net zero carbon development

Supply chain

The major refurbishment of 50 Finsbury Square involved retaining 82% of the original structure and embracing circular economy principles to deliver GPE's first net zero carbon building.

Through the integration of our internal carbon price, our internal team and supply chain partners were focused on reducing carbon throughout the project, delivering a final upfront embodied carbon figure of 270kgCO_2e/m^2.

Customers and purchasers

The building was pre-let to Inmarsat; with clauses in the lease to ensure the maintenance of the EPC rating.

The building was sold in February 2023, with financial penalties in the contract of sale should the net zero carbon verification not be achieved. Verification was completed in March 2023.

2 Aldermanbury Square, EC2
Headquarters development with a strong focus on circular thinking

Supply chain

In order to be truly innovative, collaboration with our supply chain partners is critical. Our steel reuse project required close collaboration with our principal contractor, demolition contractor, structural engineers and wider professional team as well as with the professional team for our forthcoming project at French Railways House, W1 and our insurers.

For further information, see the case study on **page 10**

Customers

The sustainability features of 2 Aldermanbury Square were central to discussions with our customer, Clifford Chance LLP. Right from the start it played a significant role in their decision to pre-let the building, three years ahead of completion. Discussions included net zero carbon in operation, embodied carbon and the delivery of a NABERS rating for the building.

200 Gray's Inn Road, WC1
Headquarters multi-let building, substantial investment from Decarbonisation Fund

Joint venture partners

In order to support a rapid improvement in energy efficiency at our most energy intensive building, investment from the GPE Decarbonisation Fund was used to support projects that would result in a reduction in operational carbon emissions. Our investment was matched by our joint venture partner BP Pension Fund.

The project is expected to save approximately 660tCO_2e per year and pay back in an average of two years.

Supply chain and customers

Working across supply chains and with our customers in the building, we rapidly installed energy efficiency measures including building management system upgrades, improved controls and LED lighting systems.

By working with our customers, we were able to optimise plant operating times, agree set points, aligned with occupancy levels, and introduce energy councils to support behavioural change.

We are integrating climate resilience across our business

Recognising the importance of addressing all aspects of climate resilience in our business strategy, we have repositioned climate resilience in our Statement of Intent. In order to become a climate resilient business, we must address transitional climate risk, integrate climate adaptation measures into building design and work to support the resilience of our customers, suppliers and communities.

Our commitments

- Address the transitional risk of climate change and implement net zero carbon plans at each asset;
- Integrate climate adaptation and resilience measures into our buildings;
- Work with our supply chain partners to improve the resilience of our supply chain; and
- Support the climate resilience of our communities.

Our actions

Addressing transitional risk through net zero carbon plans

Following on from our work to establish a trajectory for each building to reach an EPC B rating, last year we commenced a project to create net zero carbon asset level plans. The findings of the initial phase of this work resulted in the implementation of an 18-month portfolio wide metering project. This will substantially improve the quality and granularity of energy data, enabling more rapid identification of the energy efficiency measures required to reach energy-use intensity targets. Furthermore, the project will also improve the alignment between occupancy and energy efficiency data, allowing for more intelligent management of building systems.

During the year we also increased the number of our buildings with EPC ratings of B and above by 16.7% (by floor area) from last year up to 43.4%. Whilst it is unlikely that we will reach 100% B rated and above buildings before 2030 (due to our business model of repositioning poorly performing assets), good progress is being made through our retrofit programmes.

Integrate climate adaptation and resilience measures into our buildings

During the year we increased biodiversity across the portfolio by 8.6% (when compared with the previous year) through the enhancement of existing biodiverse living roofs and new planters at 1 Newman Street, W1, and Hanover Square, W1. Our supply chain, ecologist and Customer Experience team came together to identify opportunities to improve the quality of existing green spaces, delivering 1,000m^2 of improved biodiverse planting.

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.

Working with our supply chain

During the year, we established a consistent framework for embodied carbon monitoring that will be applied to all our projects, whether Ready to Fit, Fitted or Fully Managed. Embodied carbon analysis is completed for all projects, with third party verification completed for projects over £5 million.

Supporting the resilience of our communities

As energy costs have escalated, the link between the climate crisis and social inequality has been clearly demonstrated. In the first year of our partnership with National Energy Action, we were able to bring their ‘Warm Welcome’ programme to London. This provided energy saving advice and financial support to 194 new and expectant parents 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.

Looking forward

- We will undertake a risk assessment to better understand the climate risk embedded within our supply chain;
- As our metering project is delivered at each building, we will use the revised data to create a net zero carbon asset plan; and
- The work we undertake with our supply chain and also on our net zero carbon asset plans will be used to form our climate transition plan to be launched by March 2024.

Our progress

Portfolio rated EPC B or above

43.4%

compared to 37.2% in 2022 due to our upgrade programme

Increase in biodiversity

8.6%

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 donations

£74k

to charities supporting climate resilience of our London communities

We are decarbonising our business to become net zero by 2030

Our Roadmap to Net Zero sets out in detail how we will decarbonise our business to become net zero and incorporates our carbon reduction hierarchy to: reduce embodied carbon, reduce energy intensity and increase our renewable energy supply before offsetting as a last resort.

Our commitments

- Reduce energy intensity by 40% across our occupied portfolio by 2030 (when compared to our 2016 baseline);
- Reduce our carbon intensity by 69% across our occupied portfolio by 2030 (when compared to our 2016 baseline);
- Reduce our embodied carbon by 40% by 2030 across our new build developments and major refurbishments (when compared to our 2020 baseline); and
- Become a net zero carbon business by 2030, offsetting residual carbon only once the preceding measures have been addressed.

Our actions

Driving energy efficiency across our buildings

During the year, we reduced our total energy consumption by 19%, translating into a reduction in energy intensity of 18%, and a total energy intensity reduction of 32.2% since 2016.

Energy reductions were achieved in part by optimising plant run times to better align with building occupancy and through financial investment into LED lighting upgrades and Building Management System (BMS) improvements at our largest energy consuming site, 200 Gray's Inn Road, WC1. These projects are expected to save 3,226 MWh annually.

Reducing our carbon intensity

All electricity procured is backed by Renewable Energy Guarantees of Origin (REGO), whilst gas is either biogas or carbon offset by the supplier. We recognise that whilst this helps to stimulate the 'greening' of the national grid, the greatest impact we can have is in reducing the amount of fossil fuels used across our business.

During the year, our carbon intensity (energy-related) reduced by 24%, bringing our reduction when compared with our 2016 baseline to 66.2%.

All properties in our development pipeline are fossil fuel free. At existing buildings, we are seeking to remove gas-fired boilers as they reach the end of their useful life. For the year ended March 2023, we delivered our first fossil fuel free development at 50 Finsbury Square, EC2 and completed feasibility studies for the removal of gas boilers at a further three buildings.

Addressing the embodied carbon of projects

Following completion of our first net zero carbon building at 50 Finsbury Square, EC2, we are working to significantly reduce our carbon emissions across our pipeline of development projects.

Our 2 Aldermanbury Square, EC2, development incorporates circular economy principles, including the dismantling and reuse of over 1,500 tonnes of structural steel during demolition, either for use in our portfolio or by the wider industry. Through early stage contractor involvement, collaboration with materials manufacturers and a clear drive from the project team to think differently, we are maximising the use of lower carbon materials and materials with greater recycled content.

Offset residual carbon emissions

As part of delivering our first net zero carbon building at 50 Finsbury Square, EC2, 4,646 tonnes of carbon were offset. To align with the UKGBC net zero framework, £76,000 was spent offsetting carbon to UN Gold standard offset projects. A further £365,000 was transferred into our Decarbonisation Fund to ensure that our full internal carbon price of £95 per tonne was levied on the development. The full £768,000 available to spend within our Decarbonisation Fund for the year ended 31 March 2023 was fully committed to energy efficiency projects across the portfolio.

Looking forward

- We will continue to implement NABERS UK Design for Performance and NABERS UK Energy for Offices;
- We will set out our carbon offsetting strategy;
- We will implement 'Our Brief for Creating Sustainable Spaces'; and
- Through the delivery of our metering project across our portfolio we will identify further opportunities to make energy efficiency savings.

Our progress

Energy intensity reduction	Net zero carbon building	Carbon intensity reduction	Decarbonisation Fund contribution
32.2%	**First**	**66.2%**	**£768k**
when compared to our 2016 baseline	delivered at 50 Finsbury Square	when compared to our 2016 baseline	from the application of our internal carbon price to embodied carbon and operational emissions

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

- Integrate wellbeing considerations into the design of our spaces;
- Support improved external air quality across our portfolio and communities;
- Manage and monitor indoor air quality for the health and wellbeing of our customers; and
- Promote initiatives to support the health and wellbeing of our people, customers and supply chain partners.

Our actions

Incorporate wellbeing into the design of our spaces

Our Wellbeing Brief, now integrated into '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.

Working with leading disability organisation, Purple, we completed four building audits as part of our commitment to create inclusive spaces. These improved our understanding of how we can improve the experience for customers with visible and non-visible disabilities. Learnings such as signage, use of colour and toilet specifications are being fed into the design of our spaces. 130 hours of disability awareness training was delivered across the GPE team.

Support improved external air quality

The development and refurbishment of our buildings can have a negative impact on local air quality. We work closely with our supply chain partners to look at innovative ways to deliver construction materials efficiently to our projects and to reduce the number of vehicles on the road network.

Working with our Principal Contractors we target fossil fuel free construction. Together with Groundwork London and Islington Council, we also funded research to assess if the impact of construction traffic recirculating particulates settled on roads could be mitigated through road washing.

Manage and monitor internal air quality

We proactively design, manage and maintain our spaces and the systems within to deliver improved indoor air quality. Since the pandemic, air quality sensors have been installed across our spaces allowing us to provide indoor air quality information to our customers.

Our Flex Design Guidelines, established during the year, ensure that we provide a consistent standard of design. Measures to support wellbeing and sustainability are integral to this and include biophilia, low-VOC products and glue-free carpet tiles. By following these Guidelines, we have delivered a further five SKA Gold certified spaces during the year.

Promote initiative to support the health and wellbeing of our stakeholders

Our health and wellbeing programmes are designed to support all stakeholder groups throughout our value chain. At our development project, 50 Finsbury Square, EC2, The Lion's Barber's Collective (professionally trained barbers and counsellors) provided free haircuts to over 60 operatives to support positive mental health conversations.

We continue to work with customers at our buildings to encourage active commuting by retrofitting cycle storage and shower facilities. Our customer events programme to promote physical health and mental wellbeing delivered a wide variety of events from bike and yoga sessions to healthy food giveaways and 2,800 customers' employees participated. To champion access to urban green spaces within our communities, we continue to work with charities including Bankside Open Spaces Trust and London Wildlife Trust.

Looking forward

- Implement 'Our Brief for Creating Sustainable Spaces', which includes all requirements from our Wellbeing Brief;
- Achieve a further uplift in biodiversity net gain to improve the quality of our green spaces to support the health and wellbeing of our customers; and
- Continue to implement the outcomes of our inclusive spaces audits.

Our progress

Disability awareness training for our people	Community funding for air quality initiatives	SKA Gold spaces delivered	Customers' employees reached
130hrs	**£16k**	**Five**	**2,800**
delivered by Purple, a leading disability organisation	through Groundwork London road washing pilot	delivered during the year covering 21,600 sq ft	customers' employees participated in our health and wellbeing events

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 the communities, in which we work to have a better quality of life, whilst also supporting a thriving economy for London's future.

Our commitments

- Create at least £10 million of social value in our local communities by 2030 and improve access to nature;
- Support charitable and non-profit organisations that challenge inequality, and tackle health and wellbeing;
- Champion diverse skills and accessible employment opportunities; and
- Support the growth of local business and social enterprise.

Our actions

Creating measurable social value

During the year, we focused on helping our people to understand how they can create a positive social impact within their own roles and worked with our service partners to integrate social value into our relationships to amplify our impact. We created £1.16 million in social value through our Social Impact Strategy, measured using the National Social Value Measurement Framework. This brings our total social value creation to £2.4 million over three years.

The largest contributors to this total were the value of space donated to charities free of charge (£280,000), financial investment in improving London's green spaces and biodiversity (£112,000) and donations to our charity partners.

Delivering impact through charitable partnerships

Connecting our people with our communities increases their understanding of how we can become a more diverse and inclusive business that better reflects our local communities.

In April 2022, we commenced a three-year partnership with XLP, a charity that unlocks the potential of young people from disadvantaged backgrounds growing up in inner city areas within London. In addition to a financial donation of £75,000, a further £62,000 was contributed through donations in kind, fundraising, and volunteering (including volunteering by our service partners). Five employees also supported XLP through mentoring or volunteering. In addition, as part of our art project, we awarded a scholarship to a local photographer. The successful photographer will also be partnering with XLP to support its young people.

Championing accessible employment opportunities

To promote entry-level roles at GPE and reach a wider, more diverse talent pool, we launched our Early Careers Programme. We also hosted our first work placements through 10,000 Black Interns, which led to 29 weeks of internships in total, with all interns paid at least the London Living Wage. Our first two directly employed apprentices started in March 2023 and our team reached 39 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.

Supporting the growth of local businesses

To understand the value created through our supply chain, we measured our spend with local micro, small and medium enterprises (MSMEs) for the first time. Given our central London focus, our procurement created £93 million in local economic value which is reflective of the nature of our business and supply chain. We have not counted this number in our social value target. Instead, we focus on the actions that drive positive impact, for example increasing our spend with voluntary, community & social enterprises (VCSEs). Here, our direct spend of £380,000 created £46,000 social value.

Looking forward

- We will continue to increase the number of social enterprises with which we are engaging, introducing them to our customers and our supply chain.
- We will set out our biodiversity offsetting strategy to support our communities, where there is no scope to increase biodiversity net-gain at our buildings.
- We will continue to look for additional opportunities to let space to charities.

Our progress

Social value created during the year
£1.16m
created through our social impact strategy, including our service partners

Hours donated to charity partner, XLP
575
donated by GPE employees (target: 240 hours)

Weeks of internships provided
29
through 10,000 Black Interns programme

Spend with social enterprises
£380k
annual direct spend with voluntary, community & social enterprises (VCSE)

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. Additional information can be found on page 17 (Non-financial KPIs), page 51 in our SECR table (performance) and pages 64 to 77 (our approach to risks). For further information, see www.gpe.co.uk/sustainability/governance-reporting

Governance

Board oversight of climate-related risks and opportunities

The Board has ultimate responsibility for oversight of climate and sustainability risks and opportunities (e.g. acquisition of stranded assets), with a particular focus on the impact on our business strategy. A report is provided by the Sustainability and Social Impact Director at each Board meeting covering progress against our sustainability strategy, upcoming risks and opportunities and implications on our Roadmap to Net Zero and our Social Impact Strategy. This process is designed to ensure the Board is kept informed about climate-related issues.

www.gpe.co.uk/documents/the-time-is-now

In addition, during the year:

- the Audit Committee reviewed findings from the ESG data assurance process;
- the Remuneration Committee reviewed progress against ESG-linked KPIs incorporated within the remuneration of Executive Committee members;
- the Board reviewed the definitive appraisal of 2 Aldermanbury Square, EC2 including the embodied carbon impact and payment into our Decarbonisation Fund;
- the Board approved the acquisition of 6/10 St Andrew Street, EC4 with consideration of the EPC risks and the impact on our net zero commitments; and
- the Board approved the repositioning of climate resilience within our Statement of Intent 'The Time is Now', recognising the increased materiality and importance of embedding resilience against climate change into the business model.

At half year and year end, as part of our robust risk assessment review, the Executive Committee, Audit Committee and Board reviewed and assessed the impact on the business of climate-related risks. Climate change and decarbonisation is considered a principal risk for the Group. 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, changes to planning requirements (including retrofit challenges and evolving carbon offset guidance), the climate resilience of buildings, increased costs and availability of materials.

Opportunities included the approval of costs for our steel reuse project at 2 Aldermanbury Square, EC2, and the increasing demand and pricing of buildings with exemplary net zero carbon credentials such as 50 Finsbury Square, EC2, where a financial penalty was included in our contract of sale for the building, in the event that we failed to deliver a net zero carbon building.

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

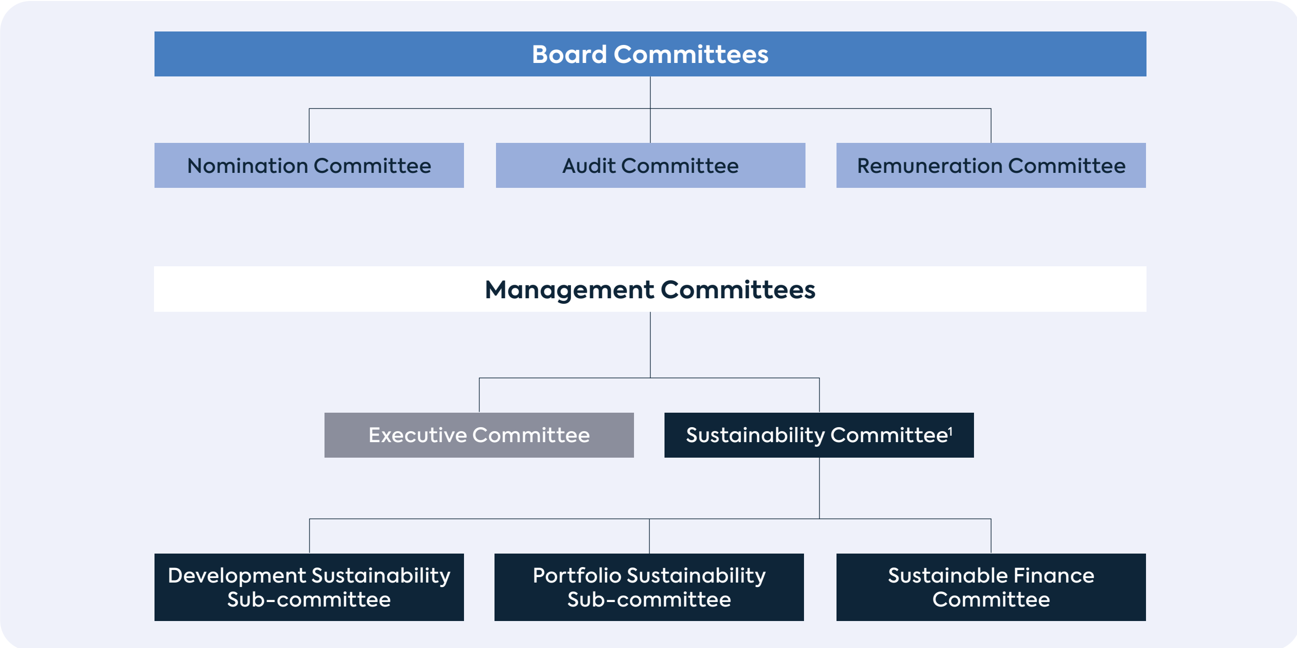
The Chief Executive chairs the quarterly Sustainability Committee meeting, also attended by the Chief Financial & Operating Officer, Executive Director, Development Director, Customer Experience and Flex Director, Sustainability and Social Impact Director and key department heads. This provides strategic oversight on climate risk and resilience, reviews the progress and evolution of the Sustainability Strategy, and monitors performance against our targets. The Committee also provides oversight of the Decarbonisation Fund. Climate-related risks and opportunities are brought to the attention of the Board by the Chief Executive and the Sustainability and Social Impact Director.

Our Development and Portfolio Sustainability sub-committees, report quarterly to the Sustainability committee, and provide operational oversight on climate-related risks and opportunities including energy efficiency measures, the use of alternative materials and technological solutions.

The Sustainability and Social Impact Director 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:

- Director of Corporate 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;
- Director of Workplace Services – operational energy efficiency and the implementation of energy efficiency measures, including the allocation of Decarbonisation Fund monies to retrofit projects; and
- Executive Director – ensuring climate risk is considered when acquiring assets and responding to opportunities to reposition potentially stranded assets.

Our Sustainability and Social Impact Director, Executive Director and Director of Projects track, monitor and manage our business response to expected legislative changes on EPCs.



1. The Chief Executive, Toby Courtauld, is Chair of the Sustainability Committee, allowing him to provide the Board with regular updates on sustainability matters.

Our strategy

Climate resilience and tackling both physical and transitional climate risks is ingrained within our business strategy. We identify and acquire unloved properties, reposition them through lease restructuring, delivery of flexible space, refurbishment or redevelopment and then manage them for income or recycle them. The buildings we develop can be in use for between 40 and 60 years; we therefore consider the whole building life cycle when reviewing climate-related risks. We recognise the changing needs of our customers in relation to their own sustainability performance and commitments, as well as the importance placed on transparency and reporting from our investors. As a result, sustainability is a strategic imperative.

Climate-related risks, opportunities, and financial impacts

To assess how various climate risk 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.

Short term (**S**)	Medium term (**M**)	Long term (**L**)
1–5 years	5–10 years	10+ years

The risks, and opportunities, identified on pages 46 to 47 have been categorised into the time horizons above and indicated with the letters in bold.

In line with our Group risk management policy and approach, GPE defines a 'material' risk or opportunity by the likelihood of it occurring and the potential impact it may have.

Our risk review process has highlighted the need for financial modelling on the impact of climate change and the need to complete the metering and energy management project to improve the granularity of energy data to inform asset business plans. The need to further increase customer engagement on energy consumption to reduce our Scope 3 emissions was also highlighted.

In the short term, we are responding to the transitional risks of climate change, upgrading EPC ratings, and retrofitting existing buildings to improve energy efficiency. We are also responding to ever increasing customer requirements on sustainability, particularly demands for net zero carbon and fossil fuel free buildings, which in turn impacts our supply chains, particularly in connection with alternative building materials.

In the medium term, given the concentration of our business activities in London, we expect transitional risks to continue to have the greatest focus. However, physical risks may already be impacting our supply chain partners where we are sourcing products and raw materials from outside of Europe.

In the longer term, we expect the transitional risks outlined above to be amplified by the greater impact of physical risks, both within our supply chain and in London as hotter summers become more frequent.

The above themes are explored in more detail within the tables on pages 46 to 47, along with a review of the potential climate-related opportunities.

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

Transition risks and opportunities

Risks and impacts	Opportunities and impacts	Progress to date and next steps
Policy and legal		
S Ability to keep pace with rapidly evolving legislation on EPCs – leading to increased costs and the risk of stranded assets. **S** Additional legislative burden and impact on investor and customer behaviour linked to the proposed introduction of 'energy in-use' performance ratings. **S** Evolving local planning requirements leading to increased complexity of developing commercial buildings. **S/M** Changes to investor behaviour due to impact of investor-related legislation such as EU and UK Taxonomy and Sustainability Disclosure Regulations.	**S** Increasing complexity of regulatory environment may present opportunities to acquire lower rated buildings (stranded assets) at reduced prices for repositioning. **S** Proactive response to legislative changes improves desirability of GPE assets for customers and investors. **S** Deep knowledge supports transition of business to a 'retrofit first' approach which is challenging in London and technically more difficult. **S/M** Potential increased returns and improved valuation connected with higher demand for more sustainable space.	Review of EPC upgrade costs completed and upgrade works continue. Building business plans include steps and costs to upgrade to EPC B or to divest where appropriate. Active review of stranded assets to acquire and reposition. Piloting NABERS Design for Performance at two developments and NABERS UK Energy for Offices at two properties to keep pace with evolving legislation on 'energy in-use'. Active member of numerous industry groups to support collective industry response to climate change.
Technology		
S Outdated utility metering impacting quality of energy consumption data. **S** Building systems in new developments complex or not fully understood – leading to inefficiencies in building operation. **S** Increased costs associated with research and development of technological solutions. **M** Pace of technological change not responding to evolving legislation and customer demand for sustainable spaces.	**S** Early adoption of technology supports improved visibility and management of utility consumption data and associated reduced costs for our customers. **S** Payback of costs (dependent on energy consumption and variable energy costs) likely to be short term and will support improved collaboration with customers. **S/M** Implementation of new technologies to drive down embodied carbon provides opportunity to capitalise on customer appetite for net zero carbon buildings.	Cross-portfolio, extensive metering project underway. Proactive investment in R&D expenditures in new and alternative technologies. Digital Twins technology now being rolled out to assist in the monitoring and management of plant and equipment. Onboarding of new data platform. Air quality sensors and desk occupancy monitoring in place to understand occupancy density and fresh air requirements. Investment in Pi Labs supports innovation and R&D.
Market		
S Volatility in energy market and prices, energy security concerns leading to increased energy costs. **S/M** Availability of net zero energy tariffs. **S/M** Increased costs of raw materials driven by growing demand for sustainable products may impact on ability to reduce embodied carbon of future developments. **S** Increased cost of development and refurbishment driven by increasingly complex planning regime. **S/M** Increased customer demand for highly sustainable buildings may lead to the risk of stranded assets.	**S** Increased collaboration with customers and supply chain supporting faster progress on energy efficiency. **S** 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. **S** Ability to capitalise on deep knowledge of London market, where other developers may not be as well placed to navigate complexities.	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 for REGO and RGGO backed energy. Our 'Brief for Creating Sustainable Spaces' launched. All future major developments designed to be fossil fuel free.
Reputation		
S Ability to meet increasing requirements on sustainability disclosure from investors and lenders. **S** Potential for increasing customer expectations regarding the sustainability credentials of their spaces to conflict with increasing requirements on amenity and service provision. **M** Ability to secure sufficient supplies of sustainable materials to meet embodied carbon targets for our developments. **S** Greater scrutiny from third parties on all sustainability-related reporting including approach to offsetting. **M** Potential detrimental impact on reputation of owning lower EPC rated assets.	**S** Continued transparency of reporting coupled with frequent investor engagement results in increased confidence in ability of business to deliver on sustainability goals. **S** Launch of 'Our Brief for Creating Sustainable Spaces' will support best practice approach to sustainable design irrespective of the product. **S** Early engagement and collaborative relationships with supply chain to support early warning of supply issues and ability to source alternative solutions. **M** Early adoption of innovative approaches to energy efficiency and low carbon construction and materials.	Continued engagement with investors on climate-related issues and extensive disclosure of ESG data through benchmarks, indices and industry groups – see table on page 53. Sustainability is a standing agenda item in six-monthly customer meetings with proactive utility data sharing. EPC reviews to be integrated within asset plans, net zero carbon asset plans underway, and delivered alongside metering project. Business model to actively purchase buildings that need to be repositioned to create value. 'Brief for Creating Sustainable Spaces' launched.

Physical risks and opportunities

In 2019, we conducted physical climate risk modelling to quantify the potential impacts of climate change on London under a range of future emission scenarios for 2045. Following the best practice outlined by the TCFD, we used four Intergovernmental Panel on Climate Change projections, from a 1.5°C global temperature rise (RCP 2.6) up to 5.4°C (RCP 8.5), and applied a risk rating to each risk. With a central London portfolio the climate-related physical risks profile is consistent across all buildings.

We have energy and carbon targets for 2030 which have been verified by the Science Based Targets initiative as being in line with a 1.5°C warming scenario. However, we recognise that current projections suggest that a 2°C or 4°C warming scenario is more likely and have therefore set out our response to both scenarios below. Our business strategy is to acquire poorly performing assets and reposition them; we do not believe that this strategy will need to change in either eventuality.

Risks and impacts	Opportunities and impacts	Progress to date and next steps
Two degree warming scenario		Our Statement of Intent and Social Impact Strategy include requirements for: – increased biodiversity and solar shading, and the support of community greening; – drought resistant planting; – use of sustainable drainage systems; – reduced water consumption; – designing of climate resilient buildings that are robust, adaptable and have longevity; – working with our supply chain to improve transparency of ethical sourcing processes; and – working with our partners to consider impact of extreme weather events on our supply chain. Climate resilience measures are incorporated in the design of our spaces, and 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. Sustainability considerations are integrated within our acquisition process so that we are able to forecast the required improvements for assets to mitigate both transition and financial risks. 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.
S/M Delay in development process due to interruptions to development capacity, e.g. supply chain interruptions or transport difficulties. **S/M** Increased severity of extreme weather events, like flash floods. **S/M** Increased annual temperature. **M** Increased extreme weather events such as high winds, extreme rainfall and high temperatures. **M** Reduction in precipitation. **M/L** Increased insurance premiums.	**S** Potential increase in valuation of buildings that are climate resilient and adaptable.	
Four degree warming scenario		
S Increased capital costs from damage to properties. **S** Increased operating costs (e.g. higher energy demand due to cooling, inadequate water supply). **M/L** Significant increase in insurance premiums and in some cases unable to insure assets. **M/L** Reduced demand for office spaces where extreme weather events affect access to our buildings or comfort within office spaces. **M/L** Potential water shortages and subsidence within London.	**M** Increased demand for buildings with climate resilience measures such as passive cooling, nature-based solutions and sustainable urban drainage systems incorporated.	

Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Our Sustainability Statement of Intent, and Roadmap to Net Zero set out our sustainability strategy. We have refocused our strategy to ensure that climate resilience is integrated across our business. We consider climate risk throughout our processes, including leasing, customer relationships, development appraisals, asset business plans, financing arrangements, acquisitions and remuneration arrangements.

Financial planning (operating costs, capital expenditure and allocation)

Our internal carbon price of £95 per tonne ensures that embodied carbon is included in all development appraisals; design decisions are therefore considered in the context of their impact on carbon emissions.

During the year, financial investment was agreed to support our innovative circular economy project to reuse steel.

Our internal carbon price feeds into our Decarbonisation Fund which is used to bring forward energy efficiency improvements.

Last year, we undertook a detailed review to understand the cost of improving our portfolio to an EPC B rating. We estimated that the cost would be about £20 million in the current regularly 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^2 by 2030. This will be completed once our cross-portfolio metering project is delivered. During the next financial year we will be formalising our approach to carbon offsetting, as scrutiny on approach and the cost of offsets increase.

Key – Risk and Time Horizon
S Short Term: 1–5 years
M Medium Term: 5–10 years
L Long Term: 10+ years

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

Access to capital

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.

Acquisitions and divestments

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 buildings ability to reach an EPC B rating and net zero carbon. For the first time this year, our ability to deliver a building verified as net zero carbon was included within a contract of sale with a financial penalty in the event it was not achieved.

Developments

We take a whole life carbon approach to development, designing for climate resilience, longevity, and adaptability. All buildings in our development pipeline will be net zero carbon and fossil fuel free. At 2 Aldermanbury Square, EC2, where we are removing steel to be reused in another development, we anticipated our activities to be cost neutral due to technical challenges associated with adopting circular economy principles. However we anticipate that when used at our forthcoming development at French Railways House, the embodied carbon of the steel will be reduced by 99%. Our internal carbon price of £95 per tonne applied at practical completion of our developments incentivises the reduction of embodied carbon and supports progress towards net zero. Our 'Brief for Creating Sustainable Spaces' will ensure that we set the right design brief for all our spaces.

Managing assets

Our Roadmap to Net Zero sets out how we can reduce energy consumption and carbon emissions to reach our net zero target by 2030. Our internal carbon price of £95 per tonne is applied to operational carbon emissions, with our Decarbonisation Fund supporting ongoing investment in energy efficiency projects across our portfolio.

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.

Performance on the above impacts the remuneration of our Executive Committee and Board Directors – see page 124. See our Sustainability Performance Report at **www.gpe.co.uk/sustainability/our-performance** for our progress against our KPIs.

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. As we have a 100% central London-focused property portfolio, impacts from climate-related physical risks are limited and consistent across all buildings. We do not believe we will need to change our strategy in a 1.5, 2 or 4 degree warming scenario.

We have outlined on pages 46 to 47 the climate-related risks and opportunities identified by our business and how we are responding to these risks to ensure business resilience.

Risk management

We undertake materiality reviews of ESG risks. See **www.gpe.co.uk/sustainability/our-approach** for our latest materiality review. During the next financial year this will be updated to reflect a double materiality approach.

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 review and assess the Group's principal and emerging risks, including climate-related risks. Consideration is given to the risks and associated internal controls in place, emerging risks and ongoing monitoring.

Assessment of identified risks is based on their potential impact and likelihood using a defined criteria and is assessed on a gross, net and target risk basis. Climate change and the need to decarbonise remained a principal risk for 2023 and our net risk assessment of this risk remained constant during the year. Controls for managing our climate-related risks are outlined on pages 46 and 47.

Our Sustainability Committee and sub-committees for our portfolio and developments also monitor, manage and report on climate-related risks. Our Sustainability and Social Impact Director is a member of our Executive Committee.

Sustainability is also considered at our Design Review Panel, and ratings such as BREEAM, SKA and NABERS Design for Performance and NABERS UK Energy for Performance further support risk management. Energy Action Plans are in place for all assets.

Our recently launched Brief for Creating Sustainable Spaces, incorporates sustainability in design across the whole property life cycle and all products. It includes requirements to ensure energy efficiency in operation, such as soft landings, commissioning and handover. The brief also supports the circular thinking process for all our projects to minimise the quantity of new materials used reducing the embodied carbon associated with our projects.

Metrics and targets

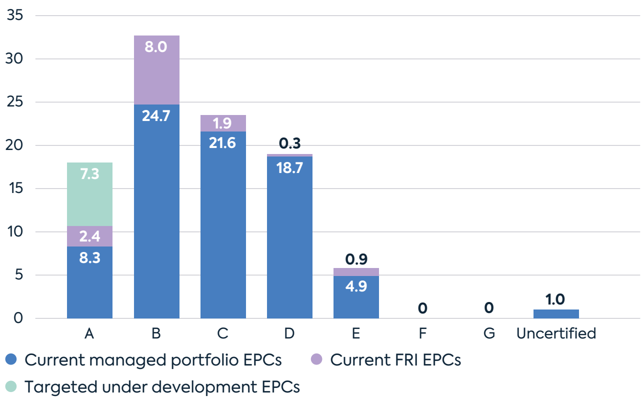
Metrics used to assess climate-related risks and opportunities in line with strategy and risk management processes

Risk adaptation & mitigation metrics	Unit	**2022/23**	2021/22
EPCs rated A and B by floor area[1]	%	**43**	37
EPCs rated F and G by floor area	%	**0**	0
Proportion of portfolio with green building ratings by floor area	%	**48**	55
Estimated annual savings from energy efficiency measures implemented during the year	MWh	**3,226**	3,777
Internal carbon price	£	**95**	95
Total contribution to Decarbonisation Fund	£	**768,000**	403,000
Electricity purchased from renewable sources	%	**100**	100
On-site renewable energy generation	MWh	**8**	27

1. Based on current floor area, excluding on-site development.

The percentage of the portfolio with a green building rating was impacted by the acquisition of three new buildings which are currently within our capital expenditure programme. The increase in the contribution to our Decarbonisation Fund was due to the development completion of 50 Finsbury Square, EC2 during the year. On-site renewable energy generation decreased during the current reporting period due to the sale of 160 Old Street, EC1 in 2021.

EPC ratings: percentage of portfolio (by sq ft)



Our portfolio is fully compliant with 2023 EPC legislation, (no F or G rated space). During the year, the percentage of our properties that are EPC A or B rated increased to 43.4% (2022: 37.2%) and the amount of unrated space fell to 1.0% (2022: 6.1%).

Last year, we estimated that the cost to get our portfolio to EPC B and above would be approximately £20 million. Due to acquisitions made during the year, and changes to the regulator calculation methodology, we expect to revisit this estimate during the forthcoming year as part of our transition plan.

Disclosure of Scope 1, 2 and where appropriate Scope 3-related risks

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 page 51 of this report.

Additional ESG disclosure on a variety of climate-related metrics, disclosure on our KPIs and exposure to climate-related risks and opportunities is included in our Sustainability Performance Report.

Selected emissions data (Scope 1, 2 and some Scope 3) is independently assured by Deloitte LLP.

Additional ESG disclosure and the independent assurance statement are available at **www.gpe.co.uk/sustainability/governance-reporting**

Targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Please see our **Sustainability Statement of Intent** and our **Roadmap to Net Zero** for full details on our targets.

www.gpe.co.uk/documents/the-time-is-now

Our Sustainability Performance Report details our full performance against our targets for the last financial year.

www.gpe.co.uk/sustainability/governance-reporting

Criteria and progress against our ESG-linked RCF

In 2020, we issued our £450 million sustainability-linked revolving credit facility (RCF) and became the first UK REIT to issue an RCF with a margin linked to our performance against ESG-linked KPIs. The energy consumption KPI is also incorporated in remuneration arrangements for the reporting year; see page 124.

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

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

KPI 1
Reduction in energy consumption

We will reduce our portfolio energy intensity (kWh per m²) by 25.5% by 2026, when compared with our 2016 baseline of 234 kWh/m². This is consistent with our existing stated target set out in 'Our Roadmap to Net Zero' to achieve a 40% reduction in energy intensity by 2030.

This target applies to energy consumed within our portfolio and to all energy purchased by GPE, including electricity sub-metered to our customers. Detailed information on energy consumption and energy intensity (including scope of independent limited assurance) can be found in our Sustainability Performance Report.

Target

For March 2023, the RCF target was a 15% reduction in energy consumption (199 kWh/m²), when compared with our 2016 baseline.

Achievement

For the year ended March 2023 we achieved a reduction in energy intensity of 32.2% (158 kWh/m²) when compared with our 2016 baseline.

After two years where performance was significantly impacted by the pandemic, our expectation was that our energy intensity would increase during the year. However, as a result of our investment in energy saving initiatives, particularly at our most energy intensive site, 200 Gray's Inn Road, W1, our performance improved.

KPI 2
Reduction in carbon impact

We have set a target to reduce the embodied carbon of our developments by 40% by 2030. This is measured against a 2020 baseline of 954kg CO_2e per m².

This target is tested from RIBA Stage 3, throughout the design and construction phase and again at practical completion to verify reductions.

Embodied carbon reviews are undertaken by a competent, independent consultant, using recognised guidance, in line with the RICS professional statement for Whole Life Carbon Assessment for the Built Environment, 1st Edition.

Target

For March 2023, we targeted a 20% reduction in embodied carbon against our 2020 baseline for all developments in design or construction phases.

A 10% reduction was targeted for buildings reaching practical completion in 2023.

Achievement

We achieved an average reduction of 28%* for the four projects in scope, which included 2 Aldermanbury Square, EC2, 6 St Andrews Street, EC4, Egyptian & Dudley House, W1, and Alfred Place, WC1.

There were no projects in scope for practical completion due to the sale of 50 Finsbury Square.

More detail on each of these projects can be found in our Sustainability Performance Report.

KPI 3
Increase in biodiversity

We are committing to an increase in biodiversity net gain across our existing buildings by 18% by 2026.

Due to our development at Hanover Square, W1, contributing to a 62% uplift in biodiversity net gain during the first year of the KPI, the target has now been re baselined to require a 3% uplift in biodiversity net gain on a like for like basis.

Target

For March 2023, 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 2023, we achieved an 8.6% uplift in biodiversity net gain across our portfolio.

This increase was driven by enhancements at two sites, 1 Newman Street, W1, and Hanover Square, W1. Nearly 1,000 m² of existing biodiverse living roofs were improved through increased planting across the two sites. Additional ground-floor planters were also installed in the Medici Courtyard, W1, covering 13.8 m².

* Subject to external verification.

Streamlined Energy and Carbon Reporting (SECR)

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 52.

Energy consumption

Year ended 31 March		Unit	2022/23[D]	2021/22[1]	YoY % change
Energy consumption[2,3]	Gas used for shared services in managed portfolio	(kWh)	**7,325,541**	11,233,508	-35%
	Landlord purchased electricity used in common parts areas for the managed portfolio	(kWh)	**11,486,161**	16,123,958	-29%
	Landlord procured electricity sub-metered to customers	(kWh)	**17,915,413**	17,882,052	0%
	Total absolute energy use	(kWh)	**36,727,115**	45,239,518	-19%
Absolute energy intensity[4]	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	(kWh/m^2)	**158**	194	-18%

GHG emissions

Absolute Scope 1 and 2 Greenhouse Gas emissions		Unit	2022/23[D]	2021/22	YoY % change
Scope 1 emissions	Emissions from the combustion of fuel: gas used for shared services in managed portfolio	(tCO_2e)	**1,337**	2,058	-35%
	Emissions from operations of facilities: fugitive emissions from refrigerant losses	(tCO_2e)	**219**	187	17%
	Total Scope 1 emissions	(tCO_2e)	**1,556**	2,245	-31%
Scope 2 emissions	Emission from the purchase of electricity used in common parts areas for the managed portfolio (location-based)	(tCO_2e)	**2,221**	3,424	-35%
	Emission from the purchase of electricity used in common parts areas for the managed portfolio (market-based)[3]	(tCO_2e)	**0**	0	0%
	Total Scope 2 emissions	(tCO_2e)	**2,221**	3,424	-35%
Total Scope 1 and 2 emissions (location-based)		(tCO_2e)	**3,777**	5,669	-33%
Total Scope 1 and 2 emissions (market-based)		(tCO_2e)	**1,556**	2,245	-31%
Emissions intensity Scope 1 and 2 (location-based)		(tCO_2e/m^2)	**0.0593**	0.0951	-38%
Scope 3 emissions	Emissions from landlord purchased electricity sub-metered to customers	(tCO_2e)	**3,464**	3,797	-9%
Total energy-related Scope 1 (incl. fugitive emissions from refrigerant losses), 2 and select Scope 3 emissions		(tCO_2e)	**7,242**	9,465	-23%
Absolute emissions intensity[4]	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	(tCO_2e/m^2)	**0.0303**	0.0398	-24%

D Metrics with independent limited assurance provided by Deloitte LLP in accordance with the International Standard on Assurance Engagements (ISAE3000).
1. We have re-stated 2021/22 assured figures to reflect improved data quality and coverage, e.g. replacement of some estimated data with actual meter readings. Re-stated figures have therefore not been assured by Deloitte LLP.
2. As a business 100% focused on central London, all energy is consumed in the UK.
3. 100% of purchased electricity is REGO-backed and 100% of purchased gas is biogas or carbon offset gas.
4. The intensity metrics includes 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.

Independent limited assurance

Deloitte LLP has provided independent limited assurance over the published metrics, identified by 'D' in the SECR table in accordance with the International Standard on Assurance Engagements (ISAE3000).

Deloitte'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**

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, though is included within our energy intensity target.

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

Sustainability continued
Streamlined Energy and Carbon Reporting (SECR)

Energy performance

We saw a 19% reduction in total energy consumption during the year, despite an increase in average office occupancy as people returned to the office post COVID-19. The significant reduction was partly driven by reductions in energy consumption for landlord areas, as electricity sub-metered to our customers remained level year-on-year. Direct electricity consumption for landlord-controlled common parts areas reduced by 29% and gas consumption for shared services reduced by 35%.

Energy reductions were also driven by the exclusion of two large sites from operational energy reporting during the period – 2 Aldermanbury Square, EC2, (formerly City Place House) where demolition commenced in March 2022, and 160 Old Street, EC1, which was sold in September 2021. Three smaller buildings were sold in this reporting period, in June 2022, being 6, 7/8, and 9/10 Market Place, W1. Whole building electricity at our largest energy consuming site, 200 Gray's Inn Road, WC1, decreased by 8% due to our investment in energy efficiency.

This year, we outperformed our energy intensity target by achieving 158 kWh/m^2, against a benchmark of 199 kWh/m^2 and a stretch target of 181 kWh/m^2. Compared with last year, our energy intensity dropped 18.4% from 194 kWh/m^2. Compared with our 2016 baseline, we achieved a 32.2% reduction in energy intensity.

An increase in floor area due to better data availability and a change in carbon emissions factors will also have impacted our intensity figures.

Energy efficiency actions

Energy reductions were achieved by optimising building plant run times, continued financial investment in our largest energy consuming site, 200 Gray's Inn Road, WC1, and implementation of recommendations from energy audits. Primary energy efficiency actions taken during the reporting year include:

– optimisation works in our buildings, such as adjusting plant controls to better align with building occupancy, is estimated to have saved 2,198 MWh;

– investing £284,000 in LED lighting upgrades at three of our buildings, is expected to save a combined 986 MWh per year and a pay back in two years; and

– NABERS UK Energy for Offices readiness assessments at three of our buildings: The Hickman, E1, City Tower, EC2, and 200 Gray's Inn Road, WC1.

We also commenced a substantial programme of works to upgrade our metering infrastructure, which will improve and fully automate metering across our portfolio. The project includes electricity, heat and water metering, Building Management System controls and networks, including gas metering on shared services. Once complete, we will have access to automated, granular data, we will develop fully costed building-level net zero carbon transition plans, in line with our Roadmap to Net Zero.

For more detail on our performance see **pages 40 to 41**

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) increased by 10% or 2,900tCO_2e during the year. This was expected and primarily driven by increased development activity at our two major developments, 50 Finsbury Square, EC1, and 2 Aldermanbury Square, EC2, as well as increased refurbishments for our 'Fitted' and 'Fully Managed' products. Nevertheless, we have made significant reductions where carbon emissions are in our direct control.

Scope 1 and 2 emissions

Our Scope 1 and 2 (location-based) emissions decreased by 33% or 1,891tCO_2e compared with last year. This decrease was driven by energy efficiency projects and portfolio changes, as detailed in the previous section.

Total carbon footprint

Year ended 31 March	**2022/23 tCO_2e**	2021/22[1] tCO_2e
Scope 1 emissions[D]	**1,556**	2,245
Scope 2 emissions[D]	**2,221**	3,424
Scope 3 emissions[2]		
Purchased goods and services	**7,056**	5,513
Capital goods	**9,501**	4,273
Fuel and energy-related activities	**2,232**	2,969
Upstream transportation and distribution	**25**	78
Waste generated	**37**	17
Business travel – flights, TfL, rail and taxi travel[D]	**91**	24
Employee commuting	**73**	69
Use of sold products	**3,272**	4,195
End-of-life treatment of sold products	**45**	47
Downstream leased assets	**6,617**	6,973
Total Scope 3 emissions	**28,949**	24,158
Total Scope 1, 2 & 3 emissions	**32,726**	29,827

D Metrics with independent limited assurance provided by Deloitte LLP in accordance with the International Standard on Assurance Engagements (ISAE3000).
1. 2021/22 figures have been re-stated to reflect improved data quality and coverage.
2 Scope 3 categories 8 (upstream leased assets), 9 (downstream transportation and distribution), 10 (processing of sold products) and 14 (franchises) are not applicable to our business and so are not reported above. Category 15 (investments) is captured elsewhere.

Indirect energy-related Scope 3 emissions

Our Scope 3 emissions from customer electricity (both sub-metered and directly procured by customers) reduced by 5% compared with last year. This highlights that over the coming years, 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.

Indirect Scope 3 emissions

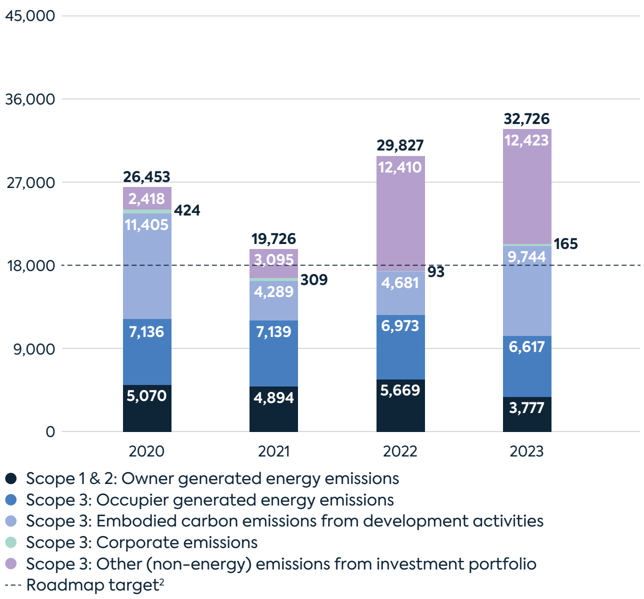
The majority, 88%, of our carbon emissions fall outside our direct control and form our Scope 3 emissions; these are emitted by our supply chain and the customers occupying our spaces.

The 20% uplift in our total Scope 3 carbon emissions for the year was driven primarily by increased development activity. During the reporting period, we completed our first net zero carbon building, 50 Finsbury Square, EC2, which accounts for the 379% increase in emissions from construction materials and services for new developments. 2 Aldermanbury Square, EC2, which underwent demolition throughout the entire reporting period, accounts for the 305% uplift in emissions from waste generated during demolition. Our Carbon Measurement Framework ensures that we report embodied carbon consistently across our projects and supply chain.

Emissions from corporate business travel and employee commuting have increased following the lifting of restrictions after the COVID-19 pandemic. Taken together, business travel, employee commuting and working from home emissions have increased by 77% compared with last year. This is also due to an increase in employee headcount of 6% from last year.

Emissions from operational procurement, including maintenance and repair materials and services, have increased as a proportion of our footprint as we updated our methodology to use more accurate, up-to-date carbon emissions factors for the past two reporting years. The increase of 32% this year compared to last year is due to the roll out of our 'Fitted' and 'Fully Managed' offering, which forms part of our Customer First proposition and has driven more procurement.

Carbon footprint progress: annual carbon emissions (tCO_2e)[1]



1. 2022 data has been restated.
2. Target aim for all Roadmap to Net Zero achievements.

Longer-term performance

In Our Roadmap to Net Zero, we set out our ambition to reduce emissions from our baseline of $42KtCO_2e$ to $18KtCO_2e$ by 2030. The graph below shows our progress to date, demonstrating that our performance towards net zero needs to be monitored 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. Although this is to be expected, our overriding aim must be to reduce the impact of economic activity on our carbon emissions if we are to reach our goals. Over the next year, a key priority is to fully engage our customers on energy efficiency and to continue to create smart, low energy consuming spaces that are fit for the future.

Further information

Our full Sustainability Performance Report, aligned with EPRA Sustainability Best Practice Recommendations and SASB Real Estate indicators, can be found at **www.gpe.co.uk/sustainability/governance-reporting**. This includes more extensive reporting on our emissions and our Basis of Reporting. This report also includes emissions from our development sites and performance in investor indices.

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

We participate in:

GRESB Real Estate · CDP · MSCI ESG Ratings AAA · Corporate ESG Performance Prime rated by ISS ESG · FTSE4Good · EPRA sBPR Gold

We are signatories of:

BBP Climate Commitment Signatory · Science Based Targets · TCFD · Race to Zero · Business Ambition for 1.5°C

Our people and culture

"GPE is powered by our people and they are at the heart of everything we do. While we put our customers first, we couldn't do that without a team of engaged and happy colleagues."

Carrie Heiss Human Resources Director

We recognise that the ability to attract, retain and develop our people is critical to the success of our business.

This year we revisited our people ambition, and it remains inextricably linked to our business purpose. Just as GPE as a business is focused on unlocking potential and creating sustainable space for London to thrive, our people ambition is to unlock potential, creating opportunities for our people and our customers to thrive.

We aim to be the place where the best people do their best work. In order to achieve this, we need to provide our people with the best working experience and working environment.

Our values

Our values, outlined on page 3, define who we are and how we act. They give us direction and describe how everyone at GPE is expected to behave and how we do business. Our values are embedded in our people practices, including our performance review and bonus processes. Furthermore, on a quarterly basis, we publicly acknowledge and reward individuals who have demonstrated that they, in some specific way, 'live our values'. Our CEO makes these awards, which are peer nominated. There were 31 individual awards made in 2022/23.

Our culture

Our culture is progressive, with a bias towards action. It comprises an entrepreneurial spirit and an open, pragmatic approach combined with innovative thinking and intellectual rigour to deliver compelling results for our customers. Our culture is also supportive and characterised by kindness and respect. Our people are encouraged to be themselves and support each other.

We work hard to ensure that communication channels are open and effective. Our CEO leads weekly 'All-Company' calls and circulates weekly round-up e-mails to keep people informed of key activities across the business. This contributes to unlocking potential and giving our people the tools that they need to do their best work.

Our workforce

With a workforce of 139 people as at 31 March 2023, everyone knows each other. Teamwork and pulling together for a common objective are core to how we operate, and people know they can depend on each other to deliver.

We successfully on-boarded 29 new joiners this year and said goodbye to 21 colleagues. Our retention rate of 83.5% as a measure of stability (up from 82% in 2022) reflects a generally steady and stable workforce. Our workforce comprises a good balance in terms of length of service and this both refreshes and reinforces our culture. As at 31 March 2023, our average length of service is 6.7 years.

Employee voice

Feedback from our people plays a vital role in continuing to retain top talent, and we regularly survey our population. While down a little from April 2022, our most recent engagement scores (March 2023) remain overwhelmingly favourable, with 90% of our population responding.

84%
Employee Engagement Index (EEI)
86% in April 2022

85%
of our employees would recommend GPE as a great place to work
89% in April 2022

87%
of our employees believe in what GPE is trying to achieve
88% in April 2022

78%
say their work gives them a personal feeling of accomplishment
81% in April 2022

Feedback from the year's surveys included suggestions on how we can work more efficiently. This led to several tangible actions including the establishment of a management-led workstream on system and process improvements and reducing meetings. We also launched a new 'Listening Initiative' where small groups of employees meet monthly with an Executive Committee member. People are encouraged to speak up, share opinions and make further suggestions for improvement.

Organising around our customers

We have continued to evolve the shape of the organisation to reflect our commitment to putting customers first and growing our Flex office footprint. We have made several key management changes and appointments this year:

- Dan Nicholson assumed leadership for our New Business team whilst retaining overall responsibility for Portfolio Management, the Group's Development activities and Health and Safety;
- Nick Sanderson assumed overall responsibility for our Flex, Customer Experience and Marketing activities alongside his other financial and operational responsibilities;
- Rebecca Bradley was promoted to the newly created role of Customer Experience and Relationships Director. In this role, Rebecca is responsible for the overall service provision to customers across all our spaces;
- Jack Kelly was promoted to Flex Customer Experience Lead. Jack is responsible for customer experience, and acts as Commercial Relationship Manager, for our Fully Managed spaces; and
- David O'Sullivan assumed the role of Director of Workplace Services, with responsibility for all the technical aspects of our buildings.

In addition, we have recruited specialists to support the acceleration of our flexible office space roll-out and focus on customers:

- Grace Tomlinson joined our Leasing team as Leasing and Broker Relationships Manager focused on Flex;
- Anthony Osho joined as our Customer First Lead; and
- Nicola Jones joined as Flex Customer Experience Senior Manager.

Providing the best work experience

One GPE.

Our People Strategy is referred to internally as OneGPE and reflects our belief that we are both 'greater together' and 'united' in achieving our people ambition. It sets out six key areas of focus.

For each of these areas of focus, we have a stated aspiration which guides our actions. Over the last year, we have achieved some significant progress, all of which contributes to improving the working environment for everyone at GPE.

Employee Experience

- Introduced new technology to automate and streamline key aspects of the employee experience. This included a new HR Information System to improve the accuracy and management of our data and introducing a new tool to automate and administer 360-degree feedback.

Leadership Capability

- Developed and published a bespoke leadership competency framework for leaders, managers and individual contributors;
- Introduced two development programmes to support the competency framework: 'Momentum' for our senior leaders and 'Inspire' for our people managers; and
- The Executive Committee participated in a bespoke nine-month inclusive leadership programme in partnership with Arrival. A main feature of this programme for each leader was a co-mentoring relationship with diverse talent from outside of GPE; the level of leadership below is now embarking on a similar programme.

Growth & Progression

- Enhanced our annual talent review process and nearly doubled participation in our internal GPE mentorship scheme (from 17 pairings in 2022 to 30 pairings in 2023); and
- Introduced an Early Careers Programme using both apprenticeships and internships as a formal route to full-time employment at GPE.

Performance & Reward

- Revised our performance management process and strengthened our ratings system; simplified and improved our annual personal bonus assessment process.

Health & Wellbeing

We acknowledge the significant amount of time our people spend at work and we believe that working in a positive environment is essential for maintaining overall health. By doing what we can to champion a healthy and positive workplace, we believe this can contribute to our people achieving a great quality of life overall. Our policies, practices and general offerings reflect this commitment. In addition to an excellent overall benefits package, GPE employees have access to:

- an Employee Assistance Programme with 24x7 access to trained counsellors;
- trained mental health first aiders across all departments and preventative health measures (mini health 'MOTs'); and
- social, sporting, and volunteering opportunities.

This year we formed an employee-led **Health & Wellbeing Impact Group**. The group meets regularly and organises a number of events throughout the year, bringing awareness to, and education on, a number of important issues related to mental health, physical health, financial health and general wellbeing. Examples this year included:

- 'GPE Time to Talk', a week of events encouraging people to engage with each other and highlighting the link between loneliness and poor mental health;
- Men's Health Awareness Week;
- Menopause awareness luncheon/discussion group; and
- a voluntary six-week 'New Year, New You' competition involving cross-departmental teams tracking individual and team physical activities.

We make every effort to stay close to issues that are important to our colleagues. This year we felt it was appropriate to support a significant segment of our population through the cost of living crisis. The Remuneration Committee was pleased to approve a one-time payment of £1,500 made to colleagues with a salary below £70,000.

We also have an active Health & Safety Committee, chaired by Dan Nicholson, our Executive Director. Among other things, the Committee provides a forum for employees and management to combine efforts to resolve health and safety issues and to support the prevention of injury and sickness, whilst increasing awareness and developing strategies to make GPE a safe and healthy workplace.

Our people and culture continued

Diversity & Inclusion

Diversity and inclusion (D&I) is intentionally depicted at the centre of our OneGPE People Strategy, and we have established our GPE.Connect framework (see page 57) to drive our progress. In December 2022, we surveyed our population with a set of targeted questions on D&I. We were pleased with the responses and will use this feedback to build on our progress.

- **80%** felt GPE was doing the right things to improve D&I;
- **74%** believed that people genuinely care about them as an individual; and
- **72%** said they felt comfortable working at GPE, accepted and able to be themselves.

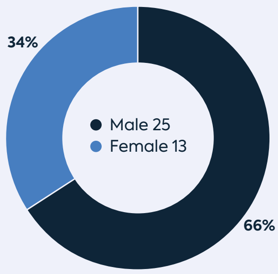
We are convinced that diverse leadership teams create a competitive advantage and, this year, we took the decision to set aspirational gender and ethnic diversity representation targets for the business, as set out on page 57. Details regarding the Board's Diversity Policy and its representation targets can be found in the Nomination Committee report on page 103. As at 31 March 2023, women represented 34% of the Executive Committee combined with their direct reports, and 33% of our Operating Committee, being the layer below the Executive Committee comprising Directors and Heads of Department. Our aim is for women to hold 40% of the roles in our Executive and Operating Committees by the end of 2025, while we also look to increase our ethnic minority representation.

Senior leadership gender diversity as at 31 March 2023

	Males	Females	% Female
Executive Committee	7	2	22%
Operating Committee	10	5	33%
Senior leadership roles	**17**	**7**	**29%**

Information on the gender diversity of our Board and of our total employee population is set out in the diversity disclosure tables below. As at 31 March 2023, our 'senior management' population of Executive Committee members (excluding the Executive Directors) and members of our Operating Committee comprised 14 men (67%) and 7 women (33%).

Executive Committee and direct reports as at 31 March 2023



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.

We set out below the diversity data required by the new Listing Rules disclosure requirements. 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 page 103.

Diversity disclosure tables

Gender: as at 31 March 2023

	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	7	78%	71	51%
Women	4	40%	–	2	22%	67	48%
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 2023

	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	9	100%	102	73%
Mixed/multiple ethnic groups	–	0%	–	–	0%	9	6.5%
Asian/Asian British	1	10%	–	–	0%	9	6.5%
Black/African/Caribbean/ Black British	–	0%	–	–	0%	8	6.0%
Other ethnic group, including Arab	–	0%	–	–	0%	3	2.0%
Not specified/prefer not to say	–	0%	–	–	0%	8	6.0%

Approach to data collection
Each Board member is requested to complete a standard form questionnaire on a strictly confidential and voluntary basis through which the individual self-reports their ethnicity and gender identity. The figures in the tables above for the Executive Management and broader employee population are taken from self-reported data. In each case the data is aligned to the definitions specified in the UK Listing Rules. Over 90% of our population have self-reported personal information for ethnicity and gender identity as well as religion, sexual orientation and disability.

GPE.Connect

In 2022, we established a framework of four pillars to review progress against our diversity and inclusion (D&I) agenda, building on our initial D&I Strategy launched in 2019 which helped us achieve National Equality Standard accreditation in April 2020.

Our ambition

At GPE, we genuinely believe that diversity gives us strength. We hire talented, unique individuals who are encouraged to share their perspectives, collaborate and be their authentic selves while they support their colleagues to do the same. We serve a dynamic global capital city made up of many cultures and we strive to reflect that diversity with a workplace built on merit and equality. We value and respect all roles at GPE and know that everyone plays a unique part in our collective success. We also believe that every person at GPE has the responsibility to create and sustain an inclusive environment. We truly believe we are greater together.

Systems

We aspire to integrate D&I into our core organisational structure, policies and practices to promote equitable advancement, retention and reward.

In the last year we…

- put gender diversity targets into personal objectives of all Executive Committee members;
- introduced new inclusion questions in employee surveys and set executive bonus targets based on a blended Employee Engagement and Inclusion score. A blended score of 78% was achieved and we are building on the encouraging feedback;
- introduced internal job posting processes and refreshed our 'career opportunities' page on the internet;
- focused on more 'intentional' recruitment, challenging recruitment sources and training hiring managers to mitigate bias; and
- formalised Personal Development Plans/career conversations for all employees.

Talent

We aspire for GPE's population to be representative of the rich diversity of London itself.

In the last year we…

Communicated our ambitious representation targets:

- 40% of GPE's colleagues will identify with an ethnic minority category as defined by the ONS by 2027;
- 20% of all management roles at GPE will be held by colleagues who identify with an ethnic minority category by 2025; and
- 40% of all senior leadership roles will be held by women by 2025.

Additionally:

- collected and published our full demographic profile to all colleagues and established a quarterly tracker to monitor progress.

Culture

We aspire to make our culture even more inclusive; providing a safe and welcoming environment which affirms and supports all our colleagues. A work environment where people feel comfortable to be themselves and know that they are accepted and supported for who they are.

In the last year we…

- strengthened the contribution of the Inclusion Committee established in 2022;
- established four employee-led Impact Groups based on interest expressed by employees:
  - Race & Ethnicity Impact Group;
  - Women's Impact Group;
  - Health & Wellbeing Impact Group; and
  - Parents & Carers Impact Group;
- held celebration and awareness events for International Women's Day, Pride Month, Black History Month and various religious celebrations;
- achieved Level 2 accreditation as a Disability Confident Employer (supported by Purple Tuesday); and
- published six internal newsletters featuring a wide array of people-related subject matters and personal stories from our employees, focusing on strands of diversity not represented in the Impact Groups such as religion, disability, neurodiversity and LGBTQ+.

Community

We aspire to connect our people with our communities; partnering where we can to increase our impact and to support a more inclusive industry.

In the last year we…

- launched our Early Careers programme to make entry-level careers within GPE more accessible to a diverse talent pool;
- hosted 29 weeks of internships through the 10,000 Black Interns programme;
- founded a cross-sector networking group for Women in Investment (WIN);
- facilitated three Career Workshops, reaching 39 young people through our charity partner, XLP, Young Westminster Foundation and 2–3 Degrees, focusing on CV writing and interview skills;
- volunteered nearly 500 hours of time for XLP, giving our people a greater understanding of the issues facing our London communities; and
- ran the inaugural GPE Future London Photography prize. The aim of the prize is to unlock the potential of an emerging artist to establish their career following graduation. Nico Froehlich was the first winner of the prize, and his work can be seen throughout this report, highlighting the people and spaces of London.

Our stakeholder relationships

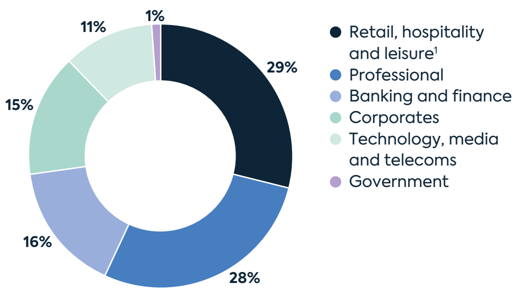
Building and nurturing the relationships we have with our stakeholders is critical to our success and too valuable to outsource. As a result, we manage all aspects of our property portfolio in-house. We aim to build lasting relationships based on professionalism, fair dealing and integrity.

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 an experience which allows 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 play a key role in attracting and retaining talent in a competitive marketplace.

GPE customer mix %



1. 22% in retail units, 7% in offices.

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 that is just right for them and their people. We also provide Fitted spaces that are designed 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.

Whichever offer our customers choose, they are each developed with sustainability at their core. We future proof our spaces, incorporating the latest technology to enhance the customer experience, such as our smart workplace app, sesame®, 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 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's 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. To ensure we continue to deliver and maintain the highest standards, we have developed a new service proposition, 'Together we thrive', which includes five service standards that are being rolled out across the business to ensure consistency in our approach, whilst also providing a strong promise to our customers:

Service proposition:
Together we thrive

Service standards:

Actively listen	Bring the energy	Be flexible	Add value	Keep our word

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. 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 and supporting a safe return to the office;
- Opportunities to improve service charge and management processes;
- Greater utilisation of our sesame® app;
- Single point of contact to support customer requirements and future business needs; and
- Swift communication of building issues.

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 54 to 57**
See more on engaging with our investors on **pages 90 and 91**
See more on our communities on **page 43**

How did we respond

- Established Energy Councils (see below);
- Workplace Services technical team visits with customers to walk their spaces and offer energy-saving tips and advice;
- Senior management tours of all development sites and the managed portfolio exclusively focusing on health and safety;
- Creation of a Relationship Manager role for our Flex portfolio;
- Detailed customer journey mapping completed, service charge and Flex process improvements being implemented; and
- Utilising sesame's® 'social wall' and 'push' notifications alongside conventional communication tools to keep our customers fully informed.

High levels of customer satisfaction

We commission an annual independent customer satisfaction survey which consists of ten questions and 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 92 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 NPS remains high, at +44.0 in 2023 (2022: +27.8). This is the highest NPS score we have achieved and is materially ahead of the industry average of +3.8. 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

For many of our customers, the energy consumed in their building represents a significant proportion of their carbon footprint. This energy consumption also accounts for a quarter of our own footprint. Together, we have an incentive to lower the impact. We are therefore working closely with some of our more energy-intensive customers to identify opportunities to improve building energy performance and encourage behavioural change.

Furthermore, given the rising cost of energy, we have established Energy Councils with our customers outlining simple adjustments that together will help reduce overall consumption. The Energy Councils will continue to have input and advice from our Sustainability team and our Customer Experience team will host a series of 'town hall' meetings where customers can discuss and debate the challenges of reducing their energy footprint.

Operational measure

Customer satisfaction (Net Promoter Score)

+44.0

2022: +27.8

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 2023, they made up 22.0% of the portfolio valuation, 28.1% of net assets and 23.9% of rent roll (at 31 March 2022: 21.1%, 27.6% and 22.8% 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 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

- Consideration of the implementation of Fully Managed space in Elm Yard, WC1 in GRP;
- Energy usage at the energy intensive 200 Gray's Inn Road, WC1; and
- Approval of a number of retail leasing transactions at Hanover Square, W1 in GHS.

How did we respond

- Fully Managed space implemented on third and fourth floors at Elm Yard;
- Allocation of £148,000 of our Decarbonisation Fund for 200 Gray's Inn Road to replace the building management system and install LED lighting; and
- Leasing virtually all of Hanover Square, W1 with one small retail unit remaining.

Next steps

Looking forward, we are working closely with our partners to advance our business plans, including completion of the retail leasing at Hanover Square, W1, in our GHS joint venture and planning for the refurbishment of significant elements of 200 Gray's Inn Road, WC1, in GRP.

Operational measure

Net assets in joint venture

28.1%

2022: 27.6%

Our stakeholder relationships continued

Local planning authorities

Developing new buildings in central London is appropriately 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. 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 enables us to secure planning consents that are beneficial to us and the local communities in which they are built. We are committed to creating a lasting positive social impact. During the demolition and construction phases, we maintain regular meetings with residents and stakeholders to ensure we mitigate the impact of the works.

Examples of topics raised during the year

- Provision of high quality sustainable spaces to deliver benefits to the local environment and economy;
- Our planning appeal for non-determination at New City Court, SE1;
- Submission of our planning application at Minerva House SE1; and
- Various appropriate consultations with local communities and interest groups.

How did we respond

- Proactive engagement regarding the design and development of schemes, with changes made to incorporate feedback;
- Planning performance agreements with local authorities; and
- Utilising technology to help engage with local communities, including using dedicated web portals, social media, targeted leafleting and virtual 'town hall' meetings.

Next steps

Communicating the social impact of our proposals continues to increase in importance as we seek to ensure our schemes are positively contributing to the needs of the local community. We will continue to regularly meet with officers, elected members, residents and other stakeholders in our key local authorities to ensure that we continue to discuss how our proposed schemes can positively contribute to their 'good growth' and climate emergency plans.

Over the next 12 months we will be launching consultations for further development projects, with the priority for the forthcoming year being to resolve the planning status at New City Court and achieve planning consent at Minerva House, both SE1.

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 design team to consider the art of the possible and work with our contractors to explore new and innovative ways of working. Involvement of our leasing agents throughout the process also helps us to ensure that 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 comply with standards and codes that may be specific to their industry, our Supplier Code of Conduct sets out the standards that we require. Furthermore, we need to work closely with our suppliers to enable us to achieve the goals set out in our Sustainability Statement of Intent. We therefore 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

- Prompt payment terms;
- Support for site safety and mental health;
- Impacts of inflationary pressures and supply chain disruption; and
- Greater collaboration to reduce our carbon footprint and improve social impact.

How did we respond

- 31 days' average payment terms, bi-monthly payments to largest suppliers;
- Working with suppliers on information sharing and initiatives to reduce carbon through the supply chain; and
- Working with suppliers to manage procurement options and minimise the risk of modern slavery.

Next steps

After entering a construction contract with Lendlease to deliver the redevelopment of 2 Aldermanbury Square, EC2 and a construction contract with Multiplex to deliver Minerva House, SE1, we continue to consider contractors for our other near-term schemes.

Operational measure

Average supplier payment period

31 days

2022: 30 days

Providing safe, healthy and secure environments

We are dedicated to creating and maintaining safe, healthy and secure environments for our communities and people. 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. Our proactive approach includes regular audits, refresher training for our employees and supply chain, and a focus on fire safety management in line with the latest fire and building safety legislation.

During the year, in response to changes in legislation, we appointed external consultants to review our fire strategies across the portfolio. Working closely with our Customer Experience Managers and our Building Surveyors, we completed fire door inspections across all our buildings. We have also continued to support our customers by providing them with educational advice on their own fire safety duties within their demised areas and how they can improve their assessments of fire risk.

Looking ahead, we aim to continue our focus on fire safety management, including to ensure that a 'golden thread' of information is available and accessible for every building in our portfolio and that we complete monitoring activities in line with evolving requirements. We believe that many of the proposed changes under the Fire Safety Act 2021 and The Fire Safety (England) Regulations 2022 are suitable for our commercial properties, as well as the intended residential sector, and we seek to proactively enhance fire safety measures to minimise fire risks across our portfolio.

Fostering a health and safety culture, and supporting the health and wellbeing of our colleagues, is key to the delivery of our Health and Safety Strategy. During the most recent employee engagement survey, 91% of employees agreed that GPE cares about their health and safety, and we will continue to engage with colleagues to ensure they have the support they need.

As part of our commitment to creating inclusive spaces for those with hidden and visible disabilities, this year we commenced a project working with disability-led organisations Purple Tuesday and the Sunflower Charity. As part of our commitment, we have also initiated a project to complete user experience access audits across the portfolio with the aim of becoming a Disability Confident Leader in the coming year and improving the customer experience journey through our spaces.

We were pleased to achieve Level 2 accreditation as a Disability Confident Employer in March 2023.

Going forward, we are also engaging with other disability-led businesses and charities to help us ensure that our spaces continue to be inclusive for all.

Health and safety incidents by year

Where accidents occur, we aim to support and collaborate with our supply chain to better understand and maximise opportunities for improvement so that any future risk can be mitigated and to ensure that a no-blame culture for all workers is maintained.

	2023	2022	2021
Enforcement notices or fines received	–	–	–
Employees			
Work-related fatalities	–	–	–
Reportable injuries/incidents	–	–	–
First aid injuries	1	1	–
Number of days off due to accidents and incidents	–	–	–
At our occupied buildings			
Work-related fatalities	–	–	–
Reportable injuries/incidents	1	1	–
First aid injuries	2	8	4
At our developments			
Work-related fatalities	–	–	–
Reportable injuries/incidents	–	1	–
First aid injuries	–	4	4

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 58 to 60, 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 94 sets out some examples of how the Board has considered s.172(1) matters in its decision making in 2022/23.

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

Key decisions and long-term consequences	Statement from the Chair	See more on **page 01**
	An evolving strategy underpinned by our values and commitment to sustainability	See more on **pages 01 and 02**
	How we create value	See more on **pages 12 and 13**
	Impact on decisions	See more on **page 94**
	Letter from the Chair of the Board	See more on **pages 81 to 83**
	What we did in 2022/23	See more on **pages 96 and 97**
Employees	Our people and culture	See more on **pages 54 to 57**
	Leadership and purpose	See more on **pages 88, 89, 92 and 93**
Fostering business relationships with suppliers, customers and others	Our stakeholder relationships	See more on **pages 38, 43, 54 to 60, 90 and 91**
	Leadership and purpose	See more on **page 89**
Communities	We are creating lasting positive social impact in our communities	See more on **pages 43 and 58 to 60**
	Leadership and purpose	See more on **page 89**
Environment	Sustainability	See more on **pages 37 to 53**
	Our stakeholder relationships	See more on **pages 58 to 60**
High standards of business conduct	Our people and culture	See more on **pages 54 to 57**
	Our stakeholder relationships	See more on **pages 58 to 60**
	Letter from the Chair of the Board	See more on **pages 81 to 83**
	Anti-fraud, bribery and corruption, ethics and whistleblowing	See more on **pages 95 and 110**
Investors	Letter from the Chair of the Board	See more on **page 83**
	Leadership and purpose	See more on **pages 89 to 91**

Non-financial information statement

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

Reporting area[1]	Policies	Website	Reference in 2023 Annual Report
1. Environmental matters	Sustainability Policy Statement Creating Sustainable Spaces – Sustainable Spaces Brief Our Guiding Principles of Design Sustainability Statement of Intent Our Roadmap to Net Zero	**www.gpe.co.uk/sustainability** **www.gpe.co.uk/sustainability/our-approach** **www.gpe.co.uk/investors/investment-case/our-guiding-principles**	See more about sustainability, including our updated Sustainability Statement of Intent, on **pages 37 to 53**
2. Employees	Our values Diversity Policy Our People Plan Personal Development Plans	**www.gpe.co.uk/our-people/our-values** **www.gpe.co.uk/investors/governance** **www.gpe.co.uk/our-people/diversity-inclusion** **www.gpe.co.uk/our-people**	See more about our values on **pages 03 and 54** See more about people and culture on **pages 54 to 57** See more about diversity and inclusion on **pages 55 to 57, 100 and 103**
3. Human rights	Supplier Code of Conduct Annual Modern Slavery Statement	**www.gpe.co.uk/investors/our-relationships/our-service-partners** **www.gpe.co.uk/our-modern-slavery-statement**	See more about how we behave, human rights and supplier stewardship on **page 95** See more about mitigating the risk of modern slavery on **pages 43 and 95** See more about our suppliers on **pages 60 and 61**
4. Social	Social Impact Strategy Creating Sustainable Relationships GPE Standard Supply Terms Health and Safety Policy	**www.gpe.co.uk/sustainability** **www.gpe.co.uk/investors/our-relationships/our-service-partners** **www.gpe.co.uk/health-safety**	See more about our stakeholder relationships on **pages 58 to 60** See more about communities on **pages 42, 43 and 60** See more about our Social Impact Strategy on **pages 38 and 43** See more about our suppliers on **page 60** See more about providing safe, healthy and secure environments on **page 61**
5. Anti-corruption and anti-bribery	Anti-Fraud, Bribery & Corruption Policy Ethics Policy Whistleblowing Policy Gifts and Hospitality Policy Use of GPE Suppliers Policy Conflicts of Interest Policy Inside Information and Share Dealing Policy	**www.gpe.co.uk/investors/governance**	See more about anti-corruption and anti-bribery matters on **page 95** See more about our Anti-Fraud, Bribery & Corruption, Ethics and Whistleblowing Policies on **page 110**
6. Business model		**www.gpe.co.uk/why-gpe/our-brand** **www.gpe.co.uk/investors/investment-case**	See more about how we create value on **pages 12 and 13**
7. Principal risks and uncertainties	Group Risk Management Policy	**www.gpe.co.uk/investors/governance** **www.gpe.co.uk/investors/investment-case/our-strategy**	See more about our approach to risk on **pages 64 to 77**
8. Non-financial key performance indicators		**www.gpe.co.uk/investors/investment-case/key-performance-indicators**	See more about our KPI benchmarks on **pages 16 and 17** See more about our near-term strategic priorities on **pages 14 and 15**

1. Board oversight of these policies and matters is also covered through 'What we did in 2022/23' on pages 96 and 97.

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.

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 reviewed at each Board meeting. 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 65, 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

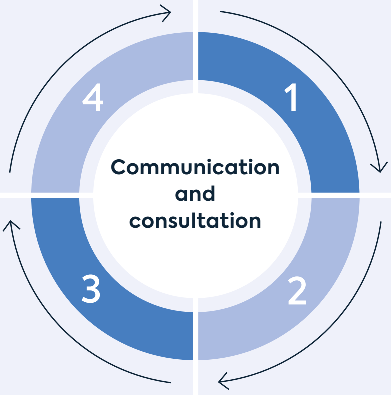
As part of a robust assessment of the principal and emerging risks facing the Group, at the half-year and year end, the Executive Committee, Audit Committee and Board formally review the Group's principal and emerging risks, including those that would threaten its business model, future performance, 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 'things' concerning and exciting them the most. We also ask our 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. While risks relating to structural market changes and short- and medium-term climate change are considered within our principal risks, we have also spent time this year discussing emerging risks across a number of themes such as long-term climate change, evolving building and fire safety requirements, advances in technology, de-globalisation, geopolitical tensions, evolving working patterns and behaviours, economic policies, energy security and the impacts of increasing regulatory burden.

Risk monitoring, reporting and escalation

- Risks documented, reported and monitored on a regular basis by management, Executive Committee, Audit Committee and Board
- New risks and significant changes to risk profiles escalated as appropriate



Risk identification

- Identification and description of significant and emerging risks that could affect GPE's key objectives
- Risks categorised with assignment of accountabilities and executive ownership of principal risks

Risk assessment

- Potential impact and likelihood of risk assessed using defined criteria
- Principal risks assessed on a gross, net and target risk basis

Risk response

- Appropriate response determined with reference to risk appetite
- Risk response may include Treat, Transfer, Terminate or Tolerate

Board oversight of risk

Board

- Nomination Committee
- Audit Committee
- Remuneration Committee

Executive Committee

Operational Committee oversight

Weekly/Monthly

Development management
Portfolio management
Investment management
Financial management
Workplace and Customer services
Inclusion Committee

Quarterly

Living our values
Health and safety
Development management review
Portfolio management review
Sustainability
Social impact

People and culture guided by our values

Focused market expertise
Open communication
Transparent disclosure with stakeholders
Integrity in business conduct
Interests aligned with shareholders
Qualified and experienced personnel with specific roles
Intense Development, Portfolio Management, Workplace Services and Customer Experience teams
Conservative attitude to capital deployment
Analytical rigour

Procedures and internal controls

High-level risk assessment framework
Strict approval requirements
Extensive documentation to support decisions
Formal policies and procedures consistently applied
Defined performance indicators with sensitivity analysis
External review of key controls/internal audit
Observations from the external auditor
Whistleblowing Policy

Policies for highlighting and controlling risk

Investment return benchmarks
Debt leverage, covenant compliance and liquidity limits
Regular review of business plans, dashboard lead indicators and operational parameters
Occupancy targets
Development appraisal parameters
Leasing objectives and customer covenant testing

Business risk

Our approach to risk continued

As macro uncertainty has prevailed across the global landscape, including heightened UK political and economic instability in the latter part of 2022, the Board and the Audit Committee have overseen the Company's response to the challenging macro environment, including rising inflation, interest rates and property yields, and supply chain pressures. This has included actions taken to mitigate risks but also to position GPE to take advantage of the opportunities arising from uncertain markets.

The Board and Audit Committee continue to monitor macro-economic and political risks, including those risks arising from Russia's invasion of Ukraine and geopolitical tensions, as well as the UK's evolving international trade arrangements and 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 78.

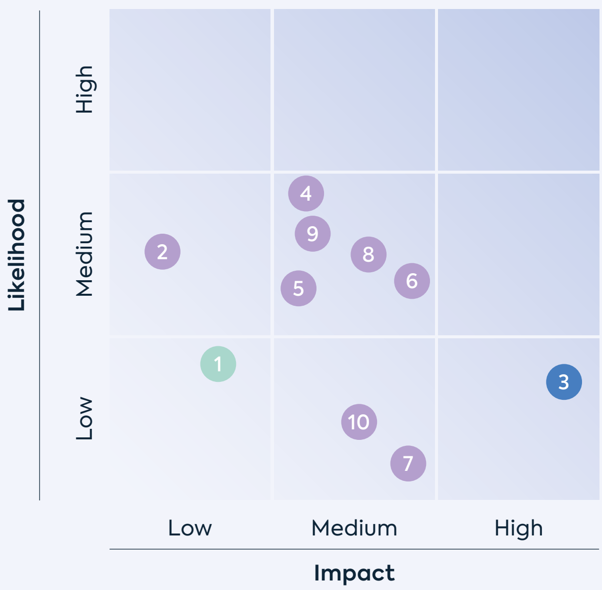
As the impacts of COVID-19 have abated and the emphasis of our risks landscape has transitioned from pandemic to macro-economic uncertainty, we have taken the opportunity to reframe, consolidate and simplify the descriptions of certain principal risks where considered appropriate, while amending some risk descriptions to reflect how they have evolved over the past 12 months. Save for introducing a standalone 'Adverse macro-economic environment' risk, as explained below, and the consolidation of certain risks, the risks to the business, at a high level, remain broadly unchanged from the previous year.

Key changes include the following:

- given the heightened instability of the macro and geopolitical environment, 'Adverse macro-economic environment', which previously formed part of the 'London attractiveness' risk, has been introduced as a standalone principal risk, also incorporating the previous year's related risk of 'Property market dislocation and its impact on financial leverage'. The increased risk of customer and supplier failure in a challenging economic environment has also been more explicitly referenced in the risk description;
- global investor appetite for commercial real estate and offices can impact our markets, activities and returns, and is an important consideration in our investment decisions. The risk of reduced investor appetite adversely impacting returns has therefore been incorporated within our 'Poor capital allocation decisions and/or misreading market conditions' risk;
- given the extent to which structural retail changes have already occurred, and are already reflected in property valuations, our principal retail risk is now thought to primarily relate to the macro-economic environment impacting consumer spending and the demand for, profitability and value of retail space. Our previous standalone retail risk has therefore been incorporated within the new 'Adverse macro-economic environment' risk;

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 programme
7	People
8	Health and safety
9	Cyber security & 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 the impacts of COVID-19 have subsided, pandemic is no longer considered to be a standalone principal risk for the Company at the current time. However, we recognise that a future pandemic could reduce people's appetite to travel to, work and shop in London and therefore impact the demand for, and value of, our buildings. The risk of pandemic has therefore been incorporated into our 'London attractiveness' risk. That risk has additionally been expanded to include the risks to London's attractiveness arising from political uncertainty, government policies and the potential disruption of energy supplies;
- as well as ensuring that our buildings have the necessary sustainability and energy performance credentials to minimise our carbon impacts, we must ensure they are resilient to the impacts of climate change, and this has now been expressly referenced in our 'Climate change and decarbonisation' risk;
- to simplify the risk register, our 'Planning' risk has now been incorporated into the wider 'Failure to profitably deliver the development programme' risk, of which it is a sub-risk;
- as we scale-up our operational activities, having the right organisational structure is an important factor in GPE being able to deliver its strategy and this has now been reflected in our 'People' risk. The recruitment of additional skills and capabilities, together with our team reorganisation, has helped to mitigate our 'People' risk during the year; and
- we continue to assess and manage the potential impacts of new building and fire safety regulations, including under the Building Safety Act 2022, which has now been referenced in our 'Health and safety' risk.

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 68 to 77. The risks are not set out in priority order. Given the above changes to our principal risks, along with the recalibration of our risk rating criteria in the year, the risk movements do not show the year-on-year assessment changes of each risk but instead reflect the Board's view of the directional change of the re-framed risks over the period.

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 66.

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 and sustainability, 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 and marketing matters, cyber and IT initiatives 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 opportunities 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 either across the business, such as sustainability, health and safety, people and cyber, 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.

Our approach to risk continued

How we manage principal risks and uncertainties

Principal risk	Strategic priorities	How we monitor and manage risk
Failure to meet customer needs		
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.	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	– HQ repositioning and Flex office strategy to meet evolving customer demand. – Quarterly review of individual property business plans and the market more generally. – Portfolio Management, Leasing, Flex and Customer Experience quarterly updates to the Executive Committee with reporting at scheduled Board meetings. – Board and management review of GPE's flexible space offer across the portfolio, including broadening our product offer. – The Group's in-house Customer Experience and Workspace Services teams have 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. – Programme of engagement for members of the Executive Committee to meet with a selection of customers across the portfolio at least once a year. – 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 Innovation Strategy and related initiatives. – Design (supported by a specialist fit-out team) and innovation activities in the areas of sustainability, technology, wellbeing and experience. – Customer First programme and strategy in place, with dedicated leadership and newly adopted customer relationship management system, to further strengthen GPE's customer insight and Customer First approach across the business. Customer service proposition and Standards in place to ensure consistency when delivering the strategy. – Board annual strategy review, including market updates received from third parties.
Climate change and decarbonisation		
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 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.	1 Progress sustainability and innovation agenda 2 Enhance portfolio through sales and acquisitions 4 Embed our Customer First approach 6 Prepare the pipeline	– Regular Board and Executive Committee review of Sustainability Policy and response to climate risk. – 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. – Social Impact Committee meets quarterly to oversee the delivery of our Social Impact Strategy. – Dedicated Sustainability and Social Impact Director on the Executive Committee supported by Sustainability Leads. – Design Review Panel reviews design brief for all buildings to ensure that forthcoming sustainability risks are considered. – Sustainable Spaces Brief and Sustainability Strategy in place with climate resilience strategy. – Net Zero Carbon Roadmap with embodied carbon targets established and approved by the Board. Decarbonisation Fund established to support energy efficiency retro-fitting in existing buildings. – ESG-linked RCF and annual bonus measures for Executive Committee members to support delivery of decarbonisation within the business. – Programme of ESG investor engagement in place, with regular review of reporting requirements and participation in investor indices. – 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. – Participation in industry bodies to influence policy and drive innovation.

Directional travel of net risk movement over the last 12 months	Commentary
Decreased	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 launch of our new customer service proposition and associated service standards. Testament to our approach, we had a record leasing year, completing 105 new leases and renewals, and securing £55.5 million of rent at a 3.3% premium to March 2022 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, and our ambition has now grown. Together with planned acquisitions, we are aiming to expand our Flex office offering to more than one million sq ft over the next five years. A close relationship with our customers is vital to our success. We were very 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. Encouragingly, our Net Promoter Score remained high at +44.0, significantly above the industry average.
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 original Statement of Intent was launched in 2020 and set out our approach to sustainability. Since then, our approach and thinking has developed considerably. In our recently released version 2.0, we set out progress we have made to date and updated and repositioned our Climate Resilience pillar, whilst continuing to prioritise reducing our carbon emissions in line with our stated goal, under our Roadmap to Net Zero, to reach net zero carbon by 2030. Together with our Statement of Intent, we also published Our Brief for Creating Sustainable Spaces, which sets out how we will meet our commitments as we design, construct, fit out and operate our spaces. The brief is designed to support us as we respond to climate risk and the opportunities connected with the transition to a low carbon economy. 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 by 40% and to improve biodiversity net gain across our portfolio by 25%, in each case by 2030. The rate of interest we pay on this facility depends on our performance against these targets. Furthermore, sustainability targets have been included within the objectives of many of our senior executives and are being used to assess levels of remuneration. Good progress has been made against the 2022/23 annual targets, as set out on pages 17, 40 and 41. 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. We estimate that 80%–90% of London's buildings do not currently meet this standard. 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. Furthermore, we expect the sustainability challenge to provide us with potential opportunities to acquire orphaned assets needing a sustainability solution. For further details of how we are innovating to develop sustainable spaces, see pages 10, 38 and 39.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
London attractiveness		
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, lower leasing demand and elevated vacancy, decreasing income, asset values and development viability.	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	– Board annual strategy review with regular economic and market updates received from third parties. – Strategic financial forecasts are updated prior to each Board meeting with scenario planning for different economic cycles and eventualities. – Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters. – Key London indicators are monitored to help inform GPE's view of London's recovery following COVID-19. – The impacts of international trading relationships, supply chain disruption and geopolitical issues continue to be monitored and reported to the Executive Committee and Board. – Active participation in industry groups to promote London. – Business Continuity Plan in place to manage our response to a major incident or disruption.
Adverse macro-economic environment		
Adverse macro-economic conditions driven by events such as geopolitical tensions, UK political instability or government policy, challenging international trading relationships and supply chain disruption results in weakened UK GDP growth and risk of recession. Increased inflation (including energy prices), materially higher interest rates and reduced consumer spending impair investor and occupier demand, increase customer and supplier failure, curtail income and reduce asset values and returns. As a result, GPE's financial leverage increases and potentially results in limited availability of capital and/or a breach of our banking covenants.	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	– Regular review of financing and capital structure, including gearing levels, by the Chief Financial & Operating Officer and Executive Committee. – Board annual strategy review including regular economic and market updates received from third parties. – Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles and eventualities. – Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters. – Regular review of current and forecast debt, hedging levels and financing ratios under various market scenarios. – The Group aims to maintain a consistent policy of conservative financial leverage. – Proactive balance sheet management. – Investor relations programme, with regular broker consultation, to build a supportive base in the event of future fundraisings. – The Group's funding measures are diversified across a range of bank and bond markets. Sustainable Finance Framework in place for future debt issuances. – Selection of customers, contractors and suppliers based on creditworthiness and close monitoring of rent and service charge collection rates.

Directional travel of 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's markets are also highly liquid and 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. Whilst London has quickly recovered from the pandemic with West End footfall and tourism nearing pre-pandemic levels, and whilst the risk of an imminent recession is fading, the outlook for macro-economic conditions remains unclear. Factors such as the UK's global trading relationships, the impact of geopolitical tensions, supply chain disruption, lower GDP forecasts, inflationary pressures, increasing interest rates and rising costs of living still weigh on sentiment. However, London is resilient, our leasing activity remains robust, and with business activity and optimism recovering in recent months, we believe that its attraction as a global cultural and business centre is undiminished.
Increased	The challenging macro-economic environment persisted over the course of the financial year as the economic bounceback from the pandemic faded, and the geopolitical tensions put pressure on international supply chains and energy prices. This was compounded by heightened UK political and economic instability during autumn 2022. The resultant impact on inflation and interest rates continues to be felt, however, consensus forecasts suggest that the UK will narrowly miss recession in 2023, and recent confidence metrics demonstrate growing optimism. Despite this backdrop, our property values were resilient, reducing by 6.6% over the year driven by the impact of rising interest rates on property yields. Whilst values were down, GPE delivered another record leasing year and our portfolio performance was well ahead of our central London benchmarks. Encouragingly, our office ERVs continued to grow, up 3.3% in the year, reflecting the continued shortage of high quality space across our markets. Our retail portfolio saw values and ERVs decline by 4.5% and 1.5% respectively. However, despite this decline, our retail leasing velocity was strong as footfall levels and consumer spending approached pre-pandemic levels and the outlook is improving. 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 2023, our property LTV was 19.8%, net gearing was 24.0% and interest cover was 10.2 times. As a result, we have substantial headroom above our Group debt covenants. We estimate property values could fall around 58% before Group debt covenants could be endangered, even before factoring in mitigating management actions. The Group also has significant financial capacity with liquidity of £457 million (including joint ventures), comprising unrestricted cash of £21 million and undrawn committed credit facilities of £436 million.

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
Poor capital allocation decisions and/or misreading market conditions		
We make poor decisions regarding the allocation of capital and/or fail to adequately read 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.	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	– Board annual strategy review including regular economic and market updates received from third parties. – 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. – Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles. – 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. – Weekly investment meetings held and regular dialogue maintained with key intermediaries. – Portfolio Management, Flex, Customer Experience, Development and Leasing quarterly updates to the Executive Committee with reporting at scheduled Board meetings. – Regular review of property cycle by reference to a dashboard of lead indicators. – 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. – Detailed due diligence processes for all prospective acquisitions/capital expenditure to help ensure appropriate returns.
Failure to profitably deliver the development programme		
We fail to translate the development pipeline and current committed schemes into profitable developments. This may result from poor development 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 activity, weak leasing performance, reputational damage and reducing property returns.	1 Progress sustainability and innovation agenda 2 Enhance portfolio through sales and acquisitions 4 Embed our Customer First approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles. – Development management quarterly updates to the Executive Committee with reporting to each scheduled Board meeting. – 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. – 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. – Prior to committing to a development, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. – Regular pipeline review meetings between the Development and Portfolio Management teams and quarterly asset review sessions. – Selection of contractors and suppliers based on their track record of delivery and creditworthiness, corporate responsibility and sustainability credentials. – Post-completion reviews undertaken through Final Appraisal process on all developments to identify best practice and areas for improvement. – 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. – The Group's Design Review Panel reviews design briefs for all buildings for sustainability considerations. All our major developments are subject to an appropriate sustainability rating requirement. – Regular review of the prospective performance of individual assets and their business plans with joint venture partners.

Directional travel of net risk movement over the last 12 months	Commentary
No change	We continue to assess potential acquisition opportunities across central London and regularly review the forward-look performance of our portfolio to maximise returns. During the year, we crystallised our development profit on the sale of 50 Finsbury Square, EC2 and sold 6/10 Market Place, W1. We also purchased 2 Cathedral Street, SE1 to augment our HQ repositioning of Minerva House, SE1 and 6/10 St Andrew Street, EC4, to expand our growing Flex offer, further supplemented by our recent acquisitions of Bramah House, SE1 and 141 Wardour Street, W1 in May 2023. We expect further acquisition opportunities to emerge over the coming year. During the year, following the pre-let of all of the offices to Clifford Chance LLP, we committed to the development of 2 Aldermanbury Square, EC2. The cost to complete the scheme is £265.2 million, and we anticipate completion in December 2025. We have a further three development schemes in our near-term pipeline which, together with our expected Flex conversions and wider refurbishment plans, form our significant £0.8 billion capex programme which is designed to deliver significant new space into a market with limited supply of high quality space.
Increased	We currently have one committed development scheme on-site, 2 Aldermanbury Square, EC2, set to deliver 322,600 sq ft of high quality space, and targeting net zero carbon and BREEAM 'Excellent'. The office element of the building is 100% pre-let, and due for completion in late 2025. We have recently committed to the refurbishment 6/10 St Andrew Street, EC4 to supplement our growing Fully Managed offer, with completion expected in August 2024. Beyond this, the Group is preparing a further six schemes set to deliver more than 1.1 million sq ft across the coming decade, which are being designed to meet the highest standards of sustainable design, embrace technology and provide a variety of adaptable and flexible working environments. During the year, we completed the development of 50 Finsbury Square, EC2, which was verified as our first net zero carbon development eight years ahead of our sustainability target. Despite a challenging macro-economic backdrop, we sold the building in October 2022 for a market-beating yield, achieving a headline sale price of £190.0 million. Given the inflationary backdrop and the impact of rising interest rates on property yields, we continue to monitor development viabilities, including construction pricing and the resilience of supply chains, and we are working closely with our suppliers to mitigate this risk as we plan to embark on the remainder of our near-term programme. 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. Having obtained planning permission at French Railways House & 50 Jermyn Street, SW1, we are currently awaiting the outcomes of our planning applications at Minerva House and New City Court, both SE1, which are expected over the summer. 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. Moreover, sustainability is becoming ever more important in the planning process, with key local authorities declaring climate emergencies. 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.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
People		
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.	3 Deliver on our Flex ambition 4 Embed our Customer First approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Regular review is undertaken of the Group's resourcing requirements, performance management, talent review and succession planning. – 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. – Regular benchmarking of remuneration and non-financial packages to ensure they remain competitive in the market. – Personal development planning and ongoing training support for employees, together with focused initiatives to nurture potential successors, including mentoring and coaching programmes. – 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. – Board, Nomination and Executive Committee oversight of our People Plan and diversity and inclusion strategy. – Hybrid Working Policy to give employees appropriate flexibility to perform their roles. – Focus on people engagement with regular two-way communication and responsive employee-focused activities.
Health and safety		
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 following events such as Grenfell, increase compliance and development costs and/or risks of non-compliance.	1 Progress sustainability and innovation agenda 4 Embed our Customer First approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Quarterly Health and Safety Committee meetings are held, with formal quarterly reporting on health and safety to the Executive Committee and regular reporting to the Board, including on progress against our Health and Safety Strategy. – Regular health and safety site checks are undertaken by Executive Committee members, the senior leadership team, the Development and Project Management teams and third parties, along with regular senior leadership tours of buildings. – Pre-qualification and competency checks are undertaken for contractors and consultants with contractor management processes in place. – Formal reporting on near misses/significant incidents and accidents. – Proactive health and safety KPIs to monitor and track performance and drive behaviours. – Annual external cycle of health and safety, fire safety and water safety audits. – Online health and safety risk management system in place for the business. – Comprehensive golden thread of fire safety management procedures in place. – Activities are undertaken to monitor and raise employee awareness and understanding of health and safety matters, including through employee engagement surveys. – Comprehensive health and wellbeing programme in place for employees with mental health first aiders and an employee assistance programme.
Cyber security and infrastructure failure		
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.	1 Progress sustainability and innovation agenda 3 Deliver on our Flex ambition 4 Embed our Customer First approach 5 Deliver and lease the committed schemes	– IT and cyber security updates are regularly reported to the Executive Committee and the Board, which oversee the implementation of our three-year IT strategy adopted in March 2021. – Cyber security systems and controls are in place and regularly reviewed, with external support, against best practice. – A head office and portfolio IT risk register is maintained. – 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. – Regular testing of IT security is undertaken, including penetration testing of key systems. – The Group's data is regularly backed up and replicated. – 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. – Employee awareness training on cyber risk is undertaken regularly. – Cyber risk insurance is in place. – Each building has a bespoke Emergency Action Plan, maintaining appropriate systems to mitigate any infrastructure failure.

Directional travel of net risk movement over the last 12 months	Commentary
Decreased	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 pulse survey showing 85% of our people would 'recommend GPE as a great place to work'. While slightly down from the prior year, our most recent engagement scores remain very favourable. We continue to develop our talent from within, including making several internal promotions to our senior management team. We have also reorganised our teams and enhanced our skills and capabilities to support the delivery of our Customer First approach. We continue to progress our diversity and inclusion strategy, which forms an integral part of our People Plan. 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 57 and 103 for further details. The physical and mental wellbeing of our people remains a key priority, and we have offered financial support to team members on lower salaries during the cost of living crisis, along with wider support across the organisation. 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 launched four new 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. While our employee retention rate for the year was high at 83.5%, retention and incentivisation remain important areas of focus under our People Plan.
No change	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, we have proactively strengthened our practices and procedures in response to new and anticipated requirements. We continue to monitor evolving regulation and assess its potential impact on our portfolio. The Group had one reportable accident during the year. 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 have improved the monitoring of health and safety across the portfolio through the introduction of a set of proactive key performance indicators. In our most recent employee pulse survey, 91% of respondents agreed or strongly agreed that the organisation takes health and safety seriously.
No change	Cyber security risk has remained elevated due to the rise in attempted cyber crime arising from 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. The implementation of recommendations from a simulated cyber-attack exercise during the year, together with an internal audit cyber security review, has served to strengthen the design and operation of our controls. Our three-year IT Strategy is designed in part to further enhance our IT and cyber controls as we continue to innovate and digitise our business.

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
Failure to profitably deliver the Flex Strategy		
The failure to appropriately structure our activities, achieve appropriate pricing, maximise operational efficiencies 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.	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**	– Board and management oversight of the development and implementation of the Flex business plan with regular review of Flex KPIs to monitor performance. – Board annual strategy review with regular market updates. – Quarterly Flex updates to the Executive Committee with reporting at scheduled Board meetings. – Dedicated Flex leadership and team in place under a new organisational structure with regular review of team skills and capabilities to support delivery. – Customer First Programme and Strategy in place to strengthen GPE's customer insight and Customer First approach. – Proactive customer engagement led by our dedicated Customer Experience and Workplace Services teams to ensure our customers' occupational needs are met. – Quarterly review of individual assets plans and the market generally. – Close management oversight of costs and services, including design and delivery. – Design (supported by a specialist fit-out team) and innovation activities in the areas of sustainability, technology, wellbeing and experience. New Flex Design Guidelines & Principles adopted to provide consistency and increase efficiencies across the portfolio. – Board and management oversight of our Innovation Strategy and related initiatives to support customer needs.

Directional travel of 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. During the year, including our Flex partnerships, we increased our committed Flex offerings across the portfolio, and they now total 414,000 sq ft (or approximately 21% of our office portfolio). This included rolling out our offering to three new buildings in the year, including at Wells & More, W1, as well as committing to the 42,700 sq ft refurbishment of 6/10 St Andrews Street, EC4 and the extensive refurbishment of Alfred Pace, WC1. In total, we signed £11.8 million of new leases in our Flex space, which included 17 Fitted and 14 Fully Managed leases at a combined 10.8% ahead of March 2022 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.

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 156.

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 2023, 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 15;
- 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 65 to 77 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 prime office rental values by 19%, with secondary offices down 23% from March values and assumed an outward yield shift of 100 basis points for prime offices, 200 basis points for secondary offices and 125 basis points for retail. When combined, over the three-year period, this scenario reduced property values by around 33%. 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 38% and property values would need to fall by a further 55%, 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 10% on our committed development capex). This did not impact our viability assessment.

Viability statement

Whilst the Directors have no reason to believe that the Group will not be viable over a longer period, based on this assessment of the prospects and viability of the Group, 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 2026.

Governance

In this section:

GPE Future London Photography
Award Winner
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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 81 to 97**
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 98 and 99**
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 100 to 105**
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 106 to 113**
Remuneration	Describes the Company's remuneration arrangements in respect of its Directors, how these have been implemented in 2022/23 and details of our proposed revised remuneration policy to govern future arrangements.	– Statement by the Remuneration Committee Chair – Annual report on remuneration – Directors' remuneration policy See more about our approach to remuneration on **pages 114 to 146**

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 2023. The Board considers that it has complied in full with the provisions of the Code during the year with the exception of Provision 38, which requires the alignment of Executive Director pension contributions with the wider workforce, in respect of which GPE was not compliant for the entirety of the financial year. In line with our prior commitment, the pension contributions of the Chief Executive and Chief Financial & Operating Officer were aligned with the wider workforce from 1 January 2023 and the Company was fully compliant with Provision 38 from that date. The Code is publicly available at **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 81 to 149.

Introduction from the Chair

"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."

Richard Mully Chair

Dear fellow shareholder

I am delighted to introduce this year's Corporate Governance report for the financial year ended 31 March 2023.

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 uncertain macro conditions and the volatile global and political landscape, the evolution of our strategy, driving our Flex ambitions alongside the development pipeline, embedding our Customer First approach in our culture and our operations, wider stakeholder engagement, progressing our sustainability and social impact agendas and advancing our diversity and inclusion agenda. Further details can be found in 'What we did in 2022/23' on pages 96 and 97.

2018 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 80. Details of how the Board has discharged its duty under s.172 of the Companies Act 2006 can be found on pages 62, 94, 96 and 97.

Board composition

Succession planning is an important part of our governance processes. Furthermore, as our strategy evolves, so too do the skills and expertise required for our Board. Having identified a need to strengthen the Board's technology, digital and data expertise, we were pleased to welcome Champa Magesh to the Board from 1 August 2022. In addition, a search process is progressing for an additional Non-Executive Director to enhance the Board's City, financial and transaction experience and with the aspiration of increasing the Board's overall diversity.

As planned, Wendy Becker stepped down from the Board and Nick Hampton as Chair of the Audit Committee from the conclusion of the 2022 AGM. Following detailed handover processes, Emma Woods and Vicky Jarman became our new Chairs of the Remuneration and Audit Committee respectively, each bringing valuable experience to their roles.

Charles Philipps retired from the Board on 30 March 2023 following nine years of service and was succeeded as Senior Independent Director by Nick Hampton. Separately, Alison Rose will be stepping down from the Board from the conclusion of the 2023 AGM to focus on her other commitments.

I would like to thank both Charles and Alison for their hugely valuable contributions and insights throughout their tenures and wish them every success for the future.

Further details regarding Board changes, and our Board appointment processes, can be found in the Nomination Committee report on page 102.

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 following the adoption of our new People Plan last year and the incorporation of diversity and inclusion metrics within the annual bonus objectives of our Executive Committee members. However, there is still much to do. We were therefore pleased to approve a new Board Diversity Policy which sets out our diversity targets at Board level (available at **www.gpe.co.uk/investors/governance**) reflecting the latest recommendations from the FTSE Women Leaders Review and the Parker Review. We have also set aspirational diversity targets for the wider organisation, alongside wider initiatives, to ensure we continue to drive meaningful progress. See 'Our people and culture' on pages 56 and 57 and our Nomination Committee report on page 103 for further details, including for our disclosure against new Listing Rule requirements.

Introduction from the Chair continued

Board effectiveness review

This year, we undertook an external Board evaluation which was facilitated by Milena Djurdjevic of Calibro Consult. 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 104 and 105.

Purpose, strategy and consideration of the likely consequences of decisions for the long term

In the context of changing markets and evolving customer needs, the Board has spent significant time this year considering the development of our strategy to ensure we are well positioned, particularly in view of the macro-economic backdrop, to maximise the opportunity we have to generate long-term value across our business 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 customers' changing needs, the optimum size for our business, whether our risk profile is appropriate and on our investment and disposal strategies. 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. We have been pleased to see footfall returning towards pre-pandemic levels in the West End this year, supported by the opening of the new Elizabeth line, and there has been strong customer demand across our prime office and retail portfolio. This included signing our largest ever pre-letting with Clifford Chance LLP at 2 Aldermanbury Square, EC2 and substantial progress across our retail portfolio, leasing almost all the remaining retail space at our 70/88 Oxford Street, W1 and Hanover Square, W1 developments.

We continue to evolve with our customers' needs to create market-leading, sustainable workspaces in London, with sustainability, health and wellbeing, technology and customer service at the centre of our offer. Our customers are at the heart of what we do, and the Board has spent time overseeing the development and continued implementation of our Customer First approach to respond to developing workplace themes and to shape the spaces and services we provide. Ensuring that GPE has the necessary skills, diversity and operational capabilities to deliver its ambitious plans has also remained a key priority for the Board.

As the market bifurcates, 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 £0.8 billion development programme this year, including our landmark City development scheme at 2 Aldermanbury Square, EC2, in addition to the completion and sale of our net zero carbon refurbishment at 50 Finsbury Square, EC2. At the same time, we grew our committed Flex space to more than 400k sq ft, and we are now seeking to grow this to 1 million sq ft over the next five years through a combination of organic growth and acquisitions. To this end, the Board was pleased to approve the acquisition of 6/10 St Andrew Street, EC4 in May 2022 and more recently the acquisitions of Bramah House, SE1 and 141 Wardour Street, W1 in May 2023, and we expect further acquisition opportunities to arise.

While the retail market has seen marked improvement, we continue to monitor individual asset plans and GPE's exposure to any underperforming retail assets.

Sustainability is integral to our offer and sits at the heart 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.

The Board recognises the importance of innovation and technology in enhancing our operations and our customer offer and regularly discusses the related risks and opportunities. The Board has continued to oversee the implementation of our Innovation Strategy and the delivery of key projects in the year. This has included the launch of the first phase of our new customer relationship management system and the development of a data warehouse to support our operations, the use of smart building technology to help us better understand the use and energy performance of our buildings, and the reuse of steel and other materials across our development schemes.

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.

Much of the year was impacted by geopolitical tensions, the volatile economic and political landscape and the cost of living crisis. The wellbeing of our employees has remained paramount and we were pleased to be able to provide support in the form of a one-time payment made to those most impacted by inflationary pressures, as further explained on page 118. We also established several Employee Impact Groups in the year to strengthen our engagement with colleagues from under-represented groups leading to a number of initiatives to build on our inclusive culture and support the wellbeing of our employees.

We have also supported our customers, including with the establishment of Energy Councils at each of our buildings to help our customers mitigate the impacts of rising energy costs. More broadly, our Customer First programme is proving to be a real differentiator, delivering personal customer experiences every day, and we are delighted that this was reflected in our excellent Net Promoter Score. This outcome is a great credit to the continual hard work and dedication of the entire GPE team.

We continue to focus on customer and supplier engagement as we look to embed our Customer First approach and progress our sustainability ambitions, as further described below.

Further details of how we engage with our stakeholders are set out on pages 43, 54 to 62 and 89 to 94.

Sustainability and the impact of the Company's operations on the community and the environment

Sustainability and responding to climate change is 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 was pleased to approve our updated Sustainability Statement of Intent in March 2023, further evolving our approach to climate resilience and social impact, alongside Our Brief for Creating Sustainable Spaces which sets out how we will deliver on the commitments in our Statement of Intent as we design, construct and manage the spaces our customers require.

The Board has continued to monitor the progress against our Roadmap to Net Zero, the impact of our internal carbon price and the deployment of monies from our Decarbonisation Fund to finance the reduction of emissions from our buildings. These initiatives continue to drive meaningful behavioural change across the business, including a 32.2% reduction in energy intensity against our 2016 baseline.

As a Board, we recognise that working collaboratively with our stakeholders is key to achieving our sustainability ambitions. Our pre-let discussions with Clifford Chance LLP at 2 Aldermanbury Square, EC2, and our investment in our innovative steel reuse project in the year, are both examples of how we are collaborating with our customers and supply chain to deliver more sustainable and climate-resilient buildings.

ESG metrics continue to feature as an important element of our annual bonus targets, as further explained in the Directors' remuneration report on pages 116, 117 and 121.

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 2022/23, GPE generated £1.16 million in social value through our community programmes and direct business activities. See page 43 for further details regarding the social value we created in the year.

As we seek to build a sustainable legacy for our great capital city, we have further invested in our three-year charity partnerships with XLP, a charity focused on creating positive futures for young people growing up on inner city estates in London, and National Energy Action, a charity which focuses on alleviating fuel poverty. See page 43 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.

Annually, the Board approves the Group's Anti-Fraud, Bribery & Corruption, 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**

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**. More on how we behave can be found on pages 42 and 95.

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**, 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, Developer of the Year along with the award for Best West End New Build for 1 Newman Street & 70/88 Oxford Street, W1 at the OAS Development Awards 2022, the Innovation Award (Business) at the EG Tech Awards 2022, the Best New Workplace Award for The Hickman, E1 at the Building London Planning Awards 2022 and the Sustainable Property Company of the Year Award at the Young Norwood Property Awards 2023. I am also very pleased to report on our achieving a gold award in relation to EPRA's 2022 Best Practice Recommendations and Sustainability Best Practice 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 90 and 91, 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 is also available to engage with shareholders on significant matters related to their areas of responsibility. During the year, Emma Woods, as Chair of our Remuneration Committee, met with many of our largest shareholders to discuss the proposed changes to our Directors' remuneration policy, as further described in the Directors' remuneration report on page 118.

The AGM also provides the Board with an opportunity to engage with and answer questions from shareholders. Arrangements for the 2023 AGM can be found in our 2023 AGM Notice.

On behalf of the Board, I would like to thank all of our 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
24 May 2023

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 Real Estate Actis LLP and Hodes Weill 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, 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 Real Estate, Actis LLP and Hodes Weill LLC.

Executive Directors

Toby Courtauld
MA, MRICS
Chief Executive

Committees: E S

Joint venture directorships: Director of the GHS Limited Partnership

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 nearly 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 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 and Chair of its Property 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

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 marketing activities.

Current external commitments: Member of the Reporting and Accounting Committee of EPRA and Trustee of the Outward Bound Trust.

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)

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, Development Management and the Workplace Services 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 memberships:

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- E Executive Committee
- S Sustainability Committee
- H Health & Safety Committee
- S Social Impact Committee
- I Inclusion Committee

Committee Chair:

A E H
N S S
R

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, until April 2023, was 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: None. Trainline plc executive team and President of Trainline Partnership Solutions until 30 April 2023.

Dame Alison Rose[1]
BA (Hons)
Non-Executive Director

Committees: A N R

Date appointed to the Board: April 2018

Independent: Yes

Relevant skills and experience: Alison is currently Chief Executive Officer of NatWest Group plc and was previously Deputy Chief Executive Officer of NatWest Holdings and Chief Executive Officer of Royal Bank of Scotland Commercial and Private Banking. She has also held a number of other banking and finance roles within Royal Bank of Scotland and NatWest Markets. Alison's significant experience of real estate financing, capital markets and customer relations through her different roles at Royal Bank of Scotland and NatWest enables her to provide an informed view and helpful challenge to Board and Committee discussions.

Current external commitments: Chief Executive Officer of NatWest Group plc, Vice-Chair of BITC, Co-Chair of the UK Government's Rose Review and Energy Efficiency Taskforce, Non-Executive Director of the Sustainable Markets Initiative, Member of the Board of the Institute of International Finance, and Trustee of the Coutts Charitable Foundation.

1. Alison Rose will be stepping down from the Board from the conclusion of the 2023 AGM.

Changes to the Board during 2022/23

– Wendy Becker stepped down from the Board on 7 July 2022.
– Champa Magesh joined the Board on 1 August 2022.
– Charles Philipps stepped down from the Board on 30 March 2023.

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 a Non-Executive Director, Senior Independent Director and Chair of the Remuneration Committee of The Gym Group plc, 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 Chief Executive Officer at Wagamama between 2018 and 2021 and subsequently an Advisory Board Member of the Wagamama Brand Board. She 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 The Gym Group plc and Huel Limited.

The Board's attendance in 2022/23

Attendance at scheduled Board and Committee meetings during the year was as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
		See Committee report on **pages 106 to 113**	See Committee report on **pages 100 to 105**	See Committee report on **pages 114 to 146**
	6 Scheduled meetings[1]	**4** Scheduled meetings	**5** Scheduled meetings	**5** Scheduled meetings
Chair[2]				
Richard Mully	●●●●●●	–	●●●●●	–
Executive Directors[3]				
Toby Courtauld	●●●●●●	–	–	–
Nick Sanderson	●●●●●●	–	–	–
Dan Nicholson	●●●●●●	–	–	–
Non-Executive Directors[2]				
Charles Philipps[4]	●●●●●●	●●●●	●●●●●	●●●●●
Mark Anderson[5]	●●●●●●	●○●●	●○●●●	●●○●●
Wendy Becker[6]	●● (2/2)	–	● (1/1)	●● (2/2)
Nick Hampton[7]	●●●●●●	●●●●	●●●●●	●●●●●
Vicky Jarman	●●●●●●	●●●●	●●●●●	●●●●●
Champa Magesh[8]	●●●● (4/4)	●●● (3/3)	●●●● (4/4)	●●● (3/3)
Alison Rose[9]	●●●●○●	○●●●	○○●●●	○●●●○
Emma Woods[10]	●●●●●●	●●●●	●●●●●	●●●●●

● Board meetings attended
● Committee meetings attended
○ Board meetings not attended
○ Committee meetings not attended

1. There were six scheduled Board meetings in 2022/23. The Board also held a strategy review session and additional meetings to consider matters of a time-sensitive nature – see Board activities on pages 87, 96 and 97.
2. 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.
3. 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.
4. Charles Philipps stepped down from the Board on 30 March 2023 and was succeeded in the role of Senior Independent Director by Nick Hampton.
5. Mark Anderson was unable to attend the Audit, Nomination and Remuneration Committee meetings on 20 September 2022 due to a prior business commitment preceding his appointment. Mark received meeting papers in advance and was able to provide comments to the Chair of the respective meetings.
6. Wendy Becker stepped down from the Board at the conclusion of the 2022 AGM held on 7 July 2022. The number in parenthesis is the number of meetings she could have attended in the year.
7. Nick Hampton stepped down as Chair of the Audit Committee from the conclusion of the 2022 AGM held on 7 July 2022 and was succeeded in that role by Vicky Jarman. Nick Hampton remains a member of the Audit Committee.
8. Champa Magesh was appointed to the Board and also the Audit, Nomination and Remuneration Committees with effect from 1 August 2022. The number in parenthesis is the number of meetings she could have attended in the year.
9. Alison Rose was unable to attend the Board meeting held on 20 January 2023, the Audit, Nomination and Remuneration Committee meetings held on 11 May 2022, the Nomination Committee meeting on 20 September 2022 and the Remuneration Committee meeting held on 30 March 2023, in each case due to late scheduling conflicts with material business commitments. Alison received meeting papers in advance and was able to provide comments to the Chair of the respective meetings.
10. Emma Woods succeeded Wendy Becker as Chair of the Remuneration Committee from the conclusion of the 2022 AGM held on 7 July 2022.

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.

2022/23	May	July	September	November	January	March
Purpose, strategy and implementation						
Purpose and strategic review, discussion and setting of business plan	●	●	●	●	●	●
Chief Executive's report including market conditions dashboard, operational parameters, strategic risks and opportunities, sustainability, innovation, team resourcing and development	●	●	●	●	●	–
Executive Director's and other Board reports on valuation, leasing activity, 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 update, social impact update and operational matters including Flex and customer experience, marketing, HR and IT	●	●	●	●	●	–
Shareholder analysis and/or investor relations updates	●	●	●	●	●	–
Board property tour	–	–	●	–	–	–
Risks						
Formal review of risk management and internal controls	●	–	–	●	–	–
Ongoing monitoring of risks	●	●	●	●	●	●
Governance						
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 reports including strategy and updates	–	–	●	●	●	●
Sustainability updates including vision, strategy, targets and Roadmap	●	●	●	●	●	●
Corporate Responsibility including review of the Company's Modern Slavery Statement, Anti-Fraud, Bribery & Corruption, Ethics, Gifts and Hospitality and Whistleblowing Policies	–	–	●	–	–	●
Evaluation						
Board evaluation	–	–	–	–	●	–
Conflicts of interest	●	●	●	●	●	●

● Board meeting matter

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 96 and 97.

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.

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 articulated through a Board-sponsored, employee-driven initiative, and engaging all our employees in this process meant we were able to develop 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 54.

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, along with a targeted annual diversity and inclusion survey 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 92 and 93 for more details);
- 'Living Our Values' is an integral part of every individual's objective setting and 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 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;
- the Executive Committee holds regular 'Living Our Values' meetings with Heads of Department which are then 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 Group's response to the cost of living crisis this year has further demonstrated the strength of our collaborative culture and the commitment of our people to serve in the best interests of our stakeholders. See pages 118, 58 to 59, 40 and 43 for details regarding the financial and wider support we provided to employees in the year, the work undertaken to support our customers with the management of rising energy prices and the support given to our communities.

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;
- updating our diversity and inclusion policies;
- the participation by all members of our Executive Committee in a nine-month inclusive leadership programme, with our next layer of senior management now embarking on a similar programme;
- the inclusion of diversity and inclusion objectives within the annual bonus measures for senior executives;
- the creation of our Race & Ethnicity, Women's, Health & Wellbeing and Parents & Carer's employee-led impact groups, overseen by the Inclusion Committee, aimed at making our culture even more inclusive;
- launching our new GPE Competency Framework and leadership training programme to develop more inclusive and capable leaders;
- rolling out a new GPE Legal Strategy and framework and our new Anti-Fraud, Bribery & Corruption Policy;
- strengthening our performance review process to explicitly assess behaviours and 'how' objectives are achieved;
- demonstrating support for wellbeing and good mental health by sponsoring activities throughout the year and regularly communicating the resources made available to colleagues; and
- rolling out a series of compulsory all-employee workshops designed to embed our Customer First approach across all our operations and business activities.

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:

Investors	The Chair engages with major shareholders on matters of governance and strategy, and Committee Chairs engage, as appropriate, on their areas of responsibility. This year, the Remuneration Committee Chair consulted with major shareholders on the proposed changes to our Directors' remuneration policy. 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. 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.
Our people	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, 'Living Our Values' meetings, 'Listening Sessions' hosted by Executive Committee members with small groups of employees and the work of the Inclusion Committee and our various employee impact groups.
Customers	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. External presenters also present to the Board from time to time on occupier trends and market research and developments.
Joint venture partners	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.
Communities	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.
Local planning authorities	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.
Suppliers	Engagement is led through our Development, Leasing, Workplace Services, Customer Experience, Health and Safety and Sustainability teams, with information received through regular Board reports and presentations. The Board 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:

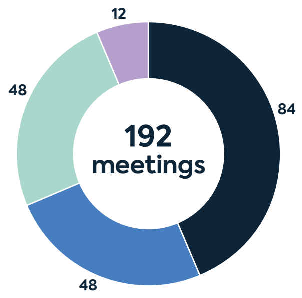
Our stakeholder relationships on **pages 58 to 62**
Our people and culture on **pages 54 to 57**
Our approach to risk on **pages 64 to 77**
Engaging with our investors on **pages 90 and 91**
Engaging with our employees on **pages 92 and 93**
Impact of engagement on Board decisions on **page 94**
What we did in 2022/23 on **pages 96 and 97**

Leadership and purpose continued

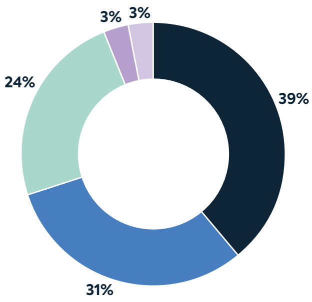
Engaging with our investors

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 2023



See more about our largest shareholders on **page 148**

Sustainability indices 2022/23

Given the increased focus on sustainability, the Board believes that it is essential to provide transparent reporting. We therefore participate in a number of sustainability indices:

- CDP
- EPRA
- MSCI
- FTSE4Good
- ISS
- GRESB

See more about our approach to sustainability on **pages 37 to 53**

250+

Investors met during the year

What we did in 2022/23

2022

April

- Capital Markets Day (London)

May

- Roadshows: London & Netherlands (virtual)
- Equity sales force meetings x1

June

- Roadshow: US
- Conference: Morgan Stanley (London)
- Equity sales force meetings x2

July

- Annual General Meeting
- Fireside chat: Numis (London)
- Equity sales force meetings x1

September

- Conferences: Bank of America (New York), Goldman Sachs (London)
- Analyst Tour: 50 Finsbury Square, EC2

November

- Roadshows: London & Netherlands (virtual)
- Conferences: JP Morgan (London), UBS (London)
- Equity sales force meetings x2

2023

January

- Conference: Barclays (London)
- Roadshow: Asia (Tokyo and Singapore)

March

- Fireside chat: JP Morgan (London)
- Conferences: Citi (US), Bank of America (London)
- Equity sales force meetings x1

"The return to normal after the pandemic has been welcome, and we used the opportunity to have a significant number of meetings with our investors including a number of tours to showcase our assets."

Stephen Burrows Director of Financial Reporting and Investor Relations

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** 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 returned to being primarily in person during the year and, as global travel restrictions faded, we also hosted a large number of property tours as investors took the opportunity to see our activities in person.

The Executive Directors and senior management had 192 virtual and in-person meetings with over 250 shareholders, and potential shareholders, from a broad range of institutions during the year. This included participating in eight 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, for the first time since 2020, a trip to Asia to meet investors in Tokyo and Singapore. We actively seek feedback after every roadshow, which is provided to the Board on a regular basis.

As part of the review of our Directors' remuneration policy this year, Emma Woods, our Remuneration Committee Chair, consulted with major shareholders and proxy agencies on the proposed changes to the policy. 19 meetings and calls were held to seek feedback, which was incorporated into the final policy proposed for shareholder approval at the 2023 AGM.

See more about our Directors' remuneration on **pages 114 to 146**

Examples of topics raised in the year

- Our view on the markets in which we operate;
- How London has emerged from the pandemic, including retail footfall and office occupancy;
- The impact of higher interest rates on valuations and future returns;
- The expansion of our Flex offers, our ambition for growth and their respective financial returns;
- The impact of sustainability on customer and investor demand;
- An understanding of the Clifford Chance LLP pre-let and the development returns from 2 Aldermanbury Square, EC2; 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.

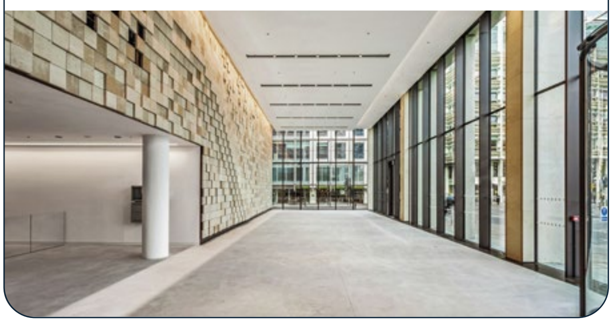
Next steps

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 and the US, attending the Kempen conference in the Netherlands and attending the Morgan Stanley conference in London.

Property Tour: 50 Finsbury Square, EC2

Given our portfolio is highly concentrated in central London, we often take the opportunity to take investors and analysts on walking tours of a selection of assets as part of our active engagement.

In September 2022, we hosted an analyst tour of our development at 50 Finsbury Square, EC2. We took the opportunity to take the analysts around the near complete building in the short window ahead of the property's sale. The majority of our Executive Committee attended to answer questions on the building, and wider business, and our Project team explained the progress on-site, including the complexities of the scheme.



Engaging with our employees

Being a relatively small company of approximately 140 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 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 Mark Anderson in November 2022 and by Emma Woods in March 2023, 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 50 Finsbury Square, EC2 and 6/10 St Andrew Street, EC4 as part of the annual Board property tour involving our Development, Project Management, Leasing, Flex and Customer Experience teams;

An audience with Mark Anderson

One of our 'Audience with…' sessions this year was held with Mark Anderson, hosted by David O'Sullivan, our Director of Workplace Services.

David opened the session by exploring Mark's career in the retail and hospitality sectors, which led to an engaging discussion on customer centricity in the workplace, the benefits this brings and how GPE can drive further progress in this area, also learning from other industries.

The conversation then progressed to how everyone at GPE can make a difference for GPE's customers and London's communities. The discussion supported the development of GPE's Customer First approach and was a valuable lead into the launch of a series of Customer First workshops with employees to consider how the business should adapt to meet the evolving needs of modern customers.

Mark talked about the Board's view of London as a location of critical importance, which led to an interactive conversation regarding the macro environment and the opportunities this presented for GPE in a changing market.

Mark also provided his insights on changing working patterns, the future of the workplace and the increasing role that technology and data can play, both to support our customers and to differentiate GPE from its competitors.

There was an opportunity for employees to ask questions and share views across a broad range of topics that affected them, including the progress of GPE's diversity and inclusion agenda, the challenges and opportunities of business transformation, the scaling-up of service-led operations and the development of the GPE's customer proposition.

The event was well attended by employees, with members of the Board also present, and received positive employee feedback.

"The session was a great opportunity for all employees to hear Mark's views on customer centricity in the workplace and how GPE can evolve and make a real difference for our customers. It was inspiring to hear from Mark on a range of issues and to engage with one of our Non-Executive Directors."

Anna Kharchenko
Investment Associate

- 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 and disposals, development appraisals, our flexible office model, 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 and more junior colleagues of GPE 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 54 to 57**

An audience with Emma Woods

Our latest 'Audience with…' session was held with Emma Woods, hosted by Carrie Heiss, our HR Director.

"It was a great chance to have an open and engaging discussion with Emma on key topics including diversity and remuneration."

Harriet Fulford-Brown
Deputy General Counsel

Carrie started the session by asking Emma about her career path and motivations. Emma discussed, in particular, the importance of GPE's strong culture and values, and doing the right thing by colleagues and customers to drive business success.

In view of challenging economic conditions, Emma discussed the need to focus on key priorities, the importance of long-term considerations when making business decisions and her confidence in the GPE team to deliver the strategy.

Emma responded to questions regarding diversity and inclusion (D&I) at GPE, and in the wider property industry, and commented on the importance of diverse teams to generate ideas, challenge and superior performance. There was an engaging conversation regarding the results of a recent employee D&I survey, the importance of honest feedback and the ongoing work to strengthen D&I at GPE in response to the feedback received.

Emma explained and answered questions regarding her position as Chair of GPE's Remuneration Committee. Topics covered included GPE's principles of remuneration and their consistent application across the business, the rationale for the proposed changes to the Directors' remuneration policy, how the changes would be cascaded to employees and the evolution of the proposed changes in response to internal and shareholder feedback.

Emma also discussed and answered questions on a range of matters including branding and marketing, sustainability as a differentiator for GPE, customer service and her role as a Non-Executive Director.

The event was well received with high levels of employee attendance, alongside attendance by the Chair and other members of the Board.

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 2022/23 are set out below and in 'What we did in 2022/23' on pages 96 and 97. Further details on our stakeholder engagement, and our response, can also be found on pages 54 to 62.

Sale of 50 Finsbury Square, EC2 1 2 5

In September 2022, having previously approved the pre-letting of the building's office space to Inmarsat Global Limited, the Board approved the sale of 50 Finsbury Square for the headline price of £190 million.

In reviewing the proposal, the Board considered how the sale presented the opportunity to recycle capital out of a mature asset, crystallise value and maximise returns.

The Board assessed the prospective returns from the sale and the impact on the Group's financial metrics, including on GPE's forward look NTA, EPRA cost ratio and earnings. This was weighed against the prospect of generating sale proceeds to further strengthen the balance sheet and fund future development opportunities to deliver greater value for GPE's stakeholders in the longer term. The use of proceeds from the sale would also help reduce any future need to seek additional debt or equity financing to fund the future development pipeline or acquisitions.

From a wider stakeholder perspective, the 50 Finsbury Square scheme created GPE's first net zero carbon development, and the lessons learned and proceeds of sale could be used to create new net zero carbon buildings for London. This in turn would also provide future opportunities for employees who would otherwise be minimally impacted by the sale.

The sale would be subject to practical completion of the building, and therefore GPE's contractors and suppliers would continue to be engaged to the conclusion of the project.

It was concluded, having regard to stakeholder interests, that the sale was likely to generate long-term sustainable value for shareholders as a whole and provide further opportunities to work with customers, communities and wider stakeholders to create sustainable space for London to thrive.

See more on **pages 08 and 24**

1 Denotes strategic priorities for 2022/23 as set out on pages 14 and 15.

Pre-letting and redevelopment of 2 Aldermanbury Square, EC2 (2AS) 1 2 4 5

Also in September 2022, the Board approved the pre-letting of all the office space at 2AS to leading international law firm, Clifford Chance LLP, and the redevelopment of 2AS.

The Board discussed the strong business case for the letting and development of the building and its wider stakeholder impacts. This included the review of performance metrics, procurement and pricing pressures in the market following Russia's invasion of Ukraine, the potential loss of opportunity from not developing speculatively and waiting to lease the building, and the prospective returns from the transaction for GPE and its shareholders.

The Board discussed customer and agent feedback and market analysis, which had highlighted strong customer demand for prime office space in a location where the future supply of space was expected to be limited. The redevelopment of the asset would also be necessary to attract customers and maintain the value of the investment.

The Board had regard for the positive impact the scheme would have on local communities through the provision of new public realm improvements and amenities. 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 plans for 2AS to be GPE's second net zero carbon building. The Board also considered GPE's ongoing work with suppliers to achieve stretching embodied carbon targets, to embrace the circular economy and source sustainable construction materials, and the need to partner with customers to minimise their 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 pre-letting and, conditional upon the exchange of contracts (which occurred in November 2022), commit to the redevelopment of 2AS.

See more on **page 28**

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, health and safety and responsible sourcing.

In September 2022, we published our latest Modern Slavery Act Statement, which can be found at **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 and fraud matters include our overarching Anti-Fraud, Bribery & Corruption (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 2023. 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**

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, Champa Magesh 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 Champa'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 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 along with the impacts arising from the Russia-Ukraine war; 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; health and safety; climate change and sustainability; 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.

What we did in 2022/23

2022

Strategy, governance, risk and opportunity management

May/June

- Discussion of 2022/23 key priorities, themes, strategic actions and team resourcing
- Update from GPE's corporate brokers on the market backdrop, macro-economic conditions, including inflation and interest rates, and investment risks and opportunities
- Discussion of real estate trends and occupiers' future space requirements
- Discussed asset strategies and potential sales and supported the disposal of 6/10 Market Place, W1
- Received an update on activities being undertaken in relation to the development pipeline, including the impacts of rising construction costs and the challenging planning environment
- Approval of the acquisitions of 6/10 St Andrew Street, EC4 and 2 Cathedral Street, SE1
- Approval of Emma Woods as GPE's next Remuneration Committee Chair
- Approval of the appointment of Champa Magesh as a Non-Executive Director

July/August

- Discussion of the REIT sector and economic outlook, the limited supply of new space in the market and the bifurcation between prime and other assets
- Update on Flex activities, including growth, performance, resourcing and potential acquisitions
- Noted an IT and cyber security risk and controls update and recommendations arising from a 'red team' penetration exercise
- Update on Executive Committee 'Away Day', including discussions on market dynamics, delivery of a Customer First culture, the risks and opportunities regarding sustainability and Flex, and leadership in a post-pandemic world
- Update on debt markets, GPE's strong position to consider potential debt options going forward and its relationships with existing lenders
- Approval of PwC as GPE's next external auditor for 2023/24, subject to shareholder approval

September

- Received an external presentation on the market backdrop, the European real estate equity market and GPE's positioning to drive value creation and take advantage of market trends
- Discussion of development, planning, procurement, supplier failure and construction pricing risks and mitigating actions
- Approval of the pre-letting of 2AS to Clifford Chance and, conditional on the exchange of contracts, the 2AS redevelopment
- Approval of the 50 Finsbury Square disposal for £190m subject to final terms
- Discussion of the investment market and new business opportunities
- Received a health and safety update and discussed progress against KPIs
- Discussed an Innovation Strategy update including on the use of technology to support GPE's Customer First approach, the proposed deployment of a new customer relationship management system and GPE's investment in Pi Labs European PropTech venture capital fund (see page 104 for further information)


2 Aldermanbury Square

Understanding the views of stakeholders, the interests of employees and the fostering of business relationships

May/June

- Review of feedback from the Capital Markets Day in April, including positive feedback on the simplification of GPE's strategy and products
- Discussion of the Customer First launch to strengthen customer service and engagement
- Discussion of recent employee survey results and next steps
- Update on progress of diversity and inclusion (D&I) initiatives, including the commencement of the Executive Committee Inclusive Leadership Programme
- Recommendation of the payment of a final dividend to shareholders
- Discussion of the social value created by GPE during 2021/22 and positive feedback from the launch of the new Social Impact Strategy
- Update on the launch of GPE's new charity partner, XLP

July/August

- Review of customer and agent themes and insights from an independent Customer First research exercise identifying opportunities to strengthen the customer experience, including through service-level improvements, and to enhance agent and broker relationships and their knowledge of GPE products
- Consideration of engagement with freeholders, including to progress the regear of the headlease at 2 Aldermanbury Square (2AS)
- Discussion of feedback from employee D&I workshops and next steps to drive further progress

GPE.Connect

- Approval of an updated Sustainability Policy and review of costs to upgrade portfolio assets to an EPC B rating
- Noted feedback from joint venture partners regarding management of partnership assets and retail strategies

September

- Discussion of increasing energy prices and GPE's creation of Energy Councils at each building, and the use of sesame® app data, to support customers with their energy use
- Received an update on the People Plan, including D&I activities, improvements to GPE's talent and development programme and initiatives to improve operational processes in response to employee feedback
- Update on planning authority and local community engagement regarding development schemes, including at New City Court and Minerva House
- Review of investor relations activities and analyst updates
- Supported a disability project on inclusive spaces with the Purple Tuesday charity and initiatives to become a Disability Confident Employer
- Approval of GPE's 2022 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 87, together with examples of our oversight of engagement with stakeholders and consideration of s.172(1) matters since April 2022. You can read our s.172(1) statement on page 62.

2023

November

- Discussion of key market themes, macro conditions, London's continued attractiveness, demand for prime space and the opportunities presented
- Approved in principle a management reorganisation to support the Customer First approach and changing market conditions
- Review of void rates, potential vacancies and void mitigation strategies
- Received an update on Flex and discussed product differentiation
- Discussion of the Customer First programme including customer journey mapping, customer feedback and planned immersive workshops for all employees

January

- Review of key themes and priorities to be addressed as part of the March 2023 strategy review
- Discussion of developments in sustainability regulations and practice and the certification of 50 Finsbury Square as GPE's first net zero carbon development
- Approval of the definitive appraisal for the 6/10 St Andrew Street refurbishment scheme
- Discussion of the Flex marketing strategy, operating costs and returns
- Discussion of the recommendations arising from the external Board evaluation
- Approval of the appointment of Nick Hampton as GPE's next Senior Independent Director following the retirement of Charles Philipps


50 Finsbury Square


St Andrew Street

March

- External presentations on (i) the economy and the central London office market; and (ii) the flexible office market
- Review of our portfolio response to customer demands and approval of the target to grow our Flex office space to 1m sq ft
- Update on our three-year IT strategy, including cyber security governance and actions arising from an externally facilitated cyber-attack simulation exercise
- Review of health and safety activities, governance, risks and controls, including the implications of new fire and building safety legislation
- Discussion of progress against GPE's Innovation Strategy and areas of focus for 2023/24 following a business-wide consultation

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November

- Discussion of the refinement of the New City Court scheme to meet evolving customer and sustainability needs
- Received feedback from GPE's successful Community Day
- Update on sustainability innovations and GPE's continued support of industry-wide sustainability efforts
- Update on the Executive Committee's Inclusive Leadership Programme, the work to define the practical applications of the learnings from the programme for the wider business and the setting of measurable goals
- Approval of the interim dividend
- Discussion of progress being made against GPE's Social Impact Strategy and the social value created to date, including through the work with charity partner, XLP

XLP
WORKING TO CREATE POSITIVE FUTURES FOR YOUNG PEOPLE

January

- Discussion of feedback from the employee Customer First workshops and the identified need to define GPE's service proposition and standards
- Consideration of responses to a recent employee D&I survey highlighting opportunities for further progress and positive feedback following the communication of new employee representation targets and the launch of a new D&I programme for senior managers
- Review of feedback from an institutional investor roadshow in November which, despite macro concerns, signalled broad support for GPE's Flex and development strategy and low leverage
- Update on the Customer First programme and actions to enhance customer engagement

March

- Received an update on sustainability developments and progress against targets
- Approval of GPE's updated Sustainability Statement of Intent and Brief for Creating Sustainable Spaces

- Update on results of the recent customer satisfaction survey and Net Promoter Score and the development of our customer service proposition and standards
- Update on our Inclusive Spaces Project and the attainment of Level Two Disability Confident Employer accreditation

Division of responsibilities

The role of the Board and its Committees during the year

Board

- six scheduled meetings a year
- sets strategy
- provides oversight of purpose, culture and risk
- approves major transactions
- provides oversight of governance
- oversees climate change risk and sustainability strategy

See Board activities on **pages 87 to 97**
See biographies of the current Directors on **pages 84 and 85**
See the division of responsibilities of the Directors on **page 99**

Board Committees

Audit Committee

- four scheduled meetings a year
- oversees financial reporting
- monitors risk management and internal controls
- scrutinises activities and performance of the external auditor
- conducts, as appropriate, the tender process for the external audit contract
- evaluates internal auditor and audit plan

See Audit Committee report on **pages 107 to 113**
See Our approach to risk on **pages 64 to 77**

Remuneration Committee

- five scheduled meetings a year
- establishes Directors' remuneration policy to be proposed to shareholders for approval
- sets executive remuneration schemes
- reviews Executive Committee member objectives and achievements
- approves senior management remuneration and incentive awards
- approves variable remuneration targets
- approves the Directors' remuneration report
- reviews wider workforce pay policies and alignment of incentives with culture

See Directors' remuneration report on **pages 114 to 146**

Nomination Committee

- five scheduled meetings a year
- recommends Board appointments
- approves senior management appointments
- oversees succession planning and development of a diverse pipeline
- responsible for Board effectiveness evaluation

See Nomination Committee report on **pages 100 to 105**

Management Committees

Executive Committee

- meets fortnightly
- implements the Group's strategy
- oversees transactions
- monitors risks and opportunities
- responsible for succession planning, resourcing and people development

See Strategic Report on **pages 02 to 78**

Sustainability Committee

- meets four times a year
- manages climate change risk and resilience
- reviews progress and development of sustainability strategy
- monitors environmental compliance
- oversees allocation of Decarbonisation Fund
- net zero carbon development sub-committee focuses on innovation and opportunities of net zero carbon development and refurbishment
- portfolio sub-committee focuses on reducing carbon emissions in the existing portfolio

See Sustainability on our website **www.gpe.co.uk/sustainability**

Health and Safety Committee

- meets four times a year
- reviews the Group's health and safety compliance and performance
- provides oversight on Health and Safety Strategy
- identifies and reviews opportunities for improvement

See Sustainability on our website **www.gpe.co.uk/sustainability/working-safely**

Social Impact Committee

- meets four times a year
- sets direction for the Group's social value creation
- oversees implementation of the Group's Social Impact Strategy, charitable partnerships and donations

See Strategic Report on **pages 02 to 78**

Inclusion Committee

- 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 Our people and culture on **pages 54 to 57**

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**

Roles and responsibilities of the Directors:

Chair	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.
Chief Executive	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 and has executive responsibility for climate change and sustainability matters.
Chief Financial & Operating Officer	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, IT and, following a team reorganisation in November 2022, the Customer Experience, Flex and Marketing functions. Nick also leads the Social Impact Committee.
Executive Director	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 matters. Following a team reorganisation in November 2022, Dan also leads the New Business and Workplace Services teams. As part of the team reorganisation, Board responsibility for health and safety was transitioned from Nick Sanderson to Dan in the year, and Dan now leads the Health and Safety Committee.
Senior Independent Director[1]	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.
Non-Executive Directors	Mark Anderson Vicky Jarman Champa Magesh Alison Rose 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 (who succeeded Wendy Becker in that role on 7 July 2022) is responsible for leading the Remuneration Committee, while Vicky Jarman (who succeeded Nick Hampton in that role on 7 July 2022) 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.

1. Charles Philipps was GPE's Senior Independent Director during the year under review, stepping down on 30 March 2023 when he was succeeded by Nick Hampton.

Composition, succession and evaluation

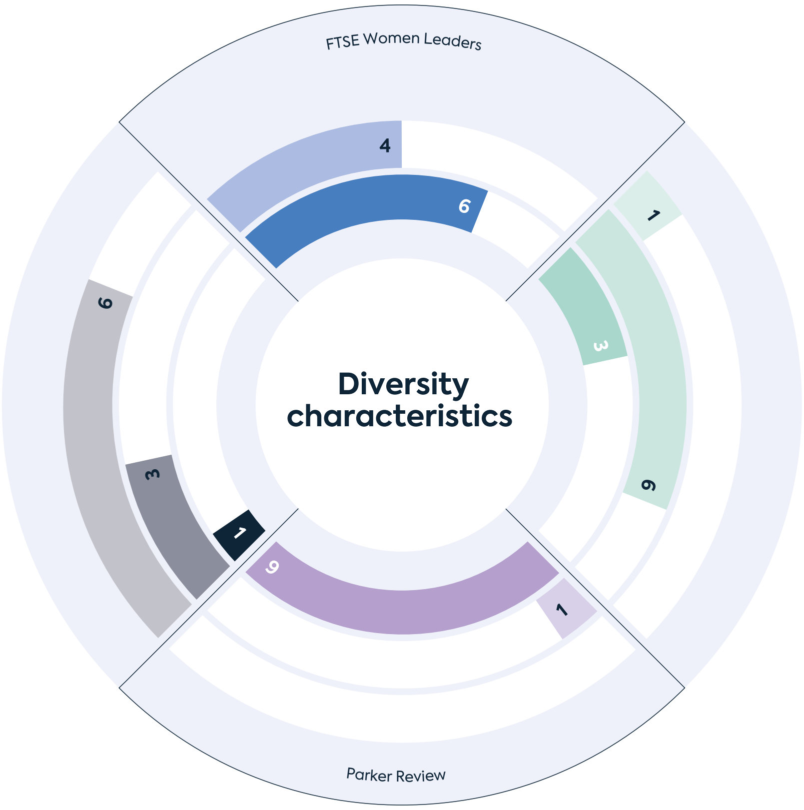
Board composition and diversity

The diagrams below show the Board's composition, tenure and diversity characteristics.

The biographical details of the Directors can be found on pages 84 and 85 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 56, 57 and 103.

Board diversity and tenure (as at 31 March 2023 and the date of this report)



Gender[1]

- Male – 60%
- Female – 40%

Age

- 40–50
- 51–56
- 57+

Ethnic group[1]

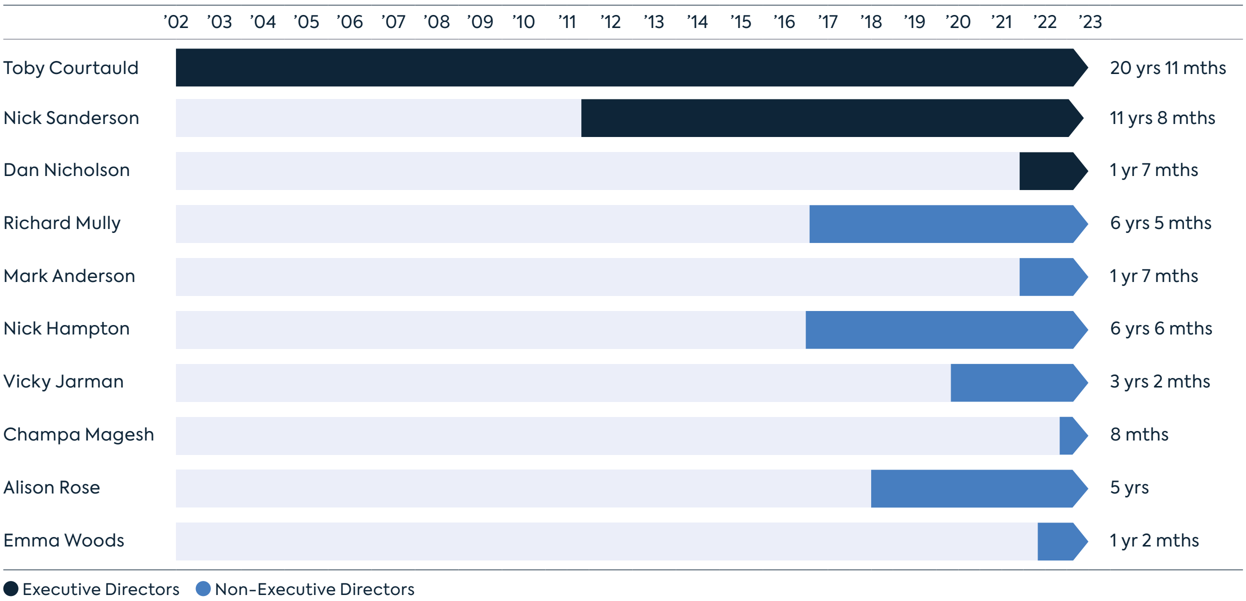
- White – 90%
- Ethnic Minority – 10%

Board balance

- Chair
- Executive Directors
- Independent Non-Executive Directors

1. As at 31 March 2023 and the date of this report, GPE met the FTSE Women Leaders Review target to have at least 40% female representation on the Board and the Parker Review target to have at least one Director from an ethnic minority background. GPE's Board Diversity Policy, which was updated in March 2023, can be found on our website at **www.gpe.co.uk/investors/governance**. Further information can be found on page 103.

Directors' tenure (as at 31 March 2023)



Nomination Committee

Further details regarding Committee memberships, meetings and attendance can be found on page 86.

Committee members[1]

Director	Role
Richard Mully	Chair
Nick Hampton	Senior Independent Director
Mark Anderson	Non-Executive Director
Vicky Jarman	Non-Executive Director
Champa Magesh	Non-Executive Director
Alison Rose	Non-Executive Director
Emma Woods	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 and 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**

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 seven independent Non-Executive Directors, namely Charles Philipps, Mark Anderson, Wendy Becker, Nick Hampton, Vicky Jarman, Alison Rose and Emma Woods. Wendy Becker and Charles Philipps stepped down from the Board, and therefore the Committee, with effect 7 July 2022 and 30 March 2023 respectively. Champa Magesh was appointed to the Committee with effect from her appointment to the Board on 1 August 2022.

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. During the year, the Board carefully considered the appointment of Emma Woods as a Non-Executive Director of Huel Limited in May 2022 and the appointment of Alison Rose as co-chair of the Government's new Energy Efficiency Taskforce in February 2023. The Board was satisfied that these changes would not impact Emma's or Alison'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. Wendy Becker and Charles Philipps also served as members of the Nomination Committee during the year, stepping down from the Board and the Committee on 7 July 2022 and 30 March 2023 respectively.

"In a busy year for the Committee, our continued focus has been 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 2023. In a busy year for the Committee, our continued focus has been on Board recruitment and succession planning and the progression of our diversity and inclusion agenda.

Board and Committee composition

There have been a number of changes to the Board during the year as we have continued to focus on appropriate ongoing succession and diversity of the Non-Executive Directors. As part of this process, 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.

As I explained in last year's report, the Committee had identified the need to strengthen the Board's technology and data expertise. During the year, in view of Charles Philipps' impending retirement at the end of his nine-year tenure, the Committee also agreed to commence an additional search process for a Non-Executive Director with strong City, investment and capital markets experience. The Committee instructed executive search firm, Russell Reynolds, to support with each of these searches. 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 each recruitment process, the Committee reviewed diverse longlists from which refined shortlists of candidates were selected for interview. Following a detailed selection process for the technology and data search, the Committee recommended to the Board the appointment of Champa Magesh, who joined the Board and each of its Committees from 1 August 2022. Champa's wealth of digital transformation, technology and operational experience are of great value as we evolve our strategy, products and our Customer First approach.

The search for an additional Non-Executive Director is progressing to enhance the Board's City, financial and transaction experience, and with the aspiration of increasing the Board's overall diversity, and we hope to announce a further appointment in due course.

As planned, Wendy Becker stepped down from the Board and as Chair of the Remuneration Committee, and Nick Hampton stood down as Chair of the Audit Committee, each from the conclusion of the 2022 AGM held on 7 July 2022. Emma Woods and Vicky Jarman became the next Chairs of the Remuneration Committee and Audit Committee respectively from that time, and I am delighted with the smooth transition processes and the valuable experience each is bringing to their roles. Nick Hampton remains a member of the Audit Committee. As explained on page 81, Charles Philipps retired from the Board on 30 March 2023 and Alison Rose will be stepping down from the Board from the conclusion of the 2023 AGM.

Given Charles Philipps' anticipated retirement, the Committee considered who should succeed him as GPE's next Senior Independent Director (SID). The Committee discussed the attributes required for a SID and the suitability and ongoing responsibilities of Directors. While the FTSE Women Leaders Review and new Listing Rule target, for at least one of the Chair, SID, CEO and CFO positions to be held by a woman, remains an important consideration, and the benefits of diversity are always an important consideration when we are making appointments to Board roles, it was unanimously agreed that Nick Hampton's significant experience, skills and deep knowledge of GPE would make him an excellent SID for the next stage of our Board's development. Vicky Jarman and Emma Woods have recently been appointed as Chairs of the Audit and Remuneration Committees and continue to focus on these key responsibilities. External candidates were not considered for the SID role at this time as it was felt that an experienced internal candidate, with a strong understanding of the Board and the Group, would be best placed to support Board succession planning over the next few years. On the recommendation of the Committee, the Board was pleased to appoint Nick as GPE's new SID following Charles' retirement on 30 March 2023.

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. This includes our Executive Committee Rotating Seats programme, whereby two members of senior management join the Executive Committee on a six-month rotating basis, helping individuals to develop their skills and exposure whilst supporting the development of a diverse talent pipeline.

To support the delivery of our Customer First approach and to position GPE to take advantage of changing market conditions, we were pleased to endorse a team reorganisation as well as several senior management role changes and promotions in the year. This included the rebalancing of the responsibilities of our Executive Directors with Nick Sanderson assuming reporting line responsibility for Marketing, Flex and Customer Experience, and Dan Nicholson assuming responsibility for New Business, Health and Safety and the newly created Workplace Services function. Details of these and other changes, promotions and appointments made to strengthen the team can be found on page 54.

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 was pleased to adopt a new Board Diversity Policy in March 2023 which 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**. 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 where people feel safe, respected and appreciated for who they are and what they bring 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 the date of this Report, women represented 40% of the Board, 22% of the Executive Committee (or 27% including participants in our Executive Committee Rotating Seats programme) and 36% of the population comprising the Executive Committee and their direct reports. We continue to make progress in many areas but recognise there is much work still to do.

We have also collected data on the ethnic diversity of our people, which we have published for the first time this year. We are pleased to have met the Parker Review target to have at least one Director from a minority ethnic background by 2024 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 2022/23, Executive Directors had a full one-third weighting of their personal bonus objectives linked to improving female representation at GPE. All Executive Committee members participated in an impactful inclusive leadership development programme over nine months of the year. We also launched several meaningful Employee Impact Groups to provide a voice for colleagues from under-represented groups. These initiatives, amongst others, have given us all confidence in setting the following aspirational diversity and inclusion targets which were communicated to our colleagues in December 2022:

- for 40% of senior leadership roles (Executive and Operations Committee roles) to be held by women by 2025;
- 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; and
- reflecting our London communities, for 40% of all colleagues to identify with an ethnic minority category by 2027.

In line with the latest Parker Review recommendations for FTSE 350 companies, the Committee will also be considering setting a December 2027 target regarding the percentage of Executive Committee members and their senior manager direct reports who identify with an ethnic minority category.

Further details regarding our diversity and inclusion initiatives and progress can be found on pages 56 and 57.

Statement in accordance with Listing Rule 9.8.6R(9) on Board Diversity

As at 31 March 2023, 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. Alison Rose will be stepping down from the Board from the conclusion of the AGM 2023 on 6 July 2023, which will reduce the percentage of women on the Board to 33% in the short term. We currently envisage that the Board may, once again, comprise 40% women following the planned appointment of an additional Non-Executive Director with City, financial and transaction experience. An announcement will be made at the appropriate time.

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. As explained on page 102, Nick Hampton was appointed as GPE's SID from 30 March 2023, with unanimous support from his fellow Directors, on account of his extensive experience, skills and deep knowledge of GPE and the continued value he brings to the Board. 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 Policy, we aim to meet all targets set out in Listing 9.8.6(9) by no later than the end of 2025, with gender diversity being a key consideration in our Board succession planning. Details regarding GPE's gender and ethnic diversity data, including that required by Listing Rule 9.8.6R(10), can be found on page 56.

Committee and Director effectiveness review

Milena Djurdjevic of Calibro Consult was appointed to undertake an external evaluation for the Board and its Committees in 2022/23. 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 104 and 105.

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
24 May 2023

Composition, succession and evaluation continued

Our 2022/23 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. Accordingly, an external review of Board and Committee effectiveness was undertaken during 2023, details of which can be found below.

Our progress against the actions identified through the 2021/22 internal review is set out below:

Progress against 2021/22 Board evaluation actions in 2022/23

Actions	Progress
Closer oversight of strategic implementation and ensuring that GPE has the right people and skills to deliver on its ambitions.	– Board agendas revised to allow time to consider strategy implementation. – Further development of management packs and Board reporting. – Development of Customer First strategy. – Team reorganisation implemented with changes to Executive Director and team responsibilities to support delivery of the Customer First programme.
Broadening the Board's skill sets in line with GPE's technology, data and customer objectives.	– Champa Magesh was appointed to the Board on 1 August 2022, bringing significant digital transformation, technology and operational experience. This followed the appointments of Mark Anderson and Emma Woods in the prior financial year.
Continuing to enhance diversity and inclusion across the Board, Executive Committee and wider organisation.	– Board gender and ethnic diversity increased. – New Board Diversity Policy adopted. – Executive Committee participation in a nine-month inclusive leadership programme and clear D&I annual bonus objectives set. – Implementation of meaningful diversity and inclusion initiatives – see pages 56, 57 and 103. – Diversity and inclusion representation targets set for wider organisation.
Increasing Board engagement on technology and innovation to further develop its understanding of the challenges and opportunities.	– Presentations received from GPE's Director of Innovation and Head of IT. – Board review of the Innovation Strategy and progress made. – Discussion of the potential impacts of technology, including the Metaverse, on real estate and how innovation and technology can support GPE's Customer First approach. – Board updates on maximising the use and benefits of the sesame® app and regarding GPE's investment in Pi Labs European PropTech venture capital fund, which focuses on investment in start-ups in the UK and Europe using technology solutions to enhance the real estate value chain.

The 2022/23 Board and Committee effectiveness review was facilitated by Milena Djurdjevic of Calibro Consult, an external board evaluation specialist. After considering proposals from a number of providers, the Committee felt that Ms Djurdjevic's tailored approach, with particular focus around GPE's strategy and business transformation, made her best placed to facilitate the external evaluation. Neither Ms Djurdjevic nor Calibro Consult have any other connection with GPE or any individual Director.

The aim of the review was to assess the effectiveness of the Board and its Committees and identify any actions to help improve how we fulfil our duties and become a more effective Board. The review considered the performance of the Board and its development, composition and succession in view of its strategy, future growth ambitions, the changing business environment and the challenges ahead. It also considered the systems, controls, capabilities and processes underpinning the operation of the Board and its Committees.

The process included:

- one-to-one workshops held by Ms Djurdjevic with individual members of the Board and Executive Committee and meetings with other stakeholders, including GPE's remuneration consultant;
- review of Board, Committee and other governance-related papers;
- attendance at the November 2022 meetings of the Board and the Audit, Nomination and Remuneration Committees;
- discussion of a draft report with the Chair of the Board and Charles Philipps, as SID; and
- circulation of a report detailing the findings from the evaluation, including strengths, opportunities and recommendations, which was discussed by the full Board at the January 2023 Board meeting.

The process also considered the effectiveness of individual Directors, with feedback given to Directors by the Chair of the Board at the end of the process (and feedback given to the Chair of the Board by Charles Philipps, as SID).

The review concluded that the Board, its Committees and individual Directors continue to operate effectively. Some of the key strengths identified included:

- the strength of the Board's composition and diversity, which was considered well suited to helping management achieve its strategic and broader stakeholder objectives with appropriate levels of support and constructive challenge;
- well-run Board and Committees meetings, with appropriate time devoted to key issues and Board members who are highly committed, engaged and well prepared;
- a positive and collaborative Board culture with strong leadership from the Chair, high levels of contribution, debate and insight and mutual respect between Executive and Non-Executive Directors;
- the many opportunities for Directors to engage with the business engendering a common sense of purpose and 'team';
- the Board's strong approach to strategy development; and
- GPE's clear purpose, values and strategy which aligned with its culture.

The review identified some recommendations and opportunities and the key actions arising from the review are as follows:

Recommendations from the 2022/23 Board evaluation

1. **To consider enhancing the Board's City, financial and transaction experience in view of Charles Philipps' length of service (and his retirement now announced).**
2. **To allocate additional Board time to GPE's strategy and transformation.**
3. **To further deepen the Board's knowledge of the developing flexible space market and continue to ensure that GPE has the right structure, resourcing and oversight to deliver its evolving strategy.**
4. **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.**
5. **Continued focus by the Board and Nomination Committee on talent development and Executive Committee and Board succession planning and diversity.**

What we did in 2022/23

2022

March

Board meeting
– The Board and Committee memberships were approved

May/June

Nomination Committee
– The Committee recommended Emma Woods to succeed Wendy Becker as Chair of the Remuneration Committee
– The Committee discussed Executive Committee talent planning and development
– The Committee discussed Executive Director succession planning processes
– The Committee recommended the appointment of Champa Magesh as a Non-Executive Director and member of the Audit, Nomination and Remuneration Committees

Board
– The Board approved the appointments of Emma Woods as the next Remuneration Committee Chair and Champa Magesh as a Non-Executive Director

September

Nomination Committee
– The Committee discussed the outputs from an Executive Director succession planning exercise
– The Committee discussed diversity and inclusion and the development of a diverse pipeline

November

Nomination Committee
– The Committee discussed Executive Committee performance and development
– The Committee endorsed the proposed team reorganisation to support the delivery of our Customer First approach, including the promotion of Rebecca Bradley to Director of Customer Experience & Relationships, and approved the reallocation of Executive Director responsibilities
– The Committee discussed the expected retirement of Charles Philipps and associated succession planning

2023

January

Nomination Committee
– The Committee considered Non-Executive Director succession planning and recommended the appointment of Nick Hampton as GPE's next Senior Independent Director upon Charles Philipps' retirement
– The Committee discussed the search for an additional Non-Executive Director with strong City, financial and transaction experience to be conducted by Russell Reynolds
– The Committee discussed the findings from a senior management talent development, retention and succession planning review and Executive Director succession planning

Board
– The Board approved the appointment of Nick Hampton as GPE's next Senior Independent Director
– The Board considered the findings from the 2022/23 external Board and Board Committee evaluation

February

Nomination Committee
– The Committee discussed the findings from the 2022/23 external Board and Board Committee evaluation
– Richard Mully and Russell Reynolds provided the Committee with an update on the search for an additional Non-Executive Director
– The Committee reviewed Board and Board Committee compositions and Board training
– The Committee received an update on governance and regulatory requirements, including in relation to diversity
– The Committee recommended the adoption of GPE's new Board Diversity Policy
– The Committee approved changes to its Terms of Reference

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, Anti-Fraud, Bribery & Corruption, 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 environmental 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 110, 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 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 Audit Committee has overseen actions to further enhance controls and the efficiency of GPE's internal control framework. This has included:

- the continued development of GPE's fraud risk assessment process introduced in the prior year to more formally document and assess GPE's key fraud risks and controls;
- a detailed internal financial controls mapping exercise to help identify opportunities for improvement, as well as to streamline controls, which will continue to evolve in readiness for expected regulatory changes;
- the implementation of additional IT controls in response to recommendations arising from an internal audit review of cyber security, as further detailed on page 110, and the completion of a cyber-attack simulation exercise facilitated by a third-party provider; and
- the review and updating of GPE's Business Continuity Plan.

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 the geopolitical tensions arising from the war in Ukraine, 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 remained focused 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 continued implementation of our Net Zero Carbon Roadmap and Social Impact Strategy along with the updating of our Sustainability Statement of Intent and Brief for Creating Sustainable Spaces to articulate our approach to climate resiliance.

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 78.

The Group's principal risks and the processes in place to manage those risks are described in more detail on pages 64 to 77.

Audit Committee

Further details regarding Committee memberships, meetings and attendance can be found on page 86.

Committee members[1]

Director	Role
Vicky Jarman	Committee Chair (from 7 July 2022)
Nick Hampton	Senior Independent Director
Mark Anderson	Non-Executive Director
Champa Magesh	Non-Executive Director
Alison Rose	Non-Executive Director
Emma Woods	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**

At the beginning of the financial year, the Committee comprised six independent Non-Executive Directors: Nick Hampton as Chair, Charles Philipps, Mark Anderson, Vicky Jarman, Alison Rose and Emma Woods. Vicky Jarman succeeded Nick Hampton as Chair of the Committee from the conclusion of the 2022 AGM on 7 July 2022, with Nick Hampton continuing as a member of the Committee. Champa Magesh joined the Committee with effect from her appointment to the Board on 1 August 2022. Charles Philipps retired from the Board, and therefore the Committee, on 30 March 2023.

The biographies of the current Committee members are set out on pages 84 and 85. Vicky Jarman, Nick Hampton and Alison Rose 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 Audit 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, currently Deloitte LLP (Deloitte), on any accounting or audit matters. The Committee reviews the Company's Task Force on Climate-related Financial Disclosures (TCFD) in the Annual Report and discusses sustainability assurance activities more broadly with Deloitte. The Audit 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 Financial Reporting and Investor Relations, 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. Nick Hampton was Chair of the Audit Committee until 7 July 2022, when he was succeeded in that role by Vicky Jarman. Charles Philipps also served as a member of the Audit Committee during the year, stepping down from the Board and the Committee on 30 March 2023.

"The Committee has continued to play a vital 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 my first report as Chair of the Committee for the year ended 31 March 2023, having succeeded Nick Hampton as Chair from the conclusion of the 2022 AGM. On behalf of the Committee, I would like to thank Nick for his chairmanship of the Committee over the past few years and for a smooth handover process.

During a year which was marked by the impacts of the war in Ukraine, geopolitical tensions and macro-economic volatility, with heightened UK political and economic instability in the autumn, the Committee has continued to play a vital 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 106 and 113, 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 led the important process to retender the external audit. Deloitte, GPE's current external auditor, has undertaken the audit for the financial year ending 31 March 2023, completing its permitted tenure. I would like to thank Deloitte for its significant contribution during its time as external auditor. Following a competitive tender process, it is proposed to appoint PricewaterhouseCoopers LLP (PwC) as auditor for the financial year commencing 1 April 2023, subject to shareholder approval at the 2023 AGM. Details of the review and selection process can be found later in this report.

The Committee also spent further time ensuring the effective transition to the new internal auditor, Grant Thornton LLP (Grant Thornton), which succeeded PwC as the Group's internal auditor from January 2022 when PwC stepped down to enable it to participate in our external audit tender process. Further details can be found on page 109.

In addition, the Committee has considered the implications arising from the BEIS consultation on 'Restoring trust in audit and corporate governance', the Government's response to the consultation and the FRC Position Paper setting out the next steps to reform the UK's audit and corporate governance framework. The Committee continues to consider and monitor developments in this area.

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. CBRE are the Group's valuer having previously been reappointed in April 2001 for a three-year term. Following a comprehensive process, which is outlined in more detail below, the Committee is satisfied that the valuation process is sufficiently robust.

During the year, the Committee considered a number of items that impacted the Group's financial statements, including:

- the methodologies and accounting policies used in the treatment of our Flex space and the enhancement of disclosures, including:
  - disclosure of rental income broken down between Ready to Fit, Fitted, Fully Managed and Flex Partnership products; and
  - separate disclosure of the Fully Managed services income; and
- the sale of 50 Finsbury Square and provisions for any latent defects given this was an extensive refurbishment with elements of the existing building retained.

The Committee has also considered the sustainability and TCFD disclosures in the Annual Report and the sustainability assurance activities to support these disclosures.

External audit tender process

During the year, the Committee completed the process to retender the external audit, which was conducted over a period of 18 months. Deloitte has been GPE's auditor since 2003 and, in view of this length of service, was not permitted to participate in the process under applicable FRC rules. A selection of eligible firms, including challenger firms, was reduced to a shortlist of two which received a detailed request for proposal. A selection committee comprising members of the Committee, along with the Chair of the Board and members of management, considered their written submissions and formal presentations. Key considerations included:

- capability and competence, including understanding of GPE and the real estate sector;
- audit methodology, scope and approach to technical judgements (including a technical challenge);
- alignment with GPE values, firm culture and approach to diversity and inclusion;
- innovation, use of technology and the value add proposition from the audit; and
- quality of deliverables and the firm's conduct during the tender.

Following the conclusion of a comprehensive process, the Committee selected PwC as the preferred audit firm for recommendation to the Board. PwC's proposed appointment was approved by the Board in July 2022 and will be put to a shareholder vote at the 2023 AGM. Further details can be found in the Company's 2023 Notice of AGM.

Subject to shareholders approving the appointment of PwC as the Company's external auditor, the lead audit partner for PwC will be Saira Choudhry, who will take responsibility for the Group's external audit with effect from July 2023. In order to facilitate an effective transition of the audit, PwC monitored the FY23 half-year review process and shadowed Deloitte through the year-end audit and it has attended Committee meetings in an observational capacity since November 2022.

Auditor effectiveness is usually reviewed annually (see page 111 for details regarding the latest review) and PwC's first formal audit effectiveness review will take place in the second half of 2024 following the FY24 audit.

Fair, balanced and understandable

The Committee considered this Annual Report and Financial Statements 2023, 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 2023 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 weak UK GDP growth, the risk of recession and political instability), London attractiveness risks (including the rise of alternative destinations for international trade) and climate change and decarbonisation risks, and the appropriateness of the Company's choice of a three-year viability assessment period. 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 64 to 67 and page 106.

The Committee continues to consider and monitor developments in the areas of internal controls assurance and risk management.

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, Deloitte, using its real estate experts, separately meets the valuer and provides the Audit Committee with a summary of its work as part of its report on the half-year and year-end results. 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 on its findings to the Committee. In accordance with the FRC's Revised Ethical Standard 2019, PwC stepped down as the Group's internal auditor to allow it to participate in our external audit tender process and was succeeded by Grant Thornton as the Group's internal auditor from January 2022.

During the year, Grant Thornton undertook internal audit reviews in relation to: risk management processes and assurance mapping; the development programme; Flex space and technology; and cyber security. 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. This has included actions to increase the overall effectiveness of our IT control environment which have since been implemented, one of which was the execution of a simulated cyber-attack exercise, the results of which are being used to enhance the Group's cyber incident and disaster recovery plans.

The Committee receives regular updates on the implementation of agreed actions arising from internal audit findings and is satisfied with the progress made to date. Six-monthly reports on IT general controls and cyber governance are also presented to the Board by the Head of IT along with a quarterly cyber risk dashboard.

At the Audit Committee meeting in February 2023, the Committee reviewed and agreed with Grant Thornton the internal audit plan for 2023/24, 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:

- HR operations;
- Flex space – dashboard processes and controls and management reporting;
- information technology disaster recovery; and
- sustainability – assessment of GPE's Transition Pathway Initiative readiness.

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 2023, the average supplier payment period of the Group's largest subsidiary was 31 days (2022: 30 days).

Our Anti-Fraud, Bribery & Corruption and Whistleblowing Policies

Each year, as part of the year-end planning meeting, the Committee considers the Group's Anti-Fraud, Bribery & Corruption, 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.

Annually, all employees are required to confirm their compliance with the Group's Anti-Fraud, Bribery & Corruption, Ethics, Gifts and Hospitality and Whistleblowing Policies as outlined on page 95, 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 external 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 104 and 105.

Vicky Jarman
Chair of the Audit Committee
24 May 2023

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. As part of the review of the effectiveness of the external audit undertaken by Deloitte in respect of the financial year ended 31 March 2022, a formal evaluation incorporating views from the Committee and relevant members of management was considered by the Committee. Feedback from the review undertaken in September 2022 was provided to Deloitte as part of the annual planning meeting.

Areas covered by the review included:

- the calibre of the external audit firm, Deloitte – including reputation, coverage and industry presence;
- quality controls – including review processes, partner oversight, reports on Deloitte generally from the Audit Quality Review team and regulators and use of specialists;
- the audit team – covering quality of individuals, knowledge, resources, partner involvement, team rotation, the audit scope including planning and execution, scope adequacy and specialist areas;
- audit fee – reasonableness and scope changes;
- audit communications and effectiveness – planning, 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, freedom of communication with the Audit Committee and feedback on management performance;
- 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 conflicts of interest;
- non-audit work and partner rotation; and
- potential impairment of independence by non-audit fee income.

Overall, the Committee agreed that Deloitte remained both effective and efficient, with strong and open communications, high levels of engagement, appropriate constructive challenge and professional scepticism, strong technical and specialist knowledge and a solid understanding of the Company, its industry and commercial risks. It was felt that Deloitte had performed a smooth and effective 2021/22 audit.

The Committee also considered the effectiveness of the Group's management during the external audit process in relation to the timely identification and resolution of areas of accounting judgement, as well as the timely provision of the draft results to Deloitte and the Committee for review. Feedback was also sought from Deloitte on the conduct and responsiveness of members of the Finance team, which confirmed that there had remained a good level of interaction and communication between the GPE team and Deloitte.

The Committee requested that Deloitte continued to provide feedback on how companies were responding to evolving governance and best practice requirements and, in February 2023, the Deloitte Governance team provided an in-depth update on recent corporate governance developments and practice.

As explained above, following a competitive tender process, PwC has been selected as the preferred audit firm for the 2023/24 audit and its appointment will be put to a shareholder vote at the 2023 AGM. 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 2023, 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, Deloitte, is responsible for the annual statutory audit and also provides certain other services which the Audit Committee believes Deloitte 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**. 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 Deloitte 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 Deloitte, 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. During the year, activities undertaken by Deloitte 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
- limited assurance of 2022/23 sustainability and energy consumption data.

In each case, Deloitte 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.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 161. 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 Deloitte in respect of joint ventures totalled £103,000 (GPE share: £52,500) (2022: £87,000) and £nil (2022: £nil) respectively.

The non-audit fees for the year ended 31 March 2023 as a percentage of the prior three-year average audit fees are 38%, as set out in the table below. The percentage remained consistent with the prior year primarily as a result of Deloitte once again undertaking additional assurance work on our sustainability and energy consumption data.

Audit and non-audit fees

	2023 £000	2022 £000	2021 £000
Audit fees	**336**	341[1]	286
Non-audit fees including the interim review	**112**	103	83
Ratio of non-audit fees to audit fees	**38%**	39%	34%
Audit fees of joint ventures (GPE share)	**53**	44	42

1. The final 2022 audit fee of £341,000 was £10,000 more than stated in the prior year Annual Report due to the inclusion of a fee for the audit of Gresse Street Limited which was acquired in March 2022.

In addition to ensuring compliance with the Group's policy in respect of non-audit services, the Committee also receives confirmation from Deloitte that it remains independent and has maintained internal safeguards to ensure its objectivity.

Ahead of its appointment as the Group's external auditor for the 2023/24 audit, non-audit services provided to the Group by PwC are being transitioned to other service providers where considered appropriate.

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 was outsourced to Grant Thornton from January 2022. The Committee approved an updated Internal Audit Charter in February 2023, which 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 February 2023, 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 May 2023.

The overall assessment concluded that the internal audit function remained effective following a smooth transition of services from PwC to Grant Thornton. The review found that there was a clear understanding of internal audit's purpose and responsibilities and that the function was trusted and respected. It was recognised that internal audit performed effectively and efficiently in delivering the audit plan, which focused on the right areas, and elevated issues in a timely manner. It was also found that internal audit worked constructively with management to develop appropriate responses to audit findings that were pragmatic and proportionate, leading to lasting positive change in the business. Areas highlighted for continued focus included opportunities for Grant Thornton to further develop its relationships and profile within GPE and to enhance communications with the business to maximise the efficiency of the audit process.

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 2023

2022

July

External audit tender

Completed the external audit tender process and recommended to the Board the proposed appointment of PwC as auditor for 2023/24.

September

External audit tender

Discussed the outcome of the external audit tender process and the plans to transition the audit to PwC.

Annual planning meeting

Met with the external auditor, Deloitte, and management to review:

– the effectiveness and independence of the external auditor – see page 111;
– significant accounting and key areas of judgement – see page 109; and
– Deloitte's 2022/23 audit plan.

Internal audit

Met with the internal auditor, Grant Thornton, to discuss its findings from its internal audit reviews on risk management and assurance mapping, Flex space and technology and cyber security.

Other matters

Discussed the evolution of Flex financial disclosures, processes and controls.

Received an update regarding the Government's response to the BEIS consultation on 'Restoring trust in audit and corporate governance' and the FRC's Position Paper.

November

Review of half-year results

Met with CBRE to consider the September 2022 valuation.

Met with Deloitte (shadowed by PwC) and management to consider:

– Deloitte's independence;
– their review of the September 2022 valuation and the half-year results announcement;
– significant accounting and key areas of judgement, including going concern – see page 109;
– the principal and emerging risks, monitoring of internal controls and risk management processes;
– the half-year results announcement; and
– the relationship between Deloitte and management, with feedback provided by Deloitte without management present.

Other matters

Received the FRC's 2022 Review of Corporate Reporting and an update on supplier payment practices.

Considered the independence of PwC as incoming external auditor and its provision of non-audit services.

2023

February

Internal audit

Met with the Grant Thornton and approved the 2023/24 internal audit plan and an updated internal audit charter, and discussed its findings from the internal audit review of development.

Year-end planning update

Met with Deloitte and management to consider/approve:

– significant accounting and key areas of judgement;
– proposed changes to disclosures planned for the 2023 Annual Report;
– developments in corporate reporting presented by Deloitte;
– the 2022/23 audit plan update; and
– the 2022/23 audit fee – see page 112.

Other matters

Corporate governance update received from the General Counsel & Company Secretary and Deloitte.

Review of GPE's Anti-Fraud, Bribery & Corruption Policy and fraud risk assessment and its Ethics, Gifts and Hospitality and Whistleblowing Policies – see page 110.

Reviewed the Audit Committee Terms of Reference.

Reviewed the Provision of Non-Audit Services Policy.

Reviewed the Committee's effectiveness.

May

Review of year-end results

Met with CBRE to consider the March 2023 valuation – see pages 34 to 36.

Met with Deloitte (shadowed by PwC) and management to review:

– Deloitte's audit of the March 2023 valuation – see pages 34 to 36;
– significant accounting and key areas of judgement, including going concern and viability work – see page 109;
– 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 64 to 77;
– the year-end results announcement and Annual Report; and
– the relationship between Deloitte and GPE management, with feedback provided by Deloitte without management present.

Other matters

Discussed Deloitte's sustainability and energy consumption data assurance work.

Remuneration Committee

Further details regarding Committee memberships, meetings and attendance can be found on page 86.

Committee members[1]

Director	Role
Emma Woods	Committee Chair (from 7 July 2022)
Nick Hampton	Senior Independent Director
Mark Anderson	Non-Executive Director
Vicky Jarman	Non-Executive Director
Champa Magesh	Non-Executive Director
Alison Rose	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.

Our approach to pay has been largely consistent for many years in measuring our absolute and relative performance using a small number of key financial performance indicators, with the incremental addition of new measures to the Annual Bonus Plan to reflect the Company's evolving strategy, including its focus on Flex, sustainability and other ESG-related metrics. Similarly, the Long Term Incentive Plan (the LTIP) has been linked to traditional financial measures. By failing to recognise the impacts of economic volatility, the LTIP has proved an ineffective tool to motivate participants and assess their contribution to success.

Since Brexit in 2016, these incentive plans have failed to operate as intended, and this is unlikely to change in the short term given uncertainties arising from the macro-economic environment. We wish to ensure that our remuneration arrangements are suitably aligned to GPE's priorities over the next few years, balancing the delivery of long-term superior returns to shareholders and the need to incentivise management to deliver on these priorities. Following a review of current arrangements and a consultation with our largest shareholders, we are proposing some changes to our Directors' remuneration policy, including: (i) a redesigned Annual Bonus scorecard to focus on relative Total Accounting Return (TAR) and key business priorities which will drive our financial KPIs; and (ii) the replacement of the LTIP with a restricted share plan. Further details can be found in the Committee Chair's letter on pages 117 to 121 and the proposed Directors' remuneration policy table on pages 136 to 146.

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.

Our process

The Committee's Terms of Reference are available on the Company website at **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, Vicky Jarman, Champa Magesh and Alison Rose. Wendy Becker stepped down from the Board and as Chair of the Committee from 7 July 2022, from which time she was succeeded as Chair of the Committee by Emma Woods, an experienced remuneration committee chair. Champa Magesh joined the Board and the Committee on 1 August 2022, whilst Charles Philipps stepped down from the Board and the Committee on 30 March 2023. Non-Executive Directors who are not members of the Committee have a standing invitation to attend meetings of the Committee as appropriate.

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. Further information on FIT Rem and other Committee adviser fees is available on page 135.

FIT Rem reports directly to the Committee and does not provide any other services to the Company.

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. 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.

No Director or employee is involved in discussions on their own pay.

1. Wendy Becker and Charles Philipps also served as members of the Remuneration Committee during the year, stepping down from the Board and the Committee (and in Wendy's case as Committee Chair) on 7 July 2022 and 30 March 2023 respectively.

Compliance with the 2018 UK Corporate Governance Code

Throughout the year, the Committee has considered the provisions set out in paragraph 40 of the 2018 UK Corporate Governance Code. In the Committee's view, the Company's Directors' remuneration policy (the Policy), as approved by shareholders in 2020, and current practices address these factors as set out below. The table below also sets out how the proposed new Policy will address these factors going forward.

Clarity	**Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce**	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 were also engaged during the year regarding changes to enhance the annual bonus methodology and process for 2022/23.
Simplicity	**Remuneration structures should avoid complexity and their rationale and operation should be easy to understand**	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 proposed new Policy, at least 80% of bonus measures will be objectively measurable. The proposed new 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 performance targets in a volatile market, thereby avoiding potentially unintended remuneration outcomes, and significantly reduces the maximum pay available to Executive Directors.
Risk	**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**	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 (including the proposed new RSP) 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.
Predictability	**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**	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 proposed RSP will increase the predictability of reward values subject to an overriding discretion to reduce vesting if not considered appropriate through its underpin.
Proportionality	**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**	The outturn in respect of variable pay is clearly set out in this report on pages 123 to 129, with payment clearly linked to our strategic and financial priorities. Page 121 sets out how the measures under the proposed new bonus scorecard will be 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.
Alignment to culture	**Incentive schemes should drive behaviours consistent with Company purpose, values and strategy**	Equivalent incentive plans apply to the wider workforce to engender a high-performance culture, although the weighting on personal performance increases as the bonus plans cascade through the workforce. All objectives are directly linked to the Group's strategy and KPIs, while a proportion of objectives must be values-led. An individual's commitment to GPE's values and behaviours is also reviewed as part of the personal performance assessment process. Under the proposed 2023 Policy, the newly developed bonus scorecard will be cascaded to all colleagues, again 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 the potential for conflicts). The new RSP clearly aligns Executive Director interests with those of shareholders by ensuring a focus on delivering the strategy to generate long-term value for shareholders.

Strategic alignment of pay 2022/23

As described on pages 16 and 17, GPE focuses on specific key performance indicators, the achievement of which is driven by our strategic priorities. During 2022/23, we remained focused on creating value in our portfolio, generating capital and income growth and shareholder value creation over time. Alongside these key financial metrics, sustainability has continued to be an important strategic priority for the Group. Customer satisfaction is critical to our business plans, including the expansion of our Flex product, and we believe that our people are fundamental to the success of our business and its long-term sustainable growth. For 2022/23, a proportion of the annual bonus for Executive Directors was also linked to GPE's diversity and inclusion priorities, as explained on page 118.

The measures and targets within our 2022/23 Annual Bonus Plan and 2022 LTIP aligned with our KPIs and strategic priorities to ensure strong linkage between these and Executive Director remuneration, as shown in the table below.

KPI	Long Term Incentive Plan[1]	Annual Bonus Plan[1]
TSR	✓	
TAR	✓	✓
TPR		✓[2]
Flex growth		✓[3]
Sustainability		✓
Customer satisfaction		✓
Employee engagement (including D&I[4] component)		✓

1. Appropriate actions also captured through Directors' personal objectives under the Annual Bonus Plan.
2. Capital growth element of TPR.
3. Introduced as an additional Annual Bonus financial measure for 2022/23.
4. For 2022/23, Executive Directors also had one-third of their Annual Bonus personal objectives linked to improving female diversity at GPE.

The Committee regularly reviews pay structures and incentive arrangements to ensure strong alignment between business performance and remuneration arrangements. As explained, we consider that the above mix of measures worked well in the past but needs to be updated to ensure that our remuneration arrangements appropriately reward all our colleagues for their contributions in a challenging macro-economic environment while being closely aligned to our evolving strategy and business priorities.

The table on page 121 sets out how our proposed annual bonus scorecard measures for 2023/24 align with our strategy and KPIs. The new RSP aligns Executive Director interests with shareholders' by ensuring a focus on delivering the strategy to generate long-term value for shareholders supported by the inclusion of underpins designed to avoid payments for failure and also to ensure, amongst other matters, that progress is made in delivering our Sustainability Statement of Intent.

Employee remuneration and engagement

As explained on page 122, 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 takes into account pay and conditions across the Group when determining the remuneration of the Executive Directors and other members of senior management. 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.

In March 2023, the Committee Chair led an interactive all-employee event to discuss the proposed changes to the Directors' remuneration policy and how these would cascade through the organisation. GPE's broader remuneration principles and approach, alignment of pay and the workings of the Committee were also discussed.

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.

> **"We have redesigned our remuneration policy to ensure that remuneration arrangements are suitably aligned to business priorities, balancing the delivery of long-term superior returns to shareholders and the need to incentivise management to deliver on these priorities."**
>
> **Emma Woods** Chair of the Remuneration Committee

Dear shareholder

I am pleased to present my first Directors' remuneration report for the year ended 31 March 2023 (the Report) on behalf of the Committee. I joined the Board of GPE in February 2022 and became the Chair of the Remuneration Committee in July 2022. When Wendy Becker, our previous Remuneration Committee Chair, stepped off the Board, I was pleased that I inherited a very experienced and committed Remuneration Committee, including a long-standing remuneration adviser (John Lee of FIT Remuneration Consultants LLP). I would like to thank Wendy for a smooth handover process and my other Board colleagues and John for their support with this transition.

In my statement, I set out below:

- context for the recent review of our Directors' remuneration policy (the Policy);
- decisions relating to the year ended March 2023;
- further detail on the Policy review; and
- decisions relating to the year to March 2024.

Context for the recent Policy review

As the Policy was last renewed in 2020, it is due for renewal at the 2023 AGM. This has coincided with one of the biggest economic shocks in recent times, precipitated by the Ukraine war but compounded by inflation jumping to the highest levels in 20 years and rising interest rates, alongside changes to patterns in working practices. These events have led to widespread property devaluations, and the prospect of higher levels of volatility over the next few years makes it extremely difficult to set traditional property valuation growth and other financial targets. The Board anticipates this market uncertainty will remain for a significant period of the new Policy.

We also have used the Policy review as an opportunity to consider alternative forms of remuneration structures with colleagues and received clear feedback that our current long-term incentives are not perceived to be working as intended. Retention of talent will be important to us and our shareholders during the next few years, and so we have been mindful of this feedback. The combination of internal and external consultation and the uncertain macro conditions has led the Committee to recommend two material changes in the new Policy to ensure that our talented team (including our senior executives) are suitably incentivised:

- a move from the current traditional LTIP to a restricted share plan (RSP) adopting the market conventional approach of making grants at 50% of the previous level; and
- a move to a more target-focused operational bonus scorecard which can support our Chief Executive, Toby, and his full team (as the scorecard will be cascaded through the organisation) to drive GPE's strategy and perform as effectively as possible over the three-year life of the proposed Policy. Alongside a more traditional TAR metric, the scorecard has been redesigned to ensure that management are motivated to optimise returns for shareholders as the economy recovers by focusing on the Company's clear priorities, including:
  - optimising financial performance through maximising the rent achieved on new lettings and minimising the level of voids (both being indices which can be negatively impacted by downturns);
  - transforming our business through achieving planning milestones, growing our committed Flex space and maintaining industry-leading customer Net Promoter Scores;
  - fulfilling our net zero carbon commitments, both in our current estate and ensuring that new developments are completed on a net zero basis; and
  - continuing to pursue an industry-leading position on employee engagement and drive forward our diversity agenda.

GPE has a very strong collegiate ethos across its highly regarded team of approximately 140 colleagues. While other companies may operate different reward schemes for different levels within their businesses, we have taken a deliberate approach of applying the same bonus scorecard structure across the whole company. The new bonus scorecard will apply to all colleagues, albeit with a higher weighting on personal performance for less senior colleagues (save that the final elements explained above relating to employee engagement and diversity will not apply below senior executives to avoid the potential for conflicts of interest).

I am really pleased to have had the opportunity to consult with 17 of our largest shareholders on the proposed changes to our Policy, in addition to our important proxy agencies. This was an opportunity not only to explain our thinking and proposals but also to obtain meaningful input which helped shape (and improve) the overall proposal, including through the addition of the relative TAR measure to the final bonus scorecard. For those of you I talked to, I want to say a huge thank you on behalf of all of us at GPE for finding the time to discuss this with me. I hope, when you read the outcome, you do appreciate we listened and took on board much of your constructive feedback. For those of you not involved in this consultation, I would like to explain that the consultation lasted over two months and included 19 meetings and calls, and the conclusions are set out in the report below.

As well as debating new Policy design, the Board and the Committee have also been focused on how we can support colleagues during the cost of living crisis and promote strong mental health through enabling colleagues to manage their work and home priorities. Recognising the greater relative impact of inflationary pressure on lower-paid colleagues and, following the implementation of a minimum 5% salary increase for those on lower salaries for 2022/23 (compared with a minimum increase of 3.5% for other colleagues), we introduced a £1,500 one-time cost of living payment (half paid in October and half in January) for anyone paid under £70,000. We also continue to offer an incentive reward card (a form of debit card) with rewards linked to spending which can be used to provide enhanced benefits compared to privately available programmes at little or no cost to GPE. This has received consistently positive feedback from colleagues. Similarly, our Employee Assistance Programme, which is available to all colleagues, enables them to obtain free mental health, legal and financial management support.

Finally, one of the things that has impressed me most since joining GPE (and which I have asked the Committee to consciously support) is GPE's commitment to improving its diversity and inclusion standing. Toby and the team are committed to tackling this, and they know this is about a multitude of deliberate small steps. For 2022/23, Executive Directors had a full one-third weighting of their personal bonus objectives linked to improving diversity and female representation at GPE. An inclusion component was also incorporated into the Employee Engagement measure under the ESG/strategic measures. The team has made good progress in implementing our diversity and inclusion agenda and related initiatives, and the Board was pleased to endorse our new diversity and inclusion representation targets for the business, which were communicated to our colleagues in December 2022. Further details can be found on pages 56, 57 and 103.

In summary, this is a business that, I feel, is facing into the current economic uncertainty with the right strategy and the determination to build the right leadership for the future. Therefore, I am very pleased to recommend this Report, and the proposed new Policy, to all shareholders.

To help you understand how to read this Report, it will start by reviewing last year's outturns but move on to the new Policy design and Executive Director salary recommendations for the coming year.

Key decisions

The Committee has had regard to business performance alongside the wider context explained above (including the measures to support colleagues across the business) when considering reward and incentive outcomes. Key Committee decisions for the year, as more fully described in this Report, include:

- approving the proposed 2023 Policy, including a new annual bonus scorecard and the introduction of RSP awards, to ensure that remuneration arrangements are suitably aligned to business priorities, balancing the delivery of long-term superior returns to shareholders and the need to incentivise employees;
- determining annual bonus and 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 2023/24 annual bonus.

Remuneration outcomes in respect of the year ended 31 March 2023

Despite the macro-economic challenges during the year, GPE has continued to progress its strategy and delivered strong operational performance, while maintaining our financial strength and capital discipline. During the year, we delivered record volumes of leasing, including pre-letting all the offices at our 2 Aldermanbury Square, EC2 development. We completed our 50 Finsbury Square, EC2 development and sold the building for the headline price of £190.0 million. We also completed our second Flex acquisition of St Andrew Street and progressed our near-term development programme.

We look at success in both absolute and relative terms. While the absolute TAR for the year was negative and, therefore, this element of the bonus was not achieved, our leasing success, combined with our portfolio performance, delivered superior relative performance with our portfolio capital growth (while negative in absolute terms) exceeding the MSCI Capital Growth Index by 4.8%.

The like-for-like property valuation across our portfolio was down 6.6% over the year, ahead of our central London benchmarks. Shareholder returns were down across the real estate sector, with GPE delivering a TSR of -27.3%, marginally outperforming the FTSE 350 Real Estate Index.

We have continued to innovate and evolve our strategy in response to market trends and the changing needs and aspirations of our customers, people and wider stakeholders as we focus our business priorities to position GPE for success as it emerges from the uncertain economic climate. During the year, we strengthened our Customer First approach with the roll-out of our Customer First programme, further developed our Flex product, adopted our revised Sustainability Statement of Intent and Our Brief for Creating Sustainable Spaces and progressed our diversity and inclusion agenda.

Moreover, we have maintained our financial strength, with our loan-to-property value ratio being only 19.8%. Our liquidity position remains strong, with £457 million of available cash and undrawn facilities. We have also maintained the payment of our ordinary dividends.

Taken as a whole, we continue to be well positioned to deliver both our purpose and long-term shareholder value.

Against the backdrop of this 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 2022, the average like-for-like salary increase was 6.1% with all employees receiving a minimum increase of 3.5%. The Committee adopted a market-leading position in focusing increases on the lowest-paid colleagues and increased Toby Courtauld's, Nick Sanderson's and Dan Nicholson's salaries by 3.5% in line with that minimum level.

Pensions

From 1 January 2023, all Executive Directors' pension contribution allowances were reduced to 15% of salary to be aligned with the level available to colleagues generally. Dan Nicholson's employer pension contribution was set at 15%, in line with the wider workforce, from his appointment date.

Annual Bonus Plan

Under our 2022/23 Annual Bonus Plan, we delivered a TAR of -7.8% in the financial year ended 31 March 2023, as explained above, and therefore the TAR target was not met, resulting in a zero payout for this measure. However, the Group's portfolio capital growth has performed above the MSCI Capital Growth Index resulting in a 100% payout for that measure. This is a commendable outcome reflecting our record leasing success and strong operational performance.

The business made excellent progress with the growth of its Flex offer, growing the amount of portfolio space committed to Flex to 414,000 sq ft at the year end, resulting in a full payout for the Flex measure. Similarly, the business exceeded its sustainability target to reduce energy consumption across our occupied buildings. The Company also performed well against the customer satisfaction and employee engagement metrics in the ESG/strategic measures.

Each of the Executive Directors performed very well against their personal objectives, making a significant contribution to the development and implementation of the Group's strategic priorities. Once again, in line with the Policy approved by shareholders at the 2020 AGM, the Committee applied a tougher stance to performance assessment than in previous years and awarded the Chief Executive, Chief Financial & Operating Officer and Executive Director an outturn of 75%, 80% and 65% respectively. See pages 124 and 125 for further details.

The formulaic outturn, therefore, was felt to be appropriate and was approved without the exercise of further discretion. The 2022/23 annual bonus outturn was 65%, 65.75% and 63.5% of the maximum (97.5%, 98.63% and 95.25% of eligible salary) respectively for the Chief Executive, Chief Financial & Operating Officer and Executive Director.

In accordance with the Policy, 40% of Executive Directors' annual bonuses will be deferred into shares for three years through the Company's Deferred Share Bonus Plan. Please refer to page 129 of this Report for further details.

2020 LTIP vesting

The performance under the 2020 LTIP was significantly impacted by the onset of COVID-19 in early 2020, followed by geopolitical and market uncertainties and challenging economic conditions, particularly in the UK. The economic impact impaired property values in the performance period, which resulted in an 111 pence per share EPRA NTA decline over the three years, equating to a TAR of -8.4% or -2.9% p.a. and a nil vesting of the TAR measure for the Group's three-year 2020 LTIP award.

Against this challenging backdrop, our relative share price performance has underperformed against the FTSE 350 Real Estate Index, with many of the constituents investing in other asset classes which outperformed London offices, including logistics and self-storage space. As a result, we expect a 0% vesting of the TSR measure based on the information available as at 31 March 2023. This is expected to lead to no vesting for the 2020 LTIP grants.

Impact of Policy review

As explained above, it is anticipated that real estate values may be more volatile than historic norms over the three-year life of the proposed new Policy and, therefore, the proposed Policy has been developed to recognise this. The key architecture (other than the proposed introduction of the RSP) is largely unchanged, including various 'best practice' features introduced as part of the 2020 Policy:

- bonus deferral;
- broad discretion to reduce the formulaic outturn if the Committee does not consider it to reflect a fair outcome;
- strengthening of clawback provisions; and
- a commitment to align pension contributions.

The principal change in the proposed 2023 Policy is to replace the long-standing LTIP with the proposed RSP. The key elements of the proposed RSP are as follows:

- we plan to convert using the standard '1 share for 2' conversion rate, i.e. the previous Policy provided for the grant of shares under the LTIP worth 300% of salary each year and the proposed Policy provides for a grant worth 150%;
- while the inherent nature of RSPs is to exchange quantum for greater certainty and, therefore, there is a default of vesting, the Committee will ensure that payments for failure are avoided through the operation of a robust underpin allowing the Committee to reduce the vesting in whatever circumstances it considers to be appropriate – we consider this to be the main underpin; and
- there is an additional underpin whereby the Committee will consider reducing vesting levels if any of the following occur (which does not limit the broader underpin):
  - breach of the financial covenants of the Group's principal debt facilities;
  - failing to make satisfactory progress in delivering our Sustainability Statement of Intent; or
  - there being material damage to the reputation of the Company.

The RSP is felt to better reflect the current position given the challenge of setting robust performance targets in a volatile environment. There are a limited number of listed companies focusing on central London assets, making relative assessment more problematic (although, following feedback from our largest shareholders, we have included a relative TAR measure within the annual bonus scorecard). At the same time, absolute measures can quickly prove too easy to achieve (and therefore potentially lead to over-reward) or too difficult to achieve (and therefore have neither retention nor motivational impact). As seen last year, unexpected and dramatic changes in interest rates negated the strong performance of management, demonstrating the potential for such misalignment.

We recognise that some shareholders (and particularly proxy advisory firms) are wary of simply changing reward structures at different points in the economic cycle, and we confirm that this is a thoughtful and long-term decision applied not only to the Executive Directors but also consistently applied to other colleagues. There are no current plans to revert back to a more traditional LTIP.

The other key change is to redesign the bonus scorecard to create better alignment with our strategic priorities. While this is more about the application of the Policy – the detailed scorecard relating to our pay decisions for the next financial year is set out on the following page – some minor changes to the existing Policy relating to the weighting of different elements of the scorecard are included in the proposed new Policy.

Decisions relating to the year to March 2024

Assuming the proposed new Policy and associated resolution to adopt the new RSP are approved by shareholders at the 2023 AGM, we shall adopt the new bonus scorecard and make the first grants under the RSP shortly after the AGM.

Salaries

For the year commencing 1 April 2023, the average all-colleague salary increase will be 5.7%. The Committee increased Toby Courtauld's, Nick Sanderson's and Dan Nicholson's salaries by 5%, below the employee average.

Annual Bonus

The Executive Directors' bonus opportunity will remain unchanged at 150% of salary, with 40% of any bonus earned deferred into shares for three years through the Company's Deferred Share Bonus Plan. However, the scorecard used to determine bonus entitlement has been redesigned to include a scorecard much more focused on our strategic priorities, both to determine how management (and the wider workforce) have performed but also to ensure they have taken the right steps to ensure we optimise returns for shareholders in the longer term. We believe that each of the measures chosen should, directly or indirectly, lead to the creation of shareholder value.

The new scorecard comprises:

Revised Remuneration Proposal: Bonus

Bonus scorecard[1]	Total weighting	Measure	Link to strategy or KPIs	Financial	Quantifiable and objective
Market performance 1 2 3 4 5 6	20%	GPE Relative TAR[2] (EPRA NTA growth + dividend) per share vs FTSE 350 real estate companies excluding agencies	✓ Measure of property valuation growth	✓	✓
Optimising financial performance (during downturn) 1 2 3 4 5	30% (10% each)	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 (impacts TPR, TAR & TSR)	✓	✓
		2. Vacancy rate at year end (including completed development/refurbished space during year)	✓ Will enhance property valuations and maximise income (impacts TPR, TAR & TSR)	✓	✓
		3. Maintain appropriate liquidity	✓ Underpins ability to acquire and invest in assets to drive capital and income returns (impacts TPR, TAR & TSR)	✓	✓
Transforming the business and putting customers first 2 3 4 5 6	15% (5% each)	1. Hitting planning milestones in year (combination of planning submissions and planning approvals across entire portfolio)	✓ Enhance property valuations (impacts TPR, TAR & TSR)	–	–
		2. Commitments to new Flex space over the year	✓ Underpins strategy to expand Flex space in line with disclosed targets	–	✓
		3. Market leading Customer NPS	✓ Underpins strategy, aids customer retention and enhances property valuations (impacts TPR, TAR & TSR)	–	✓
Delivering our Net Zero Carbon Roadmap 1 5 6	15% (7.5% each)	1. Reduction in energy consumption (targets set each year against Roadmap)	✓ Increases attraction of GPE space driving rents and enhancing property valuations (impacts TPR & TAR)	–	✓
		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 (impacts TPR, TAR & TSR)	–	✓
Personal and business culture	20%	1. 10% – Personal objectives (reduced from historic 15%)	✓ Set annually based on strategic priorities	–	–
		2. 5% – Maintaining and nurturing a positive and inclusive culture (measured through employee engagement index survey scores)	✓ Retaining and attracting key talent critical to support growth	–	✓
		3. 5% – Achievement against gender and diversity targets	✓ Ensuring diverse talent to develop and deliver strategy	–	✓

1. 1 Denotes strategic priorities for 2023/24 as set out on pages 14 and 15.
2. As with the current 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.

Restricted Share Plan

Assuming the proposed Policy and RSP rules are approved by shareholders at the 2023 AGM, no further grants will be made under the LTIP and, instead, the first grant under the RSP will be made shortly following the AGM. Under this grant, the Executive Directors will each receive an award 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 resolutions approving both this Report, and the revised Directors' remuneration policy, at the 2023 AGM.

Emma Woods
Chair of the Remuneration Committee
24 May 2023

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 remuneration policy, the Committee generally seeks to position fixed remuneration, including benefits and pension, around mid-market, 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:

All employees		Executive Directors
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 90% of our roles.	Salary	Executive Directors receive a market-competitive base salary reflective of their responsibilities, which is subject to an annual external benchmarking review to ensure salaries remain at an appropriate level to attract and retain talent in our industry.
All employees receive market-competitive benefits, including private medical insurance.	Benefits	Executive Directors receive market-competitive benefits, including private medical insurance. No car allowance is provided.
All employees are eligible and encouraged to join the GPE pension scheme to save for their retirement, with an employer contribution of 15%.	Pension	Executive Directors' contribution levels have been aligned with the wider workforce at 15%.
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. 71% of GPE's employees participate in the Share Incentive Plan.	All-employee share plans	The Executive Directors are also eligible to participate in the Company's Share Incentive Plan.
All employees participate in the Annual Bonus Plan. Under the proposed 2023 Policy, all employees will be 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.	Annual Bonus Plan	The maximum bonus potential for Executive Directors is 150% of base salary. At least 40% of any bonus outcome will be deferred into shares, typically through the Deferred Share Bonus Plan, to provide further alignment with the shareholder experience.
Those able to influence long-term performance, generate significant sustainable returns or managing major capital budgets may participate in the RSP under the 2023 Policy in place of the Company's LTIP. RSP awards (like prior LTIP awards) will vest after three years.	Restricted Share Plan (RSP)*	The Executive Directors have a larger potential maximum opportunity under the RSP, being eligible to receive an award of up to 150% of base salary (reduced from 300% under the LTIP). As was the case under the LTIP, RSP awards are subject to a five-year release period (in the case of the RSP comprising a three-year underpin period followed by a two-year holding period).

* Replacing Long Term Incentive Plan (LTIP).

The Annual Remuneration Report sets out how the Directors' remuneration policy was applied in 2022/23 and how it will be applied for the forthcoming year. It is divided into four sections:

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 the Companies Act 2006. The sections that have been subject to audit are marked with an asterisk (*).

The Directors' remuneration policy was approved by shareholders at the 2020 AGM and is available on the Company's website at **www.gpe.co.uk/investors**. The proposed Directors' remuneration policy can be found on pages 136 to 146 of this Report.

Executive Directors' remuneration for the year ended 31 March 2023

Executive Directors' single figure table*

	Base salary[1]		Benefits		Pension[3]		SIP[4]		Fixed Total		Annual Bonus[5]		LTIP		Variable Total		Total[8,9]	
Executive Directors	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023[6] £000**	2022[7] £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Toby Courtauld	**646**	624	**16**	16	**121**	125	**4**	4	**787**	769	**630**	527	**–**	129	**630**	656	**1,417**	1,425
Nick Sanderson	**445**	430	**18**	14	**83**	86	**4**	4	**550**	534	**439**	363	**–**	89	**439**	452	**989**	986
Dan Nicholson[2]	**362**	201	**6**	3	**54**	30	**4**	–	**426**	234	**345**	135	**–**	–	**345**	135	**771**	369

1. Please refer to the 'Salary' table on page 130 for details of Executive Directors' annual salaries.
2. Dan Nicholson joined the Board on 6 September 2021. He was entitled to a pro-rated bonus for his period of service from 4 October 2021 to 31 March 2022.
3. Toby Courtauld and Nick Sanderson received a pension allowance of 20% of their basic salary between 1 April 2022 and 31 December 2022 which was reduced to 15% of their basic salary with effect from 1 January 2023 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 in aggregate from his appointment date.
4. The value of the matching shares awarded under the SIP are calculated using the share price on the date the shares were purchased.
5. 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 performance conditions.
6. A nil vesting of the 2020 LTIP awards has been assumed based on the information available as at 22 May 2023.
7. The figures disclosed in the 2022 Annual Report for the 2019 LTIP vesting were based on an estimated share price, an estimated 22.1% TPR performance outcome and an estimated TSR performance outcome of 0%. The actual TPR vested at 22.24% and the TSR element vested at 0%. This resulted in a 7.41% vesting for the 2019 LTIP awards. Figures are stated using the share price on the third anniversary of the date of grant of £6.510. The 2019 LTIP award remains subject to a two-year holding period and becomes exercisable on the fifth anniversary of the date of grant.
8. The single figure for the total remuneration due to the Directors for the year ended 31 March 2023.
9. The aggregate emoluments (being salary/fees, benefits, cash allowances in lieu of pension and bonus) of all Directors for the year ended 31 March 2023 was £3,929,000 (2022: £3,208,000).

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. Toby Courtauld's and Nick Sanderson's employer pension contribution rates were reduced from 20% to 15%, being the average rate available to all employees, from the end of the 2022 calendar year. Dan Nicholson's employer pension contribution was set at 15%, in line with the wider workforce, from his appointment date.

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.

Variable pay:

Executive Directors' 2023 bonus outcome

The financial, ESG/strategic and personal objectives targets for the bonus for the year ended 31 March 2023, and the extent to which they were achieved, are set out in the table below. The Committee did not exercise discretion in respect of any elements of the outturn.

Key elements of strategy	Maximum percentage of salary	Measured by	Threshold performance target	Maximum performance target (100% payout)	Actual performance achieved	Actual performance level as a percentage of maximum	Bonus receivable (£000)		
							Toby Courtauld	Nick Sanderson	Dan Nicholson
Market competitiveness (30% weighting)	45%	Growth of the Group's property portfolio against MSCI's relevant Capital Growth Index (for the year to 31 March 2022) – on a straight-line basis	Annual percentage rate of portfolio capital growth to meet annual percentage rate of capital growth of the central London MSCI Index (16.67% payout)	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London MSCI Index by 2%	Index +4.8%	100%	£290,854	£200,110	£163,013
Absolute performance (30% weighting)	45%	Achievement of TAR targets (for the year to 31 March 2023) – on a straight-line basis	TAR: +3% (20% payout)	TAR: +7%	-7.8%	0%	£0	£0	£0
Flex growth (10% weighting)	15%	Growth of committed flex space in the portfolio – on a straight-line basis	300,000 sq ft (20% payout)	340,000 sq ft	414,000 sq ft	100%	£96,951	£66,703	£54,338
ESG/strategic measures (15% weighting):									
Sustainability	7.5%	Reduce energy consumption – on a straight-line basis %	199 kWh/m² (20% payout)	181 kWh/m² or lower	158.5 kWh/m²	100%	£48,476	£33,352	£27,169
Customer satisfaction	7.5%	Industry Average Net Promoter Score – on a straight-line basis	Industry Average (20% payout)	Above Industry Average by 10 points or more	Industry Average + 40.2 points	100%	£48,476	£33,352	£27,169
Employee engagement	7.5%	Achieve a blended Employee Engagement Index (EEI) and Inclusion Index score of at least 65%	Score between 65% and 69% (20% payout)	Score above 80%	78%	75%	£36,356	£25,013	£20,376
Personal objectives (15% weighting)	22.5%	Achievement against personal objectives (for the year to 31 March 2023)	Partial achievement of personal objectives	Exceeding personal objectives	See pages 125 and 126	Toby Courtauld 75% Nick Sanderson 80% Dan Nicholson 65%	£109,070	£80,044	£52,979
						Total	**£630,183**	**£438,574**	**£345,043**

Executive Directors' personal objectives

The Executive Directors' personal objectives, approved by the Committee, are designed to focus on the delivery of the strategic priorities and the successful management of risk for both 2022/23 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 75%, 80% and 65% respectively of the full potential bonus for their personal objectives.

Measure	Score	Key achievements
Implement strategic change	**CEO** 24%/35% **CF&OO** 10%/15% **ED** 3%/7%	**Shared** – Customer First programme launched with implementation on track. – EPC strategy launched with implementation on track. – Innovation strategy updated and two awards won, including Most Innovative Property Company. – Strong communication of strategy amidst heightened macro and political uncertainty. **CEO** – Role model with clear vision. – Reorganised structure and reallocated responsibilities amongst the Executive Directors to support strategic objectives. – Led implementation of Sustainability Strategy; new Statement of Intent and Sustainable Spaces Brief adopted, clarifying approach to climate resilience. **CF&OO** – Assumed leadership of Flex activities; rollout successfully progressed, with management information and organisational/delivery processes further developed. **ED** – Developed acquisitions pipeline and strategy. – In his first full year at GPE, Dan's focus was on delivery of operational excellence rather than setting strategy hence the lower weighting on this element.
Operational excellence	**CEO** 15%/20% **CF&OO** 30%/40% **ED** 39%/55%	**Shared** – Completed development and sale of 50 Finsbury Square, GPE's first net zero carbon development, and its sale for a market-beating topped-up initial yield. – Pre-let 2 Aldermanbury Square, EC2 to Clifford Chance. – Exceeded growth of committed Flex space targets to 414,000 sq ft. – Record leasing achieved, exceeding prior year. – Launch and development of Customer First programme, customer service proposition and standards. Strong customer experience with above industry average Net Promoter Score. **CEO** – Led negotiation of pre-letting of 2 Aldermanbury Square, EC2. – Innovation programme progressed; data warehouse built; phase 1 of Customer Relationship Management system rolled out. – Numerous awards won, including Developer of the Year. – Corporate communications plan progressed; nominated for Britain's Most Admired Company (Property). **CF&OO** – Leading transition of new business processes including H&S, cyber and overseeing (with Audit Committee) appointment of new auditors. – Particular focus on delivering acquisitions; good progress given external environment. Completed acquisitions of 6/10 St Andrew Street, EC4 and 2 Cathedral Street, SE1. – Maintained one of the lowest loan-to-property value ratios in the UK REIT sector. – Social Impact Strategy implemented and launched new charity partnership relationship (XLP). **ED** – Oversaw new planning permissions obtained at French Railways House & 50 Jermyn Street, SW1. – Secured new headleases at 6/10 St Andrew Street, EC4 and 2 Aldermanbury Square, EC2. – Completed disposal of 6/10 Market Place, W1. – Oversaw new capital allocations.

Executive Directors' personal objectives continued

Measure	Score	Key achievements
Develop the team (which was expanded for FY23 to ensure all three executives had a 33% weighting on diversity)	**CEO** 36%/45% **CF&OO** 40%/45% **ED** 23%/38%	**Shared** – Diversity and Inclusion initiatives progressed. Particular focus on diversity, with 50% of senior hires women (only 1 person short of stretch target); ensured that all shortlists are both gender and ethnicity balanced. – Diversity representation targets set and communicated to all colleagues. – Significant effort expended in internal mentoring of high-potential talent, with a particular focus on women and ethnic minorities. **CEO** – Enhanced the team with good new hires and led restructuring of senior management roles. – Sponsored participation in a highly impactful inclusive leadership programme (with Arrival) for the Executive Committee. **CF&OO** – Took over Marketing, Customer Experience and Flex leadership. – Board lead on Inclusion Committee; internally regarded as a strong role model for D&I. **ED** – Fully onboarded after his first full year at GPE. – Executive sponsor for the Women's Impact Group. – Mentored and supported New Business team; assumed responsibility for Health and Safety and Workplace Services.
Total	**CEO** 75%/100% **CF&OO** 80%/100% **ED** 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 2020 LTIP awards

The tables below set out the alignment of LTIP awards with Company strategy and the anticipated vesting for those awards in July 2023, 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 123.

Anticipated vesting of LTIP awards granted in the year ended 31 March 2021, vesting in the year ending 31 March 2024, is included in the 2023 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 22 May 2023 as a percentage of maximum by vesting date[1]
Shareholder value	33.33%	Total Shareholder Return (based on a three-year performance period)	Median	Upper quartile	40.1st percentile	0%
Absolute performance	33.33%	Total Accounting Return (based on a three-year performance period)	868p	925p	795p (actual)	0%
Total (estimated)						**0%**

1. Toby Courtauld and Nick Sanderson's 2020 LTIP is due to vest on 29 July 2023. For the TAR target, the performance period for the 2020 awards is the three-year period to 31 March 2023. For the TSR element, the vesting period is the three-year period from the award date (29 July 2020) 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 2019 LTIP awards

The figures provided in last year's Annual Report for the 2019 LTIP awards were disclosed on an estimated basis. The table below sets out the confirmed performance outcomes of the 2019 LTIP awards that resulted in a 7.41% vesting following the expiry of the three-year performance period on 3 June 2022.

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 (3 June 2021)
Shareholder value	33.33%	Total Shareholder Return (based on a three-year performance period)	Median	Upper quartile	36th percentile	0%
Absolute performance	33.33%	Total Accounting Return (based on a three-year performance period)	4% p.a.	10% p.a.	0.8% p.a.	0%
Portfolio performance	33.33%	Total Property Return against IPD (central London Index) (based on a three-year performance period)	Index	Index + 1.5% p.a.	Index plus 0.04% p.a.	7.41%
Total						**7.41%**

Number of shares at the end of the performance period for 2019 LTIP awards

	No. of shares awarded as nil cost options	% overall vesting	No. of shares under option at the end of the performance period[1]
Toby Courtauld	252,072	7.41	18,686
Nick Sanderson	173,225	7.41	12,856

1. The LTIP awards made in 2019 are subject to a five-year release period, comprising a three-year performance period (to 3 June 2022) followed by a further two-year holding period. The nil cost share options will become exercisable on the fifth anniversary of the date of award and will continue to accrue dividend equivalents until that time.

Unvested share awards

The following tables provide details of outstanding share awards under the LTIP 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[1,2]	Percentage of award receivable for threshold performance	End of performance period	Performance measures
Toby Courtauld	29 July 2020[3]	300% of salary	1,846	317,906	20%	28 July 2023	TSR – 50% TAR Target – 50%
	7 June 2021	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%
		Total		**873,884**			
Nick Sanderson	29 July 2020[3]	300% of salary	1,270	218,722	20%	28 July 2023	TSR – 50% TAR Target – 50%
	7 June 2021	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%
		Total		**601,238**			
Dan Nicholson[4]	27 May 2022	300% of salary	1,087	**168,357**	20%	26 May 2025	TSR – 50% TAR Target – 50%
		Total		**168,357**			

1. For the 2020,2021 and 2022 LTIP awards, the face value is calculated on the five-day average share price prior to the date of grant of the LTIP award. For the 2020 LTIP, this was up to and including 28 July 2020, being £5.81. 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.
2. 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.
3. The estimated overall outcome for the 29 July 2020 LTIP as at 22 May 2023 is 0%. This would equate to nil shares vesting for each of Toby Courtauld and Nick Sanderson.
4. Dan Nicholson joined the Board on 6 September 2021 and was entitled to his first LTIP award in 2022.

2020, 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%	
2020 LTIP Award					
Total Accounting Return	50%	868p		925p	1 April prior to grant date
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median		Upper quartile	Grant date
2021 LTIP Award					
Total Accounting Return	50%	3% p.a.		7% 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
2022 LTIP Award					
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

Payment to past Directors*

No payments to past Directors were made during the year.

Payment for loss of office*

No payments were made to Directors during the year for loss of office.

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 2023. 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.

	Beneficial ownership			Conditional ownership[6]					Shareholding requirement met[9,10]	Comparator to 2022
Director	Number of shares owned[1]	SIP Matching shares subject to forfeiture	**Total beneficial ownership**[2,3,4,5]	LTIP subject to performance conditions	LTIP not subject to performance conditions[7]	Deferred Share Bonus Plan[8]	**Total beneficial and conditional ownership as at 31 March 2023**	Total beneficial and conditional ownership as at 31 March 2022		
Toby Courtauld	1,398,027	1,720	**1,399,747**	873,884	18,686	45,062	**2,337,379**	2,275,999	1,112% – Yes	1,599%
Nick Sanderson	280,537	1,720	**282,257**	601,238	12,856	31,540	**927,891**	884,057	326% – Yes	470%
Dan Nicholson	351	702	**1,053**	168,357	–	8,377	**177,787**	60	1%[11]	–

1. Excludes SIP shares that are subject to forfeiture.
2. Holdings are calculated based on the share price as at 31 March 2023 of £5.07.
3. Beneficial interests include shares held directly or indirectly by connected persons.
4. During the year, Toby Courtauld exercised 83,551 nil cost share options and Nick Sanderson exercised 54,730 nil cost share options. Of these, 39,270 and 25,724 shares respectively were sold at a price of 532.6545p each to cover tax and national insurance liabilities.
5. Between 1 April 2023 and 22 May 2023, Toby Courtauld, Nick Sanderson and Dan Nicholson each acquired 28 Partnership shares and 56 conditional Matching shares respectively under the SIP. In addition, under the SIP, 44 Matching shares vested to each of Toby Courtauld and Nick Sanderson. Otherwise there were no changes in their shareholdings during that period.
6. 40% of the Executive Directors' annual bonuses for the year ended 31 March 2023 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 2024 Annual Report. In respect of their annual bonuses for the year ended 31 March 2022, Toby Courtauld, Nick Sanderson and Dan Nicholson were granted DSBP awards over 32,652, 22,465 and 8,377 shares respectively.
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/or DSBP awards granted after the 2020 AGM will be held in escrow 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 vesting of awards until they have acquired the necessary shares to meet their shareholding requirement.
11. 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 2024

Statement of implementation of Directors' remuneration policy for the year ending 31 March 2024

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 131.

Salary

Executive Director	**Year ending 31 March 2024 £000[1]**	Year ended 31 March 2023 £000[1]	Base salary increase
Toby Courtauld	**679**	646	5%
Nick Sanderson	**467**	445	5%
Dan Nicholson	**380**	362	5%

1. Rounded to the nearest £1,000.

Executive Directors have received an increase in salary below the all-colleague average increase of 5.7%. 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 save that Toby Courtauld and Nick Sanderson's pension contribution rates were aligned with the average rate available to all employees (being 15% of base salary) from 1 January 2023. Dan Nicholson's employer pension contributions were set at this rate on his appointment.

Bonus for the year ending 31 March 2024

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 table on page 121 sets out the performance measures and their respective weightings for the year ending 31 March 2024, together with how the measures are linked to the Group's strategy and KPIs. 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 2024

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 2023 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 proposed new 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 2023 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.

Chair and Non-Executive Directors' remuneration

Single figure table annual fees for year ended 31 March 2023*

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 2023.

	Fees		Benefits		Totals	
Name	**2023**	2022	**2023**	2022	**2023**	2022
Richard Mully	**244**	235	**2[1]**	1[1]	**246**	236
Charles Philipps[2]	**82**	80	**–**	–	**82**	80
Mark Anderson	**72**	41	**–**	–	**72**	41
Wendy Becker[3]	**20**	72	**–**	–	**20**	72
Nick Hampton[4]	**74**	75	**–**	–	**74**	75
Vicky Jarman[4]	**77**	70	**–**	–	**77**	70
Champa Magesh[5]	**48**	–	**–**	–	**48**	–
Alison Rose	**72**	70	**–**	–	**72**	70
Emma Woods[6]	**77**	12	**–**	–	**77**	12
Total	**766**	655	**2**	1	**768**	656

1. Richard Mully's benefits of less than £2,000 related to reimbursed travel (and related tax) for GPE meetings.
2. Charles Philipps stepped down from the Board on 30 March 2023 and was succeeded as Senior Independent Director by Nick Hampton.
3. Wendy Becker stepped down from the Board on 7 July 2022.
4. Vicky Jarman succeeded Nick Hampton as Chair of the Audit Committee from 7 July 2022.
5. Champa Magesh joined the Board and each of its Committees on 1 August 2022.
6. Emma Woods succeeded Wendy Becker as Chair of the Remuneration Committee from 7 July 2022.

Shareholdings*

	31 March 2023	31 March 2022
Richard Mully	**31,379**	26,379
Charles Philipps	**4,094**	4,094
Mark Anderson	**2,451**	–
Wendy Becker	**8,277**	8,277
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 2023 and 24 May 2023. 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 2024

The table below sets out the fee rates for the Chair of the Board and Non-Executive Directors for the year ending 31 March 2024. The fees of the Chair and the base fees of the Non-Executive Directors have been increased by approximately 5%, being below the average of 5.7% 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 2022 to 31 March 2023 £	From 1 April 2023 (per annum) £
Chair fee	243,500	256,000
Non-Executive Director base fee	58,500	61,500
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 and 31 March 2023 for each of the Directors who served during the year (including salary, taxable benefits and annual bonus) compared to that for an average Group employee.

Name	Base salary/fees			Taxable benefits[8]			Bonus[9]		
			Change			Change			Change
	2020/21	2021/22	**2022/23**	2020/21	2021/22	**2022/23**	2020/21	2021/22	**2022/23**
Average employee[1]	+5.1%	+3.2%	**+6.2%**	+4.1%	-20.1%	**-0.3%**	-17.5%	+71.3%[8]	**+13.5%**
Executive Directors									
Toby Courtauld	+1.5%	+1.5%	**+3.5%**	-3.6%	-38.5%	**0%**	-20.6%	+139.5%	**+19.5%**
Nick Sanderson	+1.5%	+1.5%	**+3.5%**	-22.7%	-12.5%	**+18.6%**	-15.7%	+125.5%	**+20.9%**
Dan Nicholson[2]	n/a	n/a	**+80.1%**	n/a	n/a	**+100.0%**	n/a	n/a	**+155.6%**
Non-Executive Directors									
Richard Mully (Chair)	-5.0%	0%	**+3.8%**	-100%	+100%	**+100%**	n/a	n/a	**n/a**
Charles Philipps[3]	-2.6%	0%	**+2.5%**	–	–	**–**	n/a	n/a	**n/a**
Mark Anderson[4]	n/a	n/a	**+75.6%**	n/a	–	**–**	n/a	n/a	**n/a**
Wendy Becker[5]	-9.2%	0%	**-72.2%**	–	–	**–**	n/a	n/a	**n/a**
Nick Hampton[6]	-4.2%	0%	**-1.3%**	-100%	–	**–**	n/a	n/a	**n/a**
Vicky Jarman[6]	-2.9%	0%	**+10.0%**	–	–	**–**	n/a	n/a	**n/a**
Champa Magesh[7]	–	–	**0.0%**	–	–	**–**	n/a	n/a	**n/a**
Alison Rose	-2.9%	0%	**+2.9%**	–	–	**–**	n/a	n/a	**n/a**
Emma Woods[4]	n/a	n/a	**+541.7%**	n/a	–	**–**	n/a	n/a	**n/a**

1. 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.
2. 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 for 2022/23 was for a full year's service, explaining his large percentage increase over the two years.
3. Charles Philipps stepped down from the Board on 30 March 2023.
4. Mark Anderson and Emma Woods joined the Board on 1 September 2021 and 1 February 2022 respectively. Emma Woods succeeded Wendy Becker as Chair of the Remuneration Committee from 7 July 2022.
5. Wendy Becker stepped down from the Board on 7 July 2022.
6. Nick Hampton succeeded Charles Philipps as Senior Independent Director on 31 March 2023 and was succeeded by Vicky Jarman as Chair of the Audit Committee from 7 July 2022.
7. Champa Magesh joined the Board on 1 August 2022.
8. Taxable benefits from 31 March 2022, in line with the single figure table on page 123, 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.
9. 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 2021/22.

Ten-year Chief Executive remuneration package

The table below shows the Chief Executive's remuneration package over the past ten years, together with incentive payout/vesting as compared to the maximum opportunity.

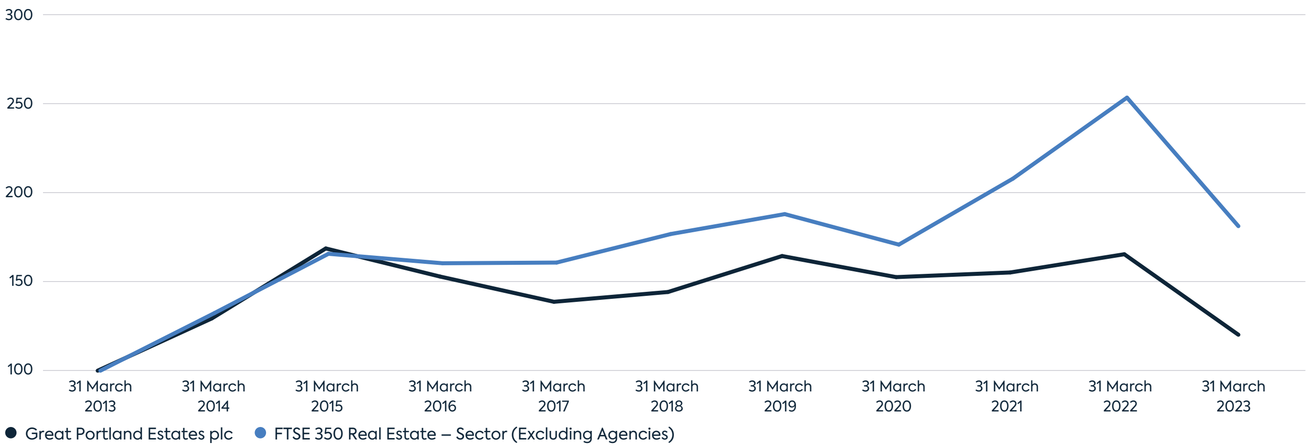
	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
Single figure of total remuneration (£000)	3,409	3,689	2,650	1,402	1,174	905	1,599	984	1,425[1]	**1,417**
Bonus payout (as % of maximum opportunity)	100%	48%	100%	20%	37%	19%	31%	23.9%	56.3%	**65%**
Long-term incentive vesting rates (as % of maximum opportunity)	86%	81%	58%	33%	10%	0%	28.8%	0%	7.4%[1]	**0%**[2]

1. Re-stated to reflect the actual LTIP performance outcome of 7.41% as referred to in the single figure table on page 123. The figure provided in last year's Annual Report was disclosed on an estimated basis.
2. Based on estimated performance as at 22 May 2023.

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 (139 as at 31 March 2023), 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. An estimated nil vesting of the 2020 LTIP in 2022/23 compared with a 7.41% vesting of the 2019 LTIP in 2021/22 has reduced the ratios for 2022/23.

Ratio of the pay of the Chief Executive to that of the UK lower quartile, median and upper quartile employees

		Pay ratio		
Year	Method	25th percentile	50th percentile (median)	75th percentile
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[1]	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
31 March 2019	Modified Method A	14.2:1	9.3:1	5.7:1

1. The 2022 ratios have been updated to reflect the actual vesting outcome of the 2019 LTIP awards at 7.41%.

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 2023. 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 2023, as disclosed on page 123.
- The 2023 ratio will be re-stated in the 2024 Directors' remuneration report to take account of the final LTIP vesting data for eligible employees and for the Chief Executive.

Governance

The Committee has considered the pay data for the three individuals identified for 2023 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.

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	646	56	77	120
Total remuneration (single figure)	1,417	79	113	212

Employee Share Trust

Upon the vesting of share awards, shares used to satisfy awards under the LTIP 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 2023 was 877,159 (2022: 877,335).

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.

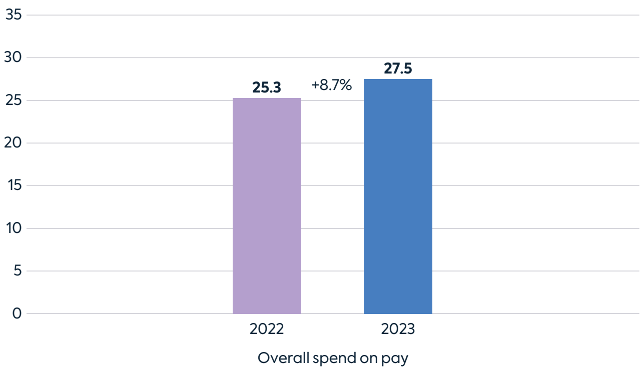
Maximum	As at 31 March 2023[1]
10% dilution in ten years (all plans)	2.03%
5% dilution in ten years (discretionary plans)	1.99%

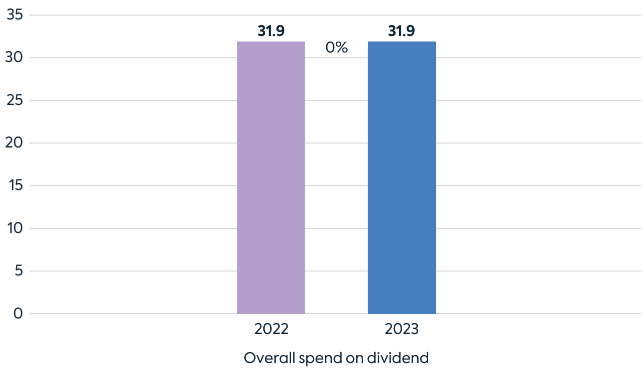
1. This figure shows the number of shares required to satisfy all outstanding awards as at 31 March 2023 as a percentage of the Company's issued share capital were these to be satisfied by the issue of new shares. This does not include vested awards that have been satisfied using market purchased shares.

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in 2022 and 2023:

Relative importance of spend on pay £m





Committee advisers

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**) and provides no other advice to the Group. FIT Rem's fees for the year to 31 March 2023 were £112,056 (2022: £68,137) which were charged on its normal terms.

Independent and objective performance certificates are provided to the Committee by:

- Aon Hewitt on measurement of TSR performance targets for the LTIP and 2022/23 Annual Bonus Plan awards together with IFRS 2 calculations. Fees paid to Aon Hewitt in respect of this were £12,500. Aon Hewitt also provides gender pay gap assistance to the Group and fees paid in relation to this totalled £8,000; and
- Morgan Stanley Capital International (MSCI) on measurement against its property benchmark, for the Executive and Employee Annual Bonus Plan and measurement of TPR performance targets for the LTIP awards as part of its MSCI membership. Fees paid in relation to this membership totalled £41,949.

Statement of voting at the AGM

The following table shows the results of:

- the advisory vote on the Directors' remuneration report at the 7 July 2022 AGM; and
- the binding vote on the Directors' remuneration policy commencing from the 24 July 2020 AGM.

It is the Committee's policy to consult with major shareholders prior to any major changes to its Executive remuneration.

	For	Against	Abstentions
2022 Directors' remuneration report	190,081,568 (94.56%)	10,945,612 (5.44%)	1,438,293
2020 Directors' remuneration policy	200,319,758 (98.77%)	2,493,248 (1.23%)	7,049

Directors' remuneration policy

This section of the Directors' remuneration report contains details of the Directors' remuneration policy that will govern the Company's future remuneration payments.

The policy below sets out the remuneration policy we intend to apply, subject to shareholder approval, from 6 July 2023, the date of the next AGM. Until such approval, the current remuneration policy, which was approved by shareholders at the 2020 AGM, will apply. It is the intention that the new policy will apply for a period of three years from approval. Any key changes in policy have been highlighted in the proposed new policy. The policy part of the remuneration report, if approved, will be displayed on the Company's website, at **www.gpe.co.uk/investors**, immediately after the 2023 AGM.

Executive Director remuneration

Purpose and link to strategy		Operation and process
Fixed remuneration	**Base salary** To provide a market-competitive salary which takes into account individual responsibilities and attracts and retains talent in the labour market in which the Executive Director is employed.	Reviewed by the Remuneration Committee (the Committee) at least annually and assessed having regard to Company performance, individual responsibilities, inflation, as well as salary levels in comparable organisations (particularly within the listed property sector) and taking account of salary policy and annual increases within the rest of the Group.
	Benefits To provide cost-effective benefits that are valued by the recipient and are appropriately competitive.	Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. A company car or company car allowance may be provided, although it is not the Company's current practice to provide either to current Executive Directors. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects individual circumstances. Benefits are reviewed annually and their value is not pensionable.
	Pension To provide a framework to save for retirement that is appropriately competitive.	All Executive Directors receive a contribution to their personal pension plan and/or receive a cash equivalent. This cash equivalent is not treated as salary for the purposes of determining bonus or incentive awards.

The Company's policy is to provide remuneration packages that fairly reward the Executive Directors for the contribution they have made to the business and to ensure that the packages are appropriately competitive to promote the long-term success of the Company. The policy is to align the Directors' interests with those of shareholders and to incentivise the Directors to meet the Company's financial and strategic priorities by making a significant proportion of remuneration performance-related. The Company's strategic objectives are set out in the Strategic Report on pages 01 to 78.

The Rumeneration Committee is satisfied that the remuneration policy outlined in the table below is in the best interests of shareholders, does not raise any environmental, social or governance issues and does not promote excessive risk-taking.

The key changes are highlighted in the final column in the table. In addition, the good leaver provisions for the annual bonus have been adjusted to reflect normal practice and the malus provisions updated to include corporate solvency, administration or failure.

Maximum opportunity	Performance metrics	Key changes to last approved policy
Base salary increases will be in applied in line with the outcome of the review. In the normal course of events, increases in the base salaries will not exceed the average increase for employees. Increases may be made above this level to take account of market alignment to around mid-market levels of comparable organisations (particularly within the listed property sector) and individual circumstances such as: – increase in scope and responsibility; and/or – to reflect the individual's development and performance in the role (e.g. for a new appointment where base salary may be increased over time rather than set directly at the level of the previous incumbent or market level). The Committee is, however, mindful of the need to treat comparisons with caution to avoid an upward ratchet of remuneration levels. The salary maximum will be £650,000 (as increased by RPI from July 2017, currently c. £874,600).	Individual and Company performances are considerations in setting base salary.	No change.
Set at a level which the Committee considers: – is appropriately positioned against comparable roles in companies of a similar size and complexity (particularly within the listed property sector); and – provides a sufficient level of benefits based on the role or an individual's circumstances such as relocation. Benefit values vary year on year depending on premiums and, therefore, the maximum value is the cost of the provision of these benefits. However, the aggregate value of contractual and non-contractual benefits received by each Executive Director (based on the value included in the individual's annual P11D tax calculation) shall not exceed £100,000 p.a. (with this maximum increasing annually at the rate of RPI from 1 April 2014).	Not applicable.	No change.
The current Executive Directors receive a contribution or cash equivalent equal to 15% of base salary which is aligned with the average rate for all employees. Any new Executive Directors that are recruited will receive a contribution at no more than the same level as the average all-employee rate (as at the date of recruitment). The contribution rate for Executive Directors may change in line with increases for employees generally.	Not applicable.	Updated to reflect alignment of pension rates with employees generally.

Governance

Directors' remuneration policy continued

Executive Director remuneration continued

Purpose and link to strategy		Operation and process
Variable remuneration	**Annual Bonus Plan** Links reward to the annual performance targets, which are set on or about the beginning of the financial year in line with the Company's strategy. Ensures an alignment between the operation of the Directors' remuneration policy and financial measures whilst also ensuring additional operational measures are targeted to drive and encourage a holistic approach to performance.	The Annual Bonus Plan is reviewed annually at the start of the financial year to ensure bonus opportunity, performance measures and weightings are appropriate and continue to support the Company's strategy. Bonuses are paid in cash and shares. Up to 60% of any bonus will be paid in cash following the end of the financial year. At least 40% of any bonus outcome will be deferred into shares, typically through the Deferred Share Bonus Plan (the DSBP) and normally for three years. Subject to clawback and malus provisions in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and the bonus paid was higher than should have been the case; and malus only where there are sufficiently exceptional circumstances which impact the reputation of the Company, where there was a material error in determining the grant, size or nature of an award or in the event of corporate insolvency, administration or failure. The target bonus is 50% of maximum (i.e. 75% of base salary). Threshold bonus is not more than 30% of base salary with 0% payable if the threshold is not met.
Grants under the Restricted Share Plan (RSP)	Rewards and retains Executives, aligning them with shareholder interests over a longer timeframe. Ensures an alignment between the operation of the Company's remuneration policy and the Company's KPI of achieving sustained share price growth through ensuring that a significant proportion of executive reward is delivered in shares, thereby aligning their reward with shareholder returns.	The Company is seeking shareholder approval for the RSP at the 2023 AGM. If approved, initial grants will be made shortly following the AGM in July 2023. The RSP will have an initial ten-year term. Participants are eligible to receive a conditional annual allocation of shares or nil price options (restricted shares). **General terms** Awards may be adjusted to reflect the impact of any variation of share capital. An award may, at the discretion of the Committee, include the right to receive cash or shares on vesting equal in value to the dividends payable on such number of shares subject to the award which vest, for the period between grant and vesting. A two-year holding period will apply to awards following the end of a three-year underpin period. Awards will typically be structured as nil cost options exercisable from the end of the holding period although the plan may permit earlier exercise following the third anniversary of grant if the resulting (net of tax) shares are similarly locked up for the holding period. Subject to clawback and malus provisions, for all employees in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and vesting was higher than should have been the case; and malus only where there are sufficiently exceptional circumstances which impact the reputation of the Company, where there was a material error in determining the grant, size or nature of an award or in the event of corporate insolvency, administration or failure. Awards under the RSP may be adjusted to reflect the impact of any variation of share capital. **Quantum** The Committee reviews the quantum of awards annually.

Maximum opportunity	Performance metrics	Key changes to last approved policy
The maximum bonus is 150% of base salary.	At least 50% of the bonus will be linked to financial measures. The balance will be linked to personal or strategic objectives (including ESG factors). In addition, at least 80% of the total bonus opportunity will be objectively measurable. The performance metrics are set by the Committee each year. The performance period for the Annual Bonus Plan targets is linked to the Company's financial year. The Committee may reduce formulaic bonus outcomes if it considers them to be inconsistent with the performance of the Company, business or individual during the year. The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not, in the view of the Committee, materially less difficult to satisfy. Further details on the measures for the financial year 2023/24 are set out on page 121.	Changed the weightings of the bonus measures to better align with the evolution of the Company's strategic priorities.
Up to 150% of salary.	The nature of RSPs is to deliver a lesser level of award (150% of salary compared with historic grant levels of 300%) in return for the greater likelihood of vesting. There is, therefore, a clear default to vesting. Nonetheless, the Committee is keen to avoid payments for failure and will consider the application of an underpin at the third anniversary of grant whereby it may reduce vesting levels (including to zero) where it considers that to be appropriate in all the circumstances (the underpin). Without limitation, it may reduce vesting levels where any of the following occur: – breach of the financial covenants of the Group's principal debt facilities; – failing to make satisfactory progress in delivering our Sustainability Statement of Intent; and – there being material damage to the reputation of the Company. The Committee retains the ability to adjust the underpin if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.	Introduction of RSP.

Directors' remuneration policy continued

Executive Director remuneration continued

Purpose and link to strategy		Operation and process
All-employee share plans	Encourages Executive Directors and employees to acquire shares in order to increase the alignment of interests with shareholders over the longer term.	The Company operates a Share Incentive Plan (SIP) under which all employees, including Executive Directors, may be awarded free shares and may purchase shares which can be matched on up to a two for one basis. The Company's current practice is to operate partnership and matching shares only. If the shares are held in a trust for at least three years and the employee does not leave the Company during that period, then the matched shares may be retained by the individual subject to some relief against income tax and National Insurance contributions. Dividends are also paid directly to participants on all SIP shares. Shareholders have also approved a Save As You Earn Scheme (SAYE) for all employees which is not currently operated but which might be utilised in the future. Under the SAYE, participants (which may include Executive Directors) may make monthly contributions over a savings period linked to the grant of an option with an exercise price which may be at a discount of up to 20% of the market value of the underlying shares at grant. Awards under the SIP and SAYE may be adjusted to reflect the impact of any variation of share capital.
Shareholding policy	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Executive Directors are expected to accumulate and maintain a holding in shares in the Company equivalent in value to no less than 300% of base salary. 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. This guideline will apply in respect of any vested shares which vest from DSBP, LTIP and RSP awards granted after the 2020 AGM (unless the Committee no longer considers it necessary). Shares retained following vesting of LTIP and/or DSBP and/or RSP awards granted after the 2020 AGM will be held in escrow to enable enforcement of post-cessation share ownership guidelines.

Notes to the future policy table

1. Performance measures and targets

Short- and long-term performance measures will be selected by the Committee in order to provide a direct connection to the Company's strategy or key performance indicators at the time. Relative measures will be assessed against appropriate comparators.

Absolute measures are set following a robust budget setting process which takes into account internal financial indicators as well as a broader view of the market environment.

The targets for the Annual Bonus are commercially sensitive and will be reported in the subsequent Directors' remuneration report. The measures applicable to the 2023/24 financial year are set out on page 121. As referred to in the Committee Chair's statement, it is intended that appropriate targets will be set for each award cycle. The awards are also subject to an underpin under which the level of vesting may be reduced in certain circumstances.

The Committee is of the opinion that, given the commercial sensitivity around GPE's business, disclosing individuals' targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Actual targets, performance achieved and awards made will be published at the end of performance periods so shareholders can fully assess the basis for any payouts.

2. Differences in remuneration policy for all employees

All employees of GPE are entitled to base salary and benefits on the same basis, with quantum of awards being set at levels commensurate with their role. All employees participate in an employee Annual Bonus Plan, with quantum of awards being set at levels commensurate with their role and with performance measures, similar to the executive scheme, based on Group performance and against personal objectives. Senior managers will receive RSP awards with quantum of awards being set at levels commensurate with their role. All employees are eligible to participate in the SIP and the SAYE on the same terms as the Executive Directors.

Employees who joined the Company before April 2002 are members of the Company's defined benefit pension plan, and all other employees are eligible to join the Company's defined contribution pension plan and receive a contribution of up to (currently) 15% of salary.

Maximum opportunity	Performance metrics	Key changes to last approved policy
Under the SIP, maximum participation will be in line with the prevailing maximum limits set by HMRC under the relevant legislation. Under the SAYE, maximum participation will be in line with the prevailing maximum limits set by HMRC under the relevant legislation.	As is typical under HMRC tax-advantaged all-employee plans, there are no performance conditions attached to awards.	No changes.
Not applicable.	Not applicable.	No changes.

3. Changes to remuneration policy from previous policy

The changes to previous policy have been noted in the table above. The inclusion of caps does not represent any aspiration.

4. Discretion

The Committee will operate the Annual Bonus Plan, RSP (and deal with legacy LTIP awards) and DSBP awards according to their respective rules and ancillary documents and in accordance with the Listing Rules where relevant. The Committee retains discretion, consistent with market practice, in a number of regards as to the operation and administration of these plans as noted in the policy table and in the recruitment remuneration and payments for loss of office sections as relevant. Any use of these discretions would, where relevant, be explained in the Directors' remuneration report and may, as appropriate, be the subject of consultations with the Company's major shareholders.

The all-employee tax-advantaged share plans will be operated in accordance with HMRC guidance and their respective rules.

In addition, the Committee has the discretion to amend the policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or wait for shareholder approval.

Details of share awards granted to existing Executive Directors are set out on page 128 of the Directors' remuneration report. These remain eligible to vest based on their original award terms, in line with the policy set out in the policy table or under the authority of the previously approved remuneration policy (as will other legacy arrangements, including those awarded prior to promotion to the Board).

Directors' remuneration policy continued

Non-Executive Director remuneration

Element	Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Fees	Provide an appropriate reward to attract individuals with appropriate knowledge and experience to review and support the implementation of the Company's strategy.	The Chair of the Board and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors, other than the Chair whose remuneration is determined by the Committee. Non-Executive Directors are paid a base fee and additional fees for membership or chairmanship of Committees and for the role of Senior Independent Director. Fees are usually reviewed annually with changes effective from 1 April. Non-Executive Directors do not participate in any of the Company's incentive arrangements. Other benefits include travel, accommodation and membership subscriptions related to the Company's business. Reasonable business-related expenses will be reimbursed (including any tax due thereon).	Fees will be in line with market rates for Non-Executive Directors at FTSE 250 companies. The aggregate maximum will be the limit approved by shareholders in accordance with the Articles of Association, which is currently £1,000,000. In the normal course, the Committee would generally consider awarding the Chair (and the other Directors would generally consider awarding the Non-Executive Directors) an annual increase in line with the rate of inflation for staff generally. However, this is not automatic and any decisions will be taken in the round. The 2023/24 fee levels are set out on page 131.	Not applicable.

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role, and our principle is that the pay of any new recruit would be assessed following the same principles as for the Directors and the policy previously summarised.

Executive Director recruitment

Component	Policy
Base salary and benefits	The salary level will be set taking into account relevant market data, the experience and skills of the individual, responsibilities of the individual and the salaries paid to similar roles in comparable companies in line with the current process undertaken by the Committee when setting the salary levels for its existing Directors. Whilst it is not envisaged that it will be required, as provided for in the relevant regulations, the Committee reserves the right to exceed the fixed pay limits set out in the policy table, in exceptional circumstances, to secure the appointment of a high calibre individual. Executive Directors shall be eligible to receive benefits in line with the Company's benefits policy, as set out in the remuneration policy table.
Pension	Executive Directors will be able to receive a pension contribution or receive a supplement in lieu of pension contributions in line with the Company's pension policy as set out in the remuneration policy table.
Annual bonus	Executive Directors will be eligible to participate in the Annual Bonus Plan with at least 40% of the bonus outcome normally subject to deferral under the DSBP, as set out in the remuneration policy table. For Executive Directors joining part way through a year, awards would be pro-rated. Different performance measures may be set initially for the Annual Bonus Plan, taking into account the responsibilities of the individual, and the point in the financial year that they joined. The annual maximum potential opportunity under this plan is 150% of salary.
Long-term incentives	Executive Directors will be eligible to participate in the RSP set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable under plan rules at the Committee's discretion of 150% of salary under the RSP. An award may be made on or shortly following an appointment assuming the Company is not in a prohibited period.

Component	Policy
Share buyouts/ replacement awards	Awards may be granted to replace those forfeited by the Executive Director from a previous employer on taking up the appointment where considered necessary by the Committee. The Committee will seek to structure any replacement awards such that overall they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. Where the Company compensates new Executive Directors in this way, it will seek to do so under the terms of the Company's existing variable remuneration arrangements, but may compensate on terms that are more bespoke than the existing arrangements, including awards granted under Listing Rule 9.4.2, where the Committee considers this to be appropriate. In such instances, the Company will disclose a full explanation of the detail and rationale for such recruitment-related compensation. In making such awards, the Committee will seek to take into account the nature (including whether awards are cash or share-based), vesting period and performance measures and/or conditions for any remuneration forfeited by the individual in leaving a previous employer. Where such awards had outstanding performance or service conditions (which are not significantly completed), the Company will generally impose equivalent conditions. In exceptional cases, the Committee may relax those requirements where it considers this to be in the interest of the shareholders, for example through applying a significant discount to the face value of the replacement awards.
Relocation policies	In instances where the new Executive Director is non-UK domiciled or needs to be relocated, the Company may provide one-off or ongoing compensation as part of the Executive Director's relocation benefits to reflect the cost of relocation for the Executive in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case-by-case basis and may take into consideration any cost of living differences, housing allowance and/or schooling.
Legacy arrangements	Where an Executive Director is appointed from within the organisation, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions on a pro rata basis. Similarly, if an Executive Director is appointed following the Company's acquisition or merger with another company, legacy terms and conditions on a pro rata basis would be honoured.

Non-Executive Director recruitment

Component	Policy
Fees	Newly appointed Non-Executive Directors will be paid fees consistent with existing Non-Executive Directors.

Service agreements and payments for loss of office

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	6 July 2023
Nick Hampton	28 September 2016	6 July 2023
Alison Rose	4 April 2018	6 July 2023
Vicky Jarman	22 January 2020	6 July 2023
Mark Anderson	30 July 2021	6 July 2023
Emma Woods	25 January 2022	6 July 2023
Champa Magesh[1]	6 June 2022	6 July 2023

1. Champa Magesh was appointed to the Board on 1 August 2022 and will be subject to election at the next AGM on 6 July 2023.
2. Alison Rose will be stepping down from the Board from the conclusion of the 2023 AGM and will not be putting herself forward for re-election.

Directors' remuneration policy continued

Executive Directors may, with the consent of the Committee, retain fees paid to them for acting as a Non-Executive Director of a company outside the Group, except where the directorship is as a representative of the Group.

The Company's policy on termination payments for Executive Directors is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. It is the Committee's policy not to reward poor performance. The Committee will always seek to minimise the cost to the Company whilst seeking to reflect the circumstances in place at the time. The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid. The Company reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. The Company may also deem it appropriate to pay on behalf of a departing Executive modest legal, outplacement or other fees.

Contracts include a right for the Company to achieve mitigation through payment on a monthly phased basis with payments reducing/ceasing if an alternative role is found during the balance of any notice period.

Base salary, benefits and pension

Toby Courtauld's compensation in lieu of notice payable at the Company's discretion is 12 months' basic salary. Compensation in lieu of notice to Nick Sanderson, payable at the Company's discretion, is 12 months' basic salary, pension allowance and the value of benefits in kind provided in the previous year, or the actual provision of those benefits. Compensation in lieu of notice to Dan Nicholson, payable at the Company's discretion, is 12 months' basic salary and the value of contractual benefits that would have been payable during the shorter of the minimum applicable notice period and any unexpired period of notice. In each case, the Company may elect to pay the compensation in lieu of notice in equal monthly instalments. Each individual is under a duty to mitigate against any payment in lieu of notice by seeking alternative employment or engagement and the Company has the right to reduce any payment in lieu of notice in given circumstances.

Approach to other remuneration payments on termination of employment and change of control

In addition to the payment of base salary, benefits and pension as set out above, the Group's Annual Bonus Plan, LTIP, RSP, DSBP, SIP and SAYE contain provisions for the termination of employment.

Component	Good Leaver*	Bad Leaver**	Change of control
Annual Bonus Plan	Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the Executive will be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. Where an Executive Director's employment is terminated during a performance year, a pro rata annual bonus for the period worked in that performance year may be payable in relation to that year's bonus.	Outstanding award is forfeited.	An Executive Director may receive a bonus, the amount of which will be determined by the Committee, taking into account such factors as it considers relevant, including the proportion of the elapsed performance period at the date of change of control and performance to that point.
Deferred Share Bonus Plan (DSBP)	Awards may be retained until the normal vesting date. In exceptional circumstances the Committee may accelerate vesting at the date of cessation.	Outstanding awards lapse.	In accordance with the rules of the DSBP, outstanding awards will normally vest in full on a change of control.

Component	Good Leaver*	Bad Leaver**	Change of control
Long Term Incentive Plan (LTIP) and Restricted Share Plan (RSP)	Awards may vest at the date of cessation of employment or the normal vesting date (including any applicable holding period) at the discretion of the Committee. Awards will vest based on the performance achieved up to the date of cessation/normal vesting date at the discretion of the Committee and be pro¬rated to reflect the amount of time elapsed since the award date. The Committee retains the discretion to disregard time when determining the level of vesting. This would only be considered in exceptional circumstances and, where considered, the Committee would take into account the circumstances of the cessation of employment. Upon death, all long-term incentive awards vest immediately in full.	Outstanding awards lapse.	In accordance with the rules of the LTIP and RSP, on a change of control, vesting will occur immediately. Performance against targets and/or the underpin will be assessed by the Committee on a change of control. The number of shares vesting will normally be reduced pro rata to reflect the amount of time elapsed from the award date until the change of control as a proportion of the original vesting period. The Committee retains the discretion to disregard time when determining the level of vesting. This would only be considered in exceptional circumstances and, where considered, the Committee would take into account the overall context of the deal and the actual value.
Share Incentive Plan (SIP)	All shares can be sold or transferred out of the SIP. Free, matching and partnership shares may be removed tax-free. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate. On resignation, matched shares held for less than three years will be forfeited.	Free shares and matched shares held for less than three years will be forfeited. Partnership and matched shares held for more than three years but less than five years will be liable to tax depending on time held in the SIP. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate.	All shares can be sold or transferred out of the SIP. Free, matching and partnership shares may be removed tax-free. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate.
Save As You Earn Scheme (SAYE)	Options may be exercised during a period of six months following cessation of employment (or 12 months following cessation in the event of death).	Options held for less than three years will lapse on cessation. Options held for more than three years may be exercised during a period of six months following cessation, except where the reason for cessation is misconduct.	Options may be exercised in the event of a change of control of the Company.

* Good leavers under each of the Annual Bonus Plan, LTIP, RSP, DSBP, SIP and SAYE are those leaving under specified conditions as set out below.

Annual Bonus Plan, LTIP and RSP:
- death;
- ill-health, injury or disability (evidenced to the satisfaction of the Committee);
- redundancy;
- retirement;
- the award holder's employing company or business being transferred out of the Group; or
- any other circumstances at the discretion of the Committee, including where appropriate (and exceptionally), resignation. The Committee will only use its general discretion where it considers this to be appropriate, taking into account the circumstances of the termination and the performance in the context of each plan and will provide a full explanation to shareholders of the basis of its determination. The exercise of the Committee's discretion under one plan will not predetermine the exercise of its discretion under another.

Under the DSBP, all leavers will be considered 'good', except where the employee is dismissed for misconduct.

Good leavers under the SIP and SAYE are those participants leaving in certain circumstances as under applicable legislation, including death, injury, disability, retirement and redundancy.

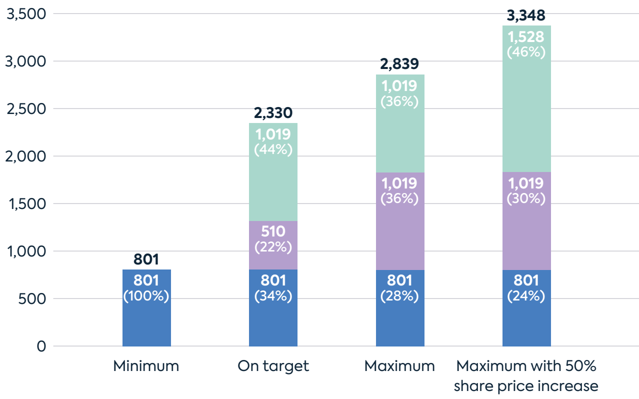
** Bad leavers are those leavers who are not good leavers.

Directors' remuneration policy continued

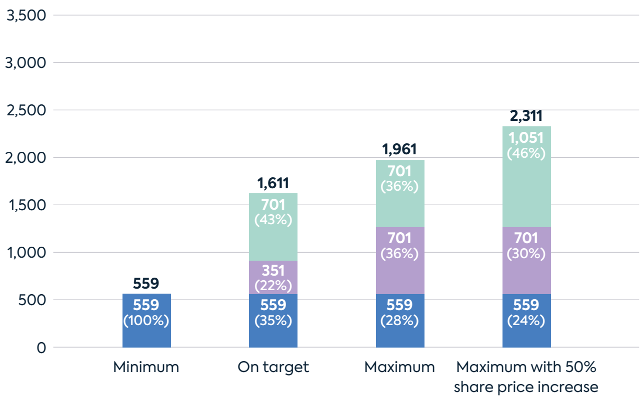
Executive Director remuneration scenarios based on performance

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 remuneration policy and applied to salaries for the year ending 31 March 2024. It should be noted that the projected values exclude the impact of any dividend accrual.

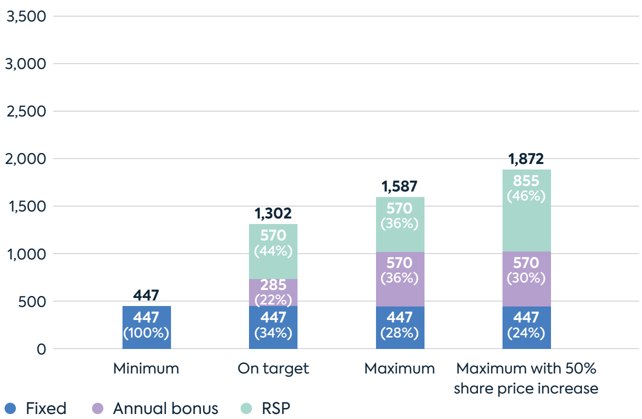
Chief Executive £000



Chief Financial & Operating Officer £000



Executive Director £000



Consideration of remuneration of other employees

The Committee seeks to apply consistent principles of remuneration across the organisation and takes into account wider employee pay and conditions when determining the remuneration of the Executive Directors. As part of the annual pay review, the Committee receives a report setting out changes to all employee remuneration levels and proposed discretionary bonus awards. The Company also discusses gender pay gap statistics alongside its diversity and inclusion objectives. Details regarding the broad operation of the Company's remuneration policy and principles for all employees and the Executive Directors can be found on pages 116 and 122.

The Company engages with employees on remuneration generally, including executive remuneration. As part of the new Policy review, the Remuneration Committee Chair held an interactive all-employee session in March 2023 to discuss the proposed changes to the Policy. Further details regarding employee engagement on remuneration matters can be found on page 116. The Committee is advised of pay levels throughout the Group and specifically approves the packages of more senior colleagues. In considering the position, it is advised of benchmark pay levels for most roles.

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 proposed 2023 remuneration policy has been subject to thorough consultation with our major shareholders and the main proxy voting advisers.

Deliberation and process

The Committee ensures it seeks independent advice as appropriate, and the Committee also has access to the HR Director and General Counsel & Company Secretary without the executives present. Consistent with good practice, any decisions are taken without the affected individual present.

This Report will be submitted to shareholders for approval at the AGM to be held on 6 July 2023.

Approved by the Board on 24 May 2023 and signed on its behalf by:

Emma Woods
Chair of the Remuneration Committee
24 May 2023

Report of the Directors

Strategic Report

The Group's Strategic Report on pages 01 to 78 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 2023.

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 152 to 178. An interim dividend of 4.7 pence per share (2022: 4.7 pence) was paid on 4 January 2023, and the Directors propose to pay a final dividend of 7.9 pence per share on 10 July 2023 to shareholders on the register of members as at the close of business on 2 June 2023. This makes a total of 12.6 pence per share (2022: 12.6 pence) for the year ended 31 March 2023.

Directors

Biographical details of the current Directors of the Company are shown on pages 84 and 85. Charles Philipps stepped down from the Board on 30 March 2023 and was succeeded as Senior Independent Director by Nick Hampton. Wendy Becker also served as a Director during the year under review, stepping down from the Board on 7 July 2022.

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). Alison Rose will be stepping down from the Board from the conclusion of the AGM to focus on her other commitments.

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 129 and 131. The Directors' remuneration report also sets out details of any changes in those interests between 31 March 2023 and 22 May 2023.

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 79 to 146, 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 2023, which will be made available on the Company's website at **www.gpe.co.uk/investors/shareholder-information/agmgm**

Report of the Directors continued

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	159, 172 to 174
Greenhouse gas emissions, energy consumption and energy efficiency action	37 to 53
Engagement with suppliers, customers and others	38, 40, 42, 43, 58 to 62 89 to 93
Research and development	01, 10, 14, 22 to 24, 26, 27 38 to 42, 45, 58 to 59

Disclosures required by the Financial Conduct Authority's Listing Rule 9.8.4R can be found on the following pages:

	Page/s
Capitalised interest	161 and 166
Waiver of dividends	148

The Directors' responsibilities statement is on page 150 and is incorporated into this Report of the Directors by reference. The 'Other information' found on pages 196 to 204 is also incorporated into this Report of the Directors by reference.

Significant shareholdings

As at 31 March 2023, 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[1]	%[1]	Nature of holding[1]
Norges Bank Investment Management	38,089,719	15.00	Direct
T. Rowe Price Associates, Inc.	33,008,070	13.00	Indirect
BlackRock Inc.	22,925,274	9.03	Indirect
	2,464,078	0.97	Financial instruments
KKR Investment Management LLC	13,579,569	5.35	Indirect

1. As at date of notification.

In the period from 31 March 2023 to 22 May 2023, the Company received a further notification from T. Rowe Price Associates, Inc. disclosing that its indirect holding had decreased to 32,997,865 ordinary shares (12.99% of the total voting rights in the Company).

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 2023, the issued share capital of the Company was 253,867,911 (2022: 253,867,911) ordinary shares of 15$\frac{5}{19}$ pence each, all fully paid up and listed on the London Stock Exchange.

At the 2022 AGM, shareholders authorised the Company to make market purchases of up to 38,054,799 ordinary shares of 15$\frac{5}{19}$ pence each, representing 14.99% of the issued share capital of the Company as at 26 May 2022, such authority to expire at the earlier of the conclusion of the 2023 AGM or 1 October 2023. 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 2023.

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 Long Term Incentive Plan, Deferred Share Bonus 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 78. 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 8, 15 and 16 of the financial statements on pages 156 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 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 78. 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 78.

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
24 May 2023

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in conformity with the requirements of the Companies Act 2006 and UK adopted international accounting standards, and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Toby Courtauld
Chief Executive
24 May 2023

Nick Sanderson
Chief Financial & Operating Officer
24 May 2023

Financial statements

In this section:

GPE Future London Photography
Award Winner
www.nicofroehlich.com
#gpephotographyaward

Group income statement

For the year ended 31 March 2023

	Notes	2023 £m	2022 £m
Revenue	2	**91.2**	84.2
Cost of sales	3	**(32.2)**	(30.1)
		59.0	54.1
Administration expenses	4	**(38.3)**	(35.0)
Expected credit losses	13	**(0.8)**	(4.1)
Development management losses		**(0.1)**	(0.4)
Operating profit before (deficit)/surplus from property and results of joint ventures		**19.8**	14.6
(Deficit)/surplus from investment property	9	**(145.0)**	107.9
Surplus on revaluation of other investments	12	**0.1**	–
Share of results of joint ventures	10	**(33.4)**	45.9
Operating (loss)/profit		**(158.5)**	168.4
Finance income	5	**6.0**	7.4
Finance costs	6	**(11.5)**	(9.1)
(Loss)/profit before tax		**(164.0)**	166.7
Tax	7	**0.1**	0.5
(Loss)/profit for the year		**(163.9)**	167.2
Basic (loss)/earnings per share	8	**(64.8p)**	66.1p
Diluted (loss)/earnings per share	8	**(64.8p)**	66.0p
Basic EPRA earnings per share	8	**9.5p**	10.8p
Diluted EPRA earnings per share	8	**9.5p**	10.8p

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

Group statement of comprehensive income

For the year ended 31 March 2023

	Notes	2023 £m	2022 £m
(Loss)/profit for the year		**(163.9)**	167.2
Items that will not be reclassified subsequently to profit and loss			
Actuarial gain on defined benefit scheme	25	**0.3**	2.6
Deferred tax on actuarial gain on defined benefit scheme	7	**(0.1)**	(0.5)
Total comprehensive (expense)/income for the year		**(163.7)**	169.3

Group balance sheet

At 31 March 2023

	Notes	2023 £m	Restated* 2022 £m
Non-current assets			
Investment property	9	**1,922.2**	2,144.4
Investment in joint ventures	10	**538.8**	582.8
Property, plant and equipment	11	**3.5**	5.0
Pension asset	25	**4.1**	3.5
Other investments	12	**1.8**	1.0
		2,470.4	2,736.7
Current assets			
Trade and other receivables	13	**15.8**	21.1
Cash and cash equivalents	21	**19.4**	16.7
		35.2	37.8
Total assets		**2,505.6**	2,774.5
Current liabilities			
Interest-bearing loans and borrowings		**–**	(0.2)
Trade and other payables	14	**(56.8)**	(71.9)
		(56.8)	(72.1)
Non-current liabilities			
Interest-bearing loans and borrowings	15	**(458.5)**	(531.0)
Head lease obligations	17	**(66.7)**	(55.6)
Occupational lease obligations	18	**(2.0)**	(2.9)
Provisions in respect of warranties on sold buildings		**(3.0)**	–
Deferred tax	7	**–**	–
		(530.2)	(589.5)
Total liabilities		**(587.0)**	(661.6)
Net assets		**1,918.6**	2,112.9
Equity			
Share capital	19	**38.7**	38.7
Share premium account		**46.0**	46.0
Capital redemption reserve		**326.7**	326.7
Retained earnings		**1,504.4**	1,697.9
Investment in own shares	20	**2.8**	3.6
Total equity		**1,918.6**	2,112.9
Basic net assets per share (diluted)	8	**757p**	835p
EPRA NTA (diluted)	8	**757p**	835p

* Cash and cash equivalents and monies held in trade and other payables have been restated as at 31 March 2022 following clarification by IFRIC on classification of funds with externally imposed restrictions, see note 1 for further details.

Approved by the Board on 24 May 2023 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 2023

	Notes	2023 £m	Restated* 2022 £m
Operating activities			
Operating (loss)/profit		**(158.5)**	168.4
Adjustments for non-cash items	22	**175.1**	(149.7)
Decrease in receivables		**5.3**	0.5
(Decrease)/increase in payables		**(6.1)**	3.1
Cash generated from operations		**15.8**	22.3
Interest paid		**(17.6)**	(13.9)
Interest received		**0.1**	0.1
Tax repaid		**–**	0.4
Cash flows from operating activities		**(1.7)**	8.9
Investing activities			
Distributions from joint ventures		**7.5**	7.3
Funds from joint ventures		**9.0**	89.5
Purchase of other investments		**(0.7)**	–
Purchase and development of property		**(120.4)**	(120.6)
Purchase of plant and equipment		**(0.2)**	(0.3)
Sale of properties		**217.4**	–
Cash flows from/(used in) investing activities		**112.6**	(24.1)
Financing activities			
Revolving credit facility repaid	15	**(387.0)**	(202.5)
Revolving credit facility drawn	15	**314.0**	244.5
Payment of lease obligations		**(3.3)**	(3.0)
Dividends paid	23	**(31.9)**	(32.7)
Cash flows (used in)/from financing activities		**(108.2)**	6.3
Net increase/(decrease) in cash and cash equivalents		**2.7**	(8.9)
Cash and cash equivalents at 1 April		**16.7**	25.6
Cash and cash equivalents at 31 March		**19.4**	16.7

* Cash and cash equivalents and payables in respect of customer deposits have been restated as at 1 April 2021 and 31 March 2022 following clarification by IFRIC on classification of funds with externally imposed restrictions. As a result, the previously reported cash flows from operating activities for the year ended 31 March 2022 increased from £6.7m to £8.9m There was no impact on the other components of the statement of cash flows for the year ended 31 March 2022. See note 1 for further details.

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	25	**–**	**–**	**–**	**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 Incentive plan charges	20	**–**	**–**	**–**	**–**	**1.3**	**1.3**
Dividends to shareholders	23	**–**	**–**	**–**	**(31.9)**	**–**	**(31.9)**
Transfer to retained earnings	20	**–**	**–**	**–**	**2.1**	**(2.1)**	**–**
Total equity at 31 March 2023		**38.7**	**46.0**	**326.7**	**1,504.4**	**2.8**	**1,918.6**

Group statement of changes in equity

For the year ended 31 March 2022

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2021		38.7	46.0	326.7	1,560.0	0.2	1,971.6
Profit for the year		–	–	–	167.2	–	167.2
Actuarial gain on defined benefit scheme	25	–	–	–	2.6	–	2.6
Deferred tax on defined benefit scheme		–	–	–	(0.5)	–	(0.5)
Total comprehensive income for the year		–	–	–	169.3	–	169.3
Employee Long-Term Incentive Plan charge	20	–	–	–	–	3.9	3.9
Dividends to shareholders	23	–	–	–	(31.9)	–	(31.9)
Transfer to retained earnings	20	–	–	–	0.5	(0.5)	–
Total equity at 31 March 2022		38.7	46.0	326.7	1,697.9	3.6	2,112.9

Notes forming part of the Group financial statements

1 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 203. The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and the requirements of the Companies Act 2006.

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 2023, with particular focus on the impact of the macro-economic conditions in which the Group is operating. This assessment is for the 12-month period following the date of approval of the accounts and is based on the Group's financial forecasts, including a going concern scenario which included the following key assumptions:

- a 20% decline in the valuation of the property portfolio; and
- a marginal decline in EPRA earnings.

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

- has significant liquidity to fund its ongoing operations;
  - is operating with significant headroom above its Group debt financing covenants;
  - property values would have to fall by a further 26% before breach (or 58% from 31 March 2023 values);
  - earnings before interest and tax would need to fall by a further 80% before breach (or 87% from 31 March 2023 levels); and
- has sufficient liquidity to continue its operations if the Group's £175 million private placement notes, that mature in May 2024, are not refinanced. However, the Directors are confident in the Group's ability to refinance this facility.

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 2023. The Group has adopted a number of alternative performance measures, see note 8 for further detail.

Critical judgements and key sources of estimation uncertainty

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

No critical judgements have been made.

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

Key source of estimation uncertainty: property portfolio valuation

The valuation to 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, including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuer also makes reference to market evidence of transaction prices for similar properties. An adjustment to any of these assumptions could lead to a material change in the property valuation. For the current year and prior year, the Directors adopted the valuation without adjustment – further information is provided in the accounting policy for investment property and note 9.

New accounting standards

In the current year, the Group has applied a number of amendments to IFRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2022. 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:

- Amendments to IFRS 3 – Reference to the conceptual framework;
- Amendments to IAS 16 – Property, plant and equipment proceeds before intended use;
- Amendments to IAS 37 – Onerous contracts, cost of fulfilling a contract; and
- Annual improvements to IFRS Standards 2018–20.

1 Accounting policies continued

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:

- IFRS 17 – Insurance contracts;
- Amendments to IAS 1 – Classification of liabilities as current or non current (including deferral of effective date);
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies;
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 8 – Definition of accounting estimates; and
- Amendments to IFRS 10 and IAS 28 – Sales or Contributions 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.

The Group has assessed the impact of the IFRS Interpretation Committee's recent agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7). The Group holds customer deposits in separate designated bank accounts where the use of the monies is restricted and defined in the lease agreements; however, the access to these monies by the Group is not restricted. Following the clarification by IFRIC, these customer deposits are judged to meet the definition of 'cash' under IAS 7. The Group comparative balances have been restated to reflect this change in classification, which resulted in £16.7 million of customer deposits as at 31 March 2022 being reclassified and presented gross as cash and cash equivalents and payables with no impact on net assets or the income statement.

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 2023. 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. 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 (including the cost of service provision in our Fully Managed spaces) represent the costs of operating the Group's portfolio and are expensed as incurred.

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

Administration expenses

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

Share-based payments

The cost of granting share-based payments to employees and Directors is recognised within administration expenses in the income statement. The Group has used the stochastic model to value the grants, which is dependent upon factors including the share price, expected volatility and vesting period, and the resulting fair value is amortised through the income statement over the vesting period. The charge is recognised over the vesting period and reversed if it is likely that any non-market-based performance or service criteria will not be met. Any cost in respect of share-based payments relating to the employees of a subsidiary company is recharged accordingly.

1 Accounting policies continued

Segmental analysis

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

All of the Group's revenue is generated from investment properties located in central London. The properties are managed as a single portfolio by a portfolio management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed-use, therefore the office (including Flex space), retail and any residential space is managed together. Within the property portfolio, the Group has a number of properties under development. The Directors view the Group's development activities as an integral part of the life cycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed, it returns to the investment property portfolio, or if it is a trading property, it is sold. The Directors have considered the nature of the business, how the business is managed and how they review performance, and in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by the external valuer, are set out in note 9.

Investment property

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

The valuations have been prepared in accordance with the current versions of the RICS Valuation – Global Standards (incorporating the International 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.

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.

1 Accounting policies continued

Income tax

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

Pension benefits

The Group contributes to a defined benefit pension plan which is funded with assets held separately from those of the Group. The full value of the net assets or liabilities of the pension fund is brought 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 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.

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 13 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.

2 Revenue

	2023 £m	2022 £m
Gross rental income	**66.6**	66.1
Spreading of lease incentives	**5.9**	1.2
Service charge income	**12.5**	11.2
Fully Managed services income	**3.7**	0.6
Trading property revenue	**0.1**	–
Joint venture fee income	**2.4**	5.1
	91.2	84.2

The table below sets out the Group's gross rental income split between types of space provided:

	2023 £m	2022 £m
Ready to Fit	**42.4**	45.5
Retail	**11.1**	13.1
Fitted	**3.8**	3.4
Fully Managed	**4.1**	1.6
Flex Partnerships	**5.2**	2.5
	66.6	66.1

Notes forming part of the Group financial statements continued

2 Revenue continued

The table below sets out the Group's net rental income, which is an alternative performance measure:

	2023 £m	2022 £m
Gross rental income	**66.6**	66.1
Expected credit loss	**(0.6)**	(3.6)
Rental income	**66.0**	62.5
Spreading of lease incentives	**5.9**	1.2
Ground rents	**(1.0)**	(1.1)
Net rental income	**70.9**	62.6

3 Cost of sales

	2023 £m	2022 £m
Service charge expenses (including Fully Managed service costs)	**18.2**	15.8
Other property expenses	**13.0**	13.2
Ground rent	**1.0**	1.1
	32.2	30.1

The table below sets out the Group's property costs, which is an alternative performance measure:

	2023 £m	2022 £m
Service charge income	**(12.5)**	(11.2)
Fully Managed services income	**(3.7)**	(0.6)
Service charge expenses (including Fully Managed service costs)	**18.2**	15.8
Other property expenses	**13.0**	13.2
Expected credit loss	**0.2**	0.5
Property costs	**15.2**	17.7

4 Administration expenses

	2023 £m	2022 £m
Employee costs	**26.3**	24.5
Depreciation	**1.7**	1.6
Other head office costs	**10.3**	8.9
	38.3	35.0

Included within employee costs is an accounting charge for the Employee Long Term Incentive Plan and deferred bonus shares of £1.3 million (2022: £2.3 million). Employee costs, including those of Directors, comprise the following:

	2023 £m	2022 £m
Wages and salaries (including annual bonuses)	**22.4**	18.3
Share-based payments	**1.5**	3.9
Social security costs	**3.4**	2.7
Other pension costs	**2.3**	2.2
	29.6	27.1
Less: recovered through service charges	**(2.0)**	(1.8)
Less: capitalised into development projects	**(1.3)**	(0.8)
	26.3	24.5

4 Administration expenses continued

Key management compensation

The emoluments and pension benefits of the Directors are set out in detail within the Directors' remuneration report on pages 114 to 146. 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:

	2023 £m	2022 £m
Wages and salaries (including annual bonuses)	**6.8**	5.4
Share-based payments	**0.3**	1.5
Social security costs	**1.0**	1.0
Other pension costs	**0.5**	0.4
	8.6	8.3

The number of people considered key management totalled 18 (2022: 17). The Group had loans to key management of £17,882 outstanding at 31 March 2023. 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:

	2023 Number	2022 Number
Head office and property management	**145**	129

Auditor's remuneration

	2023 £000	2022 £000
Audit of the Company's annual accounts	**242**	212
Audit of subsidiaries	**94**	119
	336	331
Audit-related assurance services, including the interim review	**49**	42
Sustainability assurance	**63**	61
Auditor's remuneration	**448**	434

5 Finance income

	2023 £m	2022 £m
Interest on balances with joint ventures	**5.9**	7.3
Interest on cash deposits	**0.1**	0.1
	6.0	7.4

6 Finance costs

	2023 £m	2022 £m
Interest on revolving credit facilities	**5.7**	2.1
Interest on private placement notes	**10.9**	11.0
Interest on debenture stock	**1.2**	1.2
Interest on obligations under occupational leases	**0.1**	0.1
Interest on obligations under head leases	**2.4**	1.9
Gross finance costs	**20.3**	16.3
Less: capitalised interest at an average rate of 3.0% (2022: 2.9%)	**(8.8)**	(7.2)
	11.5	9.1

Notes forming part of the Group financial statements continued

7 Tax

	2023 £m	2022 £m
Current tax		
UK corporation tax – current period	**–**	–
UK corporation tax – prior periods	**–**	–
Total current tax	**–**	–
Deferred tax	**(0.1)**	(0.5)
Tax credit for the year	**(0.1)**	(0.5)

The effective rate of tax is lower (2022: lower) than the standard rate of tax. The difference arises from the items set out below:

	2023 £m	2022 £m
(Loss)/profit before tax	**(164.0)**	166.7
Tax (credit)/charge on (loss)/profit at standard rate of 19% (2022: 19%)	**(31.2)**	31.7
REIT tax exempt rental profits and gains	**(7.1)**	(8.0)
Changes in fair value of properties not subject to tax	**35.1**	(25.8)
Difference between accounting profit and tax profit on disposal	**2.0**	–
Other	**1.1**	1.6
Tax credit for the year	**(0.1)**	(0.5)

During the year, £0.1 million (2022: £0.5 million) of deferred tax was debited directly to equity. The Group recognised a net deferred tax asset at 31 March 2023 of £nil (2022: £nil). This consists of deferred tax assets of £1.2 million (2022: £0.8 million) and deferred tax liabilities of £1.2 million (2022: £0.8 million).

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 2022 £m	Recognised in the income statement £m	Recognised in equity £m	At 31 March 2023 £m
Net deferred tax asset/(liability) in respect of other temporary differences	–	**0.1**	**(0.1)**	**–**

A further deferred tax asset of £6.9 million (2022: £5.9 million), mainly relating to revenue losses and contingent share awards, was not recognised because it is uncertain whether future taxable profit will arise against which this asset can be utilised.

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

8 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 9 and EPRA vacancy is set out on page 199.

8 Alternative performance measures and EPRA metrics continued

Earnings per share

Weighted average number of ordinary shares

	2023 Number of shares	2022 Number of shares
Issued ordinary share capital at 1 April	**253,867,911**	253,867,911
Investment in own shares	**(941,432)**	(877,335)
Weighted average number of ordinary shares at 31 March – basic	**252,926,479**	252,990,576

Basic and diluted earnings per share

	Loss after tax 2023 £m	**Number of shares 2023 million**	**Loss per share 2023 pence**	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence
Basic	**(163.9)**	**252.9**	**(64.8)**	167.2	253.0	66.1
Dilutive effect of LTIP shares	**–**	**–**	**–**	–	0.1	(0.1)
Diluted	**(163.9)**	**252.9**	**(64.8)**	167.2	253.1	66.0

Basic and diluted EPRA earnings per share

	Loss after tax 2023 £m	**Number of shares 2023 million**	**(Loss)/ Earnings per share 2023 pence**	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence
Basic	**(163.9)**	**252.9**	**(64.8)**	167.2	253.0	66.1
Deficit/(surplus) from investment property net of tax (note 9)	**145.0**	**–**	**57.3**	(107.9)	–	(42.7)
Deficit/(surplus) from joint venture investment property (note 10)	**43.2**	**–**	**17.1**	(31.4)	–	(12.4)
Trading property revenue	**(0.1)**	**–**	**–**	–	–	–
Surplus on revaluation of other investments (note 12)	**(0.1)**	**–**	**–**	–	–	–
Deferred tax (note 7)	**(0.1)**	**–**	**(0.1)**	(0.5)	–	(0.2)
Basic EPRA earnings	**24.0**	**252.9**	**9.5**	27.4	253.0	10.8
Dilutive effect of LTIP shares (note 20)	**–**	**0.2**	**–**	–	0.1	–
Diluted EPRA earnings	**24.0**	**253.1**	**9.5**	27.4	253.1	10.8

Net assets per share

In October 2019, EPRA issued new Best Practice Recommendations for Net Asset Value (NAV) metrics; these recommendations are effective for accounting periods starting on 1 January 2020 and have been adopted by the Group. The recommendations include three NAV metrics: EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). We consider EPRA NTA to be the most relevant measure for the Group and the primary measure of NAV, definitions are included in the glossary.

Number of ordinary shares

	2023 Number of shares	2022 Number of shares
Issued ordinary share capital	**253,867,911**	253,867,911
Investment in own shares	**(887,159)**	(877,335)
Number of shares – basic	**252,980,752**	252,990,576
Dilutive effect of LTIP shares	**326,340**	145,862
Number of shares – diluted	**253,307,092**	253,136,438

Notes forming part of the Group financial statements continued

8 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 16)	**–**	**–**	**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**

EPRA net assets per share at 31 March 2022

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

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

Total Accounting Return (TAR)

	2023 Pence per share	2022 Pence per share
Opening EPRA NTA (A)	**835.0**	779.0
Closing EPRA NTA	**757.0**	835.0
(Decrease)/increase in EPRA NTA	**(78.0)**	56.0
Ordinary dividends paid in the year	**12.6**	12.6
Total return (B)	**(65.4)**	68.6
Total Accounting Return (B/A)	**(7.8%)**	8.8%

Net gearing

	2023 £m	2022 £m
Nominal value of interest-bearing loans and borrowings (see note 15)	**460.9**	533.9
Obligations under occupational leases	**2.0**	2.9
Less: cash balances (unrestricted)	**(3.2)**	–
Adjusted net debt (A)	**459.7**	536.8
Net assets	**1,918.6**	2,112.9
Pension asset	**(4.1)**	(3.5)
Adjusted net equity (B)	**1,914.5**	2,109.4
Net gearing (A/B)	**24.0%**	25.4%

8 Alternative performance measures and EPRA metrics continued

EPRA loan-to-value and net debt

We consider loan-to-property value, including our share of joint ventures, to be the best measure of the Group's risk from financial leverage. We also present net gearing as it is a key covenant on our loan facilities (see note 16).

	2023 £m	2022 £m
£21.9 million 5⅝% debenture stock 2029	**21.9**	21.9
£450.0 million revolving credit facility	**14.0**	87.0
Private placement notes	**425.0**	425.0
Current interest-bearing loans and borrowings	**–**	0.2
Less: cash balances (unrestricted)	**(3.2)**	–
Group net debt	**457.7**	534.1
Net payables (excluding customer rent deposits)	**27.8**	34.1
Group net debt including net payables	**485.5**	568.2
Joint venture net payables (at share)	**3.4**	4.7
Less: joint venture cash balances (at share)	**(17.7)**	(28.9)
Net debt including joint ventures (A)	**471.2**	544.0
Group properties at market value	**1,855.5**	2,088.8
Joint venture properties at market value	**524.5**	558.6
Properties at fair value including joint ventures (B)	**2,380.0**	2,647.4
EPRA loan-to-value (A/B)	**19.8%**	20.5%

EPRA cost ratio (including share of joint ventures)

	2023 £m	2022 £m
Administration expenses	**38.3**	35.0
Property costs	**15.2**	17.7
Joint venture management fee income (note 2)	**(2.4)**	(5.1)
Joint venture property and administration costs (note 10)	**2.2**	1.9
EPRA costs (including direct vacancy costs) (A)	**53.3**	49.5
Direct vacancy costs	**(7.8)**	(8.9)
Joint venture direct vacancy cost	**(0.3)**	(0.8)
EPRA costs (excluding direct vacancy costs) (B)	**45.2**	39.8
Net rental income (note 2)	**70.9**	62.6
Joint venture net rental income (note 10)	**18.2**	24.0
Gross rental income (C)	**89.1**	86.6
Portfolio at fair value including joint ventures (D)	**2,380.0**	2,647.4
Cost ratio (including direct vacancy costs) (A/C)	**59.8%**	57.1%
Cost ratio (excluding direct vacancy costs) (B/C)	**50.7%**	46.0%
Cost ratio (by portfolio value) (A/D)	**2.2%**	1.9%

8 Alternative performance measures and EPRA metrics continued

Cash earnings per share

	Profit after tax 2023 £m	Number of shares 2023 million	Earnings per share 2023 pence	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence
Diluted EPRA earnings	**24.0**	**253.1**	**9.5**	27.4	253.1	10.8
Capitalised interest	**(8.8)**	**–**	**(3.5)**	(7.2)	–	(2.8)
Spreading of lease incentives	**(5.9)**	**–**	**(2.3)**	(1.2)	–	(0.5)
Spreading of lease incentives in joint ventures	**(7.0)**	**–**	**(2.8)**	(8.4)	–	(3.3)
Employee Long Term Incentive Plan charge	**1.3**	**–**	**0.5**	3.9	–	1.5
Cash earnings per share	**3.6**	**253.1**	**1.4**	14.5	253.1	5.7

9 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2021	615.9	964.7	1,580.6
Costs capitalised	18.9	25.1	44.0
Acquisitions	–	52.3	52.3
Transfer from investment property under development	246.8	–	246.8
Net valuation surplus on investment property	48.0	5.1	53.1
Book value at 31 March 2022	929.6	1,047.2	1,976.8
Costs capitalised	**22.4**	**12.3**	**34.7**
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**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2021	313.9	–	313.9
Costs capitalised	38.5	–	38.5
Interest capitalised	7.2	–	7.2
Transfer to investment property	(246.8)	–	(246.8)
Net valuation surplus on investment property under development	54.8	–	54.8
Book value at 31 March 2022	167.6	–	167.6
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**

Total investment property	**883.5**	**1,038.7**	**1,922.2**

The book value of investment property includes £66.7 million (2022: £55.6 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £1,855.5 million. The total portfolio value including joint venture properties of £524.5 million (see note 10) was £2,380.0 million. At 31 March 2023, property with a carrying value of £111.0 million (2022: £119.5 million) was secured under the first mortgage debenture stock (see note 15).

9 Investment property continued

Surplus from investment property

	2023 £m	2022 £m
Net valuation (deficit)/surplus on investment property	**(141.7)**	107.9
Loss on sale of investment properties	**(3.3)**	–
	(145.0)	107.9

The Group's investment properties, including those held in joint ventures (note 10), were valued on the basis of fair value by CBRE Limited (CBRE), external valuers, as at 31 March 2023. 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, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the year. Inputs to the valuation, including capitalisation yields (typically the true equivalent yield) and rental values, are defined as 'unobservable' as defined by IFRS 13.

Key inputs to the valuation at 31 March 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**

Key inputs to the valuation at 31 March 2022

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

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and a decrease in rental values will reduce the valuation of the property. Any percentage movement in rental values will translate into approximately the same percentage movement in the property valuation. However, due to the long-term nature of leases, where the passing rent is fixed and often subject to upwards only rent reviews, the impact will not be immediate and will be recognised over a number of years. The relationship between capitalisation yields and the property valuation is negative and more immediate; therefore, an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. A decrease in the capitalisation yield by 50 basis points would result in an increase in the fair value of the Group's investment property by £275.7 million, whilst a 50 basis point increase would reduce the fair value by £223.8 million. A movement of 42 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. There are interrelationships between these inputs as they are determined by market conditions, and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease), valuation movements can be amplified, whereas if they move in the same direction, they may offset, reducing the overall net valuation movement. Additionally, investment property under development is sensitive to income, cost and developer's profit assumptions included in the valuations.

Notes forming part of the Group financial statements continued

9 Investment property continued

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, including the need to ensure the Group's properties meet prospective EPC regulations, which is estimated to cost less than £20 million ahead of the 2030 deadline.

At 31 March 2023, the Group had capital commitments of £311.6 million (2022: £28.9 million). At 31 March 2023, £nil million of investment property was held for sale. For further detail, see Our development activities on pages 24 and 25.

EPRA capital expenditure

	2023 £m	2022 £m
Group		
Acquisitions	**43.6**	52.3
Developments	**53.1**	38.5
Interest capitalised	**8.8**	7.2
Investment properties: incremental lettable space	**–**	–
Investment properties: no incremental lettable space	**28.8**	42.8
Lease incentives	**5.9**	1.2
Group total	**140.2**	142.0
Joint ventures (at share)		
Developments	**–**	–
Interest capitalised	**–**	–
Investment properties: incremental lettable space	**–**	–
Investment properties: no incremental lettable space	**1.3**	1.2
Lease incentives	**7.8**	8.4
Total capital expenditure	**149.3**	151.6
Conversion from accrual to cash basis	**7.3**	(3.8)
Total capital expenditure on a cash basis	**156.6**	147.8

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

	2023 £m	2022 £m
Properties at fair value including joint ventures	**2,380.0**	2,647.4
Less: properties under development including joint ventures	**(89.0)**	(167.6)
Less: residential properties	**(12.4)**	(13.3)
Like-for-like investment property portfolio, proposed and completed developments	**2,278.6**	2,466.5
Plus: estimated purchasers' costs	**166.3**	180.0
Grossed-up completed property portfolio valuation (B)	**2,444.9**	2,646.5
Annualised cash passing rental income[1]	**76.7**	77.8
Net service charge expense including joint ventures	**(3.3)**	(4.8)
Other irrecoverable property costs including joint ventures	**(12.9)**	(13.0)
Annualised net rents (A)	**60.5**	60.0
Plus: rent-free periods and other lease incentives including joint ventures	**16.8**	22.6
Topped-up annualised net rents (C)	**77.3**	82.6
EPRA net initial yield (A/B)	**2.5%**	2.3%
EPRA topped-up initial yield (C/B)	**3.2%**	3.1%

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

See note 8 for further detail on EPRA measures.

10 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2023 Total £m	2022 Total £m
At 1 April	**365.3**	**217.5**	**582.8**	626.4
Movement on joint venture balances	**–**	**(3.1)**	**(3.1)**	(82.2)
Additions	**–**	**–**	**–**	–
Share of profit of joint ventures	**9.8**	**–**	**9.8**	14.5
Share of revaluation (deficit)/surplus of joint ventures	**(43.2)**	**–**	**(43.2)**	28.1
Share of profit on disposal of joint venture properties	**–**	**–**	**–**	3.3
Share of results of joint ventures	**(33.4)**	**–**	**(33.4)**	45.9
Distributions	**(7.5)**	**–**	**(7.5)**	(7.3)
At 31 March	**324.4**	**214.4**	**538.8**	582.8

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

	Country of registration	2023 ownership	2022 ownership
The GHS Limited Partnership	Jersey	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnerships	United Kingdom	**50%**	50%

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

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2023 Total £m	2023 At share £m	2022 At share £m
Balance sheets						
Investment property	**662.6**	**314.2**	**82.5**	**1,059.3**	**529.6**	563.8
Current assets	**2.5**	**4.0**	**0.8**	**7.3**	**3.6**	2.7
Cash	**5.3**	**13.0**	**17.0**	**35.3**	**17.7**	28.9
Balances from partners	**(226.5)**	**(129.2)**	**(73.1)**	**(428.8)**	**(214.4)**	(217.5)
Current liabilities	**(4.0)**	**(9.2)**	**(0.8)**	**(14.0)**	**(7.0)**	(7.4)
Head lease obligations	**–**	**(10.2)**	**–**	**(10.2)**	**(5.1)**	(5.2)
Net assets	**439.9**	**182.6**	**26.4**	**648.9**	**324.4**	365.3

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2023 Total £m	2023 At share £m	2022 At share £m
Income statements						
Net rental income	**16.7**	**16.0**	**3.8**	**36.5**	**18.2**	20.1
Surrender premium	**–**	**–**	**–**	**–**	**–**	3.9
Property and administration costs	**(0.8)**	**(2.4)**	**(1.2)**	**(4.4)**	**(2.2)**	(1.9)
Net finance costs	**(9.4)**	**(3.1)**	**–**	**(12.5)**	**(6.2)**	(7.6)
Profit from joint ventures	**6.5**	**10.5**	**2.6**	**19.6**	**9.8**	14.5
Revaluation of investment property	**(55.0)**	**(25.7)**	**(5.7)**	**(86.4)**	**(43.2)**	28.1
Profit on sale of investment property	**–**	**0.1**	**–**	**0.1**	**–**	3.3
Share of results of joint ventures	**(48.5)**	**(15.1)**	**(3.1)**	**(66.7)**	**(33.4)**	45.9

At 31 March 2023, the joint ventures had no debt facilities.

10 Investment in joint ventures continued

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

	2023 £m	2022 £m
Movement on joint venture balances during the year	**3.1**	82.2
Balances receivable at the year end from joint ventures	**(214.4)**	(217.5)
Interest on balances with partners (see note 5)	**5.9**	7.3
Distributions	**7.5**	7.3
Joint venture fees paid (see note 2)	**2.4**	5.1

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%.

The investment properties include £5.1 million (2022: £5.2 million) in respect of the present value of future ground rents; net of these amounts, the market value of our share of the total joint venture properties is £524.5 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 9, 13 and 16 for more information on the valuation of investment properties and expected credit losses in joint ventures.

At 31 March 2023, the Group had £nil contingent liabilities arising in its joint ventures (2022: £nil). At 31 March 2023, the Group had capital commitments in respect of its joint ventures of £0.4 million (2022: £1.4 million).

11 Property, plant and equipment

	Right of use asset for occupational leases £m	Leasehold improvements £m	Fixtures and fittings/ other £m	Total £m
Cost				
At 1 April 2021	4.9	5.6	1.6	12.1
Costs capitalised	–	–	0.3	0.3
At 31 March 2022	4.9	5.6	1.9	12.4
Costs capitalised	**–**	**–**	**0.2**	**0.2**
At 31 March 2023	**4.9**	**5.6**	**2.1**	**12.6**
Depreciation				
At 1 April 2022	2.4	3.4	1.6	7.4
Charge for the year	**0.9**	**0.5**	**0.3**	**1.7**
At 31 March 2023	**3.3**	**3.9**	**1.9**	**9.1**
Carrying amount at 31 March 2022	2.5	2.2	0.3	5.0
Carrying amount at 31 March 2023	**1.6**	**1.7**	**0.2**	**3.5**

12 Other investments

	2023 £m	2022 £m
At 1 April	**1.0**	1.0
Acquisitions	**0.7**	0.7
Surplus on revaluation	**0.1**	–
Return of capital	**–**	(0.7)
At 31 March	**1.8**	1.0

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 2023, the Group had made net investments of £1.7 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 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.

13 Trade and other receivables

	2023 £m	2022 £m
Trade receivables	**8.3**	14.4
Expected credit loss allowance	**(1.7)**	(6.0)
	6.6	8.4
Prepayments	**4.4**	0.5
Other taxes	**–**	4.0
Other trade receivables	**4.8**	8.2
	15.8	21.1

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. For the portion of the expected credit loss that relates to future revenue which is no longer considered fully recoverable, the relevant amount of rent received in advance has been released.

Of the gross trade receivables of £8.3 million, £5.5 million (2022: £6.6 million) was past due, of which £3.0 million (2022: £2.0 million) was over 30 days.

	2023 £m	2022 £m
Movements in expected credit loss allowance		
Balance at the beginning of the year	**(6.0)**	(7.9)
Expected credit loss allowance during the year (see below)	**(1.0)**	(4.9)
Expected credit loss allowance in respect of future years	**0.8**	1.1
Amounts written-off as uncollectable	**4.5**	5.7
	(1.7)	(6.0)

The expected credit loss allowance during the year comprises:

	Gross 2023 £m	Net of VAT 2023 £m	Gross 2022 £m	Net of VAT 2022 £m
Expected credit loss allowance during the year				
Group	**1.0**	**0.8**	4.9	4.1
Joint ventures	**(0.2)**	**(0.2)**	(0.1)	(0.1)
	0.8	**0.6**	4.8	4.0

The expected credit loss for the year represents 26% of the net trade receivables balance at the balance sheet date.

14 Trade and other payables

	2023 £m	Restated* 2022 £m
Rents received in advance	**15.1**	16.0
Accrued capital expenditure	**5.9**	16.9
Payables in respect of customer rent deposits (see note 1)	**16.2**	16.7
Other accruals	**15.2**	19.2
Other taxes	**0.7**	–
Other payables	**3.7**	3.1
	56.8	71.9

* The 2022 comparatives have been restated to reflect the IFRIC Decision on Deposits. Amounts held in respect of customer rent deposits have been recorded as cash and cash equivalents, with a corresponding liability recorded within trade and other payables of £16.7 million.

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

15 Interest-bearing loans and borrowings

	2023 £m	2022 £m
Non-current liabilities at amortised cost		
Secured		
£21.9 million 5⅝% debenture stock 2029	**22.0**	22.0
Unsecured		
£450.0 million revolving credit facility	**12.8**	85.4
£175.0 million 2.15% private placement notes 2024	**174.8**	174.7
£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	**124.3**	124.3
Non-current interest-bearing loans and borrowings	**458.5**	531.0

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 headline margin was unchanged at 90.0 basis points over SONIA (plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years).

At 31 March 2023, the nominal value of the Group's interest-bearing loans and borrowing was £460.9 million (2022: £533.9 million) and the Group had £436.0 million (2022: £363.0 million) of undrawn credit facilities.

16 Financial instruments

Categories of financial instrument	Carrying amount 2023 £m	Amounts recognised in income statement 2023 £m	Gain/(loss) to equity 2023 £m	Carrying amount 2022 £m	Amounts recognised in income statement 2022 £m	Gain/(loss) to equity 2022 £m
Other investments	**1.8**	**0.1**	**–**	1.0	–	–
Assets at fair value	**1.8**	**0.1**	**–**	1.0	–	–
Balances with partners	**214.4**	**5.9**	**–**	217.5	7.3	–
Trade receivables	**11.4**	**(0.8)**	**–**	20.6	(4.1)	–
Cash and cash equivalents	**19.4**	**0.1**	**–**	16.7	0.1	–
Assets at amortised cost	**245.2**	**5.2**	**–**	254.8	3.3	–
Trade and other payables	**(4.4)**	**–**	**–**	(3.1)	–	–
Payables in respect of customer rent deposits	**(16.2)**	**–**	**–**	(16.7)	–	–
Interest-bearing loans and borrowings	**(458.5)**	**(9.0)**	**–**	(531.2)	(7.1)	–
Obligations under occupational leases	**(2.0)**	**(0.1)**	**–**	(2.9)	(0.1)	–
Obligations under finance leases	**(66.7)**	**(2.4)**	**–**	(55.6)	(1.9)	–
Liabilities at amortised cost	**(547.8)**	**(11.5)**	**–**	(609.5)	(9.1)	–
Total financial instruments	**(300.8)**	**(6.2)**	**–**	(353.7)	(5.8)	–

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 8). The Group operates solely in the United Kingdom, and its operating profits and net assets are sterling denominated. As a result, the Group's policy is to have no unhedged assets or liabilities denominated in foreign currencies.

16 Financial instruments continued

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 note 13 of the financial statements. The Directors believe that there is no further expected credit loss required in excess of that provided. Impairment has been considered on the Balances with partners, but is considered insignificant because the property values in the joint ventures are in excess of any receivables due. 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.

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 2023 actuals
Group		
Net gearing (see note 8)	**<125%**	**24.0%**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**4.0x**
Interest cover	**>1.35x**	**10.2x**

The Group has undrawn credit facilities of £436.0 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 adjusted for the extension of the maturity of £50 million of its £450 million unsecured revolving credit facility (RCF) in April 2023:

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
Non-derivative financial liabilities						
£21.9 million 5⅝% 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**

At 31 March 2022	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
Short-term interest-bearing loans and borrowings	0.2	0.2	0.2	–	–	–
£21.9 million 5⅝% debenture stock 2029	22.0	30.3	1.2	1.2	3.7	24.2
£450.0 million revolving credit facility	85.4	98.6	2.6	2.6	93.4	–
Private placement notes	423.6	511.0	10.8	10.8	196.3	293.1
	531.2	640.1	14.8	14.6	293.4	317.3

The maturity of lease obligations is set out in notes 17 and 18.

16 Financial instruments continued

Interest rate risk

Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements. At 31 March 2023, the Group had no interest rate derivatives.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date, and represents management's assessment of possible changes in interest rates based on historical trends. For the floating rate liabilities, the analysis is prepared assuming the amount of the liability at 31 March 2023 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Increase of 100 basis points	**(0.1)**	(0.9)	**(0.1)**	(0.9)
Increase of 50 basis points	**(0.1)**	(0.4)	**(0.1)**	(0.4)
Decrease of 50 basis points	**0.1**	0.4	**0.1**	0.4
Decrease of 100 basis points	**0.1**	0.9	**0.1**	0.9

Fair value of interest-bearing loans and borrowings

	Book value 2023 £m	**Fair value 2023 £m**	Book value 2022 £m	Fair value 2022 £m
Items not carried at fair value				
Short-term interest-bearing loans and borrowings	**–**	**–**	0.2	0.2
£21.9 million 5⅝% debenture stock 2029	**22.0**	**22.4**	22.0	25.7
£450.0 million revolving credit facility	**12.8**	**12.8**	85.4	85.4
Private placement notes	**423.7**	**339.9**	423.6	412.0
	458.5	**375.1**	531.2	523.3

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

17 Head lease obligations

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

	Minimum lease payments 2023 £m	**Impact of discounting 2023 £m**	**Present value of minimum lease payments 2023 £m**	Minimum lease payments 2022 £m	Impact of discounting 2022 £m	Present value of minimum lease payments 2022 £m
Less than one year	**2.4**	**(2.4)**	**–**	2.3	(2.3)	–
Between one and five years	**9.7**	**(9.5)**	**0.2**	11.7	(11.5)	0.2
More than five years	**304.5**	**(238.0)**	**66.5**	234.4	(179.0)	55.4
	316.6	**(249.9)**	**66.7**	248.4	(192.8)	55.6

18 Occupational lease obligations

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

	Minimum lease payments 2023 £m	Impact of discounting 2023 £m	Present value of minimum lease payments 2023 £m	Minimum lease payments 2022 £m	Impact of discounting 2022 £m	Present value of minimum lease payments 2022 £m
Less than one year	**1.0**	**–**	**1.0**	1.0	(0.1)	0.9
Between one and five years	**1.0**	**–**	**1.0**	2.0	–	2.0
	2.0	**–**	**2.0**	3.0	(0.1)	2.9

19 Share capital

	2023 Number	2023 £m	2022 Number	2022 £m
Allotted, called up and fully paid ordinary shares of 15⁵⁄₁₉ pence				
At 1 April and 31 March	**253,867,911**	**38.7**	253,867,911	38.7

At 31 March 2023, the Company had 253,867,911 ordinary shares with a nominal value of 15⁵⁄₁₉ pence each.

20 Investment in own shares

	2023 £m	2022 £m
At 1 April	**(3.6)**	(0.2)
Employee Long-Term Incentive Plan charge and deferred bonus shares	**(1.3)**	(3.9)
Transfer to retained earnings	**2.1**	0.5
At 31 March	**(2.8)**	(3.6)

The investment in the Company's own shares is held at cost and comprises 887,159 shares (2022: 877,335 shares) held by the Great Portland Estates plc LTIP Employee Share Trust, which will vest for certain senior employees of the Group if performance conditions are met. During the year, 192,112 shares (2022: no shares) were awarded to Directors and senior employees and 201,936 additional shares were acquired by the Trust (2022: nil shares). The fair value of shares awarded and outstanding at 31 March 2023 was £8.4 million (2022: £10.5 million).

21 Cash and cash equivalents

	2023 £m	Restated* 2022 £m
Cash held at bank (unrestricted)	**3.2**	–
Amounts held in respect of customer rent deposits (restricted)	**16.2**	16.7
	19.4	16.7

* The 2022 comparatives have been restated to reflect the IFRIC Decision on Deposits. Amounts held in respect of customer rent deposits have been recorded as cash and cash and equivalents, with a corresponding liability recorded within trade and other payables of £16.7 million.

22 Notes to the Group statement of cash flows

Reconciliation of financing liabilities

	1 April 2022 £m	New obligations £m	Inflows/ (outflows) £m	Other £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**

Financial statements

22 Notes to the Group statement of cash flows continued

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

Adjustment for non-cash items

	2023 £m	2022 £m
Deficit/(surplus) from investment property	**145.0**	(107.9)
Surplus on revaluation of other investments	**(0.1)**	–
Employee Long Term Incentive Plan charge and deferred bonus shares	**1.3**	3.9
Spreading of lease incentives	**(5.9)**	(1.2)
Share of results of joint ventures	**33.4**	(45.9)
Depreciation	**1.7**	1.6
Other	**(0.3)**	(0.2)
Adjustments for non-cash items	**175.1**	(149.7)

23 Dividends

	2023 £m	2022 £m
Dividends paid		
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**	–
Interim dividend for the year ended 31 March 2022 of 4.7 pence per share	**–**	11.9
Final dividend for the year ended 31 March 2021 of 7.9 pence per share	**–**	20.0
	31.9	31.9

A final dividend of 7.9 pence per share was approved by the Board on 24 May 2023 and, subject to shareholder approval, will be paid on 10 July 2023 to shareholders on the register on 2 June 2023. The dividend is not recognised as a liability at 31 March 2023. The 2022 final dividend and the 2023 interim dividend are included within the Group statement of changes in equity.

24 Lease receivables

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

	2023 £m	2022 £m
The Group as a lessor		
Less than one year	**58.3**	56.4
Between two and five years	**129.9**	122.1
More than five years	**66.7**	78.9
	254.9	257.4

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2023 was 3.2 years (2022: 3.4 years). All investment properties, except those under development, generated rental income, and £nil contingent rents were recognised in the year (2022: £nil).

25 Employee benefits

The Group operates a UK-funded approved defined contribution plan. The Group's contribution for the year was £1.5 million (2022: £1.3 million). The Group also contributes to a defined benefit final salary pension plan (the Plan), the assets of which are held and managed by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2020 by a qualified independent actuary using the projected unit method. The Plan was valued using the following key actuarial assumptions:

	2023 %	2022 %
Discount rate	**4.80**	2.80
Expected rate of salary increases	**4.20**	4.50
RPI inflation	**3.20**	3.50
Rate of future pension increases	**2.90**	3.20

Life expectancy assumptions at age 65:

	2023 Years	2022 Years
Retiring today age 65	**25**	24
Retiring in 25 years (age 40 today)	**27**	27

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

	2023 £m	2022 £m
Present value of unfunded obligations	**(26.9)**	(35.9)
Fair value of the Plan assets	**31.0**	39.4
Pension asset	**4.1**	3.5

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

	2023 £m	2022 £m
Defined benefit obligation at 1 April	**35.9**	39.1
Service cost	**0.3**	0.3
Interest cost	**1.1**	0.9
Effect of changes in financial assumptions	**(10.5)**	(3.4)
Effect of experience adjustments	**1.1**	–
Benefits paid	**(1.0)**	(1.0)
Present value of defined benefit obligation at 31 March	**26.9**	35.9

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

	2023 £m	2022 £m
Fair value of the Plan assets at 1 April	**39.4**	39.8
Interest income	**1.1**	0.9
Actuarial loss	**(9.1)**	(0.8)
Employer contributions	**0.6**	0.5
Benefits paid	**(1.0)**	(1.0)
Fair value of the Plan assets at 31 March	**31.0**	39.4
Net pension asset	**4.1**	3.5

The amount recognised immediately in the Group statement of comprehensive income was £0.3 million (2022: £2.6 million).

25 Employee benefits continued

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

	2023 £m	2022 £m
Current service cost	**(0.3)**	(0.3)
Net interest income	**–**	–
	(0.3)	(0.3)

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

	2023 £m	2022 £m
Cash	**0.1**	0.1
Equities	**11.9**	16.8
Bonds	**19.0**	22.5
	31.0	39.4

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.

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:

	2023 £m	2022 £m
Discount rate -0.25%	**27.9**	37.6
Discount rate +0.25%	**26.0**	34.4
RPI inflation -0.25%	**26.5**	35.2
RPI inflation +0.25%	**27.4**	36.7
Post-retirement mortality assumption – one year age rating	**27.9**	37.5

A funding plan has been agreed committing the Group to cash shortfall contributions of £246,000 p.a. over the five years to 31 March 2023 as well as a contribution rate of 52.9% p.a. of member pensionable salaries to the ongoing benefit accrual. Based on this, the Group expects to contribute £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 £1.0 million per annum over the next five years. £6.0 million in total is expected to be paid over the subsequent five year period.

26 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 15⁵⁄₁₉ pence ordinary shares.

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

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

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

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

Independent auditor's report to the members of Great Portland Estates plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

– the financial statements of Great Portland Estates plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
– the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
– the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
– the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

– the Group income statement;
– the Group statement of comprehensive income;
– the Group and Parent Company balance sheets;
– the Group and Parent Company statements of changes in equity;
– the Group cash flow statement; and
– the related notes 1 to 26 for the Group financial statements and i to vi for the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the valuation of the property portfolio. The key audit matter has a similar level of risk as in the prior year.
Materiality	The materiality that we used for the Group financial statements was £26.0m which was determined based on approximately 1% of net assets.
Scoping	Our Group audit scope comprises the audit of Great Portland Estates plc as well as the Group's subsidiaries and joint ventures. The Group audit team performs full scope audits of all of the subsidiaries and joint ventures which are subject to statutory audit requirements. Those entities not subject to an underlying statutory audit are audited based on component materiality. 100% of Group revenue, profit before tax and net assets are covered by auditing these entities.
Significant changes in our approach	There are no significant changes in our audit approach for the current year.

4. Conclusions relating to going concern

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.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the relevant controls relating to the going concern process;
- Understanding the financing facilities available to the Group and Parent Company, including the associated covenants;
- Assessing all bank covenants and facility expiry dates, and recalculating current and forecast covenant compliance;
- Obtaining an understanding of the going concern forecast prepared by management and approved by the board including changes from the FY22 scenario as well as evaluating any plans for future actions;
- Testing the mathematical accuracy of the model used to prepare the going concern forecast;
- Challenging the key assumptions, including forecast valuation movements, rental income and financing cash flows, on which the assessment is based, and evaluating the consistency of assumptions with other assumptions within the going concern assessment as well as related assumptions used in other areas;
- Evaluating management's assessment of the impact of climate change within the forecast, including consideration of the forecast expenditure to meet the future required energy performance standards and the potential impact on valuations when considering forecast covenant compliance assessment;
- Assessing the level of headroom in the forecast (with regard to both liquidity and debt covenant tests);
- Assessing the outcome of the reverse stress testing;
- Assessing whether any additional facts or information has become available since the date management made its assessment; and
- Evaluating the appropriateness of the going concern disclosures in the financial statements.

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 Parent 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 relation to the reporting on how the Group has 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

5.1 Valuation of property portfolio

Key audit matter description	The Group owns a portfolio of property assets in central London. The portfolio is valued at £2,380 million (2022: £2,647 million), comprising £1,855 million of wholly owned properties (2022: £2,089 million), and the Group's share of Joint Venture properties of £1,049 million (2022: £1,118 million) being £524.5 million (2022: £559 million), as at 31 March 2023. The valuation of the investment and development property portfolio is a key source of estimation uncertainty and includes a number of assumptions including capitalisation yields and estimated rental values as well as forecast cost to complete, the level of developer's profit and financing costs in relation to development properties. Due to the high level of estimation required in determining the valuation, we have determined that there is a potential fraud risk in the balance. The Group uses a professionally qualified external valuer to fair value the Group's wholly-owned portfolio bi-annually and the joint venture portfolio quarterly. The valuer is engaged by the directors and performs their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. In addition to this, and consistent with the market conditions observed in the prior year, there continued to be a higher level of estimation associated with certain asset valuations, notably those with a significant retail element, those held under short leaseholds and those where the Group is increasing their flex offering. Through our risk assessment procedures, we have identified the valuation of the property portfolio as the area on which climate change would have the greatest impact, specifically the capital expenditure that will be required to bring buildings up to required energy efficiency standards, and the valuer's approach to including future capital expenditure relating to climate change in the valuation. Please see key source of estimation uncertainty on page 156, accounting policy on pages 156 to 159, note 9 to the financial statements and discussion in the report of the Audit Committee on page 108.

5. Key audit matters continued

How the scope of our audit responded to the key audit matter	Our procedures in relation to the valuation of property portfolio involved the following: **Understanding of the process and relevant controls** We inquired and gained an understanding of management's processes and controls relating to the valuation estimate and the oversight and governance of those processes. We met with key management to enhance our knowledge of the portfolio and to enable us to identify specific key assumptions for certain properties including property vacancies, leases nearing maturity or break clauses, and significant ongoing tenant negotiations with existing and prospective tenants. **Data provided to the valuer** We assessed management's process for providing data to the external valuer and the process for evaluating the output. We tested the integrity of a sample of the data provided to the external valuer. This included tracing a sample of information provided to the external valuer to underlying lease agreements, and for development properties, testing costs to complete through reviewing the movement in the year and agreeing a sample of accruals to appropriate support. We assessed the Group's development appraisal process through meeting with project managers, testing management's process to forecast costs to complete and inspecting commitments of key developments. **External valuation** We assessed the competence, capability and objectivity of the external valuer. We obtained the external valuation reports, and agreed these to the financial statements. We met with the external valuer to discuss the results of their work on a sample of properties. With the assistance of an expert member of the audit team, who is a chartered surveyor, we met with the external valuer and discussed and challenged the valuation process, performance of the portfolio and significant judgements and assumptions applied in their valuation model, including yields, estimated rental values, occupancy rates, lease incentives and break clauses. Our challenge included benchmarking the key assumptions to external market data and comparable property transactions, in particular the yield. We challenged management and the valuer in relation to assumptions made about climate change, in particular the capital expenditure that will be required to bring buildings up to required energy efficiency standards. In addition, we challenged the valuer's approach to including future capital expenditure in relation to climate change in the valuation and whether this was reasonable. We assessed the valuation methodology being used and considered any departures from the Red Book guidance. We have also tested the integrity of the model used by the external valuer. We compared the property specific assumptions made to assess whether there is consistency within the portfolio as well as consistency with related assumptions used in other estimates. **Disclosures** We assessed the appropriateness of the disclosures included in the financial statements and considered if the specific disclosures in relation to the estimate are considered reasonable.
Key observations	We considered the assumptions applied in arriving at the fair value of the Group's investment and development property portfolio to be reasonable and the valuations to be suitable for inclusion in the financial statements at 31 March 2023.

6. Our application of materiality

6.1 Materiality

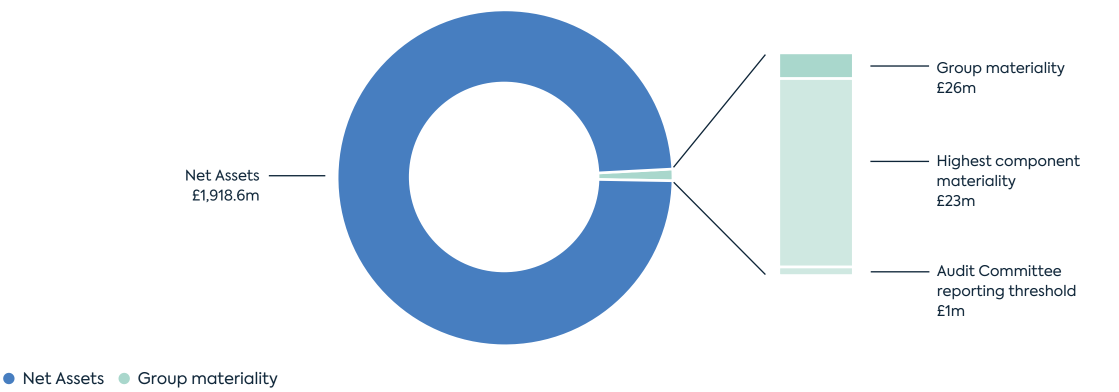
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£26.0 million (2022: £29.0 million)	£16.1 million (2022: £17.9 million)
Basis for determining materiality	We determined materiality for the Group based on approximately 1% of net assets (2022: approximately 1% of net assets).	We determined materiality for the Parent Company based on 3% of net assets (2022: 3% of net assets).
Rationale for the benchmark applied	We consider net assets to be a critical financial performance measure for the Group on the basis that it is a key metric used by management, investors, analysts and lenders.	We consider net assets to be a critical financial performance measure on the basis that the Parent Company holds all the investments therefore making the balance sheet the relevant primary statement for management and lenders.

In addition to net assets, we consider EPRA earnings to be a critical financial performance measure for the Group and we applied a lower threshold of £1.2 million (2022: £1.4 million) based on 5% of EPRA earnings (2022: 5%) for testing of all balances impacting this financial performance measure.

Performance measures (£m)



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and – our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.0 million (2022: £1.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

One audit team, led by the Senior Statutory Auditor, audits the Group. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office.

We have also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

We perform full scope audits for all of the Group's subsidiaries and joint ventures which are subject to statutory audit requirements at company specific materiality levels which are lower than Group materiality, these materiality levels range from £61,000 to £23.4 million (2022: £2,000 to £26 million). Those entities not subject to an underlying statutory audit are audited based on component materiality. Our audit scope covers 100% (2022: 100%) of the Group's revenue and loss (2022: profit) before tax and 100% (2022: 100%) of net assets.

7.2 Our consideration of the control environment

Working with our IT specialists, we obtained an understanding of the general IT control environment.

From our understanding of the entity and after testing relevant controls, we relied on controls in performing our audit of:

- Rental income;
- Operating expenses;
- Payroll;
- Pension assets;
- Capital expenditure; and
- Service charge and property expenditure.

There were no areas where we had planned to rely on controls, other than the balances above.

In addition, we have obtained an understanding of the relevant controls such as those relating to the financial reporting cycle, and those in relation to our key audit matter.

7.3. Our consideration of climate-related risks

As part of our audit we have made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Management consider climate change to be a principal risk within the business which particularly impacts the cost of retrofitting buildings to improve their sustainability credentials and comply with future regulations, the ability to deliver new buildings, and the risk that they are left with a stranded asset. These risks are consistent with those identified through our own risk assessment process.

As part of our identification of key audit matters, we therefore assessed there to be an element of risk in relation to climate change as part of the valuation of the property portfolio.

As detailed in our procedures in section 5.1 above, we challenged the valuer and management as to the assumptions included, and considered their reasonableness with the assistance of our real estate specialists. We have reviewed the disclosures in the principal risk section and Note 9 of the financial statements and concur that they appropriately disclose the current risk that management has identified.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's 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 auditor's 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.

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**. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, IT and real estate valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of the property portfolio. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules as well as relevant provisions of tax legislation, including the REIT rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty, most notably health and safety regulations.

11.2 Audit response to risks identified

As a result of performing the above, we identified valuation of the property portfolio as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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 with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 149;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 78;
- the directors' statement on fair, balanced and understandable set out on page 150;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 64;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 106; and
- the section describing the work of the audit committee set out on pages 107 to 113.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the audit committee, we were appointed by the shareholders on 15 July 2003 to audit the financial statements for the year ending 31 March 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 20 years, covering the years ending 31 March 2004 to 31 March 2023. The year ended 31 March 2023 will be the last year of our appointment as auditor.

15.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Judith Tacon
FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
24 May 2023

Company balance sheet

At 31 March 2023

	Notes	2023 £m	2022 £m
Non-current assets			
Fixed asset investments	iii	**1,240.9**	1,243.2
Amounts owed by subsidiary undertakings		**548.4**	497.2
Amounts owed by joint ventures		**214.4**	217.5
		2,003.7	1,957.9
Current assets			
Other debtors		**1.3**	2.1
Deferred tax	vi	**1.2**	0.7
Cash at bank and short-term deposits		**9.2**	7.9
		11.7	10.7
Total assets		**2,015.4**	1,968.6
Current liabilities	iv	**(1,023.2)**	(848.3)
Non-current liabilities			
Interest-bearing loans and borrowings	v	**(458.5)**	(531.0)
		(458.5)	(531.0)
Total liabilities		**(1,481.7)**	(1,379.3)
Net assets		**533.7**	589.3
Capital and reserves			
Share capital	19	**38.7**	38.7
Share premium account		**46.0**	46.0
Capital redemption reserve		**326.7**	326.7
Retained earnings		**119.5**	174.3
Investment in own shares	20	**2.8**	3.6
Shareholders' funds		**533.7**	589.3

Notes: The loss within the Company financial statements was £25.0 million (2022: £20.7 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 24 May 2023 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 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	23	**–**	**–**	**–**	**(31.9)**	**–**	**(31.9)**
Employee Long-Term Incentive Plan charge	20	**–**	**–**	**–**	**–**	**1.3**	**1.3**
Transfer to retained earnings	20	**–**	**–**	**–**	**2.1**	**(2.1)**	**–**
Total equity at 31 March 2023		**38.7**	**46.0**	**326.7**	**119.5**	**2.8**	**533.7**

At 31 March 2023, the Company had realised profits available for distribution in excess of £108 million.

Company statement of changes in equity

For the year ended 31 March 2022

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2021		38.7	46.0	326.7	226.4	0.2	638.0
Loss for the year and total comprehensive expense		–	–	–	(20.7)	–	(20.7)
Dividends to shareholders	23	–	–	–	(31.9)	–	(31.9)
Employee Long-Term Incentive Plan charge	20	–	–	–	–	3.9	3.9
Transfer to retained earnings	20	–	–	–	0.5	(0.5)	–
Total equity at 31 March 2022		**38.7**	**46.0**	**326.7**	**174.3**	**3.6**	**589.3**

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 EU endorsed IFRS;
- 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 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 year is 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 156 to 159.

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 177 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 £25.0 million (2022: £20.7 million). The employees of the Company are the Directors and the Company Secretary. Full disclosure of the Directors' remuneration can be found on pages 114 to 146.

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Total £m
At 31 March 2022	**0.2**	**1,243.0**	**1,243.2**
Additions	–	–	–
Impairment	**(0.1)**	**(2.2)**	**(2.3)**
31 March 2023	**0.1**	**1,240.8**	**1,240.9**

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 2023 was £1,240.9 million (2022: £1,243.2 million).

The subsidiaries of the Company at 31 March 2023 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	Property management	G.P.E. (St Thomas Street) Limited	Property investment
Collin Estates Limited*	Property investment	J.L.P. Investment Company Limited	Property investment
Courtana Investments Limited	Property investment	Knighton Estates Limited	Property investment
G.P.E. (Bermondsey Street) Limited*	Property investment	Pontsarn Investments Limited	Property investment
73/77 Oxford Street Limited	Property investment	Portman Square Properties Holdings Limited	Holding company
GPE (Brook Street) Limited*	Property investment	GPE Pension Trustee Limited	Corporate trustee
GPE (GHS) Limited*	Property investment	G.P.E. (Marcol House) Limited	Holding company
Gresse Street Limited*	Property investment	G.P.E. (Rathbone Place 1) Limited	Property investment
GPE (Dufour's Place) Limited*	Property investment	GPE St Andrew Street Limited*	Property investment
G.P.E. Construction Limited*	Development management	G.P.E. (Rathbone Place 2) Limited	Property investment
The Rathbone Place Partnership (G.P. 1) Limited	Property investment	G.P.E. (Rathbone Place 3) Limited	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 2023.

iii Fixed asset investments continued

Indirect subsidiaries

	Principal activity		Principal activity
The Rathbone Place Partnership (G.P. 2) Limited	Holding company	Portman Square Properties Limited	Property investment
The Rathbone Place Limited Partnership**	Property investment	G.P.E. (Newman Street) Limited	Property investment
Rathbone Square No. 1 Limited	Property investment	Rathbone Square No.2 Limited	Property investment
The Newman Street Unit Trust	Property investment	Marcol House Jersey Limited	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	Property investment	The Great Victoria Partnership (G.P.) (No. 2) Limited	Property investment
Great Ropemaker Partnership (G.P.) Limited	Property investment	GHS (GP) Limited	Property investment

Indirectly held joint venture entities

	Principal activity		Principal activity
Great Victoria Property Limited	Property investment	The Great Victoria Partnership	Property investment
The Great Victoria Partnership (No. 2)	Property investment	Great Victoria Property (No. 2) Limited	Property investment
Great Ropemaker Property Limited	Property investment	The Great Ropemaker Partnership	Property investment
Great Ropemaker Property (Nominee 1) Limited	Property investment	Great Ropemaker Property (Nominee 2) Limited	Property investment
The GHS Limited Partnership	Property investment	GPE (Hanover Square) Limited	Property investment
14 Brook Street Management Company Limited	Property investment	GHS (Nominee) Limited	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 and The Newman Street Unit Trust, which is registered at 11 Old Jewry, London, EC2R 8DU. Great Portland Estates plc is the ultimate parent undertaking of the GPE Group.

iv Current liabilities

	2023 £m	2022 £m
Amounts owed to subsidiary undertakings	**1,014.0**	836.2
Other creditors	**1.0**	2.0
Accruals	**8.2**	10.1
	1,023.2	848.3

v Interest-bearing loans and borrowings

	2023 £m	2022 £m
Bank loans	**12.8**	85.4
Debentures	**22.0**	22.0
Private placement notes	**423.7**	423.6
	458.5	531.0

At 31 March 2023, property with a carrying value of £111.0 million (2022: £119.5 million) was secured under the first mortgage debenture stock. Further details of the Company's loans and borrowings can be found on notes 15 and 16 of the Group accounts.

vi Deferred tax

	1 April 2022 £m	Recognised in the income statement £m	Recognised in equity £m	31 March 2023 £m
Net deferred tax asset in respect of other temporary differences	0.7	**0.5**	**–**	**1.2**
	0.7	**0.5**	**–**	**1.2**

A further deferred tax asset of £4.6 million (2022: £3.5 million) relating to revenue losses and contingent share awards was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

Other information

In this section:

GPE Future London Photography
Award Winner
www.nicofroehlich.com
#gpephotographyaward

Five-year record

Based on the Group financial statements for the years ended 31 March

Balance sheet

	2019 £m	2020 £m	2021 £m	2022 £m	**2023 £m**
Property portfolio	2,025.0	1,987.1	1,894.5	2,144.4	1,922.2
Joint ventures	511.9	647.0	626.4	582.8	538.8
Trading property	5.6	–	–	–	–
Loans and borrowings	(296.0)	(444.3)	(488.6)	(531.2)	(458.5)
Other assets/(liabilities)	63.2	13.3	(60.7)	(83.1)	(83.9)
Net assets	**2,309.7**	**2,203.1**	**1,971.6**	**2,112.9**	**1,918.6**

Financed by

	£m	£m	£m	£m	**£m**
Issued share capital	41.4	38.7	38.7	38.7	38.7
Reserves	2,268.3	2,164.4	1,932.9	2,074.2	1,879.9
Total equity	**2,309.7**	**2,203.1**	**1,971.6**	**2,112.9**	**1,918.6**

Net assets per share	**851p**	**868p**	**779p**	**835p**	**757p**
EPRA NTA	**853p**	**868p**	**779p**	**835p**	**757p**

Income statement

	£m	£m	£m	£m	**£m**
Revenue	112.7	102.5	88.5	84.2	91.2
Cost of sales	(49.7)	(27.7)	(24.7)	(30.1)	(32.2)
	63.0	74.8	63.8	54.1	59.0
Administration expenses	(25.1)	(29.0)	(25.2)	(35.0)	(38.3)
Estimated credit loss	(0.3)	(0.1)	(7.7)	(4.1)	(0.8)
Development management losses	(0.3)	(0.2)	(0.1)	(0.4)	(0.1)
Operating profit before (deficit)/surplus from property and results of joint ventures	37.3	45.5	30.8	14.6	19.8
(Deficit)/surplus on investment property	7.3	(52.6)	(156.8)	107.9	(145.0)
Surplus on revaluation of investments	–	–	–	–	0.1
Share of results of joint ventures	10.0	57.9	(76.2)	45.9	(33.4)
Operating (loss)/profit	54.6	50.8	(202.2)	168.4	(158.5)
Finance income	8.3	7.3	8.0	7.4	6.0
Finance costs	(8.1)	(6.5)	(7.8)	(9.1)	(11.5)
Fair value movement on convertible bond	1.3	–	–	–	–
(Loss)/profit before tax	56.1	51.6	(202.0)	166.7	(164.0)
Tax	(6.6)	0.2	0.1	0.5	0.1
(Loss)/profit for the year	49.5	51.8	(201.9)	167.2	(163.9)

(Loss)/earnings per share – basic	17.9p	20.0p	(79.8)p	66.1p	(64.8)p
(Loss)/earnings per share – diluted	17.1p	20.0p	(79.8)p	66.0p	(64.8)p
EPRA earnings per share – diluted	19.4p	22.0p	15.8p	10.8p	9.5p
Dividend per share	12.2p	12.6p	12.6p	12.6p	12.6p

Our properties and customers

In value order (GPE share)

£200 million plus

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
50%	Hanover Square	Rest of West End	FH/LH	12,396,400	220,500
100%	1 Newman Street & 70/88 Oxford Street	Noho	FH	8,427,100	122,700
100%	The Piccadilly Buildings	Rest of West End	LH	12,002,600	187,900

£100 million – £200 million

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	Wells & More	Noho	FH	6,673,300	122,200
100%	Kent House	Noho	FH	5,310,500	59,100
100%	Elsley House	Noho	FH	5,052,200	65,000
100%	City Tower	City	LH	7,013,600	140,900

£75 million – £100 million

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
50%	200 & 214 Gray's Inn Road	Midtown	LH	5,993,400	287,900
1005	Walmar House	Noho	LH	4,450,000	56,500
100%	2 Aldermanbury Square	City	LH	–	322,600

£50 million – £75 million

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	The Hickman	City	FH	1,338,700	74,900
100%	New City Court, 14/20 St Thomas Street	Southwark	FH	3,933,700	98,000
100%	35 Portman Square	Noho	LH	4,753,800	73,400
100%	Minerva House	Southwark	FH	1,478,400	106,000
100%	Carrington House, 126/130 Regent Street	Rest of West End	LH	3,225,500	30,900

£30 million – £50 million

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	Woolyard	Southwark	FH	3,038,000	46,300
100%	Challenger House	City	FH	2,112,800	59,200
100%	31/34 Alfred Place	Noho	LH	1,095,700	42,700
100%	48/54 Broadwick Street and 16 Dufour's Place	Rest of West End	FH	3,276,500	24,500
50%	Mount Royal, 508/540 Oxford Street	Noho	LH	2,980,300	92,100
100%	7/15 Gresse Street	Noho	LH	2,490,000	43,100
100%	Orchard Court	Noho	LH	1,103,100	47,900
100%	Pollen House	Rest of West End	LH	1,754,800	21,300

£10 million – £30 million

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	6/10 St Andrew Street	Midtown	FH	–	46,200
50%	103/113 Regent Street	Rest of West End	LH	2,394,800	56,900
50%	Elm Yard	Midtown	FH	1,659,200	49,400
100%	95/96 New Bond Street	Rest of West End	LH	188,000	9,000
100%	Kingsland House, 122/124 Regent Street	Rest of West End	LH	1,059,300	8,700

Below £10 million

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	6 Brook Street	Rest of West End	LH	195,300	3,600
100%	Cathedral Street	Southbank	LH	332,000	6,400
100%	Poland Street	Rest of West End	FH	257,600	5,000
100%	183/190 Tottenham Court Road	Noho	LH	422,500	12,000
100%	23/24 Newman Street	Noho	LH	7,900	25,100

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	3.5	3.3
3	Glencore UK Limited	Office	3.1	3.0
4	Exane SA	Office	2.8	2.6
5	New Look	Office	2.7	2.5
6	Richemont UK Limited	Office	2.7	2.5
7	Fashion Retail Academy	Office	2.5	2.3
8	Uniqlo	Retail	2.4	2.3
9	Carlton Communications Limited	Office	2.2	2.1
10	RBH Group	Retail	2.1	2.0
	Total		**28.4**	**26.7**

Portfolio statistics at 31 March 2023

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	34.5	3.1	37.6	–	–	–	37.6
		Retail	5.2	(0.3)	4.9	3.0	0.3	3.3	8.2
	Rest of West End	Office	15.2	0.5	15.7	9.7	0.7	10.4	26.1
		Retail	6.8	2.0	8.8	5.1	0.1	5.2	14.0
	Total West End		**61.7**	**5.3**	**67.0**	**17.8**	**1.1**	**18.9**	**85.9**
	City, Midtown and Southwark	Office	16.8	3.3	20.1	7.7	0.9	8.6	28.7
		Retail	2.4	(0.7)	1.7	–	–	–	1.7
	Total City, Midtown and Southwark		**19.2**	**2.6**	**21.8**	**7.7**	**0.9**	**8.6**	**30.4**
Total let portfolio			**80.9**	**7.9**	**88.8**	**25.5**	**2.0**	**27.5**	**116.3**
Voids (A)					3.3			0.9	4.2
Premises under refurbishment and development					50.4			–	50.4
Total portfolio (B)					**142.5**			**28.4**	**170.9**
Vacancy rate % (A/B)					**2.3**			**3.2**	**2.5**

EPRA vacancy

	Wholly-owned £m	Joint ventures £m	Total £m
Voids and premises under refurbishment excluding development (A)	28.9	0.9	29.8
Total portfolio	**142.5**	**28.4**	**170.9**
Less: premises under development	(24.8)	–	(24.8)
Total (B)	117.7	28.4	146.1
EPRA vacancy rate % (A/B)	**24.6**	**3.2**	**20.4**

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	25.5	4.4	0.6	–	–	–
		Retail	47.5	5.5	8.6	13.2	2.6	16.7
	Rest of West End	Office	15.0	1.7	7.2	89.1	12.3	–
		Retail	14.7	3.4	1.1	38.1	6.3	0.9
	Total West End		**23.6**	**3.7**	**3.3**	**61.8**	**8.9**	**3.6**
	City, Midtown and Southwark	Office	6.7	1.8	1.9	–	1.4	2.1
		Retail	12.8	1.6	–	–	–	–
	Total City, Midtown and Southwark		**7.5**	**1.7**	**1.1**	**–**	**1.4**	**2.1**
Total portfolio			**19.8**	**3.2**	**2.3**	**43.2**	**6.7**	**3.2**

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	79	88	–	–	3.3	4.8	–	–
		Retail	54	63	83	86	2.4	4.5	4.9	5.7
	Rest of West End	Office	101	101	116	124	4.1	5.4	–	4.2
		Retail	75	96	105	109	3.8	4.7	2.4	3.8
	Total West End		**80**	**84**	**106**	**106**	**3.4**	**4.9**	**1.2**	**4.2**
	City, Midtown and Southwark	Office	52	73	46	52	3.4	5.0	5.8	5.3
		Retail	35	24	–	–	2.9	5.5	–	–
	Total City, Midtown and Southwark		**49**	**69**	**46**	**52**	**3.4**	**5.0**	**5.8**	**5.3**
Total portfolio			**69**	**77**	**76**	**81**	**3.4**	**4.9**	**2.3**	**4.5**

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.

Internal rate of return (IRR)

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

MSCI

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

MSCI central London

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

Like-for-like (Lfl)

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

EPRA Loan-to-Value (LTV)

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).

Net assets per share or net asset value (NAV)

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

Net debt

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

Net gearing

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

Net initial yield

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

Net rental income

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

Non-PIDs

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

Property costs

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

Property Income Distributions (PIDs)

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

REIT

UK Real Estate Investment Trust.

Rent roll

The annual contracted rental income.

Reversionary potential

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

Topped-up initial yield

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

Total potential future growth

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

Total Accounting Return (TAR)

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

Total Property Return (TPR)

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

Total Shareholder Return (TSR)

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

True equivalent yield

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

Ungeared IRR

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

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** 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**. 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**

For deaf and speech impaired customers, Equiniti welcomes calls via Relay UK. Please see **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**

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**

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**

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**

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**

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**

General Counsel & Company Secretary

Darren Lennark

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Registered number: 596137

Financial calendar

2023

1 June
Ex-dividend date for 2022/23 final dividend

2 June
Registration qualifying date for 2022/23 final dividend

6 July
Annual General Meeting

10 July
2022/23 final dividend payable

16 November
Announcement of 2023/24 interim results

23 November
Ex-dividend date for 2023/24 interim dividend (provisional)[1]

24 November
Registration qualifying date for 2023/24 interim dividend (provisional)[1]

2024

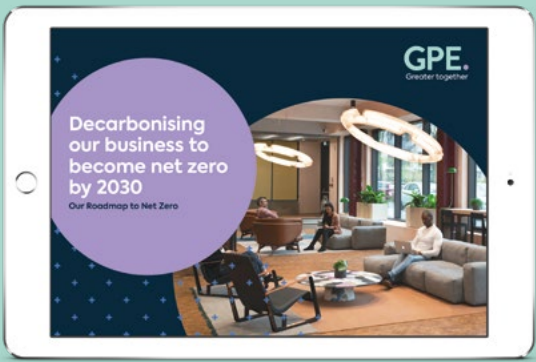
4 January
2023/24 interim dividend payable (provisional)[1]

22 May
Announcement of 2023/24 full-year results (provisional)[1, 2]

1. Provisional dates will be confirmed in the half-year results announcement 2023. 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 2024 Annual Report.

For more information on how we are working to decarbonise our business, please visit our website:

www.gpe.co.uk/sustainability



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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_2 in the atmosphere.

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