Press release

16 November 2023

Positioned strongly for return of the cycle

The Directors of Great Portland Estates plc announce the results for the Group for the six months ended 30 September 2023[1], with highlights including:

- **Strong leasing as customers demand best, sustainable spaces; record 13.4% ahead of ERV[2]**
- **Upgrading rental value growth guidance to +2.5% to +5.0%, +3.0% to +8.0% for Prime office**
- **Central London busy and workers have returned; 75% portfolio in West End, 93% near Elizabeth Line**
- **£123m of acquisitions; two Flex & one HQ opportunity, with more expected in 2024**
- **Flex space increased to 434,000 sq ft; £5.4 million of Fully Managed lettings 13.6% ahead of Flex ERV**
- **Delivering more than 1 million sq ft of Grade A, sustainable spaces into supply drought; commitment to French Railways House, SW1 development**
- **Yield driven valuation decline of 10.3% (ERVs up 1.8%); IFRS & EPRA NTA per share of 650 pence**
- **Stable EPRA EPS and ordinary dividend 4.7 pence, in-line with guidance**
- **More than £500 million liquidity with new term loan signed; LTV 28.9%; £0.3 billion sales under discussion**
- **Cycle returning; GPE strong track record & positioning to capitalise on emerging market opportunities**

Toby Courtauld, Chief Executive, said: "Whilst macro-economic concerns and rising interest rates impacted our property valuation, the fundamentals in our leasing markets remain healthy. With customers increasingly demanding the very best, sustainable spaces, and discounting the rest, they are competing in a market increasingly starved of new, Grade A supply, putting further upward pressure on prime rents and we have upgraded our rental growth forecasts for the second half.

With further selective yield expansion a possibility, our investment markets remain relatively quiet, although we are exploiting these conditions to our advantage. We bought three buildings in the period, all off market and adding to both our Flex and development programmes. Looking forward, we expect further acquisition opportunities to emerge, and with our trademark disciplined capital management, we will continue to recycle capital, selling properties to crystallise value on completion of our business plans.

In this context, GPE's positioning is strong; 75% of our portfolio is in the heart of the West End; our substantial capex programme will deliver the prime spaces the market demands; our Flex office offer is growing, is well suited to evolving customer needs, as evidenced by our market-leading NPS score, and is delivering our highest rental growth; and our strong balance sheet and plentiful liquidity combined with our long track record of creating opportunities in cyclical markets means that we are well positioned to capitalise. With GPE in great shape, and London set to outperform, we look to our future with confidence."

Strong leasing, record 13.4% ahead of ERV[2]; Flex currently 434,000 sq ft, targeting one million sq ft

- 37 new leases and renewals generating annual rent of £11.2 million p.a. across 113,500 sq ft, market lettings 13.4% above March 2023 ERV including:
  - three Fitted and nine Fully Managed leases, achieving on average £220 per sq ft on the Fully Managed space, 13.6% ahead of March 2023 ERV; and
  - 18 new retail leases securing £4.1 million of rent, with market lettings 18.1% ahead of March 2023 ERV
- Our committed Flex offer now 434,000 sq ft, targeting growth to one million sq ft
- Rent roll up 4.2%; vacancy 3.5% (Mar 2023: 2.5%); reversion up to 13.5%
- Further £7.3 million of lettings under offer, 5.7% above March 2023 ERV
- Senior operational team changes to further enhance market-leading customer experience and satisfaction

ERVs up 1.8%[3], with valuation down 10.3%[3] driven by yield expansion; EPRA[4] NTA per share of 650 pence

- Portfolio valuation of £2.3 billion, down 10.3%[3]; -9.6% offices (inc. Flex -7.1%) and -12.4% retail
- Rental values up by 1.8%[3] (+1.9% offices (inc. Flex +1.7%) and +1.2% retail); yield expansion of 43 bp
- Portfolio rental value growth guidance upgraded to 2.5% to 5.0% for financial year, prime offices 3% to 8%
- IFRS NAV and EPRA[4] NTA per share of 650 pence, down 14.1% since March 2023
- EPRA[4] earnings of £11.8 million, up 3.5% on 2022. EPRA[4] EPS of 4.7 pence, up 4.4%
- IFRS loss after tax of £253.4 million; loss per share of 100.1 pence; interim dividend maintained at 4.7 pence

Two Flex acquisitions and acquisition of HQ development opportunity in Soho Square, W1

- Three acquisitions (£123 million) including:
  - Two Flex (£53 million) inc. 141 Wardour Street, W1 in core Soho for £39 million (£1,156 per sq ft) and Bramah House, 65/71 Bermondsey Street, SE1 for £14 million (£892 per sq ft)
  - HQ development opportunity on Soho Square, W1 for £70 million (£772 per sq ft on consented NIA)
- More opportunities to come, one building under offer further £0.7 billion under review

Committed capex of £392 million, including French Railways House, SW1; Soho Square added to pipeline

- Good progress at our pre-let net-zero carbon 2 Aldermanbury Square, EC2; existing building deconstructed; anticipated completion Q1 2026
- Commitment to major office-led redevelopment at French Railways House, SW1, to provide 67,600 sq ft (up from 54,700 sq ft) of new Grade A space; reusing steel from City Place House, EC2
- Planning permission obtained for the redevelopment of Minerva House, SE1 and work underway to prepare the site for a potential start early next year
- Reviewing the Planning Inspector's report and Secretary of State's planning refusal at New City Court, SE1
- Significant refurbishment programme to enhance our Fully Managed offer inc. 6/10 St Andrew Street, EC4
- With construction cost inflation moderating, programme well timed to deliver into supply constrained market

Significant liquidity; new £250 million Term Loan; £508 million[5] of cash & undrawn facilities; EPRA LTV 28.9%

- EPRA LTV of 28.9%, weighted average interest rate of 3.8%, cash and undrawn facilities of £508 million[5]; weighted average debt maturity of 5.1 years
- New £250 million unsecured Term Loan drawn in October

[1] All values include share of joint ventures unless otherwise stated [2] Leasing in period to 30 September 2023 [3] On a like-for-like basis [4] In accordance with EPRA guidance. We prepare our financial statements using IFRS, however we also use a number of adjusted measures in assessing and managing the performance of the business. These include like-for-like figures to aid in the comparability of the underlying business and proportionately consolidated measures, which represent the Group's gross share of joint ventures rather than the net equity accounted presentation included in the IFRS financial statements. These metrics have been disclosed as management review and monitor performance of the business on this basis. We have also included a number of measures defined by EPRA, which are designed to enhance transparency and comparability across the European Real Estate sector, see note 7 to the financial statements. Our primary NAV metric is EPRA NTA which we consider to be the most relevant investor measure for the Group. [5] Pro forma for new Term Loan

Contacts:

Great Portland Estates plc **+44 (0) 20 7647 3000**

Toby Courtauld, Chief Executive

Nick Sanderson, Chief Financial & Operating Officer

Stephen Burrows, Director of Investor Relations and Joint Director of Finance

FGS Global **+44 (0) 20 7251 3801**

James Murgatroyd

Gordon Simpson

The results presentation will be broadcast live at 8.30am today with the link available at:

www.gpe.co.uk/investors/latest-results

A conference call facility will also be available to listen to the presentation at 10.00am today on the following numbers:

UK: 0808 109 0701 (freephone) International: +44 (0) 33 0551 0202
Conference PIN: 0863454#

A video interview with Toby Courtauld and Nick Sanderson is available, along with accompanying presentation materials and appendices, at:

www.gpe.co.uk/investors/latest-results

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Half Year Results

Our business

Our business is accompanied by graphics (see Appendix 1 and 3)

Our leasing activities

During the six months to 30 September 2023, demand in our occupational markets remained robust despite the challenging macro environment and we continued to secure new lettings materially ahead of the valuer's estimates. Key highlights include:

- 37 new leases were signed during the first half (2022: 63 leases), generating annual rent of £11.2 million (our share: £10.5 million; 2022: £15.1 million), with market lettings 13.4% above March 2023 ERVs (offices; 11.1%; retail 18.1%), including:
    - three Fitted and nine Fully Managed leases, achieving on average £220 per sq ft on the Fully Managed space, 13.6% ahead of March 2023 ERV; and
    - 18 new retail leases securing £4.1 million of rent with market lettings 18.1% ahead of March 2023 ERV.
- three rent reviews securing £5.7 million p.a. (our share: £3.2 million; 2022: £5.2 million) of rent were settled during the half year, 3.0% ahead of previous passing rent and 20.4% ahead of ERV;
- total space covered by new lettings, reviews and renewals during the first half was 182,900 sq ft (2022: 358,000 sq ft);
- 92% (by area) of the 90 leases with breaks or expiries in the twelve months to 30 September 2023 were retained, re-let, or are under offer, leaving only 35,300 sq ft still to transact; and
- following the successful leasing period, the Group's rent roll has increased by 4.2% to 110.9 million whilst the Group's vacancy has increased to 3.5% (31 March 2023: 2.5%).

The table below summarises our leasing transactions in the period:

Leasing Transactions	**Three months ended 30 September 2023**	**Six months ended 30 September 2023**	**Six months ended 30 September 2022**
New leases and renewals completed			
Number	15	37	63
GPE share of rent p.a.	£4.3 million	£10.5 million	£15.1 million
Area (sq ft)	48,000	113,500	205,300
Rent per sq ft (including retail)	£121	£131	£104
Rent reviews settled			
Number	2	3	9
GPE share of rent p.a.	£2.8 million	£3.2 million	£5.2 million
Area (sq ft)	60,900	69,400	152,700
Rent per sq ft (including retail)	£87	£82	£66

Note: Includes joint ventures at share

Notable transactions during the six months included:

- At the Hickman, E1, the building is now fully let following letting the remaining office space to a digital transformation company, which will occupy 6,757 sq ft on the second floor on a Fitted five-year lease with an option to break at year three;
- At our Piccadilly Buildings, San Carlo, the award-winning restaurant group, signed a lease for its new flagship Cicchetti, occupying 7,000 sq ft over ground and basement floors, across two units;
- At 16 Dufour's Place, W1, we renewed the 3rd floor (3,100 sq ft) lease with a marketing firm on a Fully Managed basis. They have taken an additional two year lease, paying a rent of £278 per sq ft, an increase of 53% on their previous terms. Since inception, our retention rate across our Fully Managed spaces has been 85%; and
- On Regent Street we completed two flagship retail lettings to The North Face and JOSEPH. The North Face has traded successfully at GPE's Walmar House site since 2015 and signed a 10 year lease on an additional 10,000 sq ft ahead of March 23 ERV. Further south on Regent St, British contemporary designer fashion brand, JOSEPH, has also signed a lease for a new store located at Kingsland House, 124 Regent Street, W1, completing the repositioning of the retail offering at the building.

At 30 September 2023, the Group's vacancy rate (including share of joint ventures) was 3.5%, up from 2.5% at 31 March 2023. The average passing rent across our office portfolio was £71.80 per sq ft, down from £72.20 per sq ft at 31 March 2023.

Since 30 September 2023, our leasing activity included:

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

- Currently we have 88,800 sq ft of space under offer which would deliver approximately £7.3 million p.a. in rent (our share: £4.7 million), with market lettings 5.7% above March 2023 ERVs.

On track to create 1,000,000 sq ft of Fitted and Fully Managed office spaces
Evolving patterns of work are changing what many customers want from their office space. Across our smaller office floors, rather than providing Ready to Fit space for our customers to make their own, we are making occupation of our spaces easier by providing these floors on a Fitted basis, or increasingly overlaying service provision on a Fully Managed basis. Today, our committed Flex offerings are an integral part of our office offer and total 434,000 sq ft, comprising 128,000 sq ft of Fitted space, 189,000 sq ft of Fully Managed space (of which 75,000 is let with the remainder under refurbishment) and Flex partnerships of 117,000 sq ft. During the period, our activities included rolling out our Fully Managed offering to a number of floors across the portfolio, including Kent House,W1, Woolyard, SE1 and Alfred Place, WC1.

Looking forward, our portfolio is well suited to further Flex growth. Our average building size is small at around 65,000 sq ft and more than 80% of our floors are sub-10,000 sq ft. Accordingly, we are targeting to grow Flex organically to more than 640,000 sq ft, with the majority of the growth to be offered on a Fully Managed basis. Most of this growth will be delivered as we complete the refurbishment of 6/10 St Andrew Street, EC4 in 2024, and 7/15 Gresse Street, WC1, 141 Wardour Street, W1, and Bramah House, SE1, which are anticipated to complete in 2025 and 2026. Furthermore, we are excited for opportunities to further supplement this growth through acquiring buildings that lend themselves to our flexible space offer. In total, we are now targeting growth, both organically and through acquisition, to one million sq ft.

Team reorganisation to meet evolving market needs

During the period, we made a number of operational team changes to enhance the delivery of our market-leading, Customer First approach, as we continue to innovate, further digitise our activities, grow our Flex workspace offer and deliver both great spaces and experiences for our customers. These included:

- Rebecca Bradley's role as Director of Customer Experience has been expanded to include leadership of our new Customer Strategy & Insights team. Her responsibilities include the strategic and operational delivery of customer experience across all our spaces, ensuring both strong customer relationship management and retention;
- Simon Rowley has assumed the newly created role of Director of Flex Workspaces, as we focus on growing our Flex offer to more than one million sq ft;
- Jordan McLean has joined GPE in the newly created role of Director of IT, Innovation & Digital Transformation. With over 25 years of experience, Jordan has a proven track record in driving business transformation through digital solutions, including spending 10 years in the retail sector with Morrisons and Asda; and
- Helen Hare's role as Director of Projects has been expanded and now includes responsibility for our Building Surveying and Technical Services teams.

Steven Mew (Customer Experience & Flex Director), David O'Sullivan (Director of Workplace Services) and James Pellatt (Director of Innovation) will be leaving GPE and we would like to thank them for their loyal service and contribution to the organisation and senior leadership team.

Our development activities and capex programme

We have continued to make progress across our development pipeline and we have advanced our plans to further invest in the expansion of our Fully Managed office spaces. Since March 2023, we have committed to the 67,600 sq ft development of French Railways House, SW1 and continued to make good progress at 2 Aldermanbury Square, EC2 which is scheduled to complete in Q1 2026 with the offices 100% pre-let. Whilst we were unsuccessful in our planning applications at New City Court, SE1, during the period we have added to the pipeline with the acquisition of the Soho Square Estate, W1. In total we have committed capital expenditure of £392 million across four development and Flex schemes, with a further £358 million that we could potentially commence over the next five years.

Two committed development schemes, including new commitment at French Railways House, SW1

Following the agreement of a new headlease at French Railways House, SW1 in July 2023, we are now committed to the redevelopment of the site. Our major office-led redevelopment will provide 67,600 sq ft (up from 54,700 sq ft) of new Grade A space. The scheme is expected to complete in mid-2026 and will 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 construct a lightweight building above 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. This will almost eliminate the embodied carbon in the steelwork and allow for the delivery of 9,500 sq ft best in class, column-free floorplates.

Good progress ahead of potential start at Minerva House, SE1

During the period, Southwark Council resolved to grant planning permission for the redevelopment of Minerva House, SE1 and good progress has been made to prepare the site for a potential start early next year. Our plans will take the overall commercial space to 143,100 sq ft, an increase of approximately 56% on the existing area.

We plan to reposition the building to take full advantage of its Thames river frontage and, by adding additional storeys, 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, greatly reducing the carbon impact of the development. Furthermore, we expect to deliver BREEAM Outstanding, NABERS 5*, WELL Core Platinum, WiredScore Platinum, SmartScore Platinum and CyclingScore Platinum accreditations.

Planning applications at New City Court, SE1 refused

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

In January 2022, having explored all avenues to have both schemes approved without success, we regretfully appealed for non-determination. This triggered a planning inquiry that closed in August 2022. In September 2023, we received confirmation that the Planning Inspector's report recommended the planning applications were refused and the Secretary of State agreed with its conclusions. We are carefully reviewing the Planning Inspector's report and Secretary of State's decision and will provide a further update in due course. New City Court currently has a rent roll of £2.9 million.

Adding to the pipeline with the acquisition of the Soho Square Estate, W1

Building on our successful track record at the eastern end of Oxford Street, we have added to our near-term programme with the acquisition of 16/19 Soho Square, 29/43 Oxford Street and 7 Falconberg Mews, W1 for £70 million (£772 per sq ft on consented NIA). The 56,150 sq ft mixed-use buildings are currently multi-let at c.£1.5 million p.a. with vacant possession expected by March 2024. The 0.5 acre site benefits from planning consent to demolish the existing buildings and deliver around 91,000 sq ft of new Grade A office and prime retail space.

The buildings are located in the heart of the West End at the eastern end of Oxford Street and back onto Soho Square, just 100 metres from the new Tottenham Court Road Elizabeth Line station. GPE intends to re-work the designs to improve the quality of office and retail space, further increasing its attractiveness to prospective customers in a materially undersupplied market. The redevelopment will provide a best-in-class HQ office building on Soho Square with flagship retail fronting Oxford Street, arranged over basement, lower ground, ground and eight upper floors, with multiple private terraces and a communal roof terrace.

Significant refurbishment programme underway to enhance our Fully Managed office offer

As we grow our flexible office offer, we are currently refurbishing three buildings to provide new dedicated Fully Managed spaces as well as converting a significant number of floors across our portfolio. The buildings being refurbished include 6/10 St Andrew Street, EC4 and Alfred Place, WC1 which together will deliver around 86,000 sq ft of well designed, tech-enabled and sustainable space which will also benefit from high levels of service delivery and amenity provision. Beyond these buildings, we are anticipating commencing Egyptian House, SW1, 141 Wardour Street, W1 and Gresse Street, W1 in 2024.

Together with other flex and refurbishment capex across the portfolio, this programme will total around £170 million and, once delivered, will increase our flexible office offerings to around 642,000 sq ft.

Our investment activities

The investment market has slowed significantly over the period as inflation has remained persistently ahead of projections, resulting in the expectation that interest rates will need to remain higher for longer. This has put upward pressure on property yields reducing values, particularly in the City. Whilst most values have fallen, the declines have not been uniform. Better quality assets have been more resilient, further widening the gap between the best and the rest. In this context, we are well placed. Our business model requires raw material, typically short let, low quality buildings in prime locations, to reposition towards prime. Markets such as these provide opportunities to acquire at cyclically attractive pricing and during the period we made three acquisitions stocking our Fully Managed and HQ development pipelines.

Three acquisitions for £123 million
In May we acquired the freehold interest at 141 Wardour Street W1 for £39 million (£1,156 per sq ft). The 33,717 sq ft building is currently vacant, has been stripped out and benefits from planning consent for a comprehensive refurbishment. The building is located in the heart of Soho, within five minutes walking distance of the new Tottenham Court Road Elizabeth line station. Following our substantial refurbishment, the building will provide outstanding Fully Managed office space designed to meet evolving customer needs and GPE's net zero carbon commitments.

Also in May, we acquired Bramah House, 65/71 Bermondsey Street, SE1 for £14 million, reflecting a 5.9% net initial yield and a capital value of £892 per sq ft. The 15,696 sq ft freehold building is currently multi-let with a WAULT of 3.2 years to expiries. The property is located opposite our existing ownership at Woolyard. Together, both buildings will create a GPE Fully Managed campus on Bermondsey Street, adjacent to London Bridge Station.

As detailed earlier, in August, we also acquired King Sloane Properties Limited, which owns the freehold interests at 16/19 Soho Square, 29/43 Oxford Street and 7 Falconberg Mews, W1.

Further opportunities to come
Looking ahead, we anticipate that market conditions will continue to provide opportunities to buy. We are monitoring the market closely and have around £0.7 billion of potential acquisitions currently under review. Our focus remains on development and repositioning opportunities, buildings that would suit our flex offer and assets that are challenged from a sustainability perspective. We also have around £300 million of sales under discussion where we have completed our business plans, which, once sold, will provide additional firepower to take advantage of current market conditions.

Valuation

Valuation is accompanied by graphics (see Appendix 2)
The valuation of the Group's properties was £2,302.7 million as at 30 September 2023 (31 March 2023: £2,380.0 million), reflecting a valuation decrease of 10.3% on a like-for-like basis since 31 March 2023. At 30 September 2023, the wholly-owned portfolio was valued at £1,819.1 million (31 March 2023: £1,855.5 million) and the Group had three active joint ventures which owned properties valued at £483.6 million (our share) (31 March 2023: £524.5 million) by CBRE. At 30 September 2023, 75% of our portfolio was located in the West End.

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

- higher investment yields – given the backdrop of higher interest rates, equivalent yields increased by 43 basis points over the period (office +35 basis points; retail +52 basis points) reducing valuation. City yields increased by 63 basis points. At 30 September 2023, the portfolio true equivalent yield was 5.2 % (West End: 5.1%; Rest of central London: 5.7%) and reversionary yield was 6.2%;
- rental value growth – the continued demand for our best in class spaces has helped increase our rental values. Since the start of the financial year, rental values increased by 1.8% on a like-for-like basis, with our flex offices increasing by 1.7% and our overall office portfolio up by 1.9%, whilst our retail portfolio increased by 1.2%;
- developments – the valuation of our committed development properties decreased by 33.0% on a like-for-like basis to £129.5 million during the period, given development returns are more sensitive to movements in investment yields; and
- portfolio management – a strong six months, 37 new leases, rent reviews and renewals were completed, securing £13.7 million (our share) of annual income, supporting the valuation. At 30 September 2023, the portfolio was 13.5% reversionary.

Including rent from pre-lets and leases currently in rent free periods, the topped-up initial yield of the investment portfolio at 30 September 2023 was 4.2%, 40 basis points higher than the start of the financial year.

Whilst the overall valuation decreased by 10.3% during the six months on a like-for-like basis, (or cumulatively by 16.2% from the 31 March 2022 peak), elements of the portfolio continued to show greater variation:

- our Flex office space reduced in value by 7.1% outperforming the Group's wider office space which fell by 9.6% in value, after a 49 basis point yield shift in comparison to a 35 basis point movement for the whole office portfolio;
- retail space underperformed offices falling in value by 12.4% resulting from a greater yield expansion of 52 basis points;
- including developments, our West End portfolio (-7.1%) performed better than our rest of London portfolio (-18.5%), given a more aggressive yield expansion in the City (+63 bp) versus +32 bp for the West End;
- newer, higher quality buildings outperformed older assets, with those assets with a capital value per sq ft in excess of £1,000 per sq ft, reducing in value by 5.0% compared to those with a capital value per sq ft of less than £1,000 per sq ft which reduced by 18.2%; and
- buildings with better sustainability credentials outperformed. Buildings with an EPC rating of A or B reduced in value by 6.2%, out-performing properties with an EPC of C or D which fell by 16.0% in the six months.

Near-term market outlook
Our markets are cyclical, as a result, we actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last six months, given the increased economic uncertainty, our property capital value indicators have deteriorated from those we reported in May. Investment market activity has remained subdued, with current levels of interest rates and uncertainty putting some upward pressure on yields. However, we anticipate that once there is confidence that rates have peaked, and inflation is under control, investment activity will return given the weight of money waiting on the sidelines to invest.

In the occupational market, given the scarcity of high quality spaces in central London we expect our leasing and rental performance of the portfolio in the first half of the year to continue. Accordingly, we have upgraded our rental value growth range for the financial year to 31 March 2024 to between 2.5% and 5.0%.

Our financial results

Our financial results are accompanied by graphics (see Appendix 4)
We prepare our financial statements using IFRS. We also use a number of 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 describes how we manage the portfolio, like-for-like measures 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. Reconciliations of APMs are included in note 7 to the accounts.

We calculate net assets and earnings per share in accordance with EPRA's Best Practice Recommendations. The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe, enhancing the transparency and coherence of the sector. EPRA's Best Practice 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 investor metric for the Group and the primary measure of net asset value and relevant reconciliations between IFRS numbers and EPRA metrics are included in note 7 to the accounts.

Valuation fall from yield expansion drives 14.1% decrease in EPRA NTA per share
IFRS NAV per share and EPRA NTA per share at 30 September 2023 were 650 pence per share, a decrease of 14.1% over the last six months, largely due to the 10.3% like-for-like decrease in the value of the property portfolio. The main drivers of the 107 pence per share decrease in NTA from 31 March 2023 were:

- the decrease of 104 pence per share arising from the revaluation of the property portfolio;
- EPRA earnings for the period of 5 pence per share increased NTA; and
- the final dividend of 8 pence per share reduced NTA.

The EPRA NTA decrease of 14.1%, combined with the payment of last year's final dividend of 7.9 pence per share, delivered a total accounting return for the six months to 30 September 2023 of minus 13.1% (2022: -4.0%).

At 30 September 2023, the Group's net assets were £1,647.1 million, down from £1,918.6 million at 31 March 2023, with the decrease largely attributable to the fall in property valuation. EPRA NDV per share reduced marginally to 680 pence at 30 September 2023 compared to 790 pence at 31 March 2023 (down 13.9%), supported by the impact of rising interest rates on the fair values of our fixed rate low coupon debt.

Earnings stable, in line with guidance and our portfolio activities
Revenue from our wholly-owned properties rose from £43.5 million to £47.6 million. Whilst rental income (including the spreading of lease incentives) was largely stable, service charge income rose by £3.8 million as we recovered higher service charge spend across the portfolio and Fully Managed services income rose from £1.4 million to £2.7 million as we continued to roll out and lease up our flexible office offer.

Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 5.8% on the prior period after estimated credit loss provisions.

Cost of sales increased from £14.2 million to £16.3 million for the period to 30 September 2023, with the increase primarily due to higher service charge expenses as a result of increased redecoration and refurbishment works and higher utility costs. This increase was in part offset by lower other property costs due to reduced levels of vacancy and the recovery of business rates paid in prior years.

Administration costs were £20.9 million, an increase of £3.3 million, primarily driven by inflationary pressures on employee costs, including provisioning for share-based payments, along with investment associated with further digitising our business, including the delivery of a new CRM.

EPRA earnings from joint ventures (excluding fair value movements) were £5.9 million, an increase of £3.0 million from the prior year, largely driven by Hanover Square, W1 now being fully let in addition to receiving an insolvency settlement at Mount Royal, W1 from the Arcadia administration, which had previously been written off. In total, our joint ventures delivered a IFRS loss before tax of £39.6 million (2022: £14.8 million).

Gross interest on our debt facilities was £10.4 million, up £2.1 million on the prior period. This increase was primarily due to higher drawn balances, and higher underlying rates, on our £450 million revolving credit facility. We capitalised interest of £4.3 million (2022: £4.6 million). As a result, the Group had net finance costs (including interest receivable) of £4.4 million (2022: £1.9 million).

EPRA earnings were £11.8 million, 3.5% higher than for the same period last year. Revaluation losses together with EPRA earnings resulted in an IFRS loss after tax of £253.4 million (2022: £86.6 million). The basic and diluted loss per share for the period was 100.1 pence, compared to loss of 34.3 pence per share for 2022. Diluted EPRA earnings per share was 4.7 pence (2022: 4.5 pence). Looking forward, we anticipate that the combination of higher interest rates and increased vacancy, as we refurbish our spaces for our Flex offerings and commit to our near-term developments, will reduce the Group's earnings over the forthcoming 18 months.

Results of joint ventures

The Group's net investment in joint ventures was £500.4 million, a decrease from £538.8 million at 31 March 2023, largely due to an 8.2% like-for-like decrease in value of the property portfolio. Our share of joint venture net rental income was £10.0 million, up from £8.4 million last year primarily as a result of the leasing activity at Hanover Square, W1 completing. The underlying joint venture profits are stated after charging £0.6 million of GPE management fees (2022: £1.5 million) with the decrease attributable to a reduction in leasing fees following the completion of leasing at Hanover Square, W1.

Overall, our three active joint ventures represent an important proportion of the Group's business. At 30 September 2023, joint ventures represented 21.0% of the portfolio valuation, 30.4% of net assets and 22.5% of rent roll (31 March 2023: 22.0%, 28.1% and 23.9% respectively).

Strong liquidity; more than £500 million of cash and undrawn facilities; EPRA LTV 28.9%

The Group's consolidated net debt increased to £663.3 million at 30 September 2023, compared to £457.7 million at 31 March 2023. The increase was largely due to three acquisitions in the period totalling some £123.0 million (excluding costs) as well as the on-going development capital expenditure across the Group of £51.4 million in the six months. Group gearing increased to 40.5% at 30 September 2023 (31 March 2023: 24.0%). Including cash balances in the joint ventures, total net debt was £638.0 million (31 March 2023: £440.0 million) equivalent to an EPRA loan to value of 28.9% (31 March 2023: 19.8%).

The Group is operating with substantial headroom over its debt covenants. At 30 September 2023, property values would have to fall by around 38% before covenant breach. Through the cycle, the Group aims to maintain a target LTV range between 10% and 35%, consistent with our low leverage levels over the last 10 years. Our interest cover ratio under our Group covenants was high at 6.2 times (covenant: 1.35 times).

The Group's weighted average cost of debt, including fees, for the period was 3.7% (year to 31 March 2023: 3.0%). The weighted average interest rate (excluding fees) at the period end was 3.8%, up from 2.7% at 31 March 2023, as we increased amounts drawn on the RCF over the period, which had an all-in rate of 6.1% at 30 September 2023.

In September 2023, we agreed a new £250 million unsecured Term Loan at a headline margin of 175 basis points over SONIA with three existing relationship banks. The loan has an initial three-year term which may be extended to a maximum of five years at GPE's request, subject to bank consent. GPE has put in place a £200 million interest rate cap to protect against any further increases in rates whilst preserving the benefit of any reductions. The loan was drawn on 9 October 2023. Following this financing, the Group has cash and undrawn credit facilities in excess of £500 million. This significant liquidity will support the delivery of our strategic priorities, including funding the Group's near-term development programme and the Group's £175 million private placement debt maturity in May 2024.

Today, including the new Term Loan, 93% of the Group's total debt was at fixed or capped rates (31 March 2023: 97%), 97% (31 March 2023: 95%) was unsecured and our weighted average drawn debt maturity was 4.7 years (31 March 2023: 6.4 years).

Taxation
The tax charge in the income statement for the half year was £nil (2022: £0.1 million credit) 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. Other allowances were available to set against non-REIT profits.

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 six months ended 30 September 2023, the Group paid a PID of £20.0 million.

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.

Dividends
The Board has declared an interim ordinary dividend of 4.7 pence per share (2022: 4.7 pence) which will be paid on 4 January 2024. None of this interim dividend will be a REIT Property Income Distribution (PID) in respect of the Group's tax-exempt property rental business.

Principal risks and uncertainties
The Group recognises that the successful management of risk is critical to enable delivery of the Group's strategic priorities. Ultimate responsibility for risk rests with the Board but the effective day-to-day management of risk is integral to the way the Group does business and its culture. The Board undertakes a robust assessment of the principal risks facing the Group on a regular basis.

The principal risks and uncertainties facing the Group for the remaining six months of the financial year remain in line with those detailed on pages 64 to 77 of the 2023 Annual Report with no material changes:

Failure to meet customer needs	Failure to profitably deliver the development programme
Climate change and decarbonisation	People
London attractiveness	Health and safety
Adverse macro-economic environment	Cyber security and infrastructure failure
Poor capital allocation decisions and/or misreading market conditions	Failure to profitably deliver the Flex Strategy

The Board and Executive Committee continue to regularly review the potential risks and impacts presented by the volatile economic backdrop, including in relation to elevated levels of inflation and higher underlying interest rates, as well as the potential impacts of geo-political tensions arising from events both in the Ukraine and, more recently, the Middle East. The Board also continues to monitor both short-term impacts and potential longer-term structural changes in working practices, an evolving planning regime and the level and nature of demand for space in central London.

As a result of heightened economic uncertainty, the Group's forecasts and business plans continue to be prepared under a variety of market scenarios to reflect a number of potential outcomes.

Condensed group income statement

For the six months ended 30 September 2023

Year to 31 March 2023 Audited £m		Notes	**Six months to 30 September 2023 Unaudited £m**	Six months to 30 September 2022 Unaudited £m
91.2	Revenue	2	**47.6**	43.5
(32.2)	Cost of sales	3	**(16.3)**	(14.2)
59.0			**31.3**	29.3
(38.3)	Administrative expenses		**(20.9)**	(17.6)
(0.8)	Expected credit losses	12	**(0.1)**	(1.2)
(0.1)	Development management income/(losses)		**–**	0.1
19.8	Operating profit before deficit from investment property and results of joint ventures		**10.3**	10.6
(145.0)	Deficit from investment property	8	**(219.7)**	(80.6)
0.1	Surplus on revaluation of other investments		**–**	–
(33.4)	Share of results of joint ventures	9	**(39.6)**	(14.8)
(158.5)	**Operating loss**		**(249.0)**	(84.8)
6.0	Finance income	4	**2.9**	3.1
(11.5)	Finance costs	5	**(7.3)**	(5.0)
(164.0)	**Loss before tax**		**(253.4)**	(86.7)
0.1	Tax	6	**–**	0.1
(163.9)	**Loss for the period**		**(253.4)**	(86.6)

(64.8p)	**Basic loss per share**	7	**(100.1p)**	(34.3p)
(64.8p)	**Diluted loss per share**	7	**(100.1p)**	(34.3p)
9.5p	**Basic EPRA earnings per share**	7	**4.7p**	4.5p
9.5p	**Diluted EPRA earnings per share**	7	**4.7p**	4.5p

All results are derived from continuing operations in the United Kingdom and are attributable to ordinary equity holders.

Condensed group statement of comprehensive income

For the six months ended 30 September 2023

Year ended 31 March 2023 Audited £m		**Six months to 30 September 2023 Unaudited £m**	Six months to 30 September 2022 Unaudited £m
(163.9)	Loss for the period	**(253.4)**	(86.6)
	Items that will not be reclassified subsequently to profit and loss:		
0.3	Actuarial gain on defined benefit scheme	**–**	0.6
(0.1)	Deferred tax on actuarial loss on defined benefit scheme	**–**	(0.1)
(163.7)	**Total comprehensive expense for the period**	**(253.4)**	(86.1)

Condensed group balance sheet

At 30 September 2023

As at 31 March 2023 Audited £m		Notes	**As at 30 September 2023 Unaudited £m**	* Restated As at 30 September 2022 Unaudited £m
	Non-current assets			
1,922.2	Investment property	8	**1,880.8**	2,135.7
538.8	Investment in joint ventures	9	**500.4**	561.5
3.5	Property, plant and equipment	10	**2.7**	4.2
4.1	Pension asset		**4.4**	4.3
1.8	Other investments	11	**2.2**	1.5
2,470.4			**2,390.5**	2,707.2
	Current assets			
15.8	Trade and other receivables	12	**29.5**	14.0
19.4	Cash and cash equivalents	19	**23.4**	23.6
	Current assets held for sale			
–	Investment property held for sale	8	**5.0**	–
35.2			**57.9**	37.6
2,505.6	**Total assets**		**2,448.4**	2,744.8
	Current liabilities			
–	Interest-bearing loans and borrowings	14	**(174.9)**	–
–	Corporation tax		**(0.3)**	–
(56.8)	Trade and other payables	13	**(63.0)**	(57.3)
(56.8)			**(238.2)**	(57.3)
	Non-current liabilities			
(458.5)	Interest-bearing loans and borrowings	14	**(491.9)**	(610.3)
(66.7)	Head lease obligations	16	**(66.7)**	(66.7)
(2.0)	Occupational lease obligations	17	**(1.5)**	(2.4)
(3.0)	Provisions in respect of warranties on sold buildings		**(3.0)**	–
(530.2)			**(563.1)**	(679.4)
(587.0)	**Total liabilities**		**(801.3)**	(736.7)
1,918.6	**Net assets**		**1,647.1**	2,008.1
	Equity			
38.7	Share capital	15	**38.7**	38.7
46.0	Share premium account		**46.0**	46.0
326.7	Capital redemption reserve		**326.7**	326.7
1,504.4	Retained earnings		**1,233.0**	1,593.9
2.8	Investment in own shares	18	**2.7**	2.8
1,918.6	**Total equity**		**1,647.1**	2,008.1
757p	**Diluted net assets per share**	7	**650p**	794p
757p	**Diluted EPRA NTA per share**	7	**650p**	794p

** Cash and cash equivalents and monies held in trade and other payables have been restated as at 30 September 2022 following clarification by IFRIC on classification of funds with externally imposed restrictions, see note 1 for further details.*

Condensed group statement of cash flows

For the six months ended 30 September 2023

Year to 31 March 2023 Audited £m		Notes	**Six months to 30 September 2023 Unaudited £m**	* Restated Six months to 30 September 2022 Unaudited £m
	Operating activities			
(158.5)	Operating loss		**(249.0)**	(84.8)
175.1	Adjustments for non-cash items	20	**258.4**	95.0
5.3	(Increase)/decrease in receivables		**(13.7)**	7.1
(6.1)	Increase/(decrease) in payables		**2.8**	(7.5)
15.8	**Cash generated by operations**		**(1.5)**	9.8
(17.6)	Interest paid		**(10.2)**	(8.1)
0.1	Interest received		**–**	–
(1.7)	**Cash flow (used in)/from operating activities**		**(11.7)**	1.7
	Investing activities			
7.5	Distributions from joint ventures		**–**	3.5
9.0	Repayment of loans by joint ventures		**1.8**	6.0
–	Investment in joint ventures		**(0.1)**	–
(120.4)	Purchase and development of investment property		**(173.2)**	(90.1)
(0.2)	Purchase of plant and equipment		**(0.1)**	(0.1)
(0.7)	Purchase of other investments		**(0.4)**	(0.5)
217.4	Sale of properties		**(0.5)**	27.4
112.6	**Cash flow (used in)/from investing activities**		**(172.5)**	(53.8)
	Financing activities			
(387.0)	Revolving credit facility repaid	14	**(23.4)**	(160.0)
314.0	Revolving credit facility drawn	14	**231.4**	239.0
–	Repayment of short-term interest-bearing loans and borrowings		**–**	(0.2)
(3.3)	Payment of lease obligations		**(1.7)**	(1.7)
(31.9)	Dividends paid	22	**(18.1)**	(18.1)
(108.2)	**Cash flow from/(used in) financing activities**		**188.2**	59.0
2.7	Net increase in cash and cash equivalents		**4.0**	6.9
16.7	Cash and cash equivalents at 1 April		**19.4**	16.7
19.4	Cash and cash equivalents at balance sheet date		**23.4**	23.6

** Cash and cash equivalents and payables in respect of customer deposits have been restated as at 1 April 2022 and 30 September 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 period ended 30 September 2022 decreased from £1.8 million to £1.7 million. There was no impact on the other components of the statement of cash flows for the period ended 30 September 2022. See note 1 for further details.*

Condensed group statement of changes in equity

For the six months ended 30 September 2023 (unaudited)

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2023	**38.7**	**46.0**	**326.7**	**1,504.4**	**2.8**	**1,918.6**
Loss for the period	**–**	**–**	**–**	**(253.4)**	**–**	**(253.4)**
Actuarial gain on defined benefit scheme	**–**	**–**	**–**	**–**	**–**	**–**
Deferred tax on defined benefit scheme	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive expense for the period	**–**	**–**	**–**	**(253.4)**	**–**	**(253.4)**
Employee share-based incentive charge	**–**	**–**	**–**	**–**	**1.9**	**1.9**
Transfer to retained earnings	**–**	**–**	**–**	**2.0**	**(2.0)**	**–**
Dividends to shareholders	**–**	**–**	**–**	**(20.0)**	**–**	**(20.0)**
Total equity at 30 September 2023	**38.7**	**46.0**	**326.7**	**1,233.0**	**2.7**	**1,647.1**

Condensed group statement of changes in equity

For the six months ended 30 September 2022 (unaudited)

	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 period	–	–	–	(86.6)	–	(86.6)
Actuarial gain on defined benefit scheme	–	–	–	0.6	–	0.6
Deferred tax on defined benefit scheme	–	–	–	(0.1)	–	(0.1)
Total comprehensive expense for the period	–	–	–	(86.1)	–	(86.1)
Employee share-based incentive charge and other items	–	–	–	–	1.3	1.3
Transfer to retained earnings	–	–	–	2.1	(2.1)	–
Dividends to shareholders	–	–	–	(20.0)	–	(20.0)
Total equity at 30 September 2022	38.7	46.0	326.7	1,593.9	2.8	2,008.1

Condensed group statement of changes in equity

For the year ended 31 March 2023 (audited)

	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	–	–	–	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 share-based incentive charge	–	–	–	–	1.3	1.3
Transfer to retained earnings	–	–	–	2.1	(2.1)	–
Dividends to shareholders	–	–	–	(31.9)	–	(31.9)
Total equity at 31 March 2023	38.7	46.0	326.7	1,504.4	2.8	1,918.6

Condensed notes forming part of the half year results

1 Basis of preparation

The information for the year ended 31 March 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The annual financial statements of Great Portland Estates plc will be prepared in accordance with the requirements of the Companies Act 2006 and in accordance with United Kingdom adopted International Financial Reporting Standards (IFRSs). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 Interim Financial Reporting and in accordance with the Disclosure, Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. The accounting policies and methods of computation applied are consistent with those applied in the Group's latest annual audited financial statements. The nature of the Critical Judgements and Key Sources of Estimation Uncertainty applied in the condensed financial statements have remained consistent with those applied in the Group's latest annual audited financial statements. The key source of estimation uncertainty is the valuation of the property portfolio. There were no critical judgements made in the preparation of the condensed financial statements. The Group's performance is not subject to seasonal fluctuations.

New standards, amendments and interpretations are in issue and effective for the Group's financial year ended 31 March 2023, but they do not have a material impact on the interim financial statements. There were no new or revised IFRSs, amendments or interpretations in issue but not yet effective that are potentially material for the Group and which have not yet been applied.

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 £16.6 million of customer deposits as at 30 September 2022 being reclassified and presented gross as cash and cash equivalents and payables with no impact on net assets or the income statement.

Going concern

The directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements for the period ended 30 September 2023, with particular focus on the impact of geopolitical tensions and high inflation on the macro-economic conditions in which the Group is operating. The directors also considered the Group's net current liability position as at 30 September 2023, which is driven by the maturity in May 2024 of a £175 million private placement (see note 14). The directors' assessment is based on the next 12 months of 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 from 30 September 2023;
- an 8% annual reduction in rental income; and
- an overall decrease of around 77% in EPRA earnings.

The going concern scenario demonstrates that the Group over a period of at least 12 months:

– has significant liquidity to fund its ongoing operations, including the drawdown in October 2023 of a new £250 million Term Loan;

– has sufficient funds to repay its £175 million Private Placement Notes in May 2024 when they mature;

– is operating with significant headroom above its Group debt financing covenants;

– property values would have to fall by a further 11% before breach (or 38% from 30 September 2023 values);

– the Group does not project any breaches of ICR, with minimum coverage of 1.69x (vs 1.35x covenant) throughout the going concern period; and

– has no debt maturities other than set out above.

Based on these considerations, together with extensive stress testing, 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 period ended 30 September 2023.

2 Revenue

Year to 31 March 2023 £m		**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
66.6	Gross rental income	**32.0**	32.8
5.9	Spreading of lease incentives	**3.4**	2.5
12.5	Service charge income	**8.9**	5.1
2.4	Joint venture fee income	**0.6**	1.5
3.7	Fully Managed services income	**2.7**	1.4
0.1	Trading property revenue	**–**	0.2
91.2		**47.6**	43.5

The table below sets out the Group's gross rental income split between types of space provided:

Year to 31 March 2023 £m		**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
42.4	Ready to fit	**17.8**	21.1
11.1	Retail	**6.1**	5.9
3.8	Fitted	**2.7**	1.6
4.1	Fully Managed	**2.6**	1.9
5.2	Flex Partnerships	**2.8**	2.3
66.6		**32.0**	32.8

The table below sets out the Group's net rental income, please see note 7 for the Group's alternative performance measures:

Year to 31 March 2023 £m		**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
66.6	Gross rental income	**32.0**	32.8
(0.6)	Expected credit losses	**(0.1)**	(1.1)
66.0	Rental income	**31.9**	31.7
5.9	Spreading of lease incentives	**3.4**	2.5
(1.0)	Ground rent	**(0.3)**	(0.5)
70.9		**35.0**	33.7

3 Cost of sales

Year to 31 March 2023 £m		Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
18.2	Service charge expenses (including Fully Managed service costs)	**12.9**	7.8
13.0	Other property expenses	**3.1**	5.9
1.0	Ground rent	**0.3**	0.5
32.2		**16.3**	14.2

The table below sets out the Group's property costs, please see note 7 for the Group's alternative performance measures:

Year to 31 March 2023 £m		Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
(12.5)	Service charge income	**(8.9)**	(5.1)
(3.7)	Fully Managed services income	**(2.7)**	(1.4)
18.2	Service charge expenses (including Fully Managed service costs)	**12.9**	7.8
13.0	Other property expenses	**3.1**	5.9
0.2	Expected credit losses	**–**	0.1
15.2		**4.4**	7.3

4 Finance income

Year to 31 March 2023 £m		Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
5.9	Interest income on joint venture balances	**2.9**	3.1
0.1	Interest on cash deposits	**–**	–
6.0		**2.9**	3.1

5 Finance costs

Year to 31 March 2023 £m		Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
5.7	Interest on revolving credit facilities	**4.3**	2.2
10.9	Interest on private placement notes	**5.5**	5.5
1.2	Interest on debenture stock	**0.6**	0.6
2.4	Interest on obligations under head leases	**1.2**	1.2
0.1	Interest on obligations under occupational leases	**–**	0.1
20.3	Gross finance costs	**11.6**	9.6
(8.8)	Less: capitalised interest at an average interest cost of 3.7% (2022: 2.9%)	**(4.3)**	(4.6)
11.5		**7.3**	5.0

6 Tax

Year to 31 March 2023 £m		**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
	Current tax		
–	UK corporation tax – current period	**–**	–
–	UK corporation tax – prior periods	**–**	–
–	Total current tax	**–**	–
(0.1)	**Deferred tax**	**–**	(0.1)
(0.1)	Tax credit for the period	**–**	(0.1)

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

Year to 31 March 2023 £m		**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
(164.0)	Loss before tax	**(253.4)**	(86.7)
(31.2)	Tax credit on loss at standard rate of 25% (2022: 19%)	**(63.4)**	(16.5)
35.1	Changes in the fair value of properties not subject to tax	**66.2**	18.8
(7.1)	REIT tax-exempt rental profits and gains	**(4.2)**	(3.1)
2.0	Difference between accounting profit and tax profit on disposal	**–**	–
1.1	Other	**1.4**	0.7
(0.1)	Tax credit for the period	**–**	(0.1)

During the period, deferred tax of £nil was debited directly to equity (2022: £0.1 million debited). The Group recognised a net deferred tax asset at 30 September 2023 of £nil (2022: £nil). This consists of deferred tax assets of £1.2 million (2022: £0.9 million) and deferred tax liabilities of £1.2 million (2022: £0.9 million).

Movement in deferred tax:

	At 1 April 2023 £m	**Recognised in the income statement £m**	**Recognised in equity £m**	**At 30 September 2023 £m**
Net deferred tax asset/(liability) in respect of other temporary differences	–	**–**	**–**	**–**

A deferred tax asset of £6.8 million (2022: £4.5 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.

In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (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.

7 Earnings per share, alternative performance measures and EPRA metrics

Adjusted earnings and net assets per share are calculated in accordance with the Best Practice Recommendations issued by the European Public Real Estate Association (EPRA). The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe, enhancing the transparency and coherence of the sector. The directors consider these standard metrics to be the most appropriate method of reporting the value and performance of the business. The reconciliations between these measures and the equivalent IFRS figures are shown in the tables below.

Earnings per share:

Weighted average number of ordinary shares

Year to 31 March 2023 No. of shares		**Six months to 30 September 2023 No. of shares**	Six months to 30 September 2022 No. of shares
253,867,911	Issued ordinary share capital at 1 April	**253,867,911**	253,867,911
(941,432)	Investment in own shares	**(887,159)**	(964,408)
252,926,479	Weighted average number of ordinary shares – basic	**252,980,752**	252,903,503

Basic and diluted earnings per share

Year to 31 March 2023 Loss per share pence		**Six months to 30 September 2023 Loss after tax £m**	**Six months to 30 September 2023 No. of shares million**	**Six months to 30 September 2023 Loss per share pence**	Six months to 30 September 2022 Loss after tax £m	Six months to 30 September 2022 No. of shares million	Six months to 30 September 2022 Loss per share pence
(64.8)	Basic	**(253.4)**	**253.0**	**(100.1)**	(86.6)	252.9	(34.3)
–	Dilutive effect of LTIP shares	**–**	**0.1**	**–**	–	–	–
(64.8)	Diluted	**(253.4)**	**253.1**	**(100.1)**	(86.6)	252.9	(34.3)

EPRA Earnings per share

Year to 31 March 2023 (Loss)/ Earnings per share pence		**Six months to 30 September 2023 Profit/(loss) after tax £m**	**Six months to 30 September 2023 No. of shares million**	**Six months to 30 September 2023 Earnings/ (expense) per share pence**	Six months to 30 September 2022 Profit/(loss) after tax £m	Six months to 30 September 2022 No. of shares million	Six months to 30 September 2022 Earnings/ (expense) per share pence
(64.8)	Basic	**(253.4)**	**253.0**	**(100.1)**	(86.6)	252.9	(34.3)
57.3	Deficit from investment property (note 8)	**219.7**	**–**	**86.8**	80.6	–	31.9
17.1	Deficit from joint venture investment property (note 9)	**45.5**	**–**	**18.0**	17.7	–	7.0
–	Trading property revenue	**–**	**–**	**–**	(0.2)	–	(0.1)
(0.1)	Deferred tax (note 6)	**–**	**–**	**–**	(0.1)	–	–
9.5	Basic EPRA earnings	**11.8**	**253.0**	**4.7**	11.4	252.9	4.5
–	Dilutive effect of LTIP shares	**–**	**0.1**	**–**	–	–	–
9.5	Diluted EPRA earnings	**11.8**	**253.1**	**4.7**	11.4	252.9	4.5

7 Earnings per share, alternative performance measures and EPRA metrics (continued)

Net assets per share:

In accordance with EPRA, we report 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 net asset value alongside IFRS net asset value.

Number of ordinary shares

31 March 2023 No. of shares		**30 September 2023 No. of shares**	30 September 2022 No. of shares
253,867,911	Issued ordinary share capital	**253,867,911**	253,867,911
(887,159)	Investment in own shares	**(887,159)**	(1,025,440)
252,980,752	Number of shares – basic	**252,980,752**	252,842,471
326,340	Dilutive effect of LTIP shares	**479,867**	–
253,307,092	Number of shares – diluted	**253,460,619**	252,842,471

EPRA net assets per share

31 March 2023 EPRA NTA £m		**30 September 2023 IFRS £m**	**30 September 2023 EPRA NTA £m**	**30 September 2023 EPRA NDV £m**	**30 September 2023 EPRA NRV £m**	30 September 2022 EPRA NTA £m
1,918.6	IFRS basic and diluted net assets	**1,647.1**	**1,647.1**	**1,647.1**	**1,647.1**	2,008.1
–	Fair value of financial liabilities	**–**	**–**	**76.4**	**–**	–
–	Real estate transfer tax	**–**	**–**	**–**	**168.0**	–
1,918.6	Net assets used in per share calculations	**1,647.1**	**1,647.1**	**1,723.5**	**1,815.1**	2,008.1

31 March 2023 EPRA NTA pence		**30 September 2023 IFRS pence**	**30 September 2023 EPRA NTA pence**	**30 September 2023 EPRA NDV pence**	**30 September 2023 EPRA NRV pence**	30 September 2022 EPRA NTA pence
758	Net assets per share	**651**	**651**	**681**	**717**	794
757	Diluted net assets per share	**650**	**650**	**680**	**716**	794

Total Accounting return

Year to 31 March 2023 per share pence		**Six months to 30 September 2023 per share pence**	Six months to 30 September 2022 per share pence
835.0	Opening EPRA NTA (A)	**757.0**	835.0
757.0	Closing EPRA NTA	**650.0**	794.0
(78.0)	Decrease in EPRA NTA	**(107.0)**	(41.0)
12.6	Ordinary dividend paid in period	**7.9**	7.9
(65.4)	Total return (B)	**(99.1)**	(33.1)
(7.8%)	Total accounting return (B/A)	**(13.1%)**	(4.0%)

7 Earnings per share, alternative performance measures and EPRA metrics (continued)

Cash earnings per share

Year to 31 March 2023 Earnings per share pence		Six months to 30 September 2023 Profit after tax £m	Six months to 30 September 2023 No. of shares million	Six months to 30 September 2023 Earnings per share pence	Six months to 30 September 2022 Profit after tax £m	Six months to 30 September 2022 No. of shares million	Six months to 30 September 2022 Earnings per share pence
9.5	Diluted EPRA earnings	**11.8**	**253.1**	**4.7**	11.4	252.9	4.5
(3.5)	Capitalised interest	**(4.3)**	**–**	**(1.7)**	(4.6)	–	(1.8)
(2.3)	Spreading of tenant lease incentives	**(3.4)**	**–**	**(1.3)**	(2.5)	–	(1.0)
(2.8)	Spreading of tenant lease incentives in joint ventures	**(2.3)**	**–**	**(0.9)**	(3.3)	–	(1.3)
0.5	Employee share-based incentive charge and other items	**1.9**	**–**	**0.7**	1.3	–	0.5
1.4	Cash earnings per share	**3.7**	**253.1**	**1.5**	2.3	252.9	0.9

EPRA loan-to-property value and net debt

31 March 2023 £m		30 September 2023 £m	30 September 2022 £m
21.9	£21.9 million 5.625% debenture stock 2029	**21.9**	21.9
14.0	£450.0 million revolving credit facility	**222.0**	166.0
425.0	Private placement notes	**425.0**	425.0
(3.2)	Less: cash balances (unrestricted)	**(5.6)**	(7.0)
457.7	Group net debt	**663.3**	605.9
27.8	Net payables (excluding customer rent deposits)	**19.0**	26.7
485.5	Group net debt including net payables	**682.3**	632.6
3.4	Joint venture net payables (at share)	**8.5**	7.5
(17.7)	Joint venture cash balances (at share)	**(25.3)**	(24.0)
471.2	Net debt including joint ventures (A)	**665.5**	616.1
1,855.5	Group properties at market value	**1,819.1**	2,069.0
524.5	Joint venture properties at market value (at share)	**483.6**	545.0
2,380.0	Property portfolio at market value including joint ventures (B)	**2,302.7**	2,614.0
19.8%	EPRA Loan-to-property value (A/B)	**28.9%**	23.6%

Net gearing

31 March 2023 £m		30 September 2023 £m	30 September 2022 £m
460.9	Nominal value of interest-bearing loans and borrowings	**668.9**	612.9
2.0	Obligations under occupational leases	**1.5**	2.4
(3.2)	Less: cash balances (unrestricted)	**(5.6)**	(7.0)
459.7	Adjusted net debt (A)	**664.8**	608.3
1,918.6	Net assets	**1,647.1**	2,008.1
(4.1)	Pension scheme asset	**(4.4)**	(4.3)
1,914.5	Adjusted net equity (B)	**1,642.7**	2,003.8
24.0%	Net gearing (A/B)	**40.5%**	30.4%

8 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2023	**883.5**	**925.0**	**1,808.5**
Costs capitalised	**9.5**	**25.7**	**35.2**
Movement in lease incentives	**4.7**	**(0.2)**	**4.5**
Interest capitalised	**–**	**1.0**	**1.0**
Acquisitions	**128.9**	**–**	**128.9**
Transfer to investment property under development	**–**	**(38.0)**	**(38.0)**
Transfer to investment property held for sale	**(5.8)**	**–**	**(5.8)**
Net valuation deficit	**(97.0)**	**(86.0)**	**(183.0)**
Book value at 30 September 2023	**923.8**	**827.5**	**1,751.3**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2023	**–**	**113.7**	**113.7**
Costs capitalised	**–**	**9.9**	**9.9**
Interest capitalised	**–**	**3.3**	**3.3**
Transfer from investment property	**–**	**38.0**	**38.0**
Net valuation deficit	**–**	**(35.4)**	**(35.4)**
Book value at 30 September 2023	**–**	**129.5**	**129.5**
Book value of investment property at 30 September 2023	**923.8**	**957.0**	**1,880.8**

Investment property held for sale – current asset

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2023	**–**	**–**	**–**
Transfer from investment property – exchanged for sale	**5.8**	**–**	**5.8**
Net valuation deficit	**(0.8)**	**–**	**(0.8)**
Book value at 30 September 2023	**5.0**	**–**	**5.0**

	Freehold £m	Leasehold £m	Total £m
Book value of total investment property at 30 September 2023	**928.8**	**957.0**	**1,885.8**
Book value of total investment property at 31 March 2023	883.5	1,038.7	1,922.2

Deficit from investment property

Year to 31 March 2023 £m		Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
(141.7)	Net valuation deficit on investment property	**(219.2)**	(81.0)
(3.3)	(Loss)/profit on sale of investment properties	**(0.5)**	0.4
(145.0)	**Deficit from investment property**	**(219.7)**	(80.6)

The book value of investment property includes £66.7 million (31 March 2023: £66.7 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £1,819.1 million (31 March 2023: £1,855.5 million). The total portfolio value including joint venture properties of £483.6 million (31 March 2023: £524.5 million) (see note 9) was £2,302.7 million (31 March 2023: £2,380.0 million). At 30 September 2023, property with a carrying value of £104.5 million (31 March 2023: £111.0 million) was secured under the first mortgage debenture stock (see note 14). At the balance sheet date, one property had exchanged for sale and accordingly was classified as held for sale. The sale is anticipated to complete in November 2023.

8 Investment property (continued)

The Group's investment properties, including those held in joint ventures (note 9), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 30 September 2023. The valuations have been prepared in accordance with the current version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

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

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 £245.1 million, whilst a 50 basis point increase (the actual movement was 43 basis points for the current period) would reduce the fair value by £202.1 million. 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. There is a negative relationship between development costs and the property valuation, such that an increase in estimated development costs will decrease the valuation of a property under development and a decrease in estimated development costs will increase the valuation of a property under development.

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, and we estimate that the investment required to upgrade our existing buildings to the new minimum EPC B rating by 2030 is less than £15 million (including share of joint ventures).

Key inputs to the valuation (by building and location) at 30 September 2023

		ERV		**True equivalent yield**	
		Average £ per sq ft	**Range £ per sq ft**	**Average %**	**Range %**
North of Oxford Street	Office	**97**	**54 – 174**	**5.1**	**4.6 – 7.3**
	Retail	**66**	**34 – 107**	**5.1**	**4.5 – 8.9**
Rest of West End	Office	**99**	**57 – 167**	**5.5**	**3.3 – 7.0**
	Retail	**101**	**15 – 266**	**4.8**	**3.2 – 6.7**
City, Midtown and Southwark	Office	**77**	**47 – 170**	**5.5**	**5.1 – 6.7**
	Retail	**24**	**24 – 27**	**5.8**	**5.2 – 6.4**

Key inputs to the valuation (by building and location) at 31 March 2023

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	88	54 – 131	4.8	4.3 – 6.8
	Retail	63	33 – 107	4.5	4.2 – 7.5
Rest of West End	Office	101	57 – 163	5.4	3.3 – 7.3
	Retail	96	15 – 266	4.7	3.2 – 7.1
City, Midtown and Southwark	Office	75	47 – 167	5.0	4.5 – 6.1
	Retail	25	25 – 27	5.5	4.6 – 5.9

During the period, the Group capitalised £0.7 million (2022: £0.7 million) of employee costs in respect of its development team into investment properties under development. At 30 September 2023, the Group had capital commitments of £394.8 million (2022: £16.0 million).

9 Investment in joint ventures

	Equity £m	Balances with partners £m	Total £m
At 1 April 2023	324.4	214.4	538.8
Movement on joint venture balances	**–**	**1.1**	**1.1**
Additions	**0.1**	**–**	**0.1**
Share of profit of joint ventures	**5.9**	**–**	**5.9**
Share of revaluation deficit of joint ventures	**(45.5)**	**–**	**(45.5)**
Share of results of joint ventures	**(39.6)**	**–**	**(39.6)**
At 30 September 2023	**284.9**	**215.5**	**500.4**

The investments in joint ventures comprise the following:

Ownership 31 March 2023		Country of Incorporation/registration	Ownership 30 September 2023	Ownership 30 September 2022
50%	The GHS Limited Partnership	Jersey	**50%**	50%
50%	The Great Ropemaker Partnership	United Kingdom	**50%**	50%
50%	The Great Victoria Partnerships	United Kingdom	**50%**	50%

The investment properties include £5.1 million (2022: £5.1 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £483.6 million. At 30 September 2023, the Group's share of joint venture capital commitments was £nil million (2022: £1.4 million).

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

Year to 31 March 2023 £m		Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
3.1	Movement on joint venture balances during the period	**(1.1)**	3.0
(214.4)	Balances receivable at the period end from joint ventures	**(215.5)**	(214.5)
5.9	Interest on balances with partners	**2.9**	3.1
7.5	Distributions	**–**	3.5
2.4	Joint venture fees paid	**0.6**	1.5

The joint venture balances are repayable on demand and bear interest as follows: the GHS Limited Partnership at 4.0% p.a. and the Great Ropemaker Partnership at 2.0% p.a. 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.

Summarised balance sheets

Year to 31 March 2023 At share £m		The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	Six months to 30 September 2023 Total £m	Six months to 30 September 2023 At share £m	Six months to 30 September 2022 At share £m
529.6	Investment property	**641.0**	**262.8**	**73.6**	**977.4**	**488.7**	550.1
3.6	Current assets	**2.2**	**2.8**	**0.6**	**5.6**	**2.8**	2.2
17.7	Cash and cash equivalents	**11.0**	**21.0**	**18.5**	**50.5**	**25.3**	24.0
(214.4)	Balances from partners	**(227.4)**	**(130.5)**	**(73.1)**	**(431.0)**	**(215.5)**	(214.5)
(7.0)	Current liabilities	**(9.9)**	**(12.0)**	**(0.7)**	**(22.6)**	**(11.3)**	(9.7)
(5.1)	Obligations under head leases	**–**	**(10.2)**	**–**	**(10.2)**	**(5.1)**	(5.1)
324.4	Net assets	**416.9**	**133.9**	**18.9**	**569.7**	**284.9**	347.0

9 Investment in joint ventures (continued)

Summarised income statements

31 March 2023 At share £m		The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	30 September 2023 Total £m	30 September 2023 At share £m	30 September 2022 At share £m
18.2	Net rental income	**10.0**	**7.6**	**2.4**	**20.0**	**10.0**	8.4
(2.2)	Property and administration costs	**(0.9)**	**(0.9)**	**(0.4)**	**(2.2)**	**(1.1)**	(2.3)
(6.2)	Net finance costs	**(4.6)**	**(1.5)**	**–**	**(6.1)**	**(3.0)**	(3.2)
9.8	Share of profit of joint ventures	**4.5**	**5.2**	**2.0**	**11.7**	**5.9**	2.9
(43.2)	Revaluation of investment property	**(27.5)**	**(53.9)**	**(9.5)**	**(90.9)**	**(45.5)**	(17.7)
(33.4)	Results of joint ventures	**(23.0)**	**(48.7)**	**(7.5)**	**(79.2)**	**(39.6)**	(14.8)

10 Property, plant and equipment

	Right of use asset for occupational leases £m	Leasehold improvements £m	Fixtures and fittings/other £m	Total £m
Cost or valuation				
At 1 April 2023	4.9	5.6	2.1	12.6
Additions	**–**	**–**	**0.1**	**0.1**
At 30 September 2023	**4.9**	**5.6**	**2.2**	**12.7**
Accumulated depreciation				
At 1 April 2023	3.3	3.9	1.9	9.1
Charge for the period	**0.4**	**0.4**	**0.1**	**0.9**
At 30 September 2023	**3.7**	**4.3**	**2.0**	**10.0**
Carrying amount at 30 September 2023	**1.2**	**1.3**	**0.2**	**2.7**
Carrying amount at 31 March 2023	1.6	1.7	0.2	3.5

11 Other investments

31 March 2023 £m		30 September 2023 £m	30 September 2022 £m
1.0	At 1 April	**1.8**	1.0
0.7	Acquisitions	**0.4**	0.5
0.1	Surplus on revaluation	**-**	–
1.8		**2.2**	1.5

In January 2020, the Group entered into a commitment of up to £5 million to invest in Pi Labs European PropTech venture capital fund. At 30 September 2023, the Group had made net investments of £2.2 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. Key areas of focus for the fund include sustainability, the future of work, the future of retail, commercial real estate technologies, construction technology and smart cities.

12 Trade and other receivables

31 March 2023 £m		30 September 2023 £m	30 September 2022 £m
8.3	Trade receivables	**7.8**	8.7
(1.7)	Expected credit loss allowance	**(0.3)**	(3.8)
6.6		**7.5**	4.9
4.4	Prepayments and accrued income	**1.1**	2.2
–	Other taxes	**8.3**	0.1
4.8	Other trade receivables	**12.6**	6.8
15.8		**29.5**	14.0

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the occupier'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 occupier's circumstance. This assessment reviews the outstanding balances of each individual occupier 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.

Year to 31 March 2023 £m		Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
	Movements in expected credit loss allowance		
(6.0)	Balance at 1 April	**(1.7)**	(6.0)
(1.0)	Expected credit loss allowance during the period (see below)	**(0.1)**	(1.4)
0.8	Expected credit loss allowance in respect of future periods	**–**	0.8
4.5	Amounts written-off as uncollectible	**1.5**	2.8
(1.7)		**(0.3)**	(3.8)

The expected credit loss for the period comprises:

	Gross 30 September 2023 £m	Net of VAT 30 September 2023 £m	Gross 30 September 2022 £m	Net of VAT 30 September 2022 £m
Expected credit loss allowance for the period				
Group	**0.1**	**0.1**	1.4	1.2
Joint ventures (at share)	**–**	**–**	(0.1)	(0.1)
Total	**0.1**	**0.1**	1.3	1.1

13 Trade and other payables

31 March 2023 £m		**30 September 2023 £m**	* Restated 30 September 2022 £m
15.1	Rents received in advance	**16.5**	14.2
5.9	Accrued capital expenditure	**9.5**	7.9
16.2	Payables in respect of customer rent deposits (see note 1)	**17.8**	16.6
15.2	Other accruals	**14.2**	16.7
0.7	Other taxes	**–**	–
3.7	Other payables	**5.0**	1.9
56.8		**63.0**	57.3

** 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 £16.6 million.*

14 Interest-bearing loans and borrowings

31 March 2023 £m		**30 September 2023 £m**	30 September 2022 £m
	Current liabilities at amortised cost		
	Unsecured		
–	£175.0 million 2.15% private placement notes 2024	**174.9**	–
	Non-current liabilities at amortised cost		
	Secured		
22.0	£21.9 million 5.625% debenture stock 2029	**22.0**	22.0
	Unsecured		
12.8	£450.0 million revolving credit facility	**220.9**	164.6
174.8	£175.0 million 2.15% private placement notes 2024	**–**	174.8
39.9	£40.0 million 2.70% private placement notes 2028	**40.0**	39.9
29.9	£30.0 million 2.79% private placement notes 2030	**29.9**	29.9
29.9	£30.0 million 2.93% private placement notes 2033	**29.9**	29.9
24.9	£25.0 million 2.75% private placement notes 2032	**24.9**	24.9
124.3	£125.0 million 2.77% private placement notes 2035	**124.3**	124.3
458.5		**666.8**	610.3

In April 2023, the Group extended the maturity of £50 million of its £450 million unsecured revolving credit facility (RCF) to January 2027, coterminous with the remainder of the facility. The facility is unsecured, attracts a floating rate based on a headline margin which was reduced to 90.0 basis points over SONIA (plus or minus 2.5 basis points subject to a number of ESG linked targets). At 30 September 2023, the Group had £228 million (2022: £284 million) of undrawn committed credit facilities.

In September 2023, the Group arranged a new £250 million unsecured Term Loan at a headline margin of 175 basis points over SONIA with three existing relationship banks. The loan has an initial three-year term which may be extended to a maximum of five years at GPE's request, subject to bank consent. The loan was drawn on 9 October 2023, increasing our committed cash and undrawn credit facilities to £508 million. The Group also entered a £200 million interest rate cap (at a cost of £2.1 million) to protect against any further increases in rates whilst preserving the benefit of any reductions. The interest rate cap was effective from 9 October 2023.

14 Interest-bearing loans and borrowings (continued)

At 30 September 2023, properties with a carrying value of £104.5 million (31 March 2023: £111.0 million) were secured under the Group's debenture stock.

Fair value of financial liabilities

31 March 2023 Book value £m	31 March 2023 Fair value £m	Items not carried at fair value	30 September 2023 Book value £m	30 September 2023 Fair value £m	30 September 2022 Book value £m	30 September 2022 Fair value £m
22.0	22.4	£21.9 million 5.625% debenture stock 2029	**22.0**	**21.5**	22.0	21.4
423.7	339.9	Private placement notes	**423.9**	**348.0**	423.7	332.8
12.8	12.8	£450.0 million revolving credit facility	**220.9**	**220.9**	164.6	164.6
458.5	375.1		**666.8**	**590.4**	610.3	518.8

The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements. The fair values of the Group's private placement notes and debenture stock were determined by comparing the discounted future cash flows using the contracted yields with those of the reference gilts plus the implied margins.

15 Share capital

Year to 31 March 2023 Number	Year to 31 March 2023 £m		Six months to 30 September 2023 Number	Six months to 30 September 2023 £m	Six months to 30 September 2022 Number	Six months to 30 September 2022 £m
		Allotted, called up and fully paid				
253,867,911	38.7	At the beginning and end of the period	253,867,911	38.7	253,867,911	38.7

At 30 September 2023, the Company had 253,867,911 ordinary shares with a nominal value of 15$\frac{5}{19}$ pence each.

16 Head lease obligations

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

	Minimum lease payments 30 September 2023 £m	Impact of discounting 30 September 2023 £m	Present value of minimum lease payments 30 September 2023 £m	Minimum lease payments 30 September 2022 £m	Impact of discounting 30 September 2022 £m	Present value of minimum lease payments 30 September 2022 £m
Less than one year	**2.4**	**(2.4)**	**–**	2.4	(2.4)	–
Between two and five years	**9.7**	**(9.5)**	**0.2**	9.7	(9.5)	0.2
More than five years	**302.2**	**(235.7)**	**66.5**	302.8	(236.3)	66.5
	314.3	**(247.6)**	**66.7**	314.9	(248.2)	66.7

17 Occupational lease obligations

Obligations in respect of the Group's occupational leases for its head office are payable as follows:

	Minimum lease payments 30 September 2023 £m	Impact of discounting 30 September 2023 £m	Present value of minimum lease payments 30 September 2023 £m	Minimum lease payments 30 September 2022 £m	Impact of discounting 30 September 2022 £m	Present value of minimum lease payments 30 September 2022 £m
Less than one year	**1.0**	**–**	**1.0**	1.0	–	1.0
Between two and five years	**0.5**	**–**	**0.5**	1.5	(0.1)	1.4
	1.5	**–**	**1.5**	2.5	(0.1)	2.4

18 Investment in own shares

Year to 31 March 2023 £m		**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
(3.6)	At the beginning of the period	**(2.8)**	(3.6)
(1.3)	Employee share-based inventive charge	**(1.9)**	(1.2)
2.1	Transfer to retained earnings	**2.0**	2.1
–	Other	**–**	(0.1)
(2.8)	At the end of the period	**(2.7)**	(2.8)

The investment in the Company's own shares is held at cost and comprises 887,159 shares (31 March 2023: 887,159 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the period, no shares (2022: no shares) were awarded to directors and senior employees in respect of the 2019 LTIP award. The fair value of shares awarded and outstanding at 30 September 2023 was £11.1 million (31 March 2023: £8.4 million).

19 Cash and cash equivalents

31 March 2023 £m		**30 September 2023 £m**	*Restated 30 September 2022 £m
3.2	Cash held at bank (unrestricted)	**5.6**	7.0
16.2	Amounts held in respect of customer rent deposits (restricted)	**17.8**	16.6
19.4		**23.4**	23.6

** 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 £16.6 million.*

20 Notes to the group statement of cash flow

Adjustment for non-cash items

Year to 31 March 2023 £m		**Six months to 30 September 2023 £m**	Six months to 30 September 2022 £m
145.0	Deficit from investment property	**219.7**	80.6
(0.1)	Surplus on revaluation of other investments	**–**	–
1.3	Employee share-based incentive charge and other items	**1.9**	1.3
(5.9)	Spreading of tenant lease incentives	**(3.4)**	(2.5)
33.4	Share of results from joint ventures	**39.6**	14.8
1.7	Depreciation	**0.9**	0.9
(0.3)	Other	**(0.3)**	(0.1)
175.1	Adjustments for non-cash items	**258.4**	95.0

21 Lease receivables

Future aggregate minimum rents receivable under non-cancellable leases are:

31 March 2023 £m		**30 September 2023 £m**	30 September 2022 £m
	The Group as a lessor		
58.3	Less than one year	**61.4**	60.1
129.9	Between one and five years	**137.7**	145.6
66.7	More than five years	**63.4**	75.3
254.9		**262.5**	281.0

The Group leases its investment properties. The weighted average length of lease at 30 September 2023 was 3.3 years (2022: 3.4 years). All investment properties, except those under development or being prepared for development, generated rental income and no contingent rents were recognised in the period (2022: £nil).

22 Dividends

The declared interim dividend of 4.7 pence per share (2022: 4.7 pence per share) was approved by the Board on 15 November 2023 and is payable on 4 January 2024 to shareholders on the register on 24 November 2023. The dividend is not recognised as a liability in the Half Year Results.

23 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 buy-back 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 share based incentives less accounting charges.

Directors' responsibility statement

The Directors confirm that the condensed interim financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting", and that the Interim Results includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the period and their impact on the interim condensed financial statements, and a description of the principal risks and uncertainties for the remainder of the financial year; and
- material related party transactions in the period and any material changes in the related party transactions described in the last annual report.

By the order of the Board

Toby Courtauld
Chief Executive
15 November 2023

Nick Sanderson
Chief Financial & Operating Officer
15 November 2023

Independent review report to Great Portland Estates PLC
Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Great Portland Estates PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results of Great Portland Estates PLC for the 6 month period ended 30 September 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed group balance sheet as at 30 September 2023;
- the Condensed group income statement and Condensed group statement of comprehensive income for the period then ended;
- the Condensed group statement of cash flows for the period then ended;
- the Condensed group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results of Great Portland Estates PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Independent review report to Great Portland Estates PLC (continued)

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
15 November 2023

Directors and shareholders' information

Directors

Richard Mully
Chair, Non-Executive
Toby Courtauld
Chief Executive
Nick Sanderson
Chief Financial & Operating Officer
Dan Nicholson
Executive Director

Mark Anderson
Non-Executive Director
Nick Hampton
Non-Executive Director
Emma Woods
Non-Executive Director
Champa Magesh
Non-Executive Director

Shareholders' information

Financial calendar	**2023**
Ex-dividend date for interim dividend	23 November
Registration qualifying date for interim dividend	24 November
	2024
Interim dividend payable	4 January
Announcement of full year results	22 May*
Annual General Meeting	4 July*
Final dividend payable	8 July*

*Provisional.

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

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: +44 (0) 371 384 2030 (Lines are open 8.30am-5.30pm Monday to Friday)

E-mail: customer@equiniti.com

See www.shareview.co.uk for further information

Website: www.gpe.co.uk
The Company's corporate website holds, amongst other information, a copy of our latest annual report and accounts, a list of properties held by the Group and press announcements.

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

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

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 non-cash items: tenant 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 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 Company's valuers at each balance sheet date.

Fair value – investment property

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

Glossary (continued)

Ready-to-fit

Offices 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 running of the workplace in one monthly bill.

Flex partnerships

Revenue share agreements with flexible space operators, these are typically structured via lease arrangements with the revenue share recognised within rental income.

IFRS

United Kingdom adopted international accounting standards.

Internal Rate of Return (IRR)

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

Like-for-like portfolio

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 presented on a diluted and undiluted basis.

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 (including the convertible bonds at nominal value) less short-term deposits and cash as a percentage of equity shareholders' funds, 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 purchaser's costs.

Non-PIDs

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

PMI

Purchasing Managers Index.

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.

Glossary (continued)

Return on shareholders' equity

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

Reversionary or under-rented

The percentage by which ERV exceeds rent roll on let space.

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 purchaser's costs and contracted uplifts from tenant incentives.

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 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 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 as calculated by MSCI.

Total Shareholder Return (TSR)

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

Triple net asset value (NNNAV)

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

True equivalent yield

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

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.

Vacancy rate

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

Weighted Average Unexpired Lease Term (WAULT)

The Weighted Average Unexpired Lease Term expressed in years.

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.

Appendix 1

The broader macro-economic environment deteriorated over the period. Inflation has remained ahead of expectations putting upward pressure on interest rates, reducing investment demand and reducing property values. However, despite heightened levels of uncertainty, our occupational markets were resilient, with the best spaces showing continued demand and rents for prime spaces rising.

Macro-economic backdrop

- IMF estimates global GDP growth of 3.0% in 2023 and forecasts 2.9% growth for 2024.
- UK still forecast to grow; 0.4% GDP growth in 2024 or 1.2% p.a. over next three years with London expected to outperform at 0.7% in 2024. (Oxford Economics).
- Consumer confidence recovered from early 2023 lows, but has recently deteriotated in October 2023 to -30, from -21 In September 2023 (GfK Consumer Confidence).
- Deloitte CFO survey: despite macro uncertainties, levels of business confidence rose in the quarter to September 2023 and are running ahead of the long-term average.
- UK PMI surveys have worsened, UK Composite PMI 48.5 in September 2023, down from 52.2 in March 2023 (S&P Global).
- Inflationary risks remain; UK CPI 6.3% in September 2023, forecast to decline over next twelve months.

Occupational markets[1]

- Activity levels remain healthy; central London take-up 4.7 million sq ft in last six months, 8.5% less than the previous six months and 23.2% below ten-year average.
- Central London active demand 7.3 million sq ft, up 10.6% since March 2023 (Knight Frank).
- Availability remains elevated at 25.5 million sq ft, marginally ahead of 31 March 2023 and remains 52.6% ahead of the ten-year average.
- Space under offer 3.8 million sq ft, up from 3.1 million sq ft at 31 March 2023 and 8.4% ahead of the ten-year average .
- Central London vacancy rate 8.8% at 30 Septmeber 2023; down from 9.0% at March; vacancy of newly completed space only 1.7%
- Supply remains tight; availability of space newly completed or being early marketed low at 32.1% of total available stock (8.2 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 1.5 million sq ft, down 28.1% on preceding six months.
- Availability 5.6 million sq ft, down 7.2% since 31 March 2023.
- Vacancy 4.2%, up from 3.4% at 31 March 2023; vacancy of newly completed space only 0.9%.
- Prime office rental values remained stable at £140 per sq ft at 30 September 2023.
- Retail vacancy reduced; Zone A rents returned to growth.

The City

- Office take-up 2.5 million sq ft, up 21.3% on preceding six months.
- Availability 10.7 million sq ft, down 1.9% since 31 March 2023.
- Vacancy 11.5% up from 11.3% at 31 March 2023; vacancy of newly completed space only 2.1%.
- Prime office rental values £74 per sq ft, up 2.8% in period.

Investment markets[1]

- Demand for London real estate continued to slow in the period given interest rates remain persistantly ahead of projections;
- Office investment deals totalled £2.1 billion for the six months to 30 September 2023, £4.5 billion for the 12 months, down 68.5% on the preceding year, demonstrating a significant slowdown.
- We estimate that £5.7 billion of real estate is currently on the market to buy versus £20.2 billion of equity demand looking to invest.
- Given rising global interest rates, prime yields have softened; CBRE reports prime yields of 4.00% and 5.5% for the West End and City respectively.
- Retail yields stable; 4.25% Regent Street, 4.5% Oxford Street and 2.5% Bond Street.

Near-term outlook

Our markets are cyclical, as a result, we actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last six months, given the increased economic uncertainty, our property capital value indicators have deteriorated from those we reported in May. Investment market activity has remained subdued, with current levels of interest rates and uncertainty putting some upward pressure on yields. However, we anticipate that once there is confidence that rates have peaked, and inflation is under control, investment activity will return given the weight of money waiting on the sidelines to invest.

In the occupational market, given the scarcity of high quality spaces in central London, we expect our leasing and rental performance of the portfolio in the first half of the year to continue. Accordingly, we have updated our rental value growth range for the financial year to 31 March 2024 to between 2.5% and 5.0%.

1. To 30 September 2023 and sourced from CBRE unless otherwise stated.

Appendix 1 continued

Selected lead indicators

Drivers of rents[1]	May 2023	**November 2023**
GDP/GVA growth	🟠	🟠
Business investment	🟠	🟠
Confidence	🟠	🟠
Employment growth	🟠	🟠
Active demand/take-up	🟠	🟠
Vacancy rates	🟠	🟢
Development completions	🟢	🟢
Drivers of yields		
Rental growth	🟠	🟠
Weight of money	🟠	🔴
Gilts	🟠	🟠
BBB Bonds	🟠	🔴
Exchange rates	🟠	🟠
Political risk	🟠	🟠

1. Offices.

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	690.3	–	690.3	30.0	(7.7)
	Retail	155.7	36.8	192.5	8.4	(9.1)
	Residential	4.0	–	4.0	0.2	(13.2)
Rest of West End	Office	221.3	235.2	456.5	19.8	(0.3)
	Retail	125.2	112.7	237.9	10.3	(10.5)
	Residential	4.4	–	4.4	0.2	(12.7)
Total West End		**1,200.9**	**384.7**	**1,585.6**	**68.9**	**(6.3)**
City, Midtown and Southwark	Office	381.9	98.9	480.8	20.9	(15.8)
	Retail	7.8	–	7.8	0.3	(5.8)
	Residential	2.5	–	2.5	0.1	(18.1)
Total City, Midtown and Southwark		392.2	98.9	491.1	21.3	(15.6)
Investment property portfolio		**1,593.1**	**483.6**	**2,076.7**	**90.2**	**(8.7)**
Development property		104.7	–	104.7	4.5	(33.0)
Total properties held throughout the year		**1,697.8**	**483.6**	**2,181.4**	**94.7**	**(10.3)**
Acquisitions		121.3	–	121.3	5.3	(5.9)
Portfolio valuation		**1,819.1**	**483.6**	**2,302.7**	**100.0**	**(10.1)**

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	886.9	–	886.9	690.3	192.5	4.0	886.8	760
Rest of West End	806.0	38.0	844.0	594.6	245.1	4.4	844.1	658
Total West End	**1,692.9**	**38.0**	**1,730.9**	**1,284.9**	**437.6**	**8.4**	**1,730.9**	**1,418**
City, Midtown and Southwark	505.1	66.7	571.8	561.4	7.9	2.5	571.8	1,258
Total	**2,198.0**	**104.7**	**2,302.7**	**1,846.3**	**445.5**	**10.9**	**2,302.7**	**2,676**

		Investment properties £m	Development properties £m	Total property portfolio £m
By use:	Office	1,744.4	101.9	1,846.3
	Retail	442.7	2.8	445.5
	Residential	10.9	–	10.9
Total		**2,198.0**	**104.7**	**2,302.7**
Net internal area sq ft 000's		2,286	390	2,676

Appendix 3

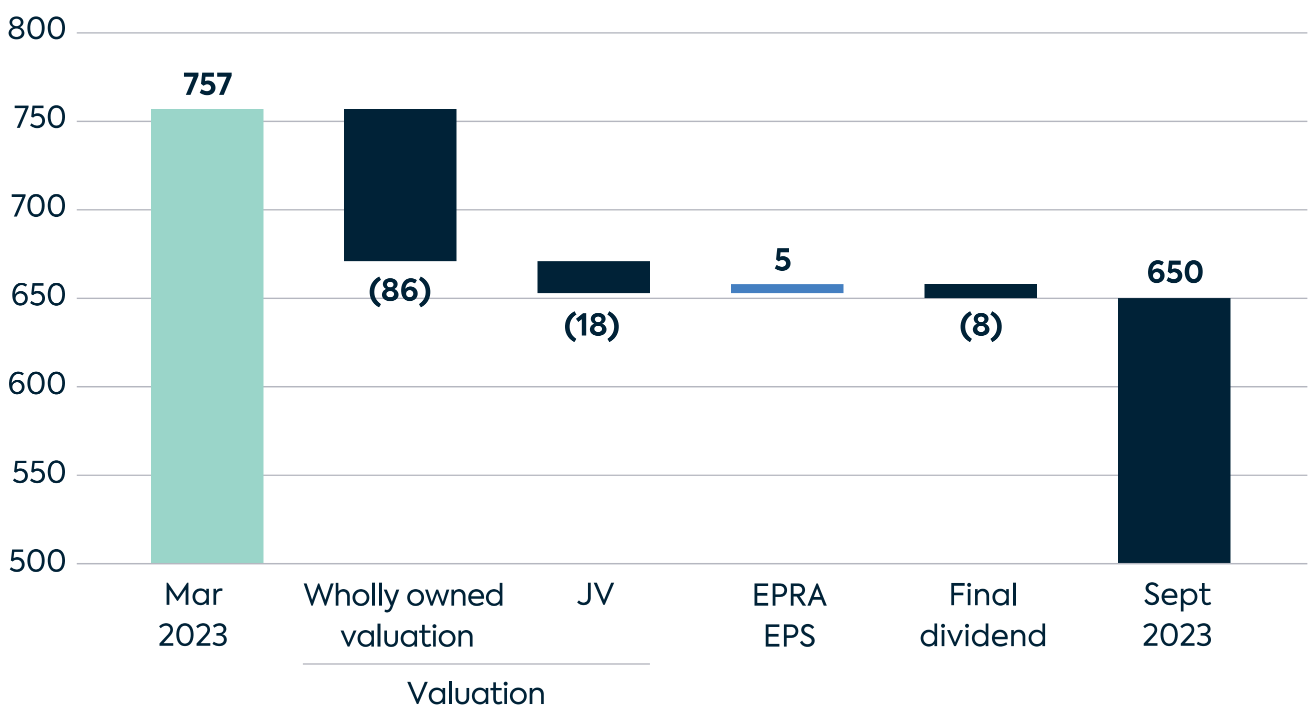
Acquisitions for the period ended 30 September 2023

	Price £m	NIY %	Area sq ft	Cost per sq ft
Commercial				
141 Wardour Street, W1	39.0	n/a	33,717	1,156
Bramah House, 65/71 Bermondsey Street, SE1	14.0	5.9	15,696	892
16/19 Soho Square, 29/43 Oxford Street and 7 Falconberg Mews, W1	70.0	n/a	57,150	772[1]
Total	**123.0**	**n/a**	**106,563**	**911**

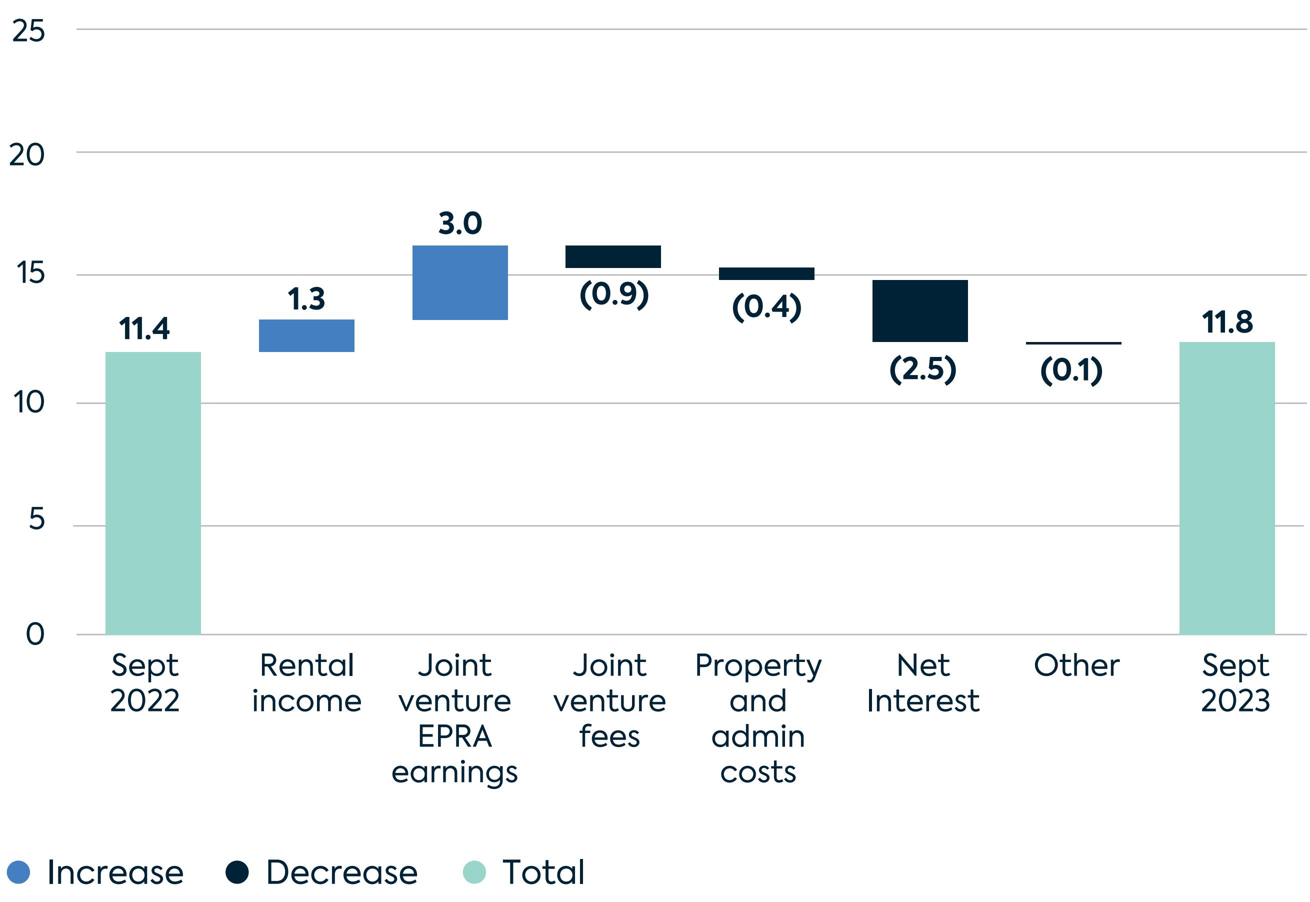
1. On consented NIA.

Appendix 4

EPRA NTA pence per share



EPRA earnings £m



Appendix 4 continued

Debt analysis

	Today	September 2023	March 2023
Net debt excluding JVs (£m)		**663.3**	457.7
Gearing (net debt/net equity)		**40.5%**	24.0%
Total net debt including 50% JV cash balances (£m)		**638.0**	440.0
EPRA LTV		**28.9%**	19.8%
Interest cover	n/a	**6.2x**	10.2x
Weighted average interest rate	4.2%	**3.8%**	2.7%
Weighted average cost of debt	n/a	**3.7%**	3.0%
% of drawn debt fixed/hedged	93%	**67%**	97%
Cash and undrawn facilities (£m)	508	**258**	457

Appendix 5

Rental income

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	35.4	2.9	38.3	–	–	–	38.3
		Retail	8.0	0.7	8.7	2.8	0.1	2.9	11.6
	Rest of West End	Office	15.7	2.5	18.2	9.7	1.6	11.3	29.5
		Retail	7.5	3.1	10.6	5.3	–	5.3	15.9
	Total West End		**66.6**	**9.2**	**75.8**	**17.8**	**1.7**	**19.5**	**95.3**
	City, Midtown and Southwark	Office	16.7	3.9	20.6	7.2	1.0	8.2	28.8
		Retail	2.6	(0.9)	1.7	–	–	–	1.7
	Total City, Midtown and Southwark		**19.3**	**3.0**	**22.3**	**7.2**	**1.0**	**8.2**	**30.5**
Total let portfolio			**85.9**	**12.2**	**98.1**	**25.0**	**2.7**	**27.7**	**125.8**
Voids (A)					4.9			1.6	6.5
Premises under refurbishment and development					56.3			–	56.3
Total portfolio (B)					**159.3**			**29.3**	**188.6**
Vacancy rate % (A/B)					**3.1**			**5.5**	**3.5**

EPRA vacancy

	Wholly-owned £m	Joint ventures £m	Total £m
Voids and premises under refurbishment excluding development (A)	32.2	1.6	33.8
Total Portfolio	**159.3**	**29.3**	**188.6**
Less: premises under development	(29.0)	–	(29.0)
Total (B)	130.3	29.3	159.6
EPRA Vacancy rate % (A/B)	**24.7**	**5.5**	**21.2**

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	28.0	4.1	0.6	–	–	–
		Retail	67.6	5.9	3.2	13.9	2.3	24.3
	Rest of West End	Office	9.3	1.4	7.6	89.1	11.8	–
		Retail	28.4	3.7	1.4	30.7	5.8	–
	Total West End		**28.5**	**3.7**	**2.9**	**59.9**	**8.5**	**4.5**
	City, Midtown and Southwark	Office	26.7	1.9	3.4	1.9	1.2	8.0
		Retail	12.0	2.7	–	–	–	–
	Total City, Midtown and Southwark		**24.7**	**2.1**	**3.3**	**1.9**	**1.2**	**8.0**
Total portfolio			**27.6**	**3.3**	**3.1**	**43.3**	**6.4**	**5.5**

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	78	97	–	–	3.9	5.0	–	–
		Retail	66	66	82	83	2.2	5.1	4.3	5.8
	Rest of West End	Office	84	99	116	135	3.1	5.5	2.3	4.5
		Retail	72	101	108	109	3.8	4.8	3.4	4.8
	Total West End		**77**	**90**	**107**	**110**	**3.5**	**5.2**	**2.8**	**4.7**
	City, Midtown and Southwark	Office	57	77	46	53	4.0	5.5	7.0	6.4
		Retail	37	24	–	–	4.3	5.8	–	–
	Total City, Midtown and Southwark		**53**	**70**	**46**	**53**	**4.0**	**5.5**	**7.0**	**6.4**
Total portfolio			**70**	**81**	**77**	**83**	**3.6**[1]	**5.2**	**3.7**[1]	**5.0**

1. Group topped-up initial yield 4.2%.