GPE.

We unlock potential, creating sustainable space for London to thrive

Annual Report and Accounts 2022

We provide our customers with great spaces in central London that are flexible, sustainable and beautifully designed, offering high quality services to deliver them an enticing real estate experience.

We do this by investing in and creating prime spaces for London's business community in central locations, near to key public transport connections, focusing on achieving our net zero carbon ambitions.

For more information

See our website www.gpe.co.uk

In this report

Strategic Report – Overview

Strategic Report – Annual review

Governance

Financial statements

Other information

Cover image: The colonnade at Hanover Square, W1

Our strategy is evolving...

Statement from the Chair

To meet the changing needs of our customers and the markets in which we operate, we are successfully evolving our strategy through differentiating our products with sustainability an imperative.”

Richard Mully Chair

London recovery is building

Our commitment to creating great spaces in central London for both our customers and communities is undiminished. London remains a dominant world city and its economic recovery is building positively following the COVID-19 pandemic. Healthy office employment growth is driving demand for prime and flex office space, with buoyant investment market activity demonstrating London’s enduring appeal for investors.

Our innovative ‘Customer first’ approach

However, our customers are demanding more and we are continuing to respond. We are delivering high quality space and are providing both choice and flexibility. Sustainability and health and wellbeing are integral to our offer, our services are enhancing the customer experience and our use of technology is future-proofing for tomorrow’s working patterns. Taken together, our Customer first approach is a real differentiator.

Delivering outperformance

As we deliver better customer outcomes, we will deliver better shareholder returns. This financial year we have delivered record volumes of leasing, including pre-letting all the offices at our 50 Finsbury Square, EC2 refurbishment scheme.

When combined with our portfolio performance well ahead of our central London benchmarks, our Total Accounting Return of 8.8% is the strongest for six years. And with our talented team, portfolio primed for growth and financial strength, there is more to come.

Investing in London’s sustainable future

We have started our £1.1 billion development programme, focused on delivering prime HQ office space, all targeting Net Zero Carbon. At the same time, we are seeking to grow organically our Flex office offering to more than 600,000 sq ft, which we will supplement through acquisitions, as demonstrated by our purchases in recent months. Sustainability is at heart of all of our activities as we seek to deliver our detailed Roadmap to Net Zero by 2030, and we are pleased to have made the first deployment of monies from our innovative decarbonisation fund. Our Social Impact Strategy will also ensure that we continue to have a lasting positive social impact in our communities and build a sustainable legacy for our great capital city.

Greater together

To deliver on these ambitions, we have been embracing change with our refreshed corporate brand and supplementing our experienced team with new skills and diverse talent, including the recruitment of Mark Anderson, Emma Woods and Dan Nicholson who we welcomed onto the Board. I would of course like to express my personal thanks to my Board colleagues, GPE management and wider team for all their efforts over the year and we can look to the future with confidence.

Taken together, we are well placed to capitalise on opportunities that emerge and to continue unlocking potential, creating sustainable space for London to thrive.

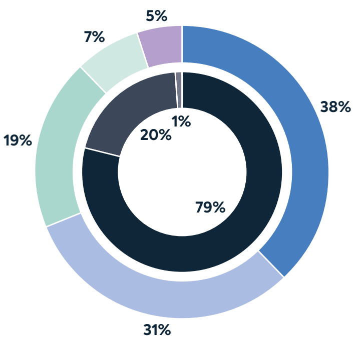
Our Strategic Report, on pages 02 to 78, has been reviewed and approved by the Board.

On behalf of the Board

Richard Mully Chair
19 May 2022

Our portfolio[1]

100% central London, with 24% in our development programme



Locations

North of Oxford Street	£1,016.1m
Rest of West End	£814.1m
City	£487.4m
Southwark	£194.1m
Midtown	£135.7m

Business mix

Office	£2,098.4m
Retail	£535.7m
Residential	£13.3m

...shaped by our purpose, principles and strength

Our purpose

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

Our purpose underpins our strategy

We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London, creating high quality sustainable spaces for our customers and long-term value for our stakeholders.

Our strategy is underpinned by clear principles:

- 100% central London; West End focus
- Reposition properties let off low rents
- Match risk to the property cycle
- Low financial leverage
- Disciplined capital management
- Sustainability: an imperative
- Customer first

See more on page 12

Our financial performance

One year

	2022	2021
Portfolio valuation[1]	**£2.65bn**	£2.46bn
IFRS NAV & EPRA NTA per share	**835p**	779p
Profit/(loss) after tax	**£167.2m**	£(201.9)m
Total Property Return (TPR)[1]	**9.4%**	(5.9%)
Total Accounting Return (TAR)	**8.8%**	(8.8%)
Total Shareholder Return (TSR)	**6.6%**	1.7%

Ten years

	2022	Benchmark
Total Property Return (TPR)[1]	**223.6%**	238.8%[2]
Total Accounting Return (TAR)	**133.1%**	48.0%
Total Shareholder Return (TSR)	**232.4%**	299.4%

As is usual practice in our sector, we use Alternative Performance Measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionally consolidated basis to include joint ventures, as it best describes how we manage the portfolio, like-for-like measures and using measures prescribed by EPRA. The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector. Reconciliations of APMs are included in note 8 of the financial statements.

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

Our strength

IFRS net assets
£2.1bn
2021: £2.0bn

Cash and undrawn credit facilities[1]
£391m
2021: £443m

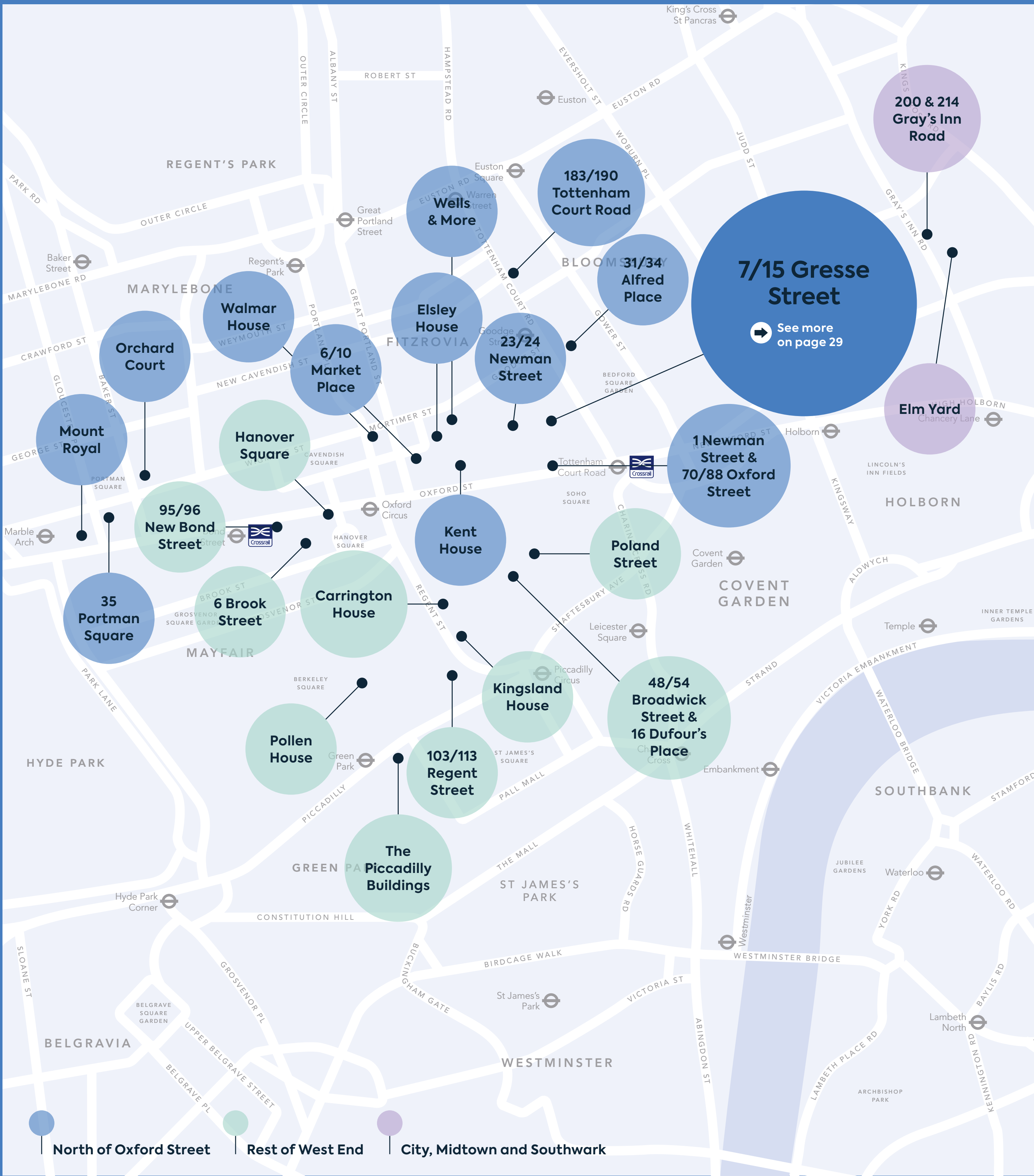
Customer satisfaction (NPS Score)
+27.8
2021: +42.0

EPRA Loan to Value[1]
20.5%
2021: 20.0%

Employee engagement index
86%
2021: 93%

Dividend per share
12.6p
2021: 12.6p

Creating great spaces in central London



Rent roll[1]

£104.1m

2021: £95.2m

Portfolio valuation[1]

£2.6bn

2021: £2.5bn

No. of customers[2]

295

2021: 297

Property sq ft[2]

2.5m sq ft

2021: 2.6m sq ft

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

Greater together.

We have evolved our brand to better reflect GPE as it operates today, with a more customer-focused voice to put us in a strong position for the future.

We believe that the whole is greater than the sum of its parts; as a collective, we achieve more. That's why 'Greater together' as our new brand story perfectly sums up our personality.

Greater choice.

See more on page 07

Driving innovation.

See more on page 10

Trusted partners.

See more on page 08

Future London.

See more on page 11

Greater choice.

We recognise that the needs of the modern customer are evolving fast. We have always delivered quality, but increasingly sustainability, technology and flexibility are shaping the spaces that our customers want and we are responding.

We know every business is different, so we aim to provide choice to allow our customers to create the space the way they want it. While our buildings might be made of stone, our customers' options are not. We provide spaces that are Ready to Fit or delivered flexibly on a Fitted, or Fully Managed basis, making life easier and hassle free. To increase the choice that we provide, our ambition is to significantly grow our flexible office offerings to more than 600,000 sq ft over the next five years.

As proven workplace experts, we own our buildings and manage them ourselves. There is no middleman and, with a diverse portfolio across London, we aim to partner with our customers to meet their business needs today and provide space for them to grow into in the future.

See more on page 27

Trusted partners.

We believe in the power of people and partnerships to create exceptional, climate change-conscious places that deliver for our customers and our most recent refurbishment at 50 Finsbury Square, EC2 has the magnetic appeal to do just that.

In August 2021, only ten months after committing to the scheme, we pre-let the entirety of the offices to Inmarsat, one of the world's leading global mobile satellite communications companies. Together we will deliver a world class London headquarters that responds to the needs of this forward-thinking organisation by providing an amenity-rich environment, combined with smart building technology powered by our award-winning app, sesame®. 50 Finsbury Square will be our first development to deliver on all four pillars of our Sustainability Statement of Intent and is expected to be our first building certified as Net Zero Carbon. We are delighted that Inmarsat share our sustainability ambitions and have committed to continue to work with us on this important issue.

See more on pages 24 to 26

Driving innovation.

We consistently prove our ability to think and act differently in everything we do, embracing change and championing technology to drive performance, environmental efficiency and to create more healthy and sustainable communities, all of which we are hardwiring across our substantial and flexible development pipeline.

Beyond our one committed scheme, we have seven uncommitted schemes, four of which are in our near-term pipeline. These four prime office-led schemes will commit £1.1 billion of capital, they will have exemplary sustainability credentials, all targeting net zero carbon, they will adopt market-leading technology and be well matched to evolving customer requirements. Our development pipeline provides a strong platform for organic growth and a wealth of value-creating opportunities, delivering sustainable spaces for our great capital city to thrive.

See more on page 24

Future London.

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

There are huge social, environmental and economic challenges in London, with some of the most disadvantaged communities in the UK located within the central London boroughs in which we are working. Our Social Impact Strategy sets out our priorities, how we can make a difference and how a focus on social impact can bring business benefits. It also details the actions we will take and how we will hold ourselves to account. We aim to have regular engagement with community groups and our other stakeholders to learn, and further adapt our approach, as we progress towards achieving our vision to 'create a lasting positive impact in our communities'.

See more on pages 43 and 59

How we create value

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

We apply our specialist skills to reposition properties...

Acquire

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

During the year, we bought 7/15 Gresse Street, W1, to augment our Flex office offer. We anticipate securing vacant possession next year to allow us to convert the building into our Fully Managed offering.

See more on page 29

See more on our investment activities on page 29

Reposition

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

Repositioning buildings is key to adding value. This year, our activities focused on further evolving our flexible office offers, pre-letting our on-site development scheme and preparing our near-term development pipeline.

See more on pages 24, 26 and 28

See more on our development activities on pages 23 to 26

Sustainability touches everything we do

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

Our stakeholder relationships

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

See more on our stakeholder relationships on pages 56 to 62

Our portfolio and sustainability

- 100% central London, in attractive locations well served by local infrastructure with enduring customer demand.
- High customer retention, diverse customer base and off low rents from which to grow.
- Continual repositioning of buildings to improve the customer experience, future proof value and enhance the environment in which they are located.
- Located in markets with high barriers to entry playing to our strengths.
- Positioned for future growth; 24% of portfolio in development programme. Potential £1.1 billion commitment across four near-term schemes.

See more on our portfolio and sustainability on pages 34 to 36 and 37 to 51

...to create value

+27.8
Net promoter score, outperforming the UK office average of +2

£631k
Social value created

85
GPE employees participating in the GPE community day

See our KPIs on pages 14 and 15

+6.1%
Like-for-like portfolio valuation growth[1]

100%
BREEAM 'Excellent' completions

£403k
Invested through our Decarbonisation Fund

Manage

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

Customers increasingly require greater levels of service and amenity. Therefore, the spaces we deliver and the services we provide are evolving to meet this growing demand, including our new Fully Managed offer.

See more on page 28

See more in our case study on pages 06 to 11

Recycle

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

Given the continued strength of the investment market, we took the opportunity to crystallise the development surplus we created at 160 Old Street, EC1, selling the building for £181.5 million, 5% ahead of the 31 March 2021 valuation.

See more on page 29

See more in our investment activities on page 29

Our people and culture

- Experienced management team supported by specialist in-house portfolio management, occupier services, development, investment, leasing and finance teams and support functions.
- Entrepreneurial and collegiate culture based on strong values with disciplined approach to risk management.
- Reward linked to purpose, strategy and values with close alignment with stakeholders to deliver value and outperform our KPI benchmarks.
- Effective governance structure.
- Strong employee engagement.

See more on our culture and people on pages 52 to 55

Our capital strength

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

See more on our capital strength on page 32

89%
Employees who recommend GPE as a great place to work

86%
Employee engagement index

81%
Employee retention (stability index)

+7.2%
EPRA NTA NAV growth

20.5%
EPRA loan to value[1]

£391m
Cash and undrawn facilities[1]

1. Includes share of joint ventures.

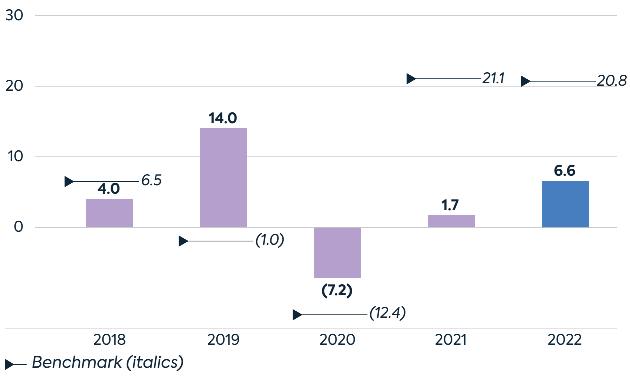
Our Key Performance Indicators

Our key performance indicators (KPIs) measure the principal metrics that we focus on to run the business and they help determine how we are remunerated. Over the longer term, we aim to outperform our benchmarks through successfully executing our strategy. Over the last 12 months, given our strong operating performance, we have outperformed the majority of our benchmarks (financial and non-financial).

Financial KPIs

Total Shareholder Return % (TSR)

LTIP | Exec Bonus



Rationale

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

Commentary

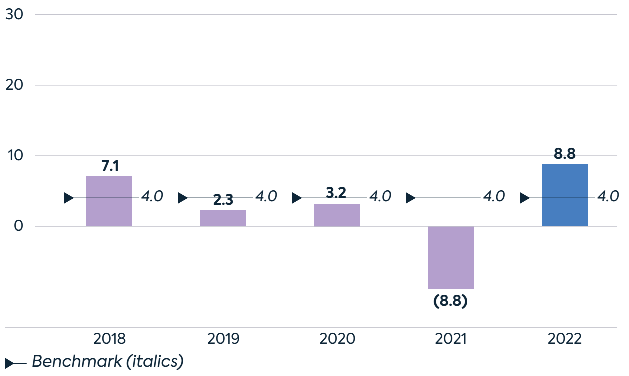
TSR of the Group is benchmarked against the TSR of the FTSE 350 Real Estate Index (excluding agencies). The TSR of the Group was +6.6%[1] for the year, compared to +20.8% for the benchmark following strong share price performance of other real estate sectors, including those providing self storage, industrial and logistics space.

1. On a spot basis. For the 2021/22 annual bonus, TSR was calculated using monthly period averaging at the start and end of the performance period, which resulted in a Group TSR of 0.6%.

See more on page 121

Total Accounting Return % (TAR)

LTIP | Exec Bonus



Rationale

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

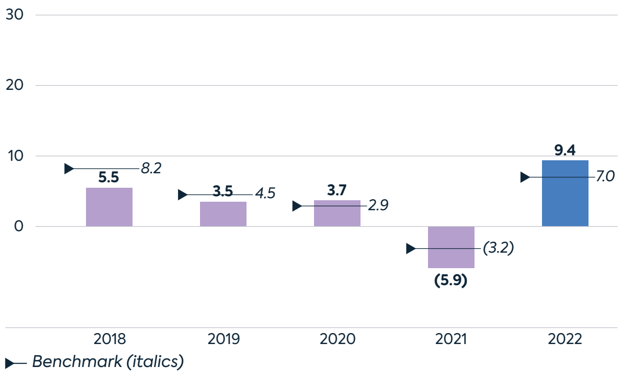
Commentary

We have typically compared our TAR to a target year on year growth of 4% or more. TAR was +8.8% for the year. The TAR outperformance was primarily driven by the robust property value growth of 6.1% on a like-for-like basis.

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

Total Property Return % (TPR)

LTIP | Exec Bonus[1]



1. Capital growth element of TPR.

Rationale

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

Commentary

TPR is compared to a benchmark of around £50 billion of similar assets included in the MSCI central London annual benchmark. When compared to the annual benchmark of 7.0%, the Group generated a portfolio TPR of 9.4%, outperformance of 2.4% for the year. This outperformance was driven by our committed and recently completed development schemes, along with GPE delivering a record leasing year.

See more on pages 32 to 35

Non-financial KPIs

Energy Consumption
% reduction

Exec Bonus

24.4%

Benchmark: 11.5%

Rationale
The energy consumption of our portfolio was 48% of our carbon footprint during the year. Lowering our energy intensity is an essential part of delivering our Roadmap to Net Zero.

Commentary
Our target is to reduce energy intensity by 40% by 2030, when compared to our 2016 baseline. While a number of projects were undertaken during the year to improve energy intensity, our performance also continued to benefit from lower occupancy levels due to the pandemic.

See more on pages 37 to 51

Embodied Carbon
% reduction

Exec Bonus

22.0%

Benchmark: 10.0% New developments

Rationale
Embodied carbon from our development activities represents around 40% of our carbon footprint. Reducing our embodied carbon is key to delivering our Roadmap to Net Zero.

Commentary
Our target is to reduce the embodied carbon from our development and refurbishment activities by 40% by 2030. Our significant progress on building design resulted in the Group outperforming its targeted 10.0% reduction for new developments at the design stage.

Biodiversity
% increase

Exec Bonus

2.0%

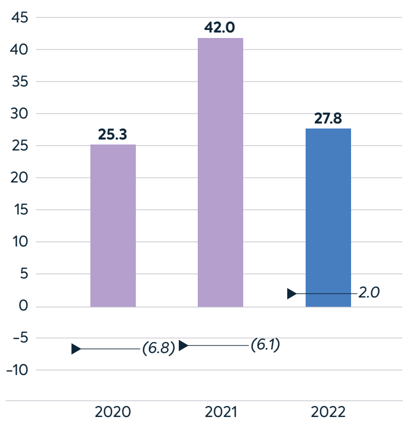
Benchmark: 8.0%

Rationale
Biodiversity is essential for climate resilience and health and wellbeing. We aim to increase biodiversity across our portfolio by introducing urban greening to improve air quality, reduce the urban heat island effect and provide habitats for insects and birds.

Commentary
Our target is to increase biodiversity net gain across our portfolio by 25% by 2030. This year, postponed urban greening works at some of our operational buildings resulted in the Group not meeting its annualised target of 8.0%.

Customer Satisfaction
(NPS)

Exec Bonus



Benchmark (italics)

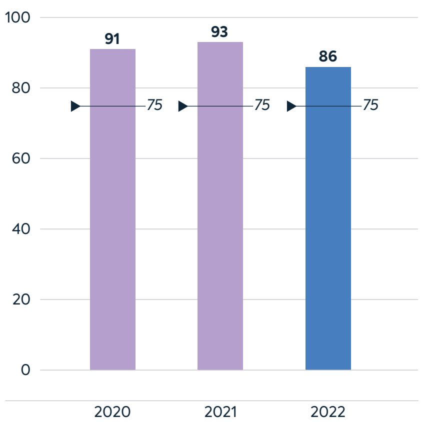
Rationale
High levels of customer satisfaction are critical to both attracting and retaining businesses in our buildings.

Commentary
The Net Promoter Score (NPS) of the Group is compared to the overall UK sector average, expressed as a number between -100 and +100, with a minimum target of the sector average. Our NPS of +27.8 significantly outperformed the UK office average of +2.0, delivering upper quartile performance against London office property peers.

See more on page 57

Employee Engagement
% (EEI)

Exec Bonus



Benchmark (italics)

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

Commentary
The Employee Engagement Index (EEI) of the Group is compared to a 75% hurdle. Our EEI continues to be exceptionally high, with 92% of our employees participating in our latest survey delivering an EEI of 86%.

See more on page 53

New financial KPI for 2022/23

Flex Growth

Growing our Flex space forms a key part of the Group's strategy and will be a new KPI and a financial measure within the Annual Bonus structure for 2022/23.

LTIP

Performance criteria for Executive Directors' and certain senior managers' long-term incentives.

Exec Bonus

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

For the 2020/21 and 2021/22 annual bonuses, TAR was exceptionally replaced with TSR as the applicable metric, as explained on page 117.

Our near-term strategic priorities

We have a clear strategic focus that enables us to deliver attractive long-term value to our stakeholders. Our primary focus remains on maximising value from our portfolio organically through creating exciting sustainable spaces for customers, expanding our flexible offerings, delivering the development programme and driving innovation.

Priorities for 2021/22

1 Progress sustainability agenda

See more on pages 37 to 51

Key initiatives

- Deploy Decarbonisation Fund.
- Develop Climate Change Resilience Strategy.
- Launch Social Impact Strategy.
- Develop EPC strategy for each building.
- Identify 'stranded' assets for acquisition.

Progress in year

- All £403,000 of 2021 Decarbonisation Fund deployed in the year.
- Climate Change Resilience Strategy now scheduled for November 2022.
- Social Impact Strategy launched.
- EPC analysis complete and building strategies assessed, with plans to invest c.£20 million to achieve EPC B ratings across the portfolio by 2030.
- To date, limited 'stranded assets' coming to the investment market.

Priorities for 2022/23

Unchanged

Key initiatives

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

2 Drive innovation and change

See more on pages 52 to 55

Key initiatives

- Deliver new Workplace and Innovation Strategy.
- Finalise corporate branding and marketing review.
- Recruit HR Director and further broaden I&D initiatives.
- Update GPE flexible working policy.

Progress in year

- On or ahead of target on each of the four pillars of the Workplace and Innovation Strategy.
- Great Portland Estates successfully rebranded as GPE.
- Carrie Heiss recruited as HR Director and inaugural People Plan launched.
- GPE flexible working policy updated to new Hybrid Working Policy.

Priorities for 2022/23

Unchanged

Key initiatives

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

3 Continue to grow our Flex offer

See more on pages 27 and 28

Key initiatives

- Roll-out further Flex+ space at six buildings.
- Identify further opportunities to expand Flex portfolio through conversion of existing space and acquisitions.

Progress in year

- Flex space comprises around 250,000 sq ft, or 13% of office portfolio.
- Flex offerings rebranded to 'Fitted', 'Fully Managed' and 'Flex Partnerships'.
- First Flex acquisition at 7/15 Gresse Street, W1.
- Team restructured to support further growth; appointed specialists in design, procurement, acquisitions and leasing.

Priorities for 2022/23

Deliver on our Flex ambition

Key initiatives

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

Priorities for 2021/22

4 COVID-19 response

See more on page 34

Key initiatives
- Assist our customers to safely return to their workplaces.
- Reduce portfolio vacancy.
- Reposition portfolio mix and identify accretive acquisitions.

Progress in year
- All buildings open throughout the pandemic on a 'COVID-19 Secure' basis.
- Financial support provided to customers on a case-by-case basis.
- Portfolio vacancy reduced from 13.2% to 10.8%.
- Limited acquisition opportunities to date, one acquisition during the year.

Priorities for 2022/23
Embed our 'Customer first' approach

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

5 Deliver and lease the committed schemes

See more on pages 23 to 26

- Lease remaining space at completed schemes.
- Complete 1 Newman Street & 70/88 Oxford Street, W1, in summer 2021.
- Seek a pre-let of 50 Finsbury Square, EC2.

- All office space let at Hanover Square, W1 and one floor remaining at 1 Newman Street, W1. Retail space leasing progressing.
- 1 Newman Street, W1 completed summer 2021.
- All of the office space at 50 Finsbury Square, EC2 pre-let to Inmarsat ahead of ERV.

Unchanged

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

6 Prepare the pipeline

See more on pages 23 to 26

- Gain planning permissions at New City Court, SE1 and 2 Aldermanbury Square, EC2.
- Commence development of 2 Aldermanbury Square, EC2 in early 2022.
- Submit planning application for Minerva House, SE1.

- Planning decision at New City Court, SE1 outstanding, resolution expected late 2022.
- Planning consents gained at 2 Aldermanbury Square, EC2 and French Railways House & 50 Jermyn Street, SW1.
- Enabling works commenced at 2 Aldermanbury Square, EC2.
- Planning application submitted at Minerva House, SE1.

Unchanged

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

The communal roof space at 1 Newman Street, W1

Strategic Report

Annual review

In this section:

Statement from the Chief Executive

"We have delivered a record leasing year and strong financial performance, whilst evolving our strategy to meet our customers' changing needs, with a clear focus on creating high quality, sustainable HQ and Flex office spaces in central London."

Toby Courtauld Chief Executive

Evolving our strategy and organisation

We are resolutely focused on providing our customers with great spaces in central London that are flexible, sustainable and beautifully designed, offering high quality services to deliver them an enticing real estate experience. To ensure we meet our customers' evolving needs and changing working patterns, we have evolved our strategy incorporating flexibility, service, technology and sustainability as imperatives to the delivery of a truly differentiated product.

To support our strategy evolution, we are now organising ourselves into two complementary, overlapping activities:

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

Both of these areas are primed for growth, with our £1.1 billion near-term development programme and the opportunity to deliver more than 600,000 sq ft of Flex space across our existing portfolio. These activities are also strongly aligned with our sustainability ambitions and delivering our detailed Roadmap to Net Zero by 2030.

Our 'Customer first' approach

To deliver these ambitions, we are putting customer needs at the centre of everything we do. As well as providing both choice and flexibility, sustainability, and health and wellbeing are integral to our offer, our services are enhancing the customer experience and our use of technology is future-proofing our buildings for tomorrow's working patterns. Positive feedback from our customers is already strong, with our net promoter score of +27.8, significantly ahead of the UK office sector average of +2.0 and in the upper quartile for London offices.

We have also refreshed our corporate brand and redefined our product lines, each tailored to match specific customer needs:

– 'Ready to Fit' – for businesses typically taking larger spaces on longer leases who want to fit out the space themselves;
– 'Fitted' spaces – where businesses can move into fully furnished, well designed workspaces, with their own front door, furniture, meeting rooms, kitchen and branding; and
– 'Fully Managed' – fitted space where GPE handles all day-to-day running of the workplace in one monthly bill.

Record leasing year drives strong operational performance

In a year full of challenges, our strong operational focus has delivered a record leasing year with £38.5 million of leases signed, with market letting 9.8% ahead of ERV. The breadth of our leasing activities demonstrates the ongoing attractions of our spaces, including the £8.5 million pre-letting of all the office space at our 50 Finsbury Square net zero carbon refurbishment scheme and the leasing of the entirety of 103/113 Regent Street for £4.7 million, central London's largest retail letting in the year.

We completed our 1 Newman Street development (122,700 sq ft) at the eastern end of Oxford Street, directly opposite the new Elizabeth Line station which will open this summer. We have also grown our Flex office offer to 13% of our office portfolio, including our most recent Flex partnership deal at the Hickman in Whitechapel, where our tech-enabled refurbishment was awarded a SmartScore 'platinum' rating, the first building in the world to achieve this accolade.

Delivering robust financial results

These successes delivered robust financial results, with IFRS NAV and EPRA NTA per share rising by 7.2% over the year. When combined with an ordinary dividend maintained at 12.6 pence per share, our Total Accounting Return was +8.8%. We delivered an IFRS profit for the year of £167.2 million and a diluted EPRA EPS of 10.8 pence, a decline of 31.6%, in part driven by rental income foregone through our profitable sale of 160 Old Street for £181.5 million during the year and increased provision for performance related pay.

Across our portfolio, property values were up 6.1% over the year, well ahead of our central London benchmarks. Our offices delivered a stronger relative valuation performance, up by 7.9%, whilst retail values remained flat. Office ERVs were up 4.1% in the year, with prime office investment yields holding firm, whilst retail ERVs fell 0.7%, although the retail outlook appears to be improving with West End footfall back to 80% of pre-pandemic levels and our ERVs rising by 0.2% in the second half.

London economic recovery underway

As the London economy continues its recovery from the pandemic, we are seeing some encouraging positive prospects. London remains a dominant global city and is the world's top ranked city for innovation. Whilst inflationary pressures and the unknown full impact of the Ukraine conflict persist, healthy office employment growth is driving demand for prime and flex office space, with buoyant investment market activity demonstrating London's enduring appeal for investors. We have seen this positive momentum feed into our occupational markets, where we expect the future supply of new office space in central London to decline further, leading to a potential shortage of some 55% over the next three years.

As a result, we expect rents for the best office space to rise over the next 12 months by 0.0%–6.0%, with retail rents expected to be between minus 2.5% to 2.5%. Having delivered record leasing volumes in the financial year just ended, we have started the new year well with £2.9 million of lettings to date. Today we have £9.4 million of lettings under offer and a further £32 million under negotiation.

Our opportunity-rich portfolio

With these supportive market conditions and our clear strategy, we have a portfolio which is well positioned to generate growth as we create best-in-class HQ spaces and expand our Flex office offer. Crucially we have the financial strength to deliver on these ambitions with our EPRA loan to value ratio at only 20.5%, and £391 million of available firepower.

HQ repositioning – delivering best-in-class developments with £1.1 billion programme

We are on track to complete our pre-let 50 Finsbury Square development (129,200 sq ft) in December, where we are forecasting a 39.1% profit on cost and will be delivering our first Net Zero Carbon scheme, eight years ahead of target. We have also made excellent progress in preparing our four near-term schemes which will together deliver 917,800 sq ft of prime, predominantly office space with exemplary sustainability credentials, along with £72 million of ERV following our proposed £1.1 billion of total investment. During the year, we started enabling works at our consented 321,100 sq ft 2 Aldermanbury Square, EC2 scheme, where leasing enquiries are already good. We recently achieved planning permission at our proposed 67,700 sq ft redevelopment on Piccadilly and we submitted our planning application for a major 139,900 sq ft refurbishment of Minerva House in Southwark. Beyond this, we have a further three schemes in our medium-term pipeline.

Flex spaces – targeting growth to more than 600,000 sq ft

In response to market demand, we launched our first Flex office spaces in 2018 across 87,000 sq ft and today we have grown this to 250,000 sq ft across 17 of our buildings. We have been achieving significant rental and cashflow premia on this space, in particular on our Fully Managed offer, where we secured £230 per sq ft on the most recent letting at 16 Dufour's Place, W1.

Our portfolio is ideally suited to delivering more Flex, with 87% of our office spaces sub 10,000 sq ft, and we are seeking to grow our Flex office offering to more than 600,000 sq ft within our existing portfolio. We will also look to supplement this growth through acquisitions, as demonstrated by our £36.5 million purchase of 7/15 Gresse Street, W1 in March and more recently our £30 million purchase at 6/10 St Andrew Street, EC4.

Our people and purpose

Our successes this year and the ambitious targets that we have set for the future would not be possible without the efforts of our talented and dedicated team, and their ongoing commitment to delivering our purpose, our sustainability ambitions and living our values. Employee engagement levels across GPE continue to be exceptional and we have made positive strides in broadening skills, capabilities and diversity across our team. With the launch during the year of our People Plan 'OneGPE.' there is more to come, including the creation of our Inclusion Committee to champion our ambitious Diversity and Inclusion Plans.

We have also broadened our reach and commitment to our communities in the year through our Social Impact Strategy which will ensure that we create a lasting positive social impact in the communities where we operate, building a sustainable legacy for our great capital city. Finally, we were delighted that our successes have been recognised through winning both Property Company of the Year and Developer of the Year at the Property Awards 2021.

Outlook

Whilst we expect macro-economic and geopolitical uncertainties to persist in the near term, dampening growth, the conditions we highlighted at our Interims in November and which had kick-started the post-pandemic recovery in London's economy and its property markets, remain in evidence today. London is substantially busier than this time last year with office workers and shoppers returning, Crossrail is about to open, job vacancies are rising and inward investment into income yielding real estate is up. Plus, we expect weaker sentiment and cost inflation in the short term, along with further tightening in the planning environment, to impact the appetite for development risk, choking off the supply of new office space, intensifying the already acute shortage as customers continue their flight to quality.

Despite current uncertainties, our outlook is positive; through our Customer first approach, we are addressing today's key customer themes of flexibility, service delivery and amenity provision in well designed, tech-enabled and sustainable spaces; through our strategic focus on HQ and Flex spaces, we are investing in two of the fastest growing sectors of the office market and where we have a competitive advantage and significant ambition, including our £1.1 billion near-term development programme. With our strategic agility, strong balance sheet, plentiful liquidity and our motivated and engaged team, we have the ability to capitalise on London's potential and we look to our future with confidence.

Our markets

Our markets recovered over 2021 as the impact of COVID-19 abated. However, the recent tragic events in Ukraine have once more clouded the outlook, moderating GDP forecasts and accelerating existing inflationary pressures.

Macro-economic backdrop

- IMF estimates global GDP growth of 6.1% in 2021 and forecasts 3.6% growth for 2022 and 2023.
- UK still forecast to grow; 3.8% GDP growth in 2022 (Oxford Economics).
- Consumer confidence at lowest level since July 2008 led by higher interest rates and rising inflation.
- Deloitte CFO survey: Geopolitical risk now primary concern; 56% rating financial and economic risk ‘high’ or ‘very high’ in Q1 2022.
- Composite PMI surveys have moderated but continue to indicate expansion; 57.6 in April 2022.
- Inflationary risks remain; UK CPI 6.2% in March 2022, forecast to remain elevated.

Occupational markets[1]

- Activity levels have recovered; central London take-up 10.6 million sq ft in year, up 134%.
- Central London active demand remains healthy at 6.1 million sq ft, down 5% year on year.
- Availability remains elevated at 26.0 million sq ft, up from 25.4 million at 31 March 21 and 66% ahead of the ten-year average.
- Central London vacancy rate 9.0% at 31 March 2022; up from 8.7% last year.
- Supply remains tight; availability of space newly completed or under construction low at 30% of total stock (7.9 million sq ft).

The West End

- Office take-up 4.0 million sq ft; up 135.0% on preceding year.
- Availability 5.6 million sq ft, down 19.8%.
- Vacancy 4.6% down from 5.8% at March 21, Grade A vacancy only 0.5%.
- Prime office rental values £125.00 per sq ft at 31 March 2022, up 13.6% in year.
- Retail vacancy stabilised; Zone A rents unchanged on key retail streets.

The City

- Office take-up 4.2 million sq ft; up 113.4% on preceding year.
- Availability 12.2 million sq ft, up 8.2%.
- Vacancy 12.9% up from 11.7% at March 21, Grade A vacancy only 2.7%.
- Prime office rental values £71.00 per sq ft, up 1.4% in year.

Investment markets[1]

- Restrictions on international travel still limiting buyers’ ability to inspect buildings and conduct effective due diligence.
- Demand for London real estate robust; office investment deals £10.0 billion in 2021; up 32.9% year on year. First quarter of 2022, highest on record at £5.5 billion.
- We estimate that £6.6 billion of real estate is currently on the market to buy versus £36.7 billion of equity demand looking to invest.
- Given the weight of money for offices, prime yields remained firm; CBRE report prime yields of 3.25% and 3.75% for the West End and City respectively.
- Retail yields now stable; 4.00% Regent Street, 4.25% Oxford Street and 2.75% Bond Street.

Near-term outlook

We actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last year, our property capital value indicators have marginally improved, initially driven by the continued economic recovery, but more recently offset by the economic impact of geopolitical tensions.

Today, we expect investment activity in the central London commercial property market to be supportive with yields trending flat in the near term. In the occupational market, given a strong leasing and rental performance of the portfolio, our rental value growth range for the financial year to 31 March 2023 is positive at between 0.0% and 5.0%, predominantly driven by the positive expected performance of our office portfolio.

1. To 31 March 2022 and sourced from CBRE unless otherwise stated.

Our markets are evolving, with a number of key themes changing the way we operate and shaping the services and spaces that we provide.

The future office

The pandemic transformed the way we both live and work, with working from home temporarily becoming the new normal. As we emerge from the pandemic we fully expect that the office will remain the primary workplace for the majority of businesses. However, it is clear that many people have enjoyed the ability to work virtually. The future office will need to accommodate both in person and virtual working, adopting a hybrid approach to deliver the best of both worlds.

Our response

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

Structural retail change

Since 2016, more shops have been closing in the UK than opening, with sales from physical stores moving online. This trend has been greatly accelerated by COVID-19 with successive restrictions dramatically reducing retail footfall, particularly in city centres. Unsurprisingly, central London, with its reliance on office workers and tourism (both domestic and international), has been especially hard hit. Retailers have had to adapt and, in some cases, greatly reduce the physical space they occupy.

Our response

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

Retail comprises 20% of our portfolio by value. We aim to provide high quality, modern retail units into locations with enduring appeal. Accordingly, the bulk of our activities centre on the prime shopping streets delivering new retail experiences into locations that will benefit from the expected opening of Crossrail this year. Whilst interest was muted in the first half of 2021, as restrictions have eased, retailers have a more positive outlook and lettings, together with enquiry levels, are increasing.

The growing demand for flexible spaces

London has witnessed significant growth in the demand for flexible office and co-working space in recent years. Advances in technology, the growth in start-up businesses, increased mobility in the workforce and the rise of the gig economy have helped drive this growth. A plethora of new suppliers have entered the market to meet this demand. Whilst COVID-19 slowed the growth of some co-working operators, today flexible spaces comprise an estimated 6% of the central London office market.

Our response

Whilst for many businesses, securing high quality, well-located space for longer-term occupation is vital, we recognise that customers are increasingly seeking an element of flexibility for some parts of their business. To meet this growing demand our Fitted offer provides dedicated, fully-furnished space on flexible terms allowing customers to move in and out of the space with ease. More recently, we have rolled out a number of Fully Managed spaces, including at 16 Dufour's Place, W1, which extends our proposition to provide additional services and amenity. Interest in these spaces has been positive, they typically let quicker and we are charging a premium for a hassle-free real estate experience. Over time we expect this to be the default requirement for spaces of less than 10,000 sq ft.

See more on page 28

The need for sustainable spaces

The demand for highly sustainable spaces is growing fast. Customers, together with their employees, are increasingly aware of their impact on the environment and are demanding spaces with the highest sustainability and wellbeing credentials. Regulation is also accelerating, both through the planning regime and from forthcoming legislation to tighten EPC regulations. Sustainability is therefore no longer only a moral obligation, it is a prerequisite for high quality spaces and a strategic and economic imperative.

Our response

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

See more on pages 37 to 51

Our development activities
HQ repositioning

2021/22 Strategic priorities:

5 **Deliver and lease the committed schemes**

6 **Prepare the pipeline**

Operational measures[1]

	2022	2021
Profit/(loss) on cost	**39.1%**	(0.7%)
Ungeared IRR	**20.0%**	6.0%
Yield on cost	**6.5%**	4.8%
Income already secured	**94.5%**	23.2%
BREEAM Excellent (targeted)	**100%**	100%
Committed capital expenditure to come[2]	**£23.9m**	£59.8m

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

Our approach

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

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

"Our near-term pipeline is both substantial, with the ability to deliver 917,800 sq ft of new highly sustainable space, and imminent with the first commitment expected later this year. In total, including land value, it represents a potential capital commitment of over £1.1 billion which will deliver significant value over the coming years."

Andrew White
Development Director

We successfully completed one development during the year and have pre-let the entirety of the offices at 50 Finsbury Square, EC2, where we expect to complete the building in December 2022. Furthermore, we achieved planning permission at two of our four exciting near-term schemes. Today, the potential capital commitment of our near-term schemes is £1.1 billion, providing the foundation for significant value growth over the coming decade.

It has been an active year for the development team. We completed one scheme at 1 Newman Street, W1, which is now 69% let or under offer, and also let the entire office space at our one remaining committed scheme, 50 Finsbury Square, EC2. In addition, we are busy working up plans on our four near-term schemes, with the enabling works already started at 2 Aldermanbury Square, EC2, our 321,100 sq ft scheme in the City. Across the remaining near-term schemes we have achieved planning permission at French Railways House, SW1, submitted a planning application at Minerva House, SE1 and hope to resolve the planning status of New City Court, SE1, during summer 2022.

At 50 Finsbury Square, EC2, our sole committed scheme, we are on track to deliver a highly sustainable office-led development, near Crossrail, our first to be Net Zero Carbon and targeting BREEAM 'Excellent'. Capital expenditure to come on the building is £23.9 million.

Looking forward, our pipeline of future schemes remains substantial, with the team busy preparing a further seven schemes set to deliver 1.1 million sq ft across the coming decade.

One scheme completed in the year

At 1 Newman Street & 70/88 Oxford Street, W1, following the pre-let of the upper three floors in May 2020, we completed the 122,700 sq ft office and retail building in July 2021, which sits directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station. In June 2021, we agreed the letting of all of the basement space to Boom Battle Bar for a new competitive socialisation offer. Since completion, our leasing success has continued. We leased a further 13,800 sq ft of office space to a global investment firm for its new European headquarters. The investment company, who will occupy the fourth floor, has committed to a ten-year lease of prime office space in line with September 2021 ERV and are due to move into its new workspace later this year.

The new building is now 49% let, with both of the remaining office floors under offer and good interest in the retail space. Given the recent challenges in the retail market, the scheme delivered a loss on cost on completion of 9.6%, although we expect this position to improve as the retail environment recovers.

Our development activities continued
HQ repositioning

One committed scheme: 129,200 sq ft

50 Finsbury Square, EC2

Size	**129,200 sq ft**
Construction cost	**£59.4m**
Expected completion date	**Q4 2022**
BREEAM target	**Excellent**
Distance to Crossrail station	**250 metres**

One committed scheme, office space 100% pre-let

At 50 Finsbury Square, EC2, the refurbishment of the 129,200 sq ft building, including construction of the new roof pavilion, is progressing well, and we expect completion later this year. Our extensive repositioning will extend the office floor plates within the existing frame of the building, create a large reception with a concierge as well as an improved retail, leisure and amenity offer. The new building will be a sustainability, wellbeing and technology exemplar delivering on all four pillars of our Sustainability Statement of Intent and is expected to be our first building certified as Net Zero Carbon. We committed to the refurbishment at the start of 2021 and, testament to the quality of the building, in August 2021 we pre-let all of the offices to Inmarsat Global Limited (Inmarsat). Inmarsat have taken the entirety of the 121,800 sq ft office space, on a 20-year lease (15-year break) paying an annual rent of £8.5 million, 11.2% above March 2021 ERV. We are targeting a profit on cost of 39.1%, with completion of the scheme expected in Q4 2022.

See our case study on page 08

In total, we have £25.1 million of committed capital expenditure, including £23.9 million at our committed development.

Four near-term schemes

Beyond our one committed scheme, we have a substantial and flexible pipeline of seven uncommitted schemes, including four schemes in our near-term pipeline, one of which is on-site.

Enabling works started at 2 Aldermanbury Square

Following achieving planning permission in 2021, we are progressing the regear of the headlease with the City of London to enable our redevelopment of 2 Aldermanbury Square, EC2. In January this year, we achieved vacant possession of the building and have commenced strip out works ahead of hard demolition of the current structure over the coming months. As part of the demolition we will be working with a specialist firm to carefully remove the steel superstructure (beams and columns) so they can be used on another GPE project as part of a wider circular economy initiative, see page 26 for more details.

Our proposed development will substantially increase the size of the building to 321,100 sq ft (up from 176,000 sq ft) and will incorporate our sustainability aspirations from the outset, with the aim of delivering our second Net Zero Carbon building. The scheme also includes a number of public realm and amenity improvements that will have a positive impact on the local area and improve accessibility to the western entrance of the Liverpool Street Crossrail station. To date, we have been greatly encouraged by the strong customer interest in the scheme.

At New City Court, SE1, we submitted a second planning application for an amended scheme of 389,100 sq ft in April 2021. Having explored all avenues to have both the 2018 and 2021 schemes approved by Southwark without success, we have therefore regretfully appealed for non-determination with the public enquiry due to commence in July 2022.

At Minerva House, SE1, we are finalising plans for a 139,900 sq ft major office refurbishment. Our proposals will reposition this building taking full advantage of its river frontage and, by adding additional storeys, we will be able to create outdoor terraces and amenity space with commanding views over central London. A planning application for the scheme was submitted in November 2021, and we expect a decision in late 2022.

39.1%

Estimated profit on cost at 50 Finsbury Square

Four near-term schemes: 917,800 sq ft, all Net Zero Carbon

2 Aldermanbury Square, EC2

Proposed size	**321,100 sq ft**
Construction cost	**£267m**
Expected completion date	**2025**
Distance to Crossrail station	**250 metres**

New City Court, SE1

Proposed size	**389,100 sq ft**
Earliest start	**2024**
Opportunity area	**London Bridge**
Distance to Crossrail station	**n/a**

Minerva House, SE1

Proposed size	**139,900 sq ft**
Earliest start	**2023**
Opportunity area	**London Bridge**
Distance to Crossrail station	**n/a**

French Railways House and 50 Jermyn Street, SW1

Proposed size	**67,700 sq ft**
Earliest start	**2023**
Opportunity area	**Core West End**
Distance to Crossrail station	**750 metres**

Computer Generated Images.

In May 2022, we obtained planning permission at French Railways House and 50 Jermyn Street, SW1, part of our Piccadilly Estate. Our proposed major office-led redevelopment will provide 67,700 sq ft (up from 54,600 sq ft) of new Grade A space. Whilst aspects of the circular economy have been integrated in other development schemes, this scheme is designed to fully embrace the principles of the circular economy. As well as reusing the existing basement and foundations, we are aiming to reuse the structural steel from the demolition of 2 Aldermanbury Square, EC2, in its construction. If successful, this will save around 1,000 tons of carbon and reduce the embodied carbon in the steelwork by around 99%. The development of the building is subject to Crown consent.

Subject to planning, these four near-term schemes could together deliver 917,800 sq ft of Grade A space, with an expected capital expenditure of c.£836 million and an expected ERV of c.£72 million.

24%

Of portfolio in development programme

Our development activities continued
HQ repositioning

Three approaches for low carbon development

We are adopting three approaches for low carbon redevelopment at our near-term schemes.

Reuse and extend

Where an existing building has a structure that suits modern requirements, we aim, where possible, to reuse as much of it as we can and, if feasible, add additional space. We are currently using this technique at 50 Finsbury Square, EC2, which finishes later this year, and it forms the basis of our proposals at Minerva House, SE1 in our near-term pipeline.

Our plans at Minerva House are to retain approximately 80% of the structural frame and reuse the foundations. We also intend to extend the building by adding three new floors, including landscaped terracing, whilst keeping as much of the existing façade as possible. The building will benefit from energy-efficient heating and cooling and potentially openable windows and the building will be fossil-fuel free. Our public realm works include a new public square next to Southwark Cathedral and the entrance has been designed to maximise river views.

It is still early days in the design process, but we are targeting for the building to be Net Zero Carbon and have an embodied carbon level of below 340 kg per square metre.

Low carbon rebuilds

Where it is not possible to reuse the existing building, we undertake low carbon rebuilds, where we reuse elements of the existing building, such as basements and foundations, and then build the new elements of the building using low carbon materials and modular construction techniques. We will utilise this approach at 2 Aldermanbury Square, EC2 and New City Court, SE1.

At 2 Aldermanbury Square, EC2 we are using a number of techniques to reduce the embodied carbon, including:

- increasing the use of cement alternatives in the concrete;
- sourcing steel from electric arc furnaces powered by green energy;
- reusing existing steel for roof plant areas and some structural elements;
- using recycled raised access flooring; and
- employing the electrification of site plant and equipment.

As the design for 2 Aldermanbury Square has progressed, we have reduced its carbon footprint at each design stage. Today we estimate that the building will have embodied carbon level of around 572 kg per square metre, 36% below our 2016 baseline and already meeting our 2030 target, with further reductions still being explored.

Circular economy new builds

The circular economy will require the reuse of as much of the existing building as possible, including basements and foundations, with the new build elements utilising reused materials from other buildings. We are adopting this approach at French Railways House, SW1 where we are proposing a highly sustainable seven-storey building with an extensive landscaped communal roof terrace with new retail on Piccadilly and Jermyn St. We are proposing to reuse the structural steel from City Place House (which is being demolished to make way for 2 Aldermanbury Square). It is at an early stage, but, if successful, we will save over 1,000 tonnes of carbon; and there is a 99% reduction in embodied carbon in the new building's steel frame. There are also a number of other benefits:

- reusing this steel means that we can remove all of the on-floor columns, further improving market appeal;
- we are also proposing to reuse all of the existing stone cladding as well as reusing the existing basement and foundations; and
- there will also be openable windows – and the building will be fossil fuel free.

As our designs progress, we have so far reduced the targeted embodied carbon of the scheme to below 400 kg per square metre, which is comparable to a major refurbishment.

See more on pages 37 to 51

Our pipeline of opportunity

How we are positioned

In addition to our four schemes that are on-site or in our near-term programme, our medium-term pipeline consists of a further three schemes.

This provides a strong platform for organic growth and a wealth of value-creating opportunities. All of the schemes are currently income producing, are well located around major public transport interchanges in the heart of London and have flexible start dates.

Today, our total development programme is substantial, encompassing 24% of the portfolio and set to provide around 1.3 million sq ft of modern, high quality, sustainable space, well matched to evolving customer requirements.

Our leasing and Flex activities

2021/22 Strategic priority:

3 Continue to grow our Flex offer

Operational measures

	2022	2021
New lettings and renewals	**£38.5m**	£12.9m
Premium to ERV[1] (market lettings)	**9.8%**	2.4%
Vacancy rate[2]	**10.8%**	13.2%
ERV growth[2]	**3.0%**	(4.0%)
Reversionary potential[2]	**4.7%**	7.8%
Rent collected within seven days[3]	**85.8%**	78.0%

1. ERV at beginning of financial year.
2. Including share of joint ventures.
3. For March 2022 quarter, including benefit of rent deposits.

Our approach

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

Our portfolio managers, supported by our Occupier Services team, administer a portfolio of approximately 295 customers, from a diverse range of industries, in 44 buildings across 32 sites. This diversity limits our exposure to any one customer or sector, with our 20 largest customers at 31 March 2022 accounting for 39.9% (2021: 39.3%) of our rent roll.

"Our Customer first approach helps us address the key issues facing today's customer. We are offering flexibility through our Flex spaces, a great service and a strong amenity provision through all our designs, including the adoption of market leading technology. All of which give our sustainable spaces that magnetic appeal."

Dan Nicholson
Executive Director

In a period marked by economic and social disruption, we have achieved a record leasing year, delivering £38.5 million of new leases and beating rental values by 9.8%. This year's performance is testament to our market-leading 'Customer first' approach which addresses today's key customer themes of flexibility, service delivery and amenity provision, with well designed, tech-enabled and sustainable spaces.

As the UK economy continues its recovery from the pandemic, we have seen this positive momentum feed into our occupational markets, with our peak office utilisation up to around 55% and strong leasing at levels well ahead of rental values, 9.8% overall. We expect the future supply of new prime space in central London to remain limited. This lack of availability, coupled with the strengthening of the UK economy, is expected to have a positive impact on leasing, supporting the demand for our high quality spaces and prime rents.

Whilst our market lettings were 9.8% ahead of ERV, rental values across the portfolio also returned to growth, increasing by 3.0%. Within this, our offices continue to perform better than our retail space, with our office rental values increasing by 4.1% compared to a 0.7% fall in retail rental values, as the retail sector recovery was slower and impacted by further restrictions.

See our markets on pages 21 and 22

The key leasing highlights for the year included:

- 65 new leases and renewals completed during the year (2021: 27 leases) generating annual rent of £38.5 million (our share: £32.0 million; 2021: £10.9 million), with market lettings 9.8% ahead of ERV;
- flex space 13% (250,000 sq ft) of office portfolio, with ambitions to grow organically to more than 600,000 sq ft;
- our managed space at 16 Dufour's Place, W1 (16,300 sq ft) which was fully let within six months of launch with the last two lettings at more than £200 per sq ft;
- ten rent reviews securing £4.1 million of rent (our share: £4.1 million; 2021: £6.8 million) were settled at an increase of 1.9% over the previous rent and 2.1% ahead of ERV at review date; and
- total space covered by new lettings, reviews and renewals was 580,800 sq ft (2021: 300,200 sq ft).

The Group's vacancy rate decreased to 10.8% (31 March 2021: 13.2%) following the successful leasing period, and Group rent roll has increased by 9.3% to £104.1 million, as our leasing successes were offset by achieving vacant possession ahead of our proposed development at 2 Aldermanbury Square, EC2.

9.8%
Premium to ERV on market lettings

Our leasing and Flex activities continued

Plan to grow our Flex offer to 600,000 sq ft

Evolving patterns of work are changing what many customers want from their office space and we are meeting this demand with our innovative flexible spaces. Our three flexible offerings are Fitted, Fully Managed and Flex Partnerships. During the year we delivered our first Fully Managed offer at 16 Dufour's Place, W1. This 16,300 sq ft building provides customers with fully fitted, fully managed, tech-enabled office space with flexibility of lease term. We leased the entirety of the building at an average all-in rent of £195 per sq ft, some 10.5% ahead of the Valuer's March 2021 ERV.

During the year, we achieved vacant possession at 2 Aldermanbury Square, EC2 to enable redevelopment. This brought our Flex partnership with Knotel in the building to a close. Despite this reduction of 82,300 sq ft, we added around 65,000 sq ft of new space in the year such that our Flex offers now total around 250,000 sq ft or 13% of our office space.

Looking forward, our portfolio is well suited to further growing this Flex exposure. Our average building size is small at around 60,000 sq ft and more than 80% of our floors are sub-10,000 sq ft. Looking forward, we have further ambitions for growth and are targeting to grow our Flex offer organically to more than 600,000 sq ft. This growth would take our Flex offerings to 25% of our office portfolio by 2027 and we are excited about the opportunity for future growth in this space. We will supplement this growth through targeting investment opportunities that lend themselves to our flexible space products, as demonstrated by our recent acquisitions of 7/15 Gresse Street, W1 and 6/10 St Andrew Street, EC4.

Enduring magnetism for best-in-class space

In addition to the Inmarsat pre-let (see our development activities above), we have also seen an increase in demand for our best-in-class workspace, that places a high value on sustainability, technology and customer service. This has resulted in a year of strong leasing activity, across both our Flex portfolio and at our recently completed developments.

At Hanover Square, W1, we have now completed all the office leasing. In total we completed six lettings across the office space (47,700 sq ft), ahead of our expectations, completing with an average void of just over three months, at rents ranging up to £127.50 per sq ft and on an average term of over 13.5 years. We have also made significant progress with leasing the prime retail units on New Bond Street. In total we have now completed five retail lettings (14,400 sq ft), with Pronovias joining Canali on New Bond Street and Moyses Stevens and Watchhouse within the courtyard space.

At our other recently completed development, 1 Newman Street W1, where we had pre-let the three upper floors to Exane, we completed a letting of the fourth floor to a global investment firm, for its new European headquarters. The investment firm has committed to a ten-year lease for 13,800 sq ft of prime office space and is due to move into its new workspace later this year. We have one floor under offer with strong interest in the one remaining office floor.

At The Hickman, Whitechapel E1, we entered into a new partnership agreement with Runway East, the co-working and flexible office specialist, who will run 20,500 sq ft of workspace across the Lower Ground, Ground and First Floor levels for ten years. This new profit share agreement is in addition to their existing partnership with GPE for the operation of 48,400 sq ft of workspace at New City Court in London Bridge.

Retail recovery in central London

Whilst we have seen significant demand for our high quality office space we have also seen a continued recovery of the central London retail market as footfall recovers to near pre-pandemic levels. The most high profile deal was the leasing of the entirety of 103/113 Regent Street, W1 held in our Great Ropemaker Partnership (GRP) to Uniqlo Europe Limited (Uniqlo). The property, comprising 56,850 sq ft of mixed-use retail and office, was previously let to C-Retail Ltd (Superdry). GRP simultaneously surrendered the Superdry lease for £7.9 million and granted a new lease to Uniqlo. During the year we have let a total of 203,700 sq ft of retail space, to a variety of international and domestic retailers, generating £12.3 million in rent, 12.3% ahead of March 2021 ERVs, demonstrating an increase in confidence in the sector.

Encouraging start to 2022/23

Since 31 March 2022, we have completed a further eleven lettings generating annual rent of £2.9 million (our share: £2.4 million), with market lettings 3.3% ahead of March 2022 ERV. We have a further 29 lettings under offer accounting for £9.4 million p.a. of rent (our share: £8.7 million), 2.5% ahead of 31 March 2022 ERV.

Improved rent collection

Rent collection challenges remained in the early part of the year but rates have since returned to more normalised levels. For the March 2022 quarter, we have so far collected 94.1% of the rent charged. Improved collection rates have also reduced the level of expected credit loss provision in the income statement, from £9.6 million to £4.0 million in the current year (including our share of joint ventures).

At 31 March 2022, we held rent deposits and bank guarantees totalling £18.6 million (March 2021: £17.2 million).

How we are positioned

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

Against this backdrop we remain well positioned: our leasing record remains strong; our committed development programme is focused on high quality; well located office-led schemes that have enduring demand; we are delivering innovative products that lease well; our average office rent remains low at £67.50 per sq ft; and 93% of our portfolio is within walking distance of a Crossrail station.

Our investment activities

Operational measures[1]

	2022	2021
Purchases	**£36.5m**	£nil
Capital value per sq ft	**£847**	–
Sales	**£90.8m**	£16.0m
Premium to book value[2]	**5.0%**	11.7%
Capital value per sq ft	**£1,091**	£2,515
Total investment transactions[3]	**£127.3m**	£16.0m
Net investment[4]	**£(54.3)m**	£(16.0)m

1. Including joint ventures at share.
2. Based on book values at start of financial year.
3. Purchases plus sales.
4. Purchases less sales.

Our approach

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

See more on page 12

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

- amenity rich locations with excellent transport links;
- clustering around existing GPE holdings desirable;
- 30,000 – 60,000 sq ft with divisible floorplates;
- target unit size of 3,000 – 5,000 sq ft;
- ability to create internal and external amenity space;
- high quality ground floor experience;
- product and market appropriate refurbishment capex; and
- opportunity to deliver stabilised income of 6%+.

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

"The acquisition of Gresse Street offers a fantastic opportunity for us to reposition these tired buildings with high quality, fully managed flexible spaces designed with the customer at its heart and in a location that is full of opportunity."

Robin Matthews
Investment Director

We continue to monitor the investment market closely with a clear focus on development and repositioning opportunities, buildings that would suit our Flex products and assets that are challenged from a sustainability perspective. Since 1 April 2021, we have made two acquisitions and one disposal.

Sales for the year ended 31 March 2022

	Price[1] £m	Premium to book value %	Price per sq ft £	NIY %
160 Old Street, EC1	90.8	5.0	1,091	4.1

1. Including share of joint ventures.

In September 2021, the Great Ropemaker Partnership (GRP), our 50:50 joint venture with BP Pension Fund, sold 160 Old Street, EC1 to a fund advised by J.P. Morgan Global Alternatives. The headline price of £181.5 million (our share: £90.8 million) reflected a 5% premium to the March 2021 valuation. The total contracted annual rental income was £7.9 million (our share: £4.0 million), with a weighted average unexpired lease term of approximately 10.3 years to the earlier of breaks or expiries.

In March 2022, we acquired the long leasehold interests at 7/15 Gresse Street and 12/13 Rathbone Place, W1 for £36.5 million (equating to £847 per sq ft, 5.6% NIY). The building has been home to the Fashion Retail Academy since 2005, who we expect will relocate from the building next year.

Acquisitions for the year ended 31 March 2022

	Price £m	NIY %	Area sq ft	Cost per sq ft
7/15 Gresse Street, W1	36.5	5.6	43,000	847

In May 2022, we acquired the long leasehold interest at 6/10 St Andrew Street for £30.0 million (£650 per sq ft). The 46,200 sq ft building is currently vacant, and benefits from planning permission for a two-storey extension. It will provide approximately 48,000 sq ft over lower ground and eight upper floors, with two private terraces as well as a communal roof terrace and winter garden.

Following comprehensive refurbishment of both these acquisitions, we intend to implement our Fully Managed Flex offering, adding to our growing Flex office portfolio, which currently provides around 250,000 sq ft of space on Fitted and Fully Managed terms, across central London.

How we are positioned

We are constantly reviewing acquisition opportunities, and we currently have £1.0 billion of potential acquisitions under review, predominantly off market.

We are actively seeking new buildings for our Flex offerings, opportunities for repositioning or development and we increasingly expect the sustainability challenge to provide us with opportunities to acquire orphaned assets needing a sustainability solution. However, we will remain disciplined. Any potential purchase needs to outperform the assets we already own, and with our existing portfolio stacked with opportunity, the hurdle is high.

Our financial results

“The recovery from COVID-19, and the resultant bounce back in the London economy and our actions, have bolstered property values and increased our EPRA NTA to 835 pence per share, up 7.2%.”

Nick Sanderson Chief Financial & Operating Officer

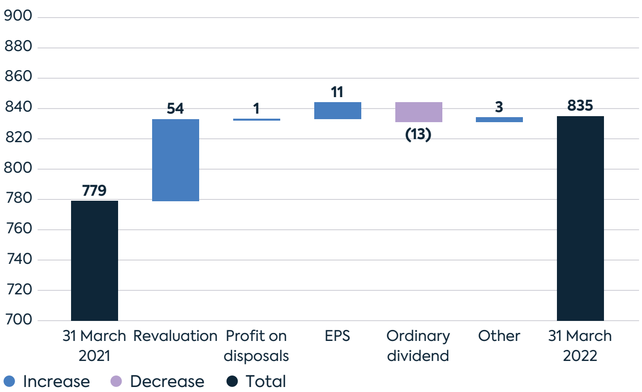
As is usual practice in our sector, we use Alternative Performance Measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionately consolidated basis to include joint ventures, as it best describes how we manage the portfolio, like-for-like measures and using measures prescribed by EPRA. The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector. Reconciliations of APMs are included in note 8 of the financial statements.

See more about performance measures and EPRA metrics on page 33 and note 8 to the accounts

Higher IFRS NAV and EPRA NTA per share driven by valuation gains

IFRS NAV and EPRA NTA per share at 31 March 2022 were 835 pence per share, an increase of 7.2% over the year, largely due to the 6.1% like-for-like valuation increase in the property portfolio. When combined with ordinary dividends paid of 12.6 pence per share, this delivered a Total Accounting Return of 8.8%.

EPRA NTA pence per share



The main drivers of the 56 pence per share increase in EPRA NTA from 31 March 2021 were:

- the increase of 54 pence per share arising from the revaluation of the property portfolio;
- the profit on disposal of 160 Old Street, EC1 increased NTA by one pence per share;
- EPRA earnings for the year of 11 pence per share enhanced NTA;
- ordinary dividends paid of 13 pence per share reduced NTA; and
- other items increased NTA by three pence per share.

At 31 March 2022, the Group’s net assets were £2,112.9 million, up from £1,971.6 million at 31 March 2021, with the increase largely attributable to the increase in property valuation of £136.0 million. EPRA NDV and EPRA NRV were 838 pence and 911 pence at 31 March 2022 respectively, compared to 777 pence and 849 pence at 31 March 2021.

See more about our capital strength on pages 32 and 33

Revenue reduced due to lower rental income

Revenue for the year was £84.2 million, down from £88.5 million on the prior year, driven by lower gross rental income which reduced by £7.7 million to £66.1 million and reduced service charge income. The reduction in gross rental income was largely attributable to achieving vacant possession of our committed development at 50 Finsbury Square in the prior year and 2 Aldermanbury Square ahead of its proposed development.

Net rental income, after taking account of expected credit losses (see below), lease incentives and ground rents was £62.6 million, up from £62.1 million in the prior year as we see the benefit from the lease commencements at our recently completed developments.

Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including share of joint ventures) increased by 4.3% including expected credit losses.

Joint venture fee income for the year was £5.1 million, an increase of £1.4 million, resulting from fees earned on the sale of 160 Old Street, EC1 from the Great Ropemaker Partnership (GRP).

£2.1bn

Net assets

Expected credit loss for unpaid rent

The year continued to be affected by the economic impact of COVID-19. However, as the year progressed and London's economy reopened and economic activity returned to more normalised levels, our rent collection performance improved. Overall we secured 95% of all rents due in the year, including in our joint ventures. Whilst we have continued to offer assistance to support our customers through this difficult period, particularly our smaller independent retailers, the level of expected credit loss provisions in the Group reduced to £4.1 million (£4.0 million including our share of joint ventures) from £7.7 million in the prior year.

At 25 March 2022, we had around 8% of our rent roll on monthly payment terms (25 March 2021: 28%). Since 1 April 2021, one of our customers went into administration, representing less than 0.1% of our rent roll. At 31 March 2022, we held rent deposits and bank guarantees totalling £18.6 million.

Cost of sales increased

Cost of sales increased from £24.7 million to £30.1 million for the year ended 31 March 2022. This increase was primarily driven by increased costs associated with our leasing initiatives in our record leasing year and greater business rates on empty space due to higher average levels of portfolio vacancy.

Taken together, net service charge income, other property costs and expected credit loss provisions for service charges rose to £17.7 million from £9.7 million in the prior year.

Joint venture earnings

EPRA earnings from joint ventures were £14.5 million, up from £9.1 million last year, primarily as a result of receiving a one-off surrender premium of £3.9 million (our share) in GRP, as well as strong leasing activity at Hanover Square, W1 and reduced expected credit loss provisions in respect of unpaid rents which totalled a credit of £0.1 million, down from a £1.9 million charge last year.

Higher performance related pay

Administration costs were £35.0 million, £9.8 million higher than the previous year. The increase was primarily due to increased provisions for performance-related pay, including share-based payments in respect of our LTIP scheme, given the strong uplift in the property valuation during the year. Costs also rose given increased headcount, as we continue to enhance our teams to deliver on our Customer first and Flex ambitions.

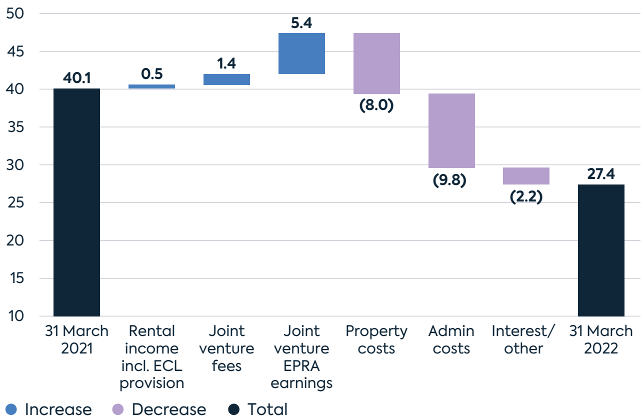
Increased interest cost from new facilities

Gross interest paid on our debt facilities was £14.3 million, £2.2 million higher than the prior year. This increase primarily resulted from the full year impact of drawing on the Group's £150 million 2.77% private placement notes which were issued in November 2020. Capitalised interest increased by £0.9 million to £7.2 million as our development activity increased with the start of enabling works at 2 Aldermanbury Square, EC2. As a result, the Group had net finance costs (including interest receivable) of £1.7 million (2021: income of £0.2 million).

EPRA earnings

EPRA earnings were £27.4 million, 31.7% lower than last year as expected, predominantly due to lower net rental income and increased property and administration costs offset by lower expected credit loss provisions made against doubtful debts.

EPRA earnings £m



Revaluation gains in the Group's investment properties, together with reduced EPRA earnings, led to the Group's reported IFRS profit after tax of £167.2 million (2021: loss of £201.9 million). Basic and diluted earnings per share for the year were 66.1 pence and 66.0 pence respectively, compared to a 79.8 pence loss for 2021. Diluted EPRA EPS was 10.8 pence (2021: 15.8 pence), a decrease of 31.6% and cash EPS was 5.7 pence (2021: 12.2 pence).

For the forthcoming year, we anticipate that rental income will reduce due to the sale of 160 Old Street, EC1 and we do not anticipate that we will receive similar levels of surrender premiums. Furthermore, as we create vacancy through accelerating the conversion of our spaces to our Flex offerings and committing to the development of our near-term schemes, we anticipate that for the coming year EPRA EPS will be lower than that of the current year.

Results of joint ventures

The Group's net investment in joint ventures decreased to £582.8 million at 31 March 2022, down from £626.4 million in the previous year. The decrease is largely due a partner distribution after the profitable disposal of 160 Old Street, EC1 partially offset by a 7.8% like-for-like increase in value of the property portfolio. Our share of joint venture net rental income was £24.0 million, up 37.9% from last year. This increase was primarily the result of strong leasing activity at Hanover Square, W1, reduced expected credit loss provisions in respect of unpaid rent of £2.0 million, and the receipt of £3.9 million (our share) in respect of a surrender premium paid by Superdry on their departure from 101/113 Regent Street, W1.

See more about our joint ventures on page 57

Our financial results continued

Our capital strength

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

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

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

EPRA LTV low at 20.5%

The Group's consolidated net debt increased to £531.2 million at 31 March 2022, compared to £477.5 million at 31 March 2021. The increase was largely due to £79.2 million development capital expenditure across the Group and the purchase of 7/15 Gresse Street, W1 for £37.5 million (including costs), more than offsetting the sales proceeds from 160 Old Street, EC1 for £90.8 million (our share). As a result, the Group's gearing increased to 25.4% at 31 March 2022 from 24.6% at 31 March 2021.

Including cash balances in joint ventures, total net debt was £502.3 million (2021: £451.0 million), equivalent to a low EPRA LTV of 20.5% (2021: 20.0%). At 31 March 2022, we had no external debt in any of our joint ventures. At 31 March 2022, the Group, including its joint ventures, had cash (£28 million) and undrawn committed credit facilities (£363 million) totalling £391 million.

Debt analysis

	March 2022	March 2021
Net debt excluding JVs (£m)	**531.2**	477.5
Net gearing	**25.4%**	24.6%
Total net debt including 50% JV cash balances (£m)	**502.3**	451.0
EPRA LTV	**20.5%**	20.0%
Interest cover	**n/a**	n/a
Weighted average interest rate	**2.5%**	2.5%
Weighted average cost of debt	**2.9%**	2.7%
% of debt fixed/hedged	**84%**	91%
Cash and undrawn facilities (£m)	**391**	443

The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 2.9%, marginally higher than the prior year. The weighted average interest rate (excluding fees) was 2.5% at the year end, unchanged over the 12 months. Our weighted average drawn debt maturity was 6.9 years at 31 March 2022 (31 March 2021: 8.1 years).

At 31 March 2022, 84% of the Group's total debt was at fixed or hedged rates (2021: 91%). The Group is operating with substantial headroom over its debt covenants. At 31 March 2022, given our low levels of leverage, property values would have to fall by around 56% before covenant breach.

Balance sheet discipline

When considering the appropriate level of financial leverage in the business, we apply the same capital discipline that we use when making asset level decisions. Typically, we aim for a loan to value ratio of between 10% to 35% through the cycle and today we are at the lower end of the range given our portfolio activities and market cycle position. Additionally, we have a track record of accretively raising and returning equity capital to shareholders at the appropriate time and in the appropriate circumstances. Our key considerations when making such capital decisions include:

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

An example of this capital discipline in action is the £616 million of surplus equity that we returned to shareholders in recent years.

Taxation

The tax credit in the income statement for the year was £0.5 million (2021: £0.1 million) and the effective tax rate on EPRA earnings was 0% (2021: 0%). The majority of the Group's income is tax-free as a result of its REIT status, and other allowances were available to set against non-REIT profits. The Group complied with all relevant REIT tests for the year to 31 March 2022.

As a REIT, the majority of rental profits and chargeable gains from our property rental business are exempt from UK corporation tax, provided we meet a number of conditions including distributing at least 90% of the rental income profits of this business (known as Property Income Distributions (PIDs)) on an annual basis. These PIDs are then typically treated as taxable income in the hands of shareholders. During the year, the Group paid £26.1 million of PIDs.

The Group's REIT exemption does not extend to either profits arising from the sale of trading properties or gains arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years.

The Group is otherwise subject to corporation tax. Despite being a REIT, we are subject to a number of other taxes and certain sector specific charges in the same way as non-REIT companies. During the year, we incurred £9.4 million in respect of stamp taxes, section 106 contributions, community infrastructure levies, empty rates in respect of vacant space, head office rates, employer's national insurance and irrecoverable VAT.

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

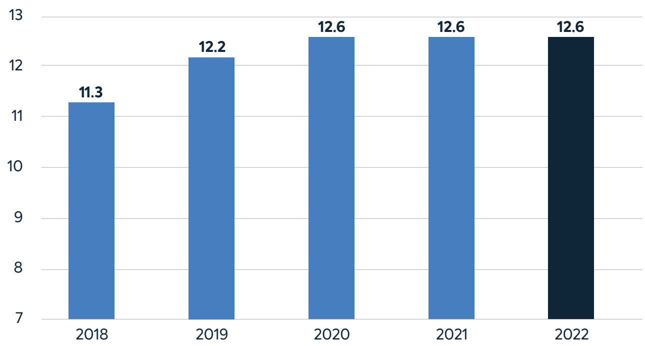
See more about our tax strategy at: www.gpe.co.uk/about-us/governance

Ordinary dividends

Given the low yielding nature of London real estate, the Group operates a low and progressive ordinary dividend policy, with the aim of maintaining average dividend cover of 1.0x through the cycle. The Board has recommended a final dividend of 7.9 pence per share (2021: 7.9 pence) which will be paid, subject to shareholder approval, on 11 July 2022 to shareholders on the register on 27 May 2022. All of this final dividend will be a REIT PID in respect of the Group's tax exempt property rental business.

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

Ordinary dividends: 12.6 pence per share



EPRA performance measures

Measure	Definition of measure	March 2022	March 2021
EPRA earnings*	Recurring earnings from core operational activities	**£27.4m**	£40.1m
EPRA EPS*	EPRA earnings divided by the weighted average number of shares	**10.8p**	15.9p
Diluted EPRA EPS*	EPRA earnings divided by the diluted weighted average number of shares	**10.8p**	15.8p
EPRA costs (by portfolio value)*	EPRA costs (including direct vacancy costs) divided by market value of the portfolio	**1.9%**	1.4%
EPRA capital expenditure*	The Group's capital expenditure on the portfolio categorised between acquisitions, development and on the investment portfolio	**£151.6m**	£83.3m
EPRA NTA*	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of goodwill arising as a result of deferred tax and other intangible assets	**£2,112.9m**	£1,971.6m
EPRA NTA per share*	EPRA NTA assets divided by the number of shares at the balance sheet date on a diluted basis	**835p**	779p
EPRA NDV*	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. Diluted net assets per share adjusted to remove the impact of goodwill arising as a result of deferred tax and fixed interest rate debt	**£2,120.8m**	£1,968.6m
EPRA NDV per share*	EPRA NDV assets divided by the number of shares at the balance sheet date on a diluted basis	**838p**	777p
EPRA NRV*	Represents the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives, real estate transfer taxes, and deferred taxes on property valuation surpluses are therefore excluded	**£2,306.1m**	£2,150.9m
EPRA NRV per share*	EPRA NRV assets divided by the number of shares at the balance sheet date on a diluted basis	**911p**	849p
EPRA LTV	Debt (including net receivables) divided by market value of the property	**20.5%**	20.0%
EPRA NIY	Annualised rental income based on cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the market value of the property increased by estimated purchasers' costs. See calculation table on page 156	**2.3%**	3.0%
EPRA 'topped-up' NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives). See calculation table on page 156	**3.1%**	3.3%
EPRA vacancy rate	ERV of non-development vacant space as a percentage of ERV of the whole portfolio. See calculation table on page 185	**19.9%**	15.3%

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

£391m

Cash and undrawn facilities

Our portfolio

We only operate in central London and our portfolio has its origins in the West End, which accounts for 69% of our properties. We recognise that customer needs are rapidly evolving and we are shaping the products and services we provide accordingly.

Operational measures

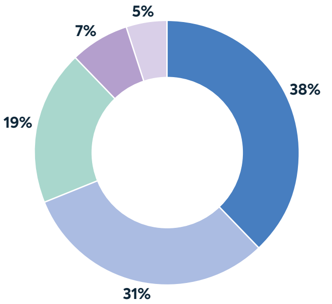
+6.1%
Property valuation growth (on a like-for-like basis)

24%
Percentage of portfolio in development programme

+48.6%
Valuation growth of committed developments

13%
Percentage of office portfolio converted to our Flex offerings

Our portfolio by value – 69% in West End[1]



1. Including share of joint ventures.

Our approach

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

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

Well located central London portfolio

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

See more about our portfolio on pages 04 and 05

100%
Of the portfolio in central London

Evolving our strategy

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

- **HQ repositioning –** developing larger, best-in-class HQ buildings. Growing demand for very high quality, brand new space has remained strong and the future supply of space remains limited. Today our development programme totals 24% of the Group's existing portfolio. This pipeline of opportunity provides raw material, often with poor sustainability credentials, which we can transform into best-in-class spaces designed to let well in their local markets, be future-proofed in a rapidly changing world and have regard to the wider environment in which they are located.
- **Flex spaces –** smaller fitted units, often with higher service levels. Customers in our smaller spaces are increasingly demanding the provision of flexibility, amenity and service provision. Accordingly, we have developed a choice of Flex offerings to meet this need. We provide spaces that are delivered flexibly on a Fitted, or Fully Managed basis, making life easier and hassle free. Where the management of the space is more intensive, delivered by the desk or room, we partner with another provider to meet this demand. Our portfolio, with around 87% of our spaces sub-10,000 sq ft, is perfectly placed to meet this demand.

Both of these business activities are complementary and primed for growth. Our near-term developments will commit £1.1 billion of capital, delivering 917,800 sq ft of brand new space, and we have an ambition to significantly grow our Flex offerings to more than 600,00 sq ft in the coming years.

Portfolio value up 6.1%; driven by our committed development and leasing successes

The valuation of our portfolio, including our share of joint ventures, increased over the 12 months by 6.1%, on a like-for-like basis, to £2,647.4 million at 31 March 2022.

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

– development gains – the valuation of our committed development properties increased by 48.6% on a like-for-like basis to £167.6 million during the year. Our development returns were supported by securing a major pre-letting, ahead of the valuer's assumptions;

See more about our development activities on pages 23 to 26

– rental value increases – since the start of the financial year rental values increased by 4.4%, or 3.0% on a like-for-like basis, with our office portfolio up by 4.1% and our retail portfolio reducing by 0.7%;

See more about our market on pages 21 and 22

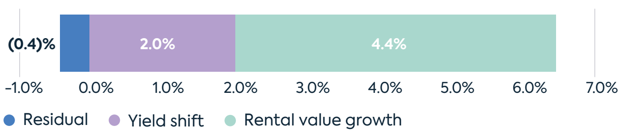
– active portfolio management – we delivered a record leasing year, signing 75 new leases, rent reviews and renewals, with new lettings 9.8% ahead of ERV. This secured £36.1 million (our share) of annual income, supporting the valuation over the year; and

See more about our leasing and Flex activities on pages 27 and 28

– lower investment yields – equivalent yields decreased by 13 basis points (2021: +11 basis points) during the year (office: -18 basis points; retail: +3 basis points). At 31 March 2022, the portfolio true equivalent yield was 4.4%.

See more about our markets on pages 21 and 22

Drivers of valuation growth %



Including rent from pre-lets and leases currently in rent-free periods, the adjusted initial yield of the investment portfolio at 31 March 2022 was 3.8%, the same as at the start of the financial year.

> **We have been highly active in a supportive market. As a result, our portfolio value was up by 6.1%, driven by a 48.6% rise in the value of our developments."**
>
> **Hugh Morgan**
> Director of Investment Management

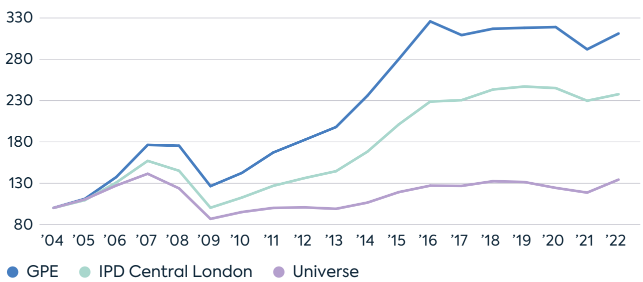
The overall valuation increase of 6.1% during the year was largely driven by our office portfolio which increased by 7.9% in comparison to our retail assets which were flat, as further restrictions at the start of the year impacted the sector's recovery. Our Flex activities also supported our valuation performance. Buildings with more than 40% of the space in our Flex offerings grew by 8.6%. Elements of the portfolio also continued to show greater variation. Short leasehold properties (<100 years), which represent around 9% of the portfolio, reduced in value by 2.9% compared to an increase of 7.0% in the rest of the portfolio, as investor demand for shorter leasehold assets remained low. Our pipeline properties, typically on shorter lease terms, reduced in value by 5.9% during the year, in comparison to our long-dated assets which increased by 12.1%.

Our joint venture properties rose in value by 7.8% over the year, driven by leasing successes at our recently completed development at Hanover Square, W1. The wholly-owned portfolio increased by 5.7% on a like-for-like basis supported by our committed developments at 50 Finsbury Square, EC2.

Our relative performance

The Group delivered a Total Property Return (TPR) for the year of 9.4%, compared to the central London MSCI annual index of 7.0%, and a capital return of 6.5%, versus 3.8% for MSCI. This outperformance was driven by our committed and recently completed development schemes, along with GPE delivering a record leasing year.

Long-term outperformance
Relative returns vs MSCI
Relative capital growth % p.a.[1]



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

Our portfolio continued

Portfolio performance

		Wholly-owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	740.3	–	740.3	28.0	5.3
	Retail	190.2	43.9	234.1	8.8	(2.2)
	Residential	4.2	–	4.2	0.2	0.7
Rest of West End	Office	265.9	254.9	520.8	19.7	11.3
	Retail	164.1	124.1	288.2	10.9	1.5
	Residential	5.1	–	5.1	0.2	(5.8)
Total West End		**1,369.8**	**422.9**	**1,792.7**	**67.8**	**5.2**
City, Midtown and Southwark	Office	504.4	135.7	640.1	24.2	1.0
	Retail	5.5	–	5.5	0.2	–
	Residential	4.0	–	4.0	0.1	1.5
Total City, Midtown and Southwark		513.9	135.7	649.6	24.5	1.0
Investment property portfolio		**1,883.7**	**558.6**	**2,442.3**	**92.3**	**4.2**
Development property		167.6	–	167.6	6.3	48.6
Total properties held throughout the year		**2,051.3**	**558.6**	**2,609.9**	**98.6**	**6.1**
Acquisitions		37.5	–	37.5	1.4	(0.1)
Portfolio valuation		**2,088.8**	**558.6**	**2,647.4**	**100.0**	**6.0**

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		1,016.1	–	1,016.1	777.8	234.1	4.2	1,016.1	780
Rest of West End		814.1	–	814.1	520.8	288.2	5.1	814.1	568
Total West End		**1,830.2**	**–**	**1,830.2**	**1,298.6**	**522.3**	**9.3**	**1,830.2**	**1,348**
City, Midtown and Southwark		649.6	167.6	817.2	799.8	13.4	4.0	817.2	1,167
Total		**2,479.8**	**167.6**	**2,647.4**	**2,098.4**	**535.7**	**13.3**	**2,647.4**	**2,515**
By use:	Office	1,938.7	159.7	2,098.4					
	Retail	527.8	7.9	535.7					
	Residential	13.3	–	13.3					
Total		**2,479.8**	**167.6**	**2,647.4**					
Net internal area sq ft 000's		2,386	129	2,515					

£2.6bn

Portfolio valuation

Sustainability

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

We will:

Decarbonise our business to become net zero by 2030
See pages 38 to 40

Design climate change resilient and adaptable spaces
See pages 41 to 42

Create a lasting positive social impact in our communities
See page 43

Put health and wellbeing front and centre
See page 44

During the year we…

-24.4%
Reduced energy intensity by 24.4% when compared to our 2016 baseline

£403k
Invested £403,000 from our Decarbonisation Fund in energy efficiency projects within our portfolio

£631k
Created £631,000 of social value within our communities

250
Installed over 250 indoor air quality sensors across 29 buildings

…made progress on our Roadmap to Net Zero and outperformed two of our three ESG linked KPIs:

- To reduce Energy Intensity ✓
- To reduce Embodied Carbon ✓
- To increase Biodiversity Net Gain

See page 41

…and launched our:

Sustainable Finance Framework
In July 2021, we set out how we intend to issue Sustainable Debt Instruments which have a positive environmental or social impact whilst supporting our business strategy

www.gpe.co.uk/investors

Social Impact Strategy
In November 2021, we launched our Social Impact Strategy setting out our priorities, how we can make a difference and how social impact can bring business benefits

www.gpe.co.uk/our-relationships/community-relationships

Charity Partnership with XLP
In April 2022, we announced our new three-year charity partnership with XLP, focused on helping to create a lasting and positive impact for young people growing up in inner city London estates

www.gpe.co.uk/news-media/news/2022/launch-of-new-charity-partnerships

July 2021

Nov 2021

XLP
WORKING TO CREATE POSITIVE FUTURES FOR YOUNG PEOPLE

April 2022

To see our full range of reports, including our Sustainability Performance Report, see our sustainability hub at www.gpe.co.uk/sustainability

Decarbonise our business to become net zero by 2030

Our **Roadmap to Net Zero** sets out how we will decarbonise our business to become net zero and incorporates our carbon reduction hierarchy:

1. **Reduce embodied carbon** – the majority of a building's embodied carbon is emitted through the extraction, manufacture and transport of building materials and the construction process itself. As a developer, a significant proportion of our carbon footprint is associated with embodied carbon. **2030 Target: a 40% reduction in embodied carbon from our 2020 baseline of 954kg CO_2e per m²**
2. **Reduce energy intensity** – tackling the energy consumption of our buildings is essential to reduce operational carbon emissions and reduce both the costs and carbon emissions of our customers. **2030 Target: a 40% reduction in energy intensity from our 2016 baseline of 234 kWh per m²**
3. **Increase renewable energy** – as more buildings become fossil fuel free and energy security concerns continue to grow, there is an increasing focus on generating more on-site renewable energy. **2030 Target: generate 600 MWh of renewable energy per annum at our buildings**
4. **Offset residual emissions and internal carbon pricing to decarbonise faster** – even with meeting our targets, 50% of our 2030 emissions are likely to require offsetting in order for us to become net zero. Our internal carbon price of £95 per tonne is designed to incentivise us to decarbonise faster and reduce reliance on offsets. Funds generated feed into our Decarbonisation Fund which supports the retrofitting of our portfolio and drives behavioural change. **Funds in the Decarbonisation Fund from operational carbon emissions for the year ended 31 March 2022: £522,000**

See more on our Sustainability KPIs on pages 14 and 15 and how they link to remuneration on pages 115, 118 and 121

Progress during the year

1. Reduce embodied carbon

–22.0%

Reduction in embodied carbon at our two developments at 50 Finsbury Square, EC2, and 2 Aldermanbury Square, EC2, compared to 2020 baseline

We are targeting net zero carbon for all our developments eight years ahead of our 2030 target for new buildings. In the absence of an industry-wide net zero carbon building certification scheme, we use the UK Green Building Council framework definition and reporting guidelines.

50 Finsbury Square, EC2, due for completion by the end of 2022, is forecast to be the first net zero carbon building within our portfolio. Our internal carbon price of £95 per tonne has substantially accelerated progress, with our project teams working together to reduce the carbon price payable. As a result, the building is now fossil fuel free and providing on-site renewable electricity generation, reducing the projected energy intensity of the building, in line with our net zero goal.

Our 2 Aldermanbury Square, EC2, development will also be net zero carbon and deconstruction of the existing building has commenced. Forecasts suggest that we will achieve our 2030 embodied carbon target through the inclusion of alternative materials such as responsible steel and lower carbon concrete, the use of efficient building techniques and the implementation of circular economy principles. 2 Aldermanbury Square will also be our first building to secure a NABERS UK Design for Performance rating and we will pilot a building materials passport, ultimately making the building more adaptable and easier to dismantle at the end of its life.

We will also be removing and reconditioning the steel from City Place House, EC2, (the existing building at 2 Aldermanbury Square) with the intention to reuse the steel in another GPE development scheme.

See the case study on page 41

Decarbonising faster

In its first year, £403,000 was invested in our Decarbonisation Fund. This was generated from our internal carbon price of £95 per tonne levied on both operational energy related emissions (Scope 1 and 2) and embodied carbon (Scope 3) emissions.

The monies were used to fund energy efficiency projects at our highest energy consuming building, 200 Gray's Inn Road, WC1. Projects included an intelligent building optimisation system to better control on-site plant and LED lighting upgrades. With our joint venture partner matching our investment, funds were able to go further. These projects are expected to save 657 tCO_2e per year and pay back in an average of two years.

657 tCO_2e per year

Expected carbon savings through Decarbonisation Fund projects

2. Reduce energy intensity

–24.4%

Reduction in energy intensity compared to 2016 baseline

Reducing the energy intensity of our buildings is crucial to our net zero carbon strategy. Whilst our absolute energy consumption increased compared to last year due to our newly occupied, recently completed developments, we have reduced our energy intensity by 24.4% since we set our baseline in 2016.

Technology and innovation is helping us to understand where efficiencies can be made. During the year, we trialled four Digital Twin systems and will be rolling out our preferred system across the portfolio to better control energy and optimise building performance. Investing in appropriate metering infrastructure is also key and so we continued our project to upgrade to automatic metering across the portfolio.

Our buildings need to work efficiently when in use. During the year, 26% of our carbon footprint was associated with the space occupied by our customers – the energy used to heat, cool, light and power their spaces in our buildings. As such, collaboration is crucial. Our customer app, sesame®, provides real time energy consumption data to help enhance our understanding of building efficiency. We are also establishing building energy forums to support improved communication with our customers on reducing building emissions.

At the time of writing, implementation legislation is still awaited for the introduction of energy performance in-use ratings and new minimum energy efficiency standards of an EPC B rating by 2030. We estimate that the investment required to upgrade our existing buildings to the new minimum EPC B rating is around £20 million.

See more on pages 41 and 42

With increased focus on operational energy performance and the need for each building to have a net zero transition plan, we are piloting the new NABERS UK Energy for Offices rating scheme. As expected, our initial findings demonstrate that many buildings have a long way to go to perform as efficiently in-use as designed.

To understand the challenges and unlock barriers to building performance, we brought together 25 stakeholders working with us at every stage of the building lifecycle, for an 'Energy Ideathon'. Discussions ranged from the tendering of works packages to commissioning and feedback – these discussions will help shape our strategy going forward.

Over the coming year, we are enhancing our costed EPC plans to include the cost to get our buildings to 90kWh per m^2, in line with our Roadmap to Net Zero and our target aligned with a 1.5 degrees warming scenario.

3. Increase renewable energy

100%

REGO-backed electricity and green gas purchased

Whilst we purchase 100% REGO-backed electricity and green gas, we recognise that to decarbonise our buildings, we need to transition away from fossil fuels, reduce our reliance on the National Grid and generate more on-site renewable electricity.

Starting with our development at 50 Finsbury Square, EC2, all future new-build developments and major refurbishments will have some form of renewable energy on-site, be fossil fuel free and, where appropriate, be connected to local district heating and power networks.

Whilst this will support the transition away from reliance on fossil fuels in new buildings, and potentially provide improved energy security for our customers, there is also a need to install renewable energy at our existing buildings. Roof space is currently being assessed for this work, taking into account competing demands for these areas such as terraces and outside space and the need to include biodiversity.

During the year, we generated 27 MWh of electricity through on-site solar panels and continued to procure REGO-backed electricity and green gas. A significant increase in onsite energy generation is needed to reach our ambitious target.

4. Offset residual emissions and internal carbon pricing to decarbonise faster

£925k

Contributed to Decarbonisation Fund in its first two years

Offsetting is a last resort. Our focus is on providing incentives for our team, our supply chain and our customers to decarbonise faster by applying our internal carbon price of £95 per tonne.

On 1 April 2022, we added £522,000 to our Decarbonisation Fund due to our operational energy-related emissions for the year ended 31 March 2022. This accounts for 5,498 tonnes of carbon, bringing the total raised through our internal carbon price to £925,000 in its first two years. In addition, we offset 24 tonnes associated with employee business travel and our Community Day.

www.gpe.co.uk/sustainability/our-sustainability-statement-of-intent

Performance against our Roadmap to Net Zero

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

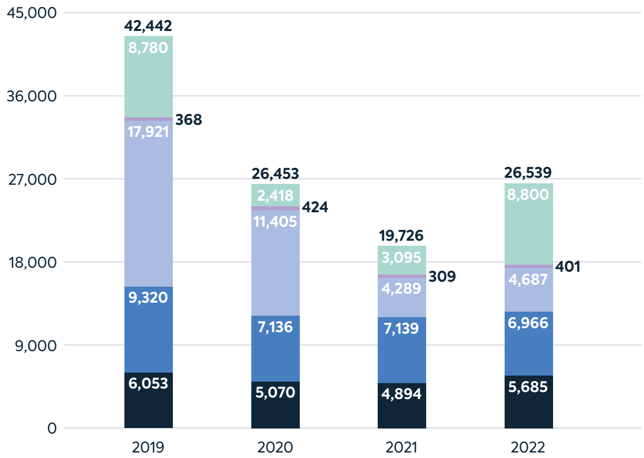
Compared to 2021, our total annual carbon emissions (Scopes 1, 2 and 3) increased by 35% or 6,813 tCO_2e. Our direct operational energy emissions (Scope 1 and 2) increased by 16%. This increase was mainly driven by the energy consumption from Hanover Square, W1, now fully operational and incorporated in our data for the full reporting year for the first time. Additionally, increased occupancy as people returned to the office during the year post COVID-19 lockdowns also impacted consumption for the reporting period.

79% of our carbon emissions fall outside our direct control and form our Scope 3 emissions; these are emitted by our supply chain and the customers occupying our spaces. The uplift in Scope 3 emissions for the year was driven by the sale of 160 Old Street, EC1, with the lifetime energy use of the building accounted for in this year's footprint.

When compared with our 2019 baseline, our total carbon emissions, across Scopes 1, 2 and 3, have decreased by 37%. Whilst there has been significant activity to reduce carbon emissions during this time, the nature of our business will also cause our carbon footprint to fluctuate due to new acquisitions, disposals and the number and stage of developments on site – the higher emissions generally occur earlier in the development process (the product stage).

Carbon reporting is becoming progressively more sophisticated, with significant improvements made each year on data quality. During the year, the granularity of our procurement spend improved allowing us to apply more accurate emissions factors. We also restated our embodied carbon emissions (capital goods) for the previous year, following significant advances in the detailed embodied carbon assessments now being undertaken for each of our developments.

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



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

1. 2021 data has been restated.

A summary of our Roadmap actions over the year is provided below:

Actions	Reduce embodied carbon	Reduce energy intensity	Increase renewable energy supply	Offset residual emissions
Target	Reduce embodied carbon (A1–A5) by 40% by 2030, compared to 2020 baseline	Reduce energy intensity by 40% by 2030, compared to 2016 baseline	Generate 600MWh of renewable energy across our portfolio and support UK grid decarbonisation	Net zero carbon
Progress to date	– On target to complete our first net zero carbon building in autumn 2022. – Achieving embodied carbon targets (22% down on 2020 baseline). – Piloting the reuse of steel from one of our projects within our own portfolio. – Measuring embodied carbon of Cat B fit outs to establish baseline.	– 2 Aldermanbury Square, EC2, targeting NABERS UK Design for Performance 4.5 stars. – NABERS UK Energy for Offices pilot in progress. – Invested £640,000 in energy efficiency initiatives. – Detailed feasibility studies commenced to replace gas boilers and repurpose plant within portfolio.	– Continued to procure REGO-backed electricity and certified green gas for 100% of procured supplies. – 27 MWh of on-site renewable energy generation. – Commenced surveys on solar PV feasibility.	– Internal carbon price of £95 per tonne contributed £925,000 to our Decarbonisation Fund in the first two years. – Carbon offsetting strategy to be developed to enable the offsetting of residual emissions from 50 Finsbury Square, EC2, our first net zero carbon development.

Design climate change resilient and adaptable spaces

37.2%

% of buildings now EPC A or B rated (2030 compliant)

In order to improve the climate resilience of our buildings we need to transition away from a reliance on fossil fuels, prioritise renewable energy, retrofit biodiversity measures and ensure that we are designing for longevity and adaptability.

Leading the circular economy

Globally, construction accounts for approximately 38% of total carbon emissions. It is therefore critical that the industry embraces the principles of the circular economy, keeping materials in-use in their original state for as long as possible.

At our 2 Aldermanbury Square, EC2, development we are dismantling the building to preserve and reuse the steel. Around 1,200 tonnes of the existing steel frame can be reused.

We are planning for 700 tonnes to be removed, reconditioned and reused in another GPE development. This will reduce the embodied carbon of the steel in the new building by 99%. The remaining reusable steel will be taken off-site by a specialist steel recycling contractor for reuse in other construction projects.

Addressing transition risk through EPC upgrades

Dealing with the transitional risk of the increasing legislative burden is a key aspect of improving the resilience of our portfolio. Having launched our Roadmap to Net Zero, we have now created a costed pathway outlining how each building can be upgraded to an EPC B rating by 2030. We estimate that the investment required to reach compliance is around £20 million. This work is already underway. See **www.gpe.co.uk/sustainability/our-performance** for our Basis of Reporting within the Sustainability Performance Report.

With poor correlation between EPC ratings and building energy consumption, we are also undertaking the same exercise to understand the cost of decarbonising in line with the Carbon Risk Real Estate Monitor (CRREM) curve and science-based targets to reach an energy intensity of 90kWh per m^2 by 2030 in line with our Roadmap to Net Zero.

Enhancing biodiversity

Through our Statement of Intent and ESG-linked RCF, we have committed to improving biodiversity net gain across our portfolio by 2030.

Nature-based solutions such as biodiverse roofs, green walls, trees and pocket parks all help to reduce the urban heat island effect, contributing to climate change resilience, whilst improving external air quality and supporting the health and wellbeing of the local community.

During the year, we increased biodiversity net gain across our portfolio by 2% primarily due to additional greening at our development scheme, 1 Newman Street, W1, and additional works at Hanover Square, W1, and Elm Yard, WC1. However, we were unable to meet our target of improving biodiversity net gain by 8% when compared with our 2020 baseline, due to the delay of anticipated works at Woolyard, SE1, and slower than anticipated progress in retrofitting of biodiversity measures across our investment portfolio.

Resilience in design

At 50 Finsbury Square, EC2, considerable progress has been made in integrating climate change resilience through design, repurposing and recycling building materials and considering the longevity and adaptability of the building. At 2 Aldermanbury Square, EC2, we have targeted a 10% uplift in urban greening, along with passive cooling measures such as solar shading. A blue roof will also be installed for rainwater attenuation which supports passive cooling of the building.

Task Force on Climate-related Financial Disclosures

In line with Listing Rules, our Task Force on Climate-related Financial Disclosures can be found on pages 45 to 49. During the forthcoming year, we will launch our refreshed Sustainable Spaces Brief, which will provide further detail on creating climate change resilient and adaptable spaces. Additionally, we plan to provide further details on our approach to Climate Resilience in the autumn.

Progress on building certification

Focus on building certifications is increasing as demand from our customers to be in responsibly designed and managed spaces, that support their employees' wellbeing, continues to grow. As such, certifications help us to reduce the transitional risks associated with climate change and provide an opportunity to differentiate our buildings.

Our portfolio is fully compliant with 2023 EPC legislation, with no F or G rated spaces. We are already 37% compliant with the 2030 requirements for buildings to have a minimum EPC B or above. On completion of 50 Finsbury Square, EC2, and 2 Aldermanbury Square, EC2, this will increase to 49%.

During the year, we also surveyed most of our unrated buildings to understand their EPC performance and compliance with minimum requirements. As such, the percentage of our portfolio that is unrated has fallen from 23% to 6%, with most of the unrated space currently undergoing major refurbishment.

We worked with an external consultant to review the potential costs involved to upgrade our existing portfolio to an EPC B rating. Enhanced EPC models were developed and multiple scenarios run to understand the optimisations required to meet the EPC B rating thresholds. Following this review, we estimate that to make our portfolio compliant with forthcoming legislation, we will need to invest around £20 million to meet the 2030 minimum EPC B rating requirement.

EPCs remain a theoretical indication of building energy performance and it is widely accepted that there is little or no correlation with actual operational performance. To address the gap between how a building is designed and how it actually consumes energy in practice, we are NABERS UK Design for Performance Pioneers and have also been piloting NABERS UK Energy for Offices, a performance-based rating scheme, launched by the Building Research Establishment in late 2021. We remain supportive of the government's intention to introduce a similar operational energy performance in-use rating scheme to focus on driving down operational carbon emissions.

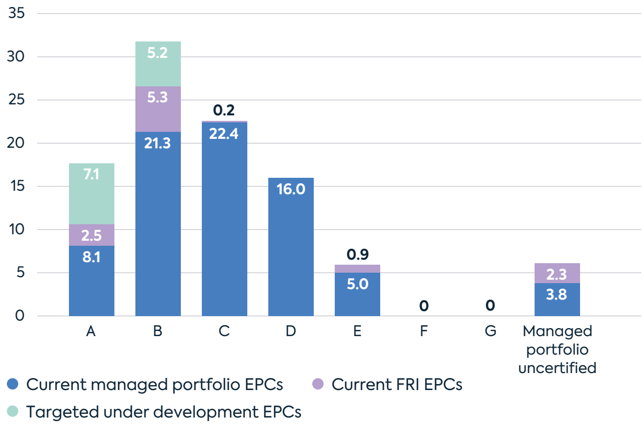
"Our business model is to acquire unloved, poorly performing buildings and reposition them, often through refurbishment. We are therefore well placed to respond to growing customer expectations on sustainability and evolving legislation on energy performance."

Janine Cole
Sustainability & Social Impact Director

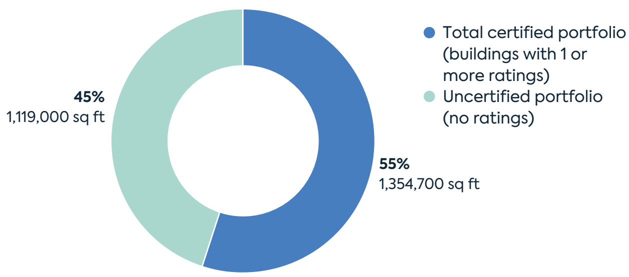
In addition to EPC ratings, there are a variety of sustainability certification schemes that provide a framework for the development of sustainable spaces. Depending on the type and scale of the project, these include BREEAM, the RICS-led SKA Rating system and residential schemes such as the Code for Sustainable Homes. Today, 30% of our portfolio by area is rated BREEAM 'Very Good' or 'Excellent' with a further 12% currently on-site with BREEAM 'Excellent' targeted. Smaller fit-out projects target SKA Silver or above; currently 22% of space has a SKA rating, up from 16% last year.

Given the heightened focus on healthy buildings and customer wellbeing, we have piloted 'Fitwel', a wellbeing certification, at one of our Fully Managed offices, with learnings feeding back into the design of our managed spaces.

EPC ratings: percentage of portfolio (by sq ft)



Current floor area certifications



BREEAM rated	Excellent/Very Good	749,200 sq ft
SKA rated	Bronze/Silver/Gold	555,700 sq ft
WiredScore rated	Platinum	491,800 sq ft
ActiveScore rated	Platinum	221,500 sq ft
Committed buildings	Under development targeting BREEAM Excellent	303,600 sq ft

Create a lasting positive social impact in our communities

£10m

Social value targeted to be created by 2030

Creating a positive social impact is a key part of our Sustainability Statement of Intent 'The Time is Now', as when our community thrives, our business thrives too.

Community Day

In October 2021, we held our fourth Community Day with 85 of the GPE team participating. Activities included bringing together 26 members of the GPE team with the Centrepoint Independent Living team in a 'Hackathon' to brainstorm current challenges in delivering Centrepoint's biggest ever capital project. Other activities included the creation of a mural at a Centrepoint service, redecoration of counselling rooms and two gardening projects located in London SE1, with Bankside Open Spaces Trust. In total, 390 hours of GPE time were donated.

390 hrs

GPE time donated

Social value creation in the year

For GPE, creating social value means supporting the people and the communities in which we work to have a better quality of life. During the year, we created £631,000 in social value (2021: £620,000) through our community programmes and direct business activities, measured using the National Social Value Measurement Framework. Year-on-year, we are looking to increase the 'additional' social value that we are creating beyond financial contributions.

We saw an increase in tangible social value outcomes through the provision of skills development, employment opportunities and the donation of space within our buildings.

Actions included donating space to charity partnerships where opportunity allows. During the year, The Story of Christmas Appeal, which supports the homeless and disadvantaged children, was located within our building at Egyptian House, Piccadilly, W1.

At The Hickman, E1, as part of our target to find opportunities to bring local community groups into our buildings, we opened up our amenity space at weekends to a new parent club that previously had been unable to find a suitable space to meet.

Charity partnerships

In the final year of our four-year partnership with Centrepoint, we raised over £116,000, part of which was used to fund an employability trainer to help young people into work. In total, we have raised over £430,000 for Centrepoint since the start of our relationship in 2018.

We will continue working with Centrepoint's Independent Living team to support them in their goal of providing 300 truly affordable homes for young people to live independently. The pro bono support we are able to provide through our expertise as a property developer is supporting them in navigating the challenges of delivering their biggest capital project to date.

Our new strategy

In November 2021, we launched our Social Impact Strategy which sets out how we will generate £10 million of social value by 2030.

See more about our new strategy on page 59

In April 2022, as part of the strategy, we announced our new charity partnership with XLP, a charity that unlocks the potential of young people from disadvantaged backgrounds growing up in inner city areas within London. In line with our Social Impact Strategy, we also committed to a three-year partnership with National Energy Action, to support households in London communities who are living in fuel poverty.

Put health and wellbeing front and centre

250

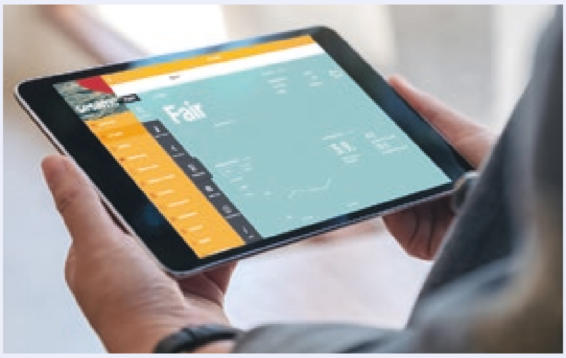
Air quality sensors installed

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

Healthy buildings

The quality of the buildings in which we spend our time can impact our wellbeing. As part of our commitment to deliver healthy buildings that support customer wellbeing, we installed over 250 internal air quality monitoring sensors during the year.

The sensors, now live across 29 buildings, record temperature, carbon dioxide, volatile organic compounds, humidity and particulate matter with real-time feedback provided to our customers through our app, sesame®.



Healthy spaces

The COVID-19 pandemic increased the focus on health and wellbeing across our portfolio. We continue to deliver the internal air quality required by standards introduced in response to the pandemic and have installed indoor air quality monitoring sensors across a large proportion of our buildings, with real time feedback provided to our customers.

We have continued to evolve our Wellbeing Brief, updating it to incorporate the latest amendments to standards such as the WELL Building Standard and Fitwel.

Through our Fitted and Fully Managed spaces we integrate wellbeing as standard, creating new outdoor spaces (including terraces, courtyards and public realm), improving biodiversity and retrofitting cycle and shower facilities.

We are piloting Fitwel, the wellbeing rating, at one of our Fitted and Fully Managed spaces, 16 Dufour's Place, W1. Through this process, we have been able to integrate the promotion of healthy behaviours such as good nutrition and physical exercise as well as ensuring responsible cleaning processes and indoor air quality monitoring to support the health and wellbeing of our customers. Learnings have also been incorporated into the design of our Fitted spaces and the management of our spaces, including encouraging active movement through use of the stairs and offering our customers yoga classes on-site.

Enhancing air quality in our communities

In partnership with Groundwork London, we continued to support local air quality improvements in local schools. Two Islington schools have received their individual action plans so far, with GPE part-financing the greening measures identified through the action plans.

Ethical labour practices

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

See our Modern Slavery Statement on our website here:

www.gpe.co.uk/our-modern-slavery-statement

Task Force on Climate-related Financial Disclosures (TCFD)

GPE plc has complied with the requirements of LR 9.8.6(8)R by including climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures. Additional information can be found on page 15 (Non-financial KPIs), page 50 in our SECR table (performance) and on pages 64 to 77 (our approach to risks). For further information see **www.gpe.co.uk/sustainability/our-performance**.

Governance

Board oversight of climate-related risks and opportunities

The Board is responsible for oversight of climate and sustainability risks and opportunities (e.g. acquisition of stranded assets), with a particular focus on impact on business strategy. A report is provided by the Sustainability and Social Impact Director at each Board meeting. This covers implementation of our Sustainability Strategy, upcoming risks and opportunities and progress against our Roadmap to Net Zero.

www.gpe.co.uk/sustainability/our-sustainability-statement-of-intent

In addition, during the year:

- the Audit Committee reviewed findings from the ESG data assurance process;
- the Remuneration Committee reviewed progress against ESG-linked KPIs incorporated within the remuneration of Executive Committee members;
- the Board reviewed the definitive appraisal of 2 Aldermanbury Square, EC2, including the embodied carbon impact and payment into our Decarbonisation Fund;
- the Board approved the acquisition of 7/15 Gresse Street, W1, with consideration of the EPC risks and the impact on our net zero commitments;
- the Board approved the Social Impact Strategy, (incorporating fuel poverty and urban greening targets); and
- the Chief Executive of the UK Green Building Council presented to the Board on emerging climate risk themes.

At the half-year and year-end, as part of our robust risk assessment review, the Executive Committee, Audit Committee and Board reviewed and assessed the impact on the business of climate-related risks. Climate change and decarbonisation is considered a principal risk for the Group. This process involves consideration of the risks, internal controls, emerging risks and ongoing monitoring and mitigation of risks. Opportunities connected with market transition are also considered. Risks discussed included EPC and energy performance legislation, changes to planning requirements (including retrofit challenges and evolving carbon offset guidance), increased costs and availability of materials.

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

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

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

The Sustainability and Social Impact Director and Sustainability Team manage the strategic direction and operational management of sustainability-related issues. In addition, there are clear departmental responsibilities for sustainability including:

- Director of Corporate Finance – oversight of the ESG-linked RCF and Sustainable Finance Framework;
- Development Director and Director of Projects – integration of sustainability across all projects irrespective of scope;
- Director of Occupier and Property Services – operational energy efficiency and the implementation of energy efficiency measures, including the allocation of Decarbonisation Fund monies to retrofit projects; and
- Investment Director – ensuring climate risk is considered when acquiring assets and responding to opportunities to reposition potentially stranded assets.

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

Our strategy

Our business strategy is to acquire unloved properties, reposition them through lease restructuring, delivery of flexible space, refurbishment or redevelopment and then operate them for income or recycle them. The buildings we develop can be in use for between 40 to 60 years, we therefore consider the whole building lifecycle when reviewing risks. Increasing customer demand for sustainable spaces and investor reporting requirements has made sustainability a strategic imperative.

Climate-related risks, opportunities, and financial impacts

To assess how various climate risk drivers may impact GPE, we use the TCFD framework's categorisation of transition and physical climate risks. We consider climate-related risks and opportunities over three time horizons: short, medium and long term.

Short term	Medium term	Long term
1–5 years	5–10 years	10+ years

Our risk review process has highlighted the need for a greater focus on transitional risk connected with legislative change at EU, UK and local level in the short term. Our customers are also increasingly demanding net zero carbon and fossil fuel free buildings, which in turn impacts our supply chains, particularly in connection with alternative building materials.

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

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

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

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

Transition risks

Transition risks and impacts	Opportunities and impacts	Progress to date and next steps
Policy and Legal		
– Ability to keep pace with rapidly evolving legislation on EPCs – leading to increased costs and the risk of stranded assets. – Additional legislative burden and impact on investor and customer behaviour linked to the proposed introduction of 'energy in-use' performance ratings. – Evolving local planning requirements leading to increased complexity of developing commercial buildings. – Changes to investor behaviour due to impact of investor related legislation such as EU and UK Taxonomy and Sustainability Disclosure Regulations.	– Increasing complexity of regulatory environment may present opportunities to acquire lower rated buildings (stranded assets) at reduced prices for repositioning. – Proactive response to legislative changes improves desirability of GPE assets for customers and investors. – Deep knowledge supports transition of business to a 'retrofit first' approach which is challenging in London and technically more difficult. – Potential increased returns and improved valuation connected with higher demand for more sustainable space.	– Review of EPC upgrade costs completed. – Building business plans include steps and costs to upgrade to EPC B or to divest where appropriate. – Active review of stranded assets to acquire and reposition. – Piloting NABERS Design for Performance at two developments and NABERS UK Energy for Offices at two properties to keep pace with evolving legislation on 'energy in-use'. – Active member of numerous industry groups to support collective industry response to climate change.
Technology		
– Outdated utility metering impacting quality of energy consumption data. – Building systems in new developments complex or not fully understood – leading to inefficiencies in building operation. – Pace of technological change not responding to evolving legislation and customer demand for sustainable spaces. – Increased costs associated with research and development of technological solutions.	– Early adoption of technology supports improved visibility and management of utility consumption data and associated reduced costs for our customers. – Implementation of new technologies to drive down embodied carbon provides opportunity to capitalise on customer appetite for net zero carbon buildings. – Payback of costs (dependent on energy consumption and variable energy costs) likely to be short term and will support improved collaboration with customers.	– Automatic metering upgrade underway. – Proactive investment in R&D expenditures in new and alternative technologies; including additional hiring of an Innovation Manager. – Digital Twins pilot completed at four buildings, technology now being rolled out to assist in the monitoring and management of plant and equipment. – Onboarding of new data platform. – Air quality sensors and desk occupancy monitoring in place to understand occupancy density and fresh air requirements. – Investment in PiLabs supports innovation and R&D.
Market		
– Volatility in energy market and prices, energy security concerns leading to increased energy costs. – Increased costs of raw materials driven by growing demand for sustainable products may impact on ability to reduce embodied carbon of future developments. – Increased customer demand for highly sustainable buildings may lead to the risk of stranded assets. – Increased cost of development and refurbishment driven by increasingly complex planning regime.	– Increased collaboration with customers and supply chain supporting faster progress on energy efficiency. – Proactive approach to reducing consumption and improving energy security, including on-site energy generation, passive cooling and connection to local heat and power networks supports customer demand for sustainable spaces. – Ability to capitalise on deep knowledge of London market, where other developers may not be as well placed to navigate complexities.	– Energy working groups established with customers. – Supply chain workshops underway to deal with operational energy efficiency challenges. – 100% of energy purchased from renewable sources. – Sustainable Spaces Brief to be launched. – All future developments designed to be fossil fuel free.
Reputation		
– Ability to meet increasing requirements on sustainability disclosure from investors and lenders. – Potential for increasing customer expectations on sustainability credentials of their spaces to conflict with increasing requirements on amenity and service provision. – Ability to secure sufficient supplies of sustainable materials to meet embodied carbon targets for our developments. – Potential detrimental impact on reputation of owning lower EPC rated assets.	– Continued transparency of reporting coupled with frequent investor engagement results in increased confidence in ability of business to deliver on sustainability goals. – Launch of Sustainable Spaces Brief will support best practice approach to sustainable design irrespective of the product. – Early engagement and collaborative relationships with supply chain to support early warning of supply issues and potential alternative solutions.	– Continued engagement with investors on climate-related issues and extensive disclosure of ESG data through benchmarks, indices and industry groups – see table on page 51. – Sustainability is a standing agenda item in six-monthly customer meetings with proactive utility data sharing. – EPC review being integrated within asset plans, energy intensity review underway. – Business model to actively purchase buildings that need to be repositioned to create value. – Sustainable Spaces Brief to be launched to ensure best practice approach adopted.

Physical risks

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

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

Physical risks and impacts	Opportunities and impacts	Progress to date and next steps
Two-degree warming scenario		
Acute risks – Increased severity of extreme weather events, like flash floods. Chronic risks – Increased annual temperature. – Increased extreme weather events such as high winds, extreme rainfall and high temperatures. – Reduction in precipitation. Impacts – Delay in development process due to interruptions to development capacity, e.g. supply chain interruptions or transport difficulties. – Increased capital costs from damage to properties. – Increased operating costs (e.g. higher energy demand due to cooling, inadequate water supply). – Potential water shortages and subsidence within London. – Increased insurance premiums. – Reduced demand for office spaces where extreme weather events affect access to our buildings or comfort within office spaces.	– Increased demand for buildings with climate resilience measures such as passive cooling, nature-based solutions and sustainable urban drainage systems incorporated. – Potential increase in valuation of buildings that are climate resilient and adaptable.	Our Statement of Intent and Social Impact Strategy include requirements for: – increased biodiversity and solar shading, and the support of community greening; – drought resistant planting; – use of sustainable urban draining systems; – reduced water consumption; and – designing of climate resilient buildings that are robust, adaptable and have longevity. Climate resilience measures are incorporated within the design of our spaces. Our Sustainable Spaces Brief, launching shortly, will outline how climate resilience can be incorporated in the design of all our spaces irrespective of size and scale.
Four-degree warming scenario		
The above risks and impacts are significantly increased, particularly in the case of increased drought and summer temperature, heatwave duration and extreme rainfall.	See above.	See above.

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

Our Sustainability Statement of Intent, and Roadmap to Net Zero set out our sustainability strategy. However, our approach to climate risk is integrated across our business and is incorporated within development appraisals, asset business plans, financing arrangements, acquisitions and remuneration arrangements.

Financial planning (operating costs, capital expenditure and allocation)

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

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

We have undertaken a detailed review to understand the cost of improving our portfolio to an EPC B rating. At today's costs and in the current regulatory environment it will cost approximately £20 million to upgrade our portfolio. These are works that would have, in any event, been incorporated in our work to reposition assets as Fitted and Fully Managed space or HQ buildings. We are undertaking a similar exercise for an energy intensity trajectory to 90kWh per m^2 by 2030.

We are developing our approach to carbon offsetting, with costs expected to increase as demand increases.

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

Access to capital

It is increasingly important to demonstrate how financing is linked to ESG considerations. During the year, we developed our Sustainable Finance Framework, setting out how we may link future debt facilities to our business activities. In addition, we launched our ESG-linked RCF in 2020 which incorporates KPIs on energy intensity, embodied carbon and biodiversity.

Acquisitions and divestments

We are actively seeking to acquire assets that are at risk of being stranded to refurbish and reposition them. We may also seek to divest from assets where it is not possible to upgrade to a minimum EPC rating of a B. When making an acquisition we consider the impact on our net zero commitments.

Developments

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

Managing assets

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

Over the forthcoming year, we will further develop our Climate Resilience Strategy, including the provision of a building specific net zero pathway. Our Sustainable Spaces Brief will also set out how we will ensure that the design of our spaces supports reductions in carbon emissions.

Performance on the above impacts the remuneration of our Executive Committee and Board Directors – see page 121. See our Sustainability Performance Report at **www.gpe.co.uk/sustainability/our-performance** for our progress against our KPIs.

Resilience of organisation's strategy considering different climate-related scenarios

Our strategy enables us to build resilience considerations into the acquisition, design, development and operation of buildings. As we have a 100% central London-focused property portfolio, impacts from physical risks are limited and consistent across all buildings. We do not believe we will need to change our strategy in a two degree or four degree warming scenario.

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

Risk management

We undertake materiality reviews of ESG risks. See **www.gpe.co.uk/sustainability/our-approach** for our latest materiality review.

As part of a robust assessment of the principal and emerging risks facing the Group, at the half-year and year-end, the Executive Committee, Audit Committee and Board review and assess the Group's principal and emerging risks, including climate-related risks. This process involves consideration of the risks and associated internal controls in place, emerging risks and ongoing monitoring.

Assessment of identified risks is based on their potential impact and likelihood using a defined criteria and is assessed on a gross, net and target risk basis. Climate change and the need to decarbonise remained a principal risk for 2022 and our net risk assessment of this risk remained constant during the year. Controls for managing our climate-related risks are outlined on page 68.

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

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

We will also shortly launch our Sustainable Spaces Brief which incorporates sustainability in design across the whole property life cycle and all products. This will include requirements to ensure energy efficiency in operation, such as soft landings, commissioning and handover. The brief will also support reuse and repurposing of buildings to ensure that any development undertaken incorporates circular economy principles and minimises the associated embodied carbon emissions associated with development.

Metrics and targets

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

Risk adaptation & mitigation metrics	Unit	2021/22
EPCs rated A and B by floor area	%	37
EPCs rated F and G by floor area	%	0
Proportion of portfolio with green building ratings by floor area	%	55
Estimated annual savings from energy efficiency measures implemented during the year	MWh	3,777
Internal carbon price	£	95
Amount invested through Decarbonisation Fund	£	403,000
Total amount invested in energy efficiency during the year	£	640,000
Electricity purchased from renewable sources	%	100
On-site renewable energy generation	MWh	27

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

Detailed reporting of our sustainability performance, including energy consumption and Scope 1, 2 and relevant Scope 3 metrics, (including carbon emissions associated with water consumption and waste management) is included within our Streamlined Energy and Carbon Reporting (SECR) table on page 50 of this report.

Additional ESG disclosure on a variety of climate-related metrics, disclosure on our KPIs and exposure to climate-related risks and opportunities is included in our Sustainability Performance Report, available at **www.gpe.co.uk/sustainability/our-performance.**

Selected emissions data (Scope 1, 2 and some Scope 3) is independently assured by Deloitte LLP. The assurance statement, which details the scope of assurance, can be found at the back of our Sustainability Performance Report.

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

Targets outlined in our Roadmap to Net Zero

1. Reduce embodied carbon by 40% by 2030

Reduce embodied carbon

2. Reduce energy intensity by 40% by 2030, including occupier emissions

Reduce energy intensity

3. Increase renewable energy supply to 600MWh p.a. across our portfolio by 2030

Increase renewable energy supply

4. Apply internal carbon price of £95 per tonne

Offset residual emissions

For progress, please see pages 38 to 41

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

www.gpe.co.uk/sustainability/our-sustainability-statement-of-intent

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

www.gpe.co.uk/sustainability/our-performance

Criteria and progress against our ESG-linked Revolving Credit Facility (RCF)

In 2020, we issued our £450 million sustainability linked revolving credit facility (RCF) and became the first UK REIT to issue an RCF with a margin linked to our performance against ESG-linked KPIs. These KPIs are also incorporated in remuneration arrangements, see page 121.

KPI 1
Reduction in energy consumption

We will reduce our portfolio energy intensity (kWh per m^2) by 25.5% by 2026, when compared to our 2016 baseline of 234kWh/m^2. This is consistent with our existing stated target of achieving a 40% reduction in energy intensity by 2030.

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

For March 2022, we targeted a 11.5% reduction in energy consumption, when compared to our 2016 baseline, and achieved a 24.4% reduction.

KPI 2
Reduction in carbon impact

We have set a target to reduce the embodied carbon of our developments by 40% by 2030. For new developments this is measured against a 2020 baseline of 954kgCO_2e per m^2, and for major refurbishments against a baseline of 340kgCO_2e per m^2. This target is tested at the design stage (for all developments currently at Stage 2 or beyond) and at practical completion to verify reductions.

Embodied carbon reviews will be undertaken by a competent, independent consultant, using recognised guidance (currently the RICS Whole Life Carbon Assessment for the built environment).

For March 2022, we targeted a 10% reduction in embodied carbon against our 2020 baseline for developments in design or construction phases. We achieved a reduction of 24% for 50 Finsbury Square, EC2, and 22% for 2 Aldermanbury Square, EC2.

A 5% reduction was targeted for completed projects, however, no developments reached practical completion during the year to be measured against this KPI.

KPI 3
Increase in biodiversity

We are committing to an increase in biodiversity net gain across our existing buildings by 18% by 2026 on a 2020 baseline.

To ensure that we do not benefit from the uplift in biodiversity from new developments in more than one year, once a new development completes, biodiversity net gain for the building will be measured on a like-for-like basis.

This is the first year that the KPI was measured in this way.

For March 2022, we aimed for a 8% increase in biodiversity net gain for existing assets and achieved 2%.

We failed to achieve this KPI due to the delay of planned works at two of our buildings. Additional biodiversity measures were implemented at 1 Newman Street, W1, 16 Dufour's Place, W1, Hanover Square, W1, and Elm Yard, WC1.

Streamlined Energy and Carbon Disclosure (SECR)

Our SECR disclosure presents our Greenhouse Gas (GHG) emissions across Scopes 1, 2 and 3 metrics and associated energy use, together with an appropriate intensity metric, as required by the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Absolute Scope 1 and 2 Greenhouse Gas emissions and energy use[1]

		Energy consumption[2,3]		Carbon emissions	
Year ended 31 March		**2021/22[D] kWh**	2020/21[1] kWh	**2021/22[D] tCO_2e**	2020/21[1] tCO_2e
Scope 1 emissions and energy use[D]					
Combustion of fuel: gas used for common parts areas for the managed portfolio		**11,284,364**	10,326,265	**2,067**	1,899
Operation of facilities (refrigerant gas loss)		**–**	–	**187**	151
Totals		**11,284,364**	10,326,265	**2,254**	2,049
Scope 2 emissions and energy use[D]					
Purchased electricity: used for common parts areas for the managed portfolio	Location-based	**16,158,808**	12,202,574	**3,431**	2,845
	Market-based	**0**	0	**0**	0
Total Scope 1 and 2 emissions and energy use[D]	Location-based	**27,443,172**	22,528,839	**5,685**	4,894
	Market-based	**27,443,172**	22,528,839	**2,254**	2,049
Proportion of emissions and energy use above assured by an independent third party		**100%**	100%	**100%**	100%
Absolute energy and energy-related carbon intensity metrics[D, 4]		**(kWh/m^2)**	(kWh/m^2)	**(tCO_2e/m^2)**	(tCO_2e/m^2)
Landlord procured electricity sub-metered to occupiers (Scope 3)		**17,847,202**	17,603,917	**3,789**	4,104
Landlord purchased energy, and energy-related emission, used for common parts areas and electricity sub-metered to occupiers (Scope 1, 2 and 3)		**177**	175	**0.036**	0.039

Absolute Scope 3 Greenhouse gas emissions[1, 5]

Year ended 31 March		**2021/22 tCO_2e**	2020/21 tCO_2e
Purchased goods and services	Fuels used during construction	**0**	1
	Electricity consumption during construction	**293**	629
	Water consumption during construction	**29**	3
	Water consumption in standing assets[D]	**35**	68
	Maintenance, repair and replacement materials and services	**1,480**	1,136
	Operational procurement	**309**	233
Capital goods	Construction materials and services for new developments	**1,708**	3,425
	Construction materials and services for refurbishments	**2,565**	161
Fuel and energy related activities	Well-to-tank and T&D emissions from electricity	**2,685**	1,639
	Well-to-tank emissions from natural gas	**354**	247
Upstream transportation and distribution	Transportation of construction materials for developments and refurbishments	**78**	64
Waste generated in operations	Waste generated during construction	**3**	2
	Waste generated during demolition	**5**	2
	Waste generated in operations[D]	**10**	5
Business travel	Employee air, TfL, rail travel and taxi[D]	**24**	0
Employee commuting	GPE employee commuting and emissions from home working	**69**	75
Use of sold products	Expected lifetime energy consumption of assets sold during reporting year	**4,195**	0
End-of-life treatment of sold products	Waste generated from demolition of sold assets	**47**	0
Downstream leased assets	Landlord procured electricity sub-metered to occupiers[D]	**3,789**	4,104
	Occupier procured electricity consumption	**3,176**	3,035
Total Scope 3 emissions		**20,854**	14,832
Total carbon footprint (Scope 1, 2 and 3)		**26,539**	19,726

D. Metrics with limited independent assurance provided by Deloitte LLP in accordance with the International Standard on Assurance Engagements (ISAE3000).
1. We have restated 2020/21 assured figures to reflect improved data quality and coverage e.g. replacement of some estimated data with actual meter readings. Re-stated figures have therefore not been assured by Deloitte LLP.
2. As a business 100% focused on central London, all energy is consumed in the UK.
3. 100% of purchased electricity is REGO-backed and 100% of purchased gas is green gas.
4. The intensity metrics includes energy-related building emissions (location-based), excluding occupier-procured energy. Floor area is an appropriate intensity metric as it directly relates to our business activities.
5. Scope 3 categories 8 (upstream leased assets), 9 (downstream leased assets), 10 (processing of sold products) and 14 (franchises) are not applicable to our business and so are not reported above. Category 15 (investments) is captured elsewhere.

Energy performance

In the previous reporting year, our performance was heavily affected by the impacts of COVID-19, resulting in lower energy consumption due to reduced occupancy of our buildings. Whilst performance continues to be affected by the ongoing impacts of COVID-19, occupancy levels increased during the reporting period.

Energy consumption in landlord spaces (Scope 1 and 2) increased 22% during the year, as expected. This was driven by two recently completed developments which are now operational and included within our reporting – Hanover Square, W1, which was included in our data for the full reporting year, and 1 Newman Street, W1, which completed in June 2021 and was included for nine months of the reporting year. When electricity consumption sub-metered to our customers is included (Scope 3), our total energy consumption (Scope 1, 2 and 3) increased by 13% during the year.

The reduction in carbon intensity was driven by an increase in floor area and a change in carbon emissions factors.

Energy efficiency actions

In the previous reporting period, we undertook energy audits at our largest energy consuming buildings to support our understanding of the deep retrofitting required to achieve our 40% energy intensity reduction target. We built on these over the reporting year and invested in energy efficiency measures identified through the audits. This included:

- upgrade of the Building Management System (BMS) at our largest energy consuming site, 200 Gray's Inn Road, W1, to enable better control of building plant – this project is expected to save 2,195 MWh per year and pay back in 18 months;
- trial of digital twin systems to optimise building performance at four buildings, with our preferred system being rolled out across the portfolio;
- invested £340,000 in LED lighting projects which are expected to save a combined 984 MWh per year and pay back in two years; and
- invested in automatic meter upgrades across our portfolio to better understand consumption and improve data quality.

Following the estimation of the costs to upgrade our portfolio to an EPC B rating, during the coming year we will develop fully costed building-level net zero carbon transition plans, in line with our Roadmap to Net Zero.

See pages 38 to 40 for more detail on our performance

Independent assurance

Deloitte LLP have provided limited independent assurance over the published metrics, identified by 'D' in the SECR table on page 50, in accordance with the International Standard on Assurance Engagements (ISAE3000).

Deloitte's full unqualified Assurance Statement can be found in our annual Sustainability Performance Report at **www.gpe.co.uk/sustainability/our-performance**.

Our methodology

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

Our full Sustainability Performance Report, aligned with EPRA Sustainability Best Practice Recommendations and SASB Real Estate indicators, can be found at **www.gpe.co.uk/sustainability/our-performance**. This includes more extensive reporting on our emissions and our Basis of Reporting. This report also includes emissions from our development sites. Extending our data coverage to include FRI let properties and customer-procured energy is an area that we are addressing as part of our Roadmap to Net Zero.

We participate in:

GRESB
2021:
Standing Investments: 81/100 – 4*
Development: 93/100 – 5*
2020:
Standing Investments: 80/100 – 4*
Development: 88/100 – 5*

CDP
2021:
Climate Change: B
Supplier Engagement: B
2020:
Climate Change: B
Supplier Engagement: B-

MSCI ESG Ratings
2022:
ESG Rating: AAA
2021:
ESG Rating: AAA

ISS ESG Corporate ESG Performance Prime
2022:
Current ESG Rating: B-

FTSE4Good
2022:
Percentile ranking: 89
2021:
Percentile ranking: 90

EPRA sBPR Gold
Gold Award received for consecutive years from 2014 for reporting in line with EPRA Sustainability Best Practice Recommendations

We are signatories of:

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

Our people and culture

> **GPE is powered by people. Our ambition is to unlock and realise our human potential, creating opportunities for our people, and ultimately our customers to thrive. We aspire to be the place where the best people do their best work.”**

Carrie Heiss Human Resources Director

How we fulfil our purpose starts with our people

Our people are the key to our success. Their expertise, performance and wellbeing have a significant impact on everything we do, and ultimately on our financial performance.

We focus our efforts on what we consider to be the key fundamentals: attracting and retaining the right talent, exceptional leadership, and the creation of a unique culture. Our culture is underpinned by a clear alignment of purpose, strategy, values and incentives.

Our values

Our values are not simply words on a page. They define who we are and how we act, and they are at the heart of what we do and what makes us special. They give us direction and describe how everyone at GPE is expected to behave and how we do business.

We achieve more together	Collaboration, support, challenge and contribution
We are open and fair	Inclusion, open-mindedness, and transparency
We are committed to excellence	Diversity, diligence, focus and pride
We embrace opportunity	Forward-thinking, energy, boldness

These values are firmly embedded into our people practices. Each value has been translated into behaviours which support the value and conversely, behaviours which do not. In this way, we are able to assess and hold ourselves to account and this is a key feature of our annual and mid-year performance appraisal process. On a quarterly basis, we also publicly acknowledge and reward individuals who have demonstrated that they, in some specific way, ‘live our values’. Our CEO makes these awards, which are peer nominated, and recipients exemplify the ‘best of the best’. There were 40 individual ‘Living Our Values’ awards made in FY22.

Our culture

Our culture is progressive. It comprises an entrepreneurial spirit and an open, pragmatic approach combined with innovative thinking and intellectual rigour to deliver compelling results for our customers. Teamwork and pulling together for a common objective are core to how we operate, both within and across teams and however large the task at hand.

Innovation is also core to our corporate identity. Our Bright Ideas Committee meets monthly to review employee idea submissions which come through our intranet. Many of the 130 ideas submitted in the year have been implemented and all are followed up no matter how small the suggestion. We are constantly challenging ourselves to do better, and innovation is central to improving how we work and serve our customers.

Employer of choice

GPE aspires to be the place where the best people in our sector do their best work.

Unlocking potential and giving our people the tools and environment in which to do their best work, enables GPE to deliver its strategic aims.

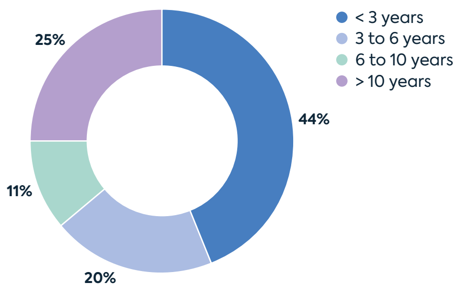
Being the employer of choice for the best people relies on our ability to hire and retain exceptional, diverse talent.

We have successfully on-boarded 47 new joiners since the start of lockdown in 1 March 2020, including 35 in the last financial year. In the last financial year we had 22 leavers, including some very long servers entering well-earned retirements.

Our workforce is simultaneously relatively new and very long serving. As at 31 March 2022, our workforce comprised 131 employees, 44% of whom had joined within the previous three years while just over 25% had worked for GPE for longer than ten years. This means that we have the benefit from each end of the tenure spectrum and this both refreshes and reinforces our unique and positive culture.

Our retention rate of 82% as a measure of stability (down from 91% in 2021) reflects some additional market movement in the workforce since the return to the office post lockdown. This internal operational measure has been above 80% since 2017 and reflects a generally steady and stable workforce.

Current population length of service % as at March 2022



Flexibility and hybrid working

We recognise the importance of flexibility at GPE. To ensure our people have the best environment to work in, we have moved to a formalised hybrid way of operating.

As the COVID Response Team and the GPE@Home Team wound down their efforts in early 2022, we continued to support our people through our Hybrid|GPE Committee. This cross-functional committee has focused on how we connect, collaborate and support each other through the transition from a pandemic to an endemic environment.

In September 2021 we began to transition back into the office, in line with government guidelines. We instituted a 'voluntary trial' whereby employees who wanted to return were encouraged to attend the office three days per week and work from home for the other two days of their choice. We created an anchor day mid-week called 'Greater Together Wednesdays'. We encouraged team meetings and other social and collaborative events. We also offered increased support through our occupational health specialists during this time.

In our October 2021 Pulse Survey (to which 96% of all employees responded), we confirmed that 71% of the population responded that the trial was working well. We therefore conducted further focus groups to gain a better understanding of individual and team views and developed guidelines which considered specific differences between roles and responsibilities. The result of this consultation and trial period was a new Hybrid Working Policy, now in effect, which is inclusive and fit for our people, our business and our customers.

Health and wellbeing

We have continued to support our people throughout the pandemic including the transition into an endemic environment. Part of this is staying close and continuing to ask people how they are and what they need.

- 100% of our people have access to the Employee Assistance Programme (EAP);
- 11 trained as mental health first aiders;
- 27 managers attended two training sessions on 'Recognising Mental Health Challenges' in an effort to support their teams and identify signs of concern;
- 83% of our people (in October 2021) characterised their mental health as being the same or better than in the previous six months;
- 55% of our people have registered with Headspace, the virtual mental health and wellbeing support platform; and
- we supported and sponsored a three-month 'Wellbeing Challenge' (commencing July 2021) for people with specific personal wellbeing goals. An external partner (Superwellness) was engaged to advise on and support this initiative.

We continue to listen closely to our people

Our employees' feedback plays a crucial role in our pursuit of creating a desirable employee experience and continuing to retain top talent. We can only tell if we are successful by asking our people, so we empower them to share their feedback on a regular basis.

Assessing engagement

At the mid-year point of our financial year, our regular 'Pulse' survey in October had a record 96% response rate. We surveyed again in respect of the 2021/22 financial year and our engagement levels remain overwhelmingly positive, with a 92% response rate.

86%
Employee Engagement Index (EEI)
93% in March 2021

89%
of our employees would recommend GPE as a great place to work
95% in March 2021

88%
of our employees believe in what GPE is trying to achieve
97% in March 2021

81%
say their work gives them a personal feeling of accomplishment
87% in March 2021

While absolute scores for some questions have reduced year on year, the overall results remain extremely positive. Two new questions scored particularly high in our most recent survey with 90% of respondents stating both, 'I am proud to work for GPE' and 'GPE is in a strong position to really succeed over the next three years', which is extremely encouraging. Helpful feedback was received across a broad range of areas, which included opportunities to further develop internal systems, to simplify and streamline processes, to further strengthen collaboration and to enhance our head office physical workspace. Action plans are now being developed, in consultation with employees, to address the key areas of feedback.

Our people and culture continued

GPE: Powered by People

One GPE.

Our stated people ambition is to unlock potential, creating opportunities for our people and our customers to thrive.

In doing so, we know our business will continue to thrive.

To achieve this, we have set out six key strategic people priorities over the next three years in our new People Plan which was endorsed by the Board in January 2022. We refer to the People Plan internally as 'OneGPE.' to signify that we are united in our intention to achieve our business and people purpose. Our main areas of focus include:

– **Diversity & Inclusion;**
– **Employee Experience;**
– **Leadership Capability;**
– **Health & Wellbeing;**
– **Rewarding & Recognising Excellence; and**
– **Performance, Development & Growth.**

Diversity & inclusion (D&I)

At the heart of OneGPE. is our commitment to increase diversity and further cultivate inclusion as a significant aspect of our culture. Our D&I ambition is further informed by our employee feedback, including through our surveys and Board engagement.

At GPE, we believe that diversity gives us strength, but we know this strength is only fully realised if our environment is truly inclusive; where people feel safe, respected and appreciated for who they are and what they bring. Where they feel they belong. Our culture is grounded in genuine and mutual respect and we do not tolerate discrimination of any kind.

Diversity and difference power creativity and engagement – from gender, race and ethnicity to sexual orientation, age, religion, neurodiversity, disability, family status, lived experience and so much more.

To succeed, we continue to seek out people who can bring more of these different perspectives, ways of thinking, and experiences to GPE.

Since achieving the National Equality Standard Accreditation in April 2020, we have continued our journey in D&I and in 2021/2022 specifically we have:

– established a framework of four pillars to review our actions and progress in D&I, building on and superseding our initial Inclusion and Diversity strategy which was launched in 2019. These are Systems, Talent, Culture and Community as part of our OneGPE. People Plan;
– increased the gender diversity of our Executive Committee with the appointment of Carrie Heiss as HR Director in September 2021. Our Executive Committee now comprises two women and eight men;
– introduced an Inclusion Committee to provide oversight and coordination for activity specifically related to culture;
– 88% of our employees attended a bespoke and thought-provoking training seminar entitled 'Bias – Why it Matters';
– received endorsement to launch several Employee Impact Groups under the umbrella banner of 'GPE.Connect' which we will be developing further in the new financial year. We anticipate our initial impact groups to be in support and recognition of women, race and ethnicity, and working parents;

GPE.Connect

– published our inaugural OneGPE. Newsletter to coincide with International Women's Day in March 2022. This will be a vehicle we use every six to eight weeks to highlight important aspects of diversity, inclusion and culture;
– held a social event to celebrate the cultural and social contribution of the Afro-Caribbean community in the UK;
– held a 'bake-off' during Pride Month which raised funds for AKT, a charity supporting LGBTQ+ youth homelessness;
– continued with our Documentary Club during Black History Month, highlighting a film for discussion dealing with the history of race in London;
– confirmed offers to two interns in support of the 10,000 Black Interns Programme; and
– continued our support and sponsorship of Pathways to Property and Real Estate Balance.

A framework for measuring progress was established and endorsed by the Board in January 2022. Specific actions have been defined under each of the four main pillars:

Systems
Integrate D&I into core organisational structure, policies and practices to promote equitable advancement, retention and reward.

Talent
Ensure the diversity of GPE's workforce becomes more reflective of the communities and customers we serve.

Culture
Educate and challenge ourselves to achieve the D&I competence needed to foster and further sustain an inclusive culture.

Community
Connect our people with our communities; partnering where we can to increase our impact and to support a more inclusive industry.

Gender diversity

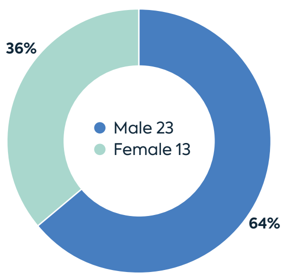
We are convinced that diverse leadership teams have a competitive advantage and are drivers of business success. GPE is committed to ensuring equitable representation across all diversity dimensions in leadership positions which includes enhancing our current focus on gender.

Number of people as at 31 March 2022

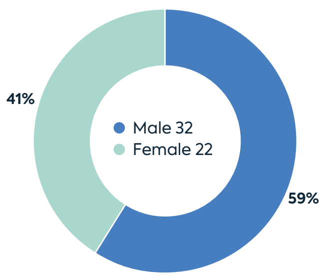
	All Employees	Board	Senior Management
Men	66	7	13
Women	65	4	7

Executive Committee and Senior Management Team direct reports as at 31 March 2022

Executive Committee and their direct reports



Senior Management Team and their direct reports



The Executive Committee and their direct reports include Executive Directors, other Executive Committee members, the General Counsel and Company Secretary and their direct reports comprising individuals for whom they have direct line management responsibility, excluding administrative or support roles. As at 31 March 2022, the Executive Committee itself comprised seven men and two women.

The Senior Management Team represents the level below the Executive Committee, comprising Directors and Heads of Department who have direct line management responsibility for approximately 35% of the business. The data includes all permanent and fixed-term contract employees and is calculated on a full-time equivalent basis.

For FTSE Women Leaders (previously Hampton Alexander) reporting purposes, women represent 32% of the Executive Committee and their direct reports, comprising individuals for whom they have direct line management responsibility, excluding administrative or support roles.

Our leaders

Exceptional leadership is a fundamental ingredient for success at any company and GPE is no exception. Our senior leaders are trusted, inspire confidence and perhaps most importantly, care about the people they lead. In turn, we take care to ensure they are up to the task of leading. In our most recent employee engagement survey, 91% said they 'have confidence in the leaders at GPE'. In addition to a rigorous and effective performance management process, we undertake a comprehensive 360-degree feedback process on an annual basis with all department heads and above (our 'Senior Management' population). Our leaders and managers also have access to coaching and skills development as required.

In 2021, we partnered with Arrival Education to undertake a six-month executive leadership development programme aimed at improving our inclusive leadership skills and our ability to lead change. Internally referred to as the Inclusive Leadership Programme, it commenced in April 2022.

Developing talent

We understand the importance of developing talent within our business and investing in future talent. Succession planning is central to our discipline, and we focus our attention here on roles we consider business critical. Additionally, we undertake an annual Talent Review of the entire Company, focusing on people as opposed to the roles they undertake. This review covers everyone, at all levels of seniority and we create and action individual development plans as a result. These plans include skill specific training, coaching and mentoring as appropriate. We recognise that having a mentor can make a significant impact in developing an individual's career. Our most recent Talent Review was in November 2021 and 17 individuals were identified and matched with mentors to further their career development. These are formal mentorships which are monitored and supported by Human Resources.

We will continue to take opportunities to invest in learning and development opportunities for our employees, including supporting employees to receive professional qualifications which further support their career ambitions.

Customer first

As we refine and expand the choice of spaces we provide, we are taking actions to ensure our team is aligned and able to deliver. We have recently made several management changes to support the delivery of our Customer first approach to meet today's key occupier themes of flexibility, service delivery and amenity provision in well-designed, tech-enabled and sustainable spaces.

- Steven Mew assumes the newly created role of Customer Experience and Flex Director, with overall responsibility for our flexible office space activities;
- Simon Rowley has been promoted to Director of Office Leasing and Flex;
- Dan Nicholson assumes leadership of the Portfolio Management Team whilst retaining overall responsibility for the Group's Development activities; and
- Anisha Patel has been promoted to Director of Marketing to support and broaden both our customer and stakeholder engagement.

In addition, we have recently recruited Katie Lin, Workplace Design Lead, Jack Kelly, Senior Operations Manager focusing on Flex, and Felix Streeton, Workplace Project Manager, to further support the acceleration of our flexible office space roll-out.

Looking ahead to 2023

We look forward to continuing to progress our People Plan through OneGPE. We anticipate further automation in our use of technology to enhance the employee experience in the areas of data collection, employee insight, and learning and development. We will focus on embedding a 'Customer first' mindset and approach. We will also expand our focus on diversity to include an emphasis on race and ethnicity and we look forward to continuing to cultivate an inclusive, positive and winning culture. Further information on our approach to diversity and inclusion is included on page 103.

Our stakeholder relationships

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

See more on our people and culture on pages 52 to 55
See more on engaging with our investors on pages 90 and 91

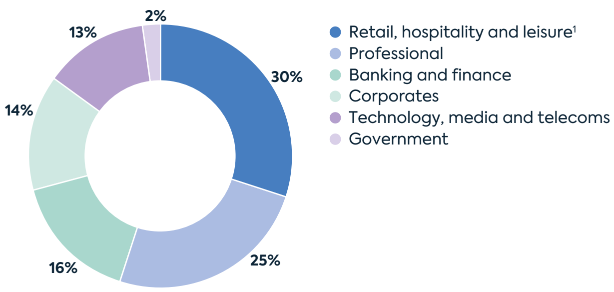
Operational measures

+27.8 Customer satisfaction (Net Promoter Score)	**£631k** Social value created
27.6% Of net assets in joint venture	**30 days** Average supplier payment period

Customers

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

GPE customer mix %



1. 20% in retail units, 10% in offices.

Approach and objectives

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

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

Whichever offer our customers choose, they are all developed with sustainability at its core. We provide the spaces of the future, incorporating latest technology to drive our customer experience, such as our smart workplace app, sesame®, as well as promoting health and wellbeing for our customers and local communities, with open plan configurations and outdoor spaces.

To ensure we can deliver and maintain the highest standards, we have a 'Customer first' approach, focusing on what we consider to be key customer requirements of:

- Quality;
- Flexibility;
- Sustainability;
- Service;
- Health and wellbeing;
- Technology; and
- Social impact.

We also recognise that to deliver a high quality service, we need a direct relationship with our customers. Therefore, we have a dedicated in-house Occupier and Property Services team whose role is to manage the day-to-day operation of our buildings and deliver enhanced service provision for all of our customers.

Knowledge of the changing needs of our customers requires a close relationship and regular engagement. A key element of our approach, in addition to frequent day-to-day interaction, is to require our portfolio managers to formally meet with every customer twice a year and at least one Executive Committee member will meet with our top 20 customers at least annually. These meetings, combined with the independent customer satisfaction surveys we undertake, provide an understanding of how our customers' real estate needs are developing and provide valuable insight into the health of the industries in which they operate.

Examples of topics raised during the year

- Rent concessions to provide continued financial support, particularly for retail customers;
- Ensuring safety of buildings and health and wellbeing of people and supporting the safe return to the office;
- Opportunities to improve service charge and Flex processes;
- Greater utilisation of our sesame® app; and
- Swift communication of building issues.

How did we respond

- Financial support on a case-by-case basis;
- Senior Management tours of all development sites and the managed portfolio exclusively focusing on health and safety;
- Service charge and Flex process improvements implemented;
- An aligned rebranding of sesame® including simplification of the user experience and navigation tools; and
- Utilising sesame's 'chat and support' function alongside conventional communication tools to keep our customers fully informed.

High levels of customer satisfaction

We commission an annual independent customer satisfaction survey which consists of 16 core questions and is designed to determine what our customers think about their building, its location and the services and amenities we provide. The output of the survey is a Net Promoter Score (NPS), which is best translated as the willingness to recommend GPE. It is expressed as an absolute number between -100 and +100.

Our NPS remains high, at +27.8 in 2022 (2021: +42.0). Whilst lower than our very high score last year, which was driven by our COVID-19 response, it remains materially ahead of the industry average of +2.0, and equates to upper quartile performance against London office property peers. From the valuable feedback and comments we receive, we are preparing building-specific action plans to further improve our services. The plans are produced within four weeks of the results and implemented as soon as possible, demonstrating that we have listened and, more importantly, acted on their feedback.

Next steps

For many of our customers, the energy consumed in their building represents a significant proportion of their carbon footprint. This energy consumption also accounts for a quarter of our own footprint. Together, we have an incentive to lower our impact. We are therefore partnering with some of our more energy-intensive customers to identify opportunities to improve building energy performance, utilising sesame® to provide real-time feedback and encourage behavioural change. Similarly through sesame®, we will be able to monitor the effectiveness of our health and wellbeing measures providing valuable feedback to our customers, helping them provide the healthy, productive and efficient spaces their employees want to work in.

We will also need to collaborate across the property industry. As part of our ongoing research into how office spaces may evolve, our partnership with six continental European office REITS undertook research into how to retrofit buildings to reduce carbon and directly surveyed European customers to understand how their attitudes to sustainability and wellbeing were changing. Coupled with our own 'Future of the Workplace' research, the findings are influencing the design of our unique spaces allowing us to create the workplace of tomorrow.

Our joint venture partners

Joint ventures are an important part of our business and today they comprise three active partnerships with BP Pension Fund (GRP), the HKMA (GHS) and Threadneedle (GVP). Our joint ventures are built on long-term relationships with trusted, high quality partners. At 31 March 2022, they made up 21.1% of the portfolio valuation, 27.6% of net assets and 22.8% of rent roll (at 31 March 2021: 24.6%, 31.8% and 25.2% respectively).

Approach and objectives

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

Examples of topics raised during the year

- Whether to hold or sell 160 Old Street, EC1 in GRP;
- Approval of a number of leasing transactions at Hanover Square, W1 in GHS; and
- Approval of Superdry lease surrender and new letting to Uniqlo in GRP.

How did we respond

- 160 Old Street sold for a headline price of £181.5 million (our share: £90.8 million);
- Leasing of offices at Hanover Square, W1 completed, further retail lettings approved; and
- Superdry lease surrender and new lease to Uniqlo approved.

Next steps

Looking forward, we are working closely with our partners to advance our business plans, including completion of the retail leasing at Hanover Square, W1, in our GHS joint venture and progressing the planning application for our proposed development at Mount Royal, W1, in GVP.

Our stakeholder relationships continued

Communities

To enable us to deliver spaces in central London we need to create enduring, sustainable relationships with the communities where we are working. We consider our communities to be London as a whole, the boroughs in which we work and the streets in which our buildings are located.

Approach and objectives

As a business 100% focused on central London, we have always worked hard to support our local communities and to help address some of London's social and environmental challenges.

We partner with a number of charities and community organisations to deliver our strategy at a grass-roots level. Key issues and inequality vary considerably across our boroughs; through regular engagement with our partners, supported by community consultations with local residents and businesses, we are able to deliver a hyper-local approach that responds to local needs.

Progress during the year

Conversations continued to be dominated by the lasting impacts of the pandemic, particularly the need for training and employability support to help our communities recover. As such, we aligned our funding to support this need.

Through Groundwork London, we supported 'Westminster Wheels' by funding four bike mechanic training work placements for people facing significant barriers to employment. We also built upon the charity relationships established through our COVID-19 Community Fund and continued our support of Young Westminster Foundation's 'Mastering My Future' programme which provides free workshops, work experience and mentoring.

Examples of topics raised during the year

- Funding instability due to the ongoing impact of COVID-19;
- Increased need for mental health support and the importance of nature for our mental health;
- Importance of helping Afghani refugees and asylum seekers integrate into the community; and
- London's poor quality housing with some of the highest concentrations of fuel poverty.

How did we respond

- Maintained the increase to our annual financial donation to our charity partners' Centrepoint and Groundwork London due to the ongoing uncertainty caused by the pandemic;
- Provided 190 hours of pro bono support to Centrepoint's Independent Living programme;
- Continued our support of Bankside Open Spaces Trust (BOST), a charity supporting the maintenance of green spaces in SE1, with a financial donation and 120 volunteering hours;
- Opened up our buildings for use by the community with a 'new parents' group meeting weekly; and
- Created a new three-year partnership with National Energy Action to help alleviate fuel poverty within our communities.

Creation of Social Impact Strategy

Our new Social Impact Strategy, launched in November 2021, sets out our clear focus areas around the wider objective to improve the quality of life for disadvantaged Londoners.

It is an organisational level framework covering all areas of our business activities, whilst providing the flexibility to respond to local needs. Delivery will require us to partner with all our stakeholders, using their skills and experience, to make the most of the significant opportunities that exist to create social value throughout the property life cycle.

It aligns with our Roadmap to Net Zero and the need to support a just transition, champion green skills and help improve climate resilience within our communities.

Diversity, equity and inclusion are also central to our approach, recognising that the property industry needs to better reflect the diversity of our local communities.

The strategy creation process was overseen by our Social Impact Committee and involved:

- evidence-based research to understand the demographic, socioeconomic and educational needs of our six key London boroughs. This highlighted the level of inequality within boroughs and reinforced our hyper-local approach;
- interviews with Heads of Department, supply chain partners and community organisations through a series of one-to-one sessions;
- wider employee feedback gained through a survey to maximise perspectives and understand the social issues which mattered most to our people as a whole; and
- using the findings from the desktop needs analysis and stakeholder engagement to identify the four key pillars and develop commitments, targets and activities (read more opposite). These tangible commitments, underpinned by measurable actions, will enable us to monitor progress against each pillar and hold ourselves accountable.

Next steps

For the coming year, our priority is to embed our new Social Impact Strategy and further develop the implementation plan, ensuring that we continue to focus support on delivering improved outcomes for the people who need it most. This will include embarking on new three-year charity partnerships with XLP, focused on creating positive futures for young people growing up on inner-city London estates, and National Energy Action. We will also continue to develop our social value reporting and baseline data, aligned with our commitment to create £10 million in social value by 2030.

Creating a lasting positive social impact

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

Our Social Impact Strategy

Our strategy focuses on four pillars which will contribute to addressing the needs of the London boroughs in which we are working.

These pillars, clear commitments and actions are set within the wider context of our Sustainability Statement of Intent and are focused through three lenses:

Our people – connecting our people with our communities and using their knowledge and experience to create a more inclusive industry.

Our spaces – working with partners to create shared value throughout all stages of the property life cycle.

Our lasting impact – creating a lasting legacy through long-term relationships.

"

At XLP, we are delighted to be partnering with GPE. We know that the challenges facing disadvantaged young people today in London need long-term relationships to bring about that shared goal of social transformation, and we are so pleased to be working together for the next three years."

Luke Watson
CEO, XLP

Our four pillars:

1 Enabling healthy and inclusive communities

The health and happiness of the wider community is key to a thriving and resilient society and therefore a thriving economy. Unlocking the diverse knowledge, skills and creativity of people within our communities is fundamental to tackling inequality.

GPE commitments include:

- Increasing our understanding of the broad social and cultural diversity within our communities;
- Ensuring inclusive, accessible design and placemaking; and
- Proactively listening to our communities to nurture a culture of trust and transparency.

2 Championing diverse skills and accessible employment opportunities

Inequalities begin before primary school and continue to cumulate through education and work, impacting all aspects of life. To promote social mobility, and to address known skills gaps, we need to provide inclusive employment and training opportunities.

GPE commitments include:

- Champion new and varied routes into sustainable employment;
- Address barriers to employment for under-represented groups; and
- Advocate responsible business practices through our supply chain.

3 Supporting the growth of local business and social enterprise

Diversifying businesses and supply chains is crucial to boosting overall social value creation. Targeted opportunities for small and medium-sized businesses are critical to levelling the playing field.

GPE commitments include:

- Evaluate broader social and environmental impacts in our procurement of products and services;
- Engage, train and mentor our local business community; and
- Enable social enterprise to thrive through the provision of space or other services.

4 Connecting people with urban nature

A strong connection with urban nature is essential to support improved climate resilience and the holistic health and wellbeing of our communities.

GPE commitments include:

- Provide opportunities for our people and our customers to interact with nature;
- Support organisations dedicated to improving green spaces and access to nature; and
- Increase climate resilience through nature-based solutions.

For more see **www.gpe.co.uk/our-relationships/community-relationships/**

Our stakeholder relationships continued

Local planning authorities

Developing new buildings in central London is appropriately challenging, particularly in the West End. Large areas are protected by conservation areas, building heights are restricted, development needs to be considerate to local residents and the planning process is stringent. As a result, our relationships with local planning authorities are key to the delivery of new spaces in London.

Approach and objectives

Navigating the planning process is key to our success. We aim to engage with local authorities and residents in an open, transparent and non-adversarial manner to enable us to secure planning consents that are both beneficial to us and the local communities in which they are built. We are committed to creating a lasting positive social impact. As a matter of course, we liaise with community stakeholders to understand their needs and, where possible, we will adjust our proposals to take account of comments received.

Examples of topics raised during the year

- Provision of high quality sustainable spaces to deliver benefits to the local environment and economy;
- Delay by London Borough of Southwark to determine the planning applications for New City Court, SE1;
- Building design that is of appropriate scale and sensitive to its location and the history of the area; and
- Appropriate consultation with local communities and interest groups.

How did we respond

- Proactive engagement in design and development of schemes, with changes made to incorporate feedback;
- We explored all avenues to have the applications at New City Court, SE1 approved, or even refused, by Southwark without success, resulting in an ongoing appeal for non-determination;
- Planning performance agreements with local authorities; and
- Utilising technology to help engage with local communities, including using dedicated web portals, social media, targeted leafleting and virtual 'town hall' meetings.

Next steps

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

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

Our suppliers

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

Approach and objectives

The close relationship we foster with our suppliers, alongside a track record of successful project delivery and a deep pipeline of future work, means that people want to work with us, and ensures that we have good access to quality partners. For our development and refurbishment projects, regular communication is paramount. This starts with the design process, where we encourage our design team to consider the art of the possible and work with our contractors to explore new and innovative ways of working. Involvement of our agents throughout the process also helps us to ensure that, with their input, our buildings are optimally designed and, where appropriate, evolve over the project to remain relevant.

We also aim to treat our suppliers fairly through prompt payment, including bi-monthly payment terms with some of our largest contractors. Whilst we expect all our suppliers to comply with standards and codes that may be specific to their industry, our Supplier Code of Conduct sets out the standards that we require. Furthermore, in order for us to achieve our goal of reaching net zero carbon by 2030, we will need to work closely with our suppliers. We therefore ensure that the sustainability goals of our suppliers are taken into account when tendering our contracts.

Examples of topics raised during the year

- Prompt payment terms;
- COVID-19 implications on development costs and time lines;
- Support for site safety;
- Impacts of inflationary pressures and supply chain disruption; and
- Greater collaboration to reduce carbon footprint.

How did we respond

- 30 days' average payment terms, bi-monthly payments to largest suppliers maintained and contractor support;
- Sites operated on a COVID Secure basis; timetables amended to accommodate new working practices;
- Working with suppliers on information sharing and initiatives to reduce carbon through the supply chain; and
- Working with suppliers to manage procurement, labour and costs.

Next steps

We are currently in the latter stages of procuring the construction contract for the redevelopment of 2 Aldermanbury Square, EC2. Elements of the scheme are being tendered separately with the intention of appointing the main contractor later this year.

Providing safe, healthy and secure environments

We are committed to maintaining the highest standards of health and safety across both our developments and occupied portfolios and aim to be an industry leader setting the best standards of health, safety and wellbeing for our communities and people. We continue to promote proactive improvement and attitudes towards health and safety, ensuring our strategy promotes a collaborative approach with all our customers, employees and within the supply chain.

During the year, we kept our buildings open, safe for access for our customers, employees and those needing to complete any works, including maintaining COVID-19 recommended protocols. We continued with enhanced cleaning, air quality monitoring and introduced additional water flushing regimes. We encouraged personal COVID-19 testing to support the health and safety of those using our spaces and our head office. Critically, all our buildings remained open, and all statutory inspections and risk assessments were completed within the allocated time frame. We also ensured that we worked to government guidelines and completed a review of the COVID Secure Safe Building Certificates which were displayed in all our properties.

We improved the monitoring of health and safety across the portfolio by incorporating a set of proactive key Board approved performance indicators allowing us to understand how we are performing on health and safety management. During the year, we used these indicators to drive improvement on leadership, we assigned risk ratings to our buildings, in conjunction with a third-party audit, while increasing refresher training and monitoring the performance of our supply chain.

Looking ahead, we aim to continue our focus on fire safety management to ensure that the golden thread of information is available and accessible for every building in our portfolio and we will continue to support customers, staff and visitors to our buildings.

With the Fire Safety Act coming into force during the year, we believe that many of the proposed changes in this legislation are suitable for our commercial properties, as well as the recommended residential sector. We have focused on improving the knowledge of fire safety through one-to-one training for our Occupier Services Managers, which was delivered on-site. We have also ensured we have up-to-date and compliant fire strategies for every building. We have completed fire door inspections across our all our buildings and refreshed our existing Fire Management Policy.

Finally, we have supported our customers by providing educational advice on their own fire safety duties within their demised areas and how they can improve their assessment of fire risk.

Part of our proactive approach also includes understanding the impact that climate and culture has in relation to our Health and Safety Strategy for the business. Therefore, we have continued to ask our employees, via an engagement survey, if they believe we support them on health and safety. Encouragingly 95% of our people agreed that 'GPE cares about their health and safety'. While this remains a positive result, we will continue to work with each team to ensure that they have the technical support they require throughout the year to ensure health and safety remains high on the agenda.

We will continue to work closely with our suppliers and expect them to comply with all health and safety legislation and codes of best practice specific to their industry. We will also work together to maintain focus on driving a positive health and safety culture including to help reduce stress and anxiety in the workplace and support positive mental health.

Health and safety incidents by year

Where accidents occur, we aim to support and collaborate with our supply chain to understand and maximise opportunities for improvement so that any future risk can be mitigated and to ensure a no-blame culture for workers is maintained. There was a small increase in first aid injuries in our occupied buildings, likely a result of building utilisation returning to more normalised levels as the COVID-19 pandemic abated.

	2022	2021	2020
Enforcement notices or fines received	–	–	–
Employees			
Work-related fatalities	–	–	–
Reportable injuries/incidents	–	–	–
First aid injuries	**1**	–	3
Number of days off due to accidents and incidents	–	–	–
At our occupied buildings			
Work-related fatalities	–	–	–
Reportable injuries/incidents	**1**	–	2
First aid injuries	**8**	4	14
At our developments			
Work-related fatalities	–	–	–
Reportable injuries/incidents	**1**	–	4
First aid injuries	**4**	4	14

Engaging with our stakeholders

Section 172(1) statement

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

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

Our stakeholders

As explained on pages 56 to 61, GPE has identified its key stakeholders as being its: investors, people, customers, JV partners, communities, local planning authorities and suppliers. Building and nurturing these relationships based on professionalism, fair dealing and integrity is critical to our success.

Our engagement

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

Board processes

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

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

Page 94 sets out some examples of how the Board has considered s.172(1) matters in its decision making in 2021/22.

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

		See more
Key decisions and long-term consequences	Our strategy is evolving, shaped by our purpose, principles and strength	on pages 02 and 03
	How we create value	on pages 12 and 13
	Impact on decisions	on page 94
	Letter from the Chair of the Board	on pages 81 to 83
	What we did in 2021/22	on pages 96 and 97
Employees	Our people and culture	on pages 52 to 55
	Leadership and purpose	on pages 88, 89, 92 and 93
Fostering business relationships with suppliers, customers and others	Our stakeholder relationships	on pages 56 to 61
	Leadership and purpose	on page 89
Communities	Our stakeholder relationships	on pages 56 to 61
	Leadership and purpose	on page 89
Environment	Sustainability	on pages 37 to 51
	Our stakeholder relationships	on pages 56 to 61
High standards of business conduct	Our people and culture	on pages 52 to 55
	Our stakeholder relationships	on pages 56 to 61
	Letter from the Chair of the Board	on pages 81 to 83
	Anti-bribery and corruption, ethics and whistleblowing	on pages 95 and 110
Investors	Letter from the Chair of the Board	on page 83
	Leadership and purpose	on pages 89 to 91

Non-Financial Information Statement

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

Reporting area[1]	Policies	Website	Reference in 2022 Annual Report
1. Environmental matters	Sustainability Policy Statement Creating Sustainable Spaces – Sustainable Development Brief Our Guiding Principles of Design Sustainability Statement of Intent Our Roadmap to Net Zero	www.gpe.co.uk/sustainability/our-approach www.gpe.co.uk/sustainability/developing-sustainable-buildings www.gpe.co.uk/sustainability/our-sustainability-statement-of-intent/	See more about our Roadmap to Net Zero on pages 38 to 40 See more about sustainability on pages 37 to 51
2. Employees	Our values Diversity Policy Our People Plan Personal Development Plans	www.gpe.co.uk/about-us/our-purpose-values www.gpe.co.uk/about-us/governance www.gpe.co.uk/our-relationships/our-employees	See more about our values on page 52 See more about people and culture on pages 52 to 55 See more about diversity and inclusion on pages 54, 55, 100 and 103
3. Human rights	Supplier Code of Conduct Annual Modern Slavery Statement	www.gpe.co.uk/our-relationships/our-suppliers www.gpe.co.uk/sustainability/our-approach www.gpe.co.uk/our-modern-slavery-statement	See more about how we behave, human rights and supplier stewardship on page 95 See more about mitigating the risk of modern slavery on pages 44 and 95 See more about our suppliers on pages 60 and 61
4. Social	Social Impact Strategy Creating Sustainable Relationships GPE Standard Supply Terms Health and Safety Policy	www.gpe.co.uk/our-relationships/community-relationships www.gpe.co.uk/our-relationships/our-suppliers www.gpe.co.uk/sustainability/working-safely	See more about our stakeholder relationships on pages 56 to 61 See more about communities on pages 58 and 59 See more about our Social Impact Strategy on pages 11 and 59 See more about our suppliers on pages 60 and 61 See more about providing safe, healthy and secure environments on page 61
5. Anti-corruption and anti-bribery	Anti-Fraud, Bribery & Corruption Policy Ethics Policy Whistleblowing Policy Gifts and Hospitality Policy Use of GPE Suppliers Policy Conflicts of Interest Policy Inside Information and Share Dealing Policy	www.gpe.co.uk/our-relationships/our-suppliers www.gpe.co.uk/about-us/governance	See more about anti-corruption and anti-bribery matters on page 95 See more about our Anti-Fraud, Bribery & Corruption, Ethics and Whistleblowing Policies on page 110
6. Business model		www.gpe.co.uk/about-us/our-strategy	See more about how we create value on pages 12 and 13
7. Principal risks and uncertainties	Group Risk Management Policy	www.gpe.co.uk/about-us/governance	See more about our approach to risk on pages 64 to 77
8. Non-financial key performance indicators		www.gpe.co.uk/investors/investment-case/key-performance-indicators-2021	See more about our KPI benchmarks on pages 14 and 15 See more about our near-term strategic priorities on pages 16 and 17

1. Board oversight of these policies and matters is also covered through 'What we did in 2021/22' on pages 96 and 97.

Our approach to risk

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

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

Setting and monitoring our 'risk appetite'

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

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

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

Our risk culture and how we manage our risks

Our over-arching risk management process is comprised of four main stages as summarised in the diagram below. We believe that effective management of risk is based on a 'top-down' and 'bottom-up' approach with appropriate controls and oversight as outlined on page 65, which include:

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

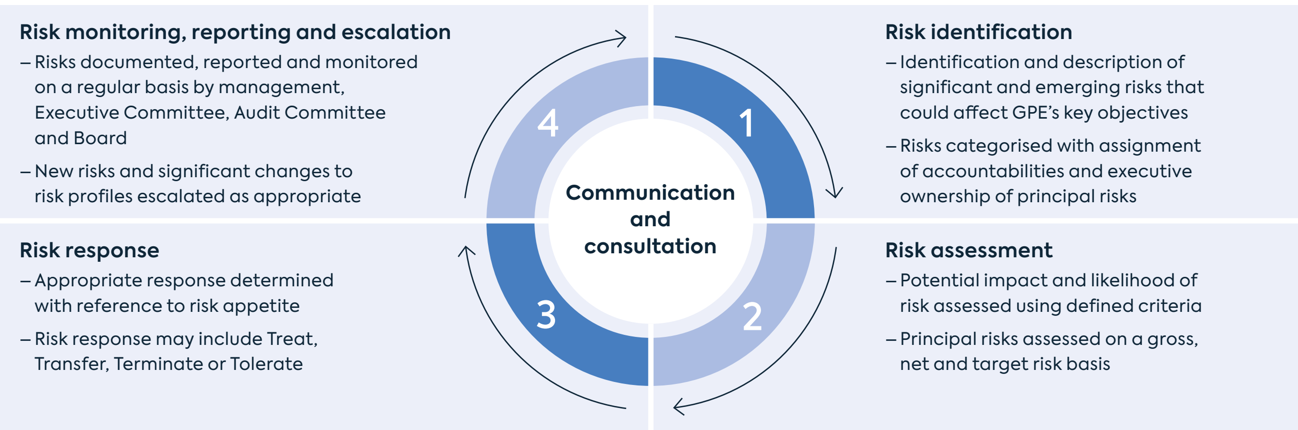
Moreover, risk management is an integral part of all our activities. We consider risks and, more positively, where these might also provide opportunities, as part of every business decision we make, including how they would affect the achievement of our strategic priorities and the long-term performance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

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

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

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

Whilst emerging risks and opportunities are considered as part of this formal six-monthly assessment, the Board spends additional time at scheduled Board meetings on 'blue sky' thinking and consideration of possible emerging risks. Executive Committee members are tasked to provide a summary in their regular Board updates of the three 'things' concerning and exciting them the most. We also ask our Heads of Department the same question to continually challenge ourselves as to how we should evolve. Emerging risks are also considered by the Board as part of its annual strategy review. While risks relating to structural market changes, pandemic and short and medium-term climate change are considered within our principal risks, we have also spent time this year discussing emerging risks across a number themes such as long-term climate change, fire safety, advances in technology, de-globalisation, de-urbanisation, evolving working patterns and behaviours, fiscal policies and energy security.



Board oversight of risk

Board

Nomination Committee | Audit Committee | Remuneration Committee

Executive Committee

Operational Committee oversight

Weekly/Monthly

Development management
Portfolio management
Investment management
Financial management
Occupier and property services

Quarterly

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

People and culture guided by our values

Focused market expertise
Open communication
Transparent disclosure with stakeholders
Integrity in business conduct
Interests aligned with shareholders
Qualified and experienced personnel with specific roles
Intense development, portfolio management and occupier services teams
Conservative attitude to capital deployment
Analytical rigour

Procedures and internal controls

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

Policies for highlighting and controlling risk

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

Business risk

Our approach to risk continued

The uncertainties, disruption and challenges of the COVID-19 pandemic continued into the year, impacting our markets and our operations. The Board and the Audit Committee have overseen the Company's response to the pandemic, the actions taken to mitigate its impacts, and also the opportunities arising from the pandemic, including in relation to potential longer-term structural changes in working and retail practices.

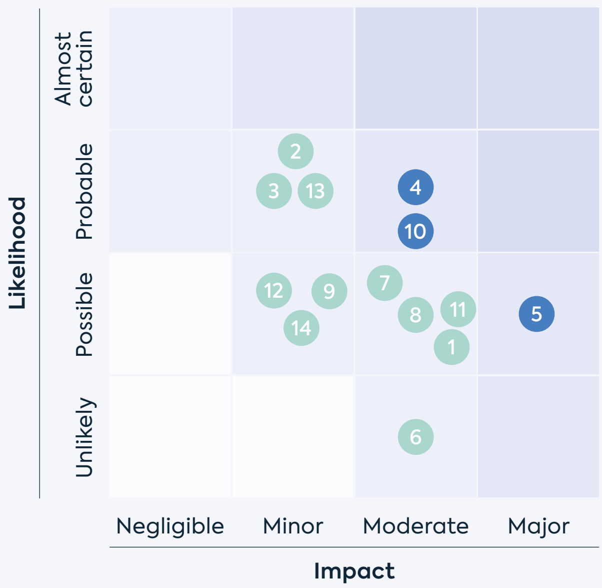
As our markets recovered over 2021/22 as the impacts of COVID-19 abated, recent tragic events in Ukraine have impacted the global economy and supply chains and accelerated inflationary pressures. The Board and Audit Committee continue to monitor the risks arising from the Russia-Ukraine conflict and geopolitical tensions, as well as the ongoing uncertainties in relation to the UK's international trade arrangements, and their potential impacts on the UK economy, our operations and London's attractiveness. Further details on market impacts can be found in 'Our markets' on pages 21 and 22 and our viability assessment on page 78.

Our principal risks remain largely unchanged from the prior year, save for the inclusion of one new principal risk as described below ('Flex operational capabilities and service provision'). In addition, we have amended the descriptions of some of our principal risks to reflect how they have evolved over the past 12 months. Key changes include the following:

- as we drive our Flex strategy and scale-up our Flex operations, our ability to deliver this operationally intensive part of our business, control costs and generate appropriate risk adjusted returns has grown in significance. At the same time, our ability, directly and through our partners, to deliver quality services that meet the needs of our customers has also become increasingly important. 'Flex operational capabilities and service provision' has therefore been added to the Group risk register this year as a new principal risk;
- the risks associated with longer-term structural changes in working practices now subsist outside of the 'Pandemic' risk and have therefore been incorporated into our 'Meeting customer needs' risk. More generally, we now refer to our 'customers' rather than 'occupiers' in line with our Customer first approach;
- our risk assessment of 'Pandemic' has reduced as the impacts of COVID-19 have subsided. Nevertheless, uncertainty remains as to the future trajectory of the pandemic, including the emergence of new strains of the virus, and 'Pandemic' therefore remains a principal risk at the current time;
- following the occurrence of structural retail changes, our structural retail change risk has been updated to refer to 'Retail market uncertainties' more broadly and has also been updated to reference the risk of inflation and higher interest rates adversely impacting consumer spending and potentially demand for retail space in London. Our assessment of the risk has reduced overall following recently improved retail activities;
- the 'London attractiveness' risk has been expanded for the impacts of the macro environment, including the risk of recession, driven by factors such as geopolitical tensions, supply chain disruption and inflationary pressures, potentially impacting London's appeal;
- the 'Failure to profitably deliver the development programme' risk description has also been updated to expressly reference the heightened risks arising from supply chain disruption and inflation;

Net risk heatmap

Principal risk	
1	Meeting customer needs
2	Retail market uncertainties
3	Climate change and decarbonisation
4	Pandemic
5	Macro environment and London attractiveness
6	Impact of property market dislocation on financial leverage and banking covenants
7	Failure to maximise returns from prevailing market conditions
8	Failure to profitably deliver the development programme
9	Challenging planning environment
10	People
11	Poor capital allocation decisions
12	Health and safety
13	Cyber security and infrastructure failure
14	Flex operational capabilities and service provision



Risk severity

Low Medium High Very high

(1) **Net risk rating** as assessed after existing controls and mitigation

- our inclusive culture is considered an important factor in GPE being able to develop and deliver its evolving business plan, and this has now been reflected in our 'People' risk. As variable pay outcomes have reduced in uncertain markets, this has caused our 'People' risk to increase over the year; and
- the 'Poor capital allocation decisions' risk now captures the risk of over-allocating capital expenditure to upgrade buildings to meet minimum energy efficiency standards in place of alternative asset strategies, along with the risk of over-paying for assets in volatile markets.

A description of the Group's principal risks and a summary of the key controls and steps taken to mitigate those risks, together with how the net risk rating for each risk has changed in the year, is shown on pages 68 to 77. The risks are not set out in priority order. The likelihood and impact of each principal risk is assessed on a gross, net (taking account of the Group's existing controls and mitigations) and target risk basis (to determine whether the net risk position is within the Board's appetite level). The net risk assessment for each principal risk is shown on the heatmap on page 66.

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

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

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

Our focus during the year

In light of market disruptions and uncertainties, the focus of our strategy and business model, with a clear linkage of our risks to overarching strategic priorities and operational parameters, has again been revisited this year at all of our scheduled Board meetings. Areas of significant focus have included:

	See more
GPE's response to the pandemic to mitigate risks throughout our business, including in respect of employees, operations, customers, suppliers and the development programme;	on pages 17, 31, 53, 57, 58 and 61
The completion of our developments at 1 Newman Street & 70/88 Oxford Street, W1, the progress of our development at 50 Finsbury Square, EC2 and the approval and commencement of enabling works at 2 Aldermanbury Square, EC2;	on pages 23 to 25
The development planning and planning status of our near-term schemes at New City Court, SE1, Minerva House, SE1 and French Railways House and 50 Jermyn Street, SW1;	on pages 24 and 25
The continued leasing activity across our portfolio, including lettings achieved at Hanover Square, W1, 1 Newman Street, W1 and the pre-let at 50 Finsbury Square, EC2;	on pages 27 and 28
Continuing to crystallise profits through the sale of 160 Old Street, EC1 for £181.5 million (our share £90.8 million) while continuing to assess our individual asset strategies;	on page 29
Enhancing the debt maturity profile of the Group by extending the maturity of £400 million of its £450 million unsecured revolving credit facility to January 2027;	on page 158
Given our risks of 'Failing to maximise returns from prevailing market conditions' and 'Meeting customer needs', further developing and rolling out our Flex offer, including at 16 Dufour's Place, W1, augmenting our Flex office offer with the acquisition of 7/15 Gresse Street, W1, and developing our Customer first approach;	on pages 19, 27, 28, 56 and 57
Further implementing market-leading technology solutions across our portfolio, including our sesame® app. The Board also approved our new one-year Innovation Strategy;	on pages 08, 10, 16, 39, 44, 57 and 82
Recruitment, succession planning and talent development to ensure that GPE has the skills, capabilities and diversity required to execute its evolving strategy;	on pages 54, 55, 102 and 103
Progressing our diversity and inclusion objectives and approving our People Plan;	on pages 54, 55 and 103
Overseeing progress against GPE's Sustainability Statement of Intent and Roadmap to Net Zero along with actions to quantify and mitigate the impacts of new minimum energy efficiency rating requirements;	on pages 37 to 55 and 59
Implementing our Health and Safety Strategy and strengthening our procedures across the portfolio;	on pages 61 and 77
Continued focus on our cyber governance both at head office and in relation to IT equipment across our portfolio.	on pages 77 and 110

Our approach to risk continued

How we manage principal risks and uncertainties

Principal risk	Strategic priorities	How we monitor and manage risk
Meeting customer needs		
We fail to identify and react effectively to shifting patterns of work space use and/or understand and provide spaces that meet quickly evolving customer needs, including potential longer-term structural changes in working practices, accelerated by the COVID-19 pandemic, that change the level and nature of demand for space in central London. This could lead to GPE failing to deliver space and lease terms that customers want and/or an inappropriate mix of flex versus traditional space, resulting in poor investment returns, potentially stranded assets and losing customers to competitors.	1 Progress sustainability agenda 2 Drive innovation and change 3 Deliver on our Flex ambition 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Quarterly review of individual property business plans and the market more generally. – Portfolio Management, Leasing and Flex quarterly updates to the Executive Committee with reporting at scheduled Board meetings. – Board and management review of GPE's flexible space offer across the portfolio, including broadening our product offering. – The Group's in-house Occupier and Property Services teams have proactive engagement with customers to understand their occupational needs and requirements with a focus on retaining income, including through meetings and regular customer surveys which help us track our Net Promoter Score. Executive Committee members meet with our top 20 customers at least annually. – Working with potential customers to address their needs and aspirations during the planning application and design stages of developments. – Board and management oversight of the development and implementation of our Innovation Strategy and related initiatives. – Design (supported by a specialist fit-out team) and innovation activities in the areas of sustainability, technology, wellbeing and experience. – Board and management oversight of the development of our Customer first approach. – Board annual strategy review, including market updates received from third parties.
Retail market uncertainties		
Market uncertainties following a structural shift in the retail industry, accelerated by the COVID-19 pandemic and compounded by the impact of inflation and higher interest rates on consumer spending, force changes to leasing requirements and structures (e.g. turnover rents or shorter lease terms) and/or reduce the demand for, or profitability of retail space in central London. This increases vacancy and reduces rental values and income, asset values and returns from retail space.	2 Drive innovation and change 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Strategic financial forecasts updated prior to each Board meeting including scenario planning for different economic cycles. – Quarterly review and proactive monitoring of asset-by-asset business plans to assess exposures and inform hold/sell strategies. – Regular reporting to Executive Committee and Board on negotiations and marketing campaigns, cash and rent collection. – Regular updates received from central London retail agencies to understand current market trends and anticipating future changes to deal structures. – Proactive engagement with retail customers to understand their occupational needs with a focus on retaining income. – Design Review Panel reviews building design and specification to ensure the scheme can accommodate flexibility of unit sizes appropriate for future retail customer demand. – In-house Leasing and Marketing teams liaise with external advisers on a regular basis, creating marketing campaigns, agreed budgets and timelines in accordance with our leasing/marketing objectives. – Active participation in industry groups to promote London. – Board annual strategy review, including market updates received from third parties.
Climate change and decarbonisation		
The need to decarbonise our business increases the cost of our activities through the need to retrofit buildings to improve their sustainability credentials (e.g. minimum energy efficiency standards and building ratings). This also reduces our ability to redevelop due to planning restrictions, increased regulation and stakeholder expectations, the increased cost of low carbon technology/materials and potentially the pricing of carbon. Failure to meet the climate challenge could impact our ability to raise capital, deliver buildings, reduce the demand for the buildings we own, cause significant reputational damage and result in exposure to environmental activism and potentially stranded assets.	1 Progress sustainability agenda 2 Drive innovation and change 4 Embed our Customer first approach 6 Prepare the pipeline	– Regular Board and Executive review of Sustainability Policy and climate change commitments. – Sustainability Committee meets quarterly to consider strategy in respect of climate change and environmental and Social Impact Strategy and risks. Its Portfolio and Development sub-committees meet monthly and report to the Sustainability Committee on progress. – Dedicated Sustainability & Social Impact Director on the Executive Committee supported by Sustainability Managers. – Design Review Panel reviews design brief for all buildings to ensure that forthcoming sustainability risks are considered. – Sustainable Development Brief and Sustainability Strategy in place. – Net Zero Carbon Roadmap with embodied carbon targets established and approved by the Board. Decarbonisation Fund established to support energy efficiency retrofitting in existing buildings. – ESG-linked RCF and annual bonus measures for Executive Committee members to support delivery of decarbonisation within the business. – Programme of ESG investor engagement in place, with regular review of reporting requirements and participation in investor indices. – Steering group to assess, manage and monitor EPC risks across the portfolio both to estimate compliance costs and to inform our buy, hold and sell strategy and decisions. – Participation in industry bodies to influence policy and drive innovation.

Net risk movement over the last 12 months	Commentary
No change	In an environment in which our customer needs are evolving rapidly, our close relationship with our customers is vital to our success. To ensure we are delivering the spaces our customers want, we are developing our Customer first approach with the aim of embedding this across our business operations. This has included, amongst other things, the refresh of the GPE brand, the appointment of Steven Mew as our Customer Experience & Flex Director and the restructuring of roles and teams to support and enhance the delivery of our market-leading Customer first approach. Testament to our approach, we had a record leasing year, completing 65 new lettings and securing £38.5 million of rent at a 9.8% premium to March 2021 ERVs, whilst continuing the successful roll-out of our flexible space offering. Over the past 12 months, we have continued to develop our flexible office spaces, including further roll-out of our Fully Managed offer following the successful leasing programme at 16 Dufour's Place, W1. Looking forward, we have a significant ambition to grow our Flex office offering to more than 600,000 sq ft within our existing portfolio and we will also look to supplement this growth through acquisitions. We continue to design and innovate in the areas of sustainability, technology, wellbeing and service provision to meet evolving customer needs. We were very encouraged by this year's independent customer satisfaction survey which updated our understanding of how our customers view their buildings and the services we provide. Encouragingly, our Net Promoter Score remained high at +27.8, which placed us in the upper quartile of our London office peer group.
Decreased	Our retail focus is to deliver high quality, modern retail units into locations with enduring appeal, with the bulk of our activities centred on the prime shopping streets of Oxford Street, Regent Street, Bond Street and Piccadilly. Retail space comprises 20% of our portfolio by value. Through the pandemic, UK retail has suffered from a combination of lower retail sales and an accelerated structural shift as increasing volumes of sales move online. Central London retail has been impacted as tourists have been absent and consumers have avoided busy locations during the pandemic, particularly where reliant on public transport. As the pandemic has abated, retail market uncertainties remain and the full impact of rising inflation, and interest rates, remains unclear. However, levels of footfall on London's key retail streets have recovered in recent months, and in some cases are back to near pre-pandemic levels. These improved conditions have slowed the decline in retail rental and capital values and have increased transactional activity over the year, supporting a reduction in our overall net risk assessment for this risk at the current time. Our current focus is on leasing the retail space in our developments at 70/88 Oxford Street, at the eastern end of Oxford Street, and Hanover Square, at the northern end of New Bond Street. In both cases we aim to deliver new retail experiences into locations that will benefit from the planned opening of Crossrail in 2022. We continue to proactively monitor individual asset plans and our exposure to any underperforming retail assets.
No change	With the built environment contributing approximately 40% of the UK's carbon footprint and the climate change debate being both a moral and economic imperative, particularly for our customers and other stakeholders, we have been further expanding our sustainability commitments and activities. Our Sustainability Statement of Intent 'The Time is Now', and our Roadmap to Net Zero, set out how we will address the first pillar of the statement to decarbonise our business to become net zero carbon by 2030. In July 2021, we published a Sustainable Finance Framework in respect of potential future debt issuance, to finance projects that have positive environmental and/or social impact. This builds on our ESG-linked revolving credit facility which includes targets to reduce embodied carbon from our new developments and major refurbishments by 40% and to improve biodiversity net gain across our portfolio by 25%, in each case by 2030. The rate of interest we pay on this facility will depend on our performance against these targets. Furthermore, sustainability targets have been included within the objectives of many of our senior executives and are being used to assess levels of remuneration. Good progress has been made against the 2021/22 annual targets, as set out on pages 38 to 44. We continue to work to improve the number of our buildings rated for their sustainability credentials. Further to existing requirements for most commercial buildings to have at least an EPC 'E' rating by 1 April 2023, in December 2020, the UK government announced its intention that all buildings will require an Energy Performance Certificate (EPC) rating of 'B' or above by 2030. We estimate that 80%–90% of London's buildings do not currently meet this standard. As a result, during the year we compiled individual asset plans to proactively improve our EPC ratings to meet government and broader stakeholder expectations, to assess potential exposures (we estimate that the investment required to upgrade our existing buildings to the new minimum EPC B rating is circa £20 million) and inform our hold/sell strategies. Furthermore, we expect the sustainability challenge to provide us with potential opportunities to acquire orphaned assets needing a sustainability solution. For further details of how we are innovating to develop sustainable spaces, see pages 26 and 37 to 44.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
Pandemic		
COVID-19 potential new variants and/or a future pandemic leads to a major and prolonged economic recession and associated fiscal response, significant decreases in demand in our markets, reduced footfall in central London, impairs our customers' ability to meet their rental obligations, adversely impacts our rental values and rent collection, reduces the availability, health and wellbeing of our workforce and/or disrupts our supply chains resulting in a decreased ability to maintain the consistency of our operations.	1 Progress sustainability agenda 2 Drive innovation and change 3 Deliver on our Flex ambition 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Business Continuity Plans and IT Business Continuity Plans in place. – Pandemic Response Committee to manage and report on risks and concerns. Its work has now been transitioned to our Hybrid|GPE Committee to focus on the return to the office and hybrid working, but will be reinstated as required. – Monitoring of impacts and developments by the Board and Executive Committee. Risk assessments undertaken as control measures change. – Stakeholder engagement mechanisms, particularly with customers, contractors, shareholders and employees. – Health and safety plans to support employees, customers and contractors through a lockdown and return to work, and to keep buildings safe and open. – Health and wellbeing programme in place to support employees' physical and mental health. – The Group aims to maintain a consistent policy of low financial leverage. – Selection of contractors and suppliers based on creditworthiness.
Macro environment and London attractiveness		
The appeal of London real estate to customers and investors diminishes due to macro-economic conditions, including the risk of a recession driven by events such as geopolitical tensions, challenging international trading relationships, supply chain disruption, lower GDP forecasts, inflationary pressures, increasing interest rates, energy prices and/or rising costs of living. London's relative appeal may also be impacted by reduced appetite to travel to, work and shop in London following COVID-19, changes in government policies, the rise of alternative destinations for international trade, the impact of civil unrest and terrorism, the impact of long-term climate change (including risk of flooding) and the relative expense of operating in London. This results in reduced international capital flows into London leading to a lack of investment and/or capital flight, lower leasing demand as businesses defer decisions or are unwilling to commit to new space, decreasing income, asset values and development viability.	2 Drive innovation and change 3 Deliver on our Flex ambition 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Board annual strategy review with regular economic and market updates received from third parties. – Strategic financial forecasts are updated prior to each Board meeting with scenario planning for different economic cycles and eventualities. – Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters. – Key London indicators are monitored to help inform GPE's view of London's recovery following COVID-19. – The impact of international trading relationships, supply chain disruption and geopolitical issues continue to be monitored and reported to the Executive Committee and Board. – The Group aims to maintain a consistent policy of low financial leverage. – Active participation in industry groups to promote London.
Impact of property market dislocation on financial leverage and banking covenants		
Capital markets disruption, macro-economic shock and/or an adverse change in market conditions, including the impact of significantly higher interest rates, reduces asset values and curtails income which increases GPE's financial leverage and results in our breaching banking covenants.	2 Drive innovation and change 3 Deliver on our Flex ambition 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Quarterly review of capital structure, including gearing levels, by the Chief Financial & Operating Officer and Executive Committee. – Board annual strategy review with regular economic and market updates received from third parties. – Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters. – Quarterly review of current and forecast debt, hedging levels and financing ratios under various market scenarios. – The Group aims to maintain a consistent policy of low financial leverage. – The Group's funding measures are diversified across a range of bank and bond markets. Sustainable Finance Framework introduced in respect of potential future debt issuance. – Proactive balance sheet management. – Investor relations programme, with regular broker consultation, to build a supportive shareholder base in the event of future fundraisings. – Regular review of financing by the Chief Financial & Operating Officer and Executive Committee with reporting at each Board meeting.

Net risk movement over the last 12 months	Commentary
Decreased	The COVID-19 pandemic brought disruption and challenges to the global economy, our markets and operations. The closure of offices and shops, and reduced tourism, increased customer failures, impacted rent collection and reduced customer demand and property valuations. The impact of COVID-19 has abated due to the successful vaccination programme and, as a result, we have downgraded our 'Pandemic' net risk assessment. However, we remain mindful of the risk of further waves of the pandemic and the emergence of new variants. The Board, Audit and Executive Committees have overseen the Company's response to the pandemic including our extensive engagement with all our stakeholders to offer appropriate support and to prioritise the safety and wellbeing of our employees, customers and contractors. All our office properties have remained open throughout the year, operating to government guidelines.
No change	London generates around 24% of UK GDP, with the largest economy of any city in Europe, and is one of the world's leading commercial, creative and financial centres, with a deep pool of talent. Central London has one of the world's largest commercial real estate markets, with around 440 million sq ft of office and retail property attracting a deep and diverse mix of customers and property investors, many from overseas. London's markets are also highly liquid and remain one of the leading global destinations for real estate investment due to its combination of relative value, strong legal system, time zone advantages, international connectivity and a welcoming attitude to global businesses. Whilst we continue to monitor the fading impact of COVID-19, the outlook for macro-economic conditions in London remains unclear, including the risk a recession driven by factors such as the UK's global trading relationships, the impact of geopolitical tensions, supply chain disruption, lower GDP forecasts, inflationary pressures, increasing interest rates and rising costs of living. However, London is resilient and has a long history of reinvention and innovation, and we anticipate that London's magnetism as a global cultural and business centre will be undiminished.
No change	Over the long term, real estate markets have historically been cyclical and London has been no exception to this. As a result, we have consistently adopted a conservative approach to financial leverage. As at 31 March 2022, our property LTV was 20.5%, net gearing was 25.4% and interest cover was not measurable. As a result, we have substantial headroom above our Group debt covenants. We estimate property values could fall around 56% before Group debt covenants could be endangered, even before factoring in mitigating management actions. The Group also has significant financial capacity with liquidity of £391 million, comprising cash of £28 million and undrawn committed facilities of £363 million. During the year, we enhanced the debt maturity profile of the Group by extending the maturity of £400 million of its £450 million unsecured revolving credit facility to January 2027. In addition, the Group's weighted average interest rate remains low at only 2.5% (falling to 2.1% on a fully drawn basis), with an attractive debt maturity ladder and diverse funding sources, predominantly borrowing on an unsecured basis.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
Failure to maximise returns from prevailing market conditions		
We fail to adequately read market conditions and respond accordingly. This results in making leasing decisions or buying, selling or developing buildings at the incorrect time leading to insufficient returns on our investment. Additionally, in periods of stable and/or high value markets we fail to effectively adjust our business model to maximise returns from prevailing market conditions.	1 Progress sustainability agenda 2 Drive innovation and change 3 Deliver on our Flex ambition 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Strategic financial forecasts are updated prior to each Board meeting including scenario planning for different economic cycles and eventualities. – Regular review of property cycle by reference to a dashboard of lead indicators. – Board annual strategy review including regular economic and market updates received from third parties. – Dedicated in-house team with remit to research sub-markets in central London seeking the right balance between investment and development opportunities for current and prospective market conditions. – Detailed due diligence undertaken for all prospective acquisitions prior to purchase to ensure appropriate risk adjusted returns. – Quarterly review of asset-by-asset business plans to assess future performance and to inform hold/sell decision making.
Failure to profitably deliver the development programme		
We fail to translate the development pipeline and current committed schemes into profitable developments through poor development management (including of supply chain disruption and the impact of inflation), an inappropriate level of development undertaken as a percentage of the portfolio, failure to agree acceptable terms with freeholders/adjoining owners/other stakeholders, poor timing of activity and/or inappropriate products for an evolving market and customer needs (including sustainability expectations). This results in reduced development activity, weak leasing performance, reputational damage and reducing property returns.	1 Progress sustainability agenda 2 Drive innovation and change 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Updated strategic financial forecasts reviewed at each scheduled Board meeting including scenario planning for different economic cycles. – Development management quarterly updates to the Executive Committee with reporting to each scheduled Board meeting. – Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding. – Regular meetings with key cost advisers, main contractors and subcontractors to monitor market conditions. Procurement routes and when to fix prices kept under close review. – Prior to committing to a development, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. – Working with stakeholders, including agents, potential customers and purchasers, to identify and address their needs and aspirations, including in respect of safety, sustainability, wellbeing and technology during the planning application and design stages. – Regular pipeline review meetings between Development and Portfolio Management teams and quarterly asset review sessions. – Selection of contractors and suppliers based on their track record of delivery and creditworthiness, corporate responsibility and sustainability credentials. – In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet the programme. – Post-completion reviews undertaken through Final Appraisal process on all developments to identify best practice and areas for improvement. – Regular review of the prospective performance of individual assets and their business plans with joint venture partners.

Net risk movement over the last 12 months	Commentary
No change	Despite the continued economic uncertainties, the Group has been active in its key markets and has completed its development scheme at 1 Newman Street & 70/88 Oxford Street, W1 and we anticipate the completion of our substantial repositioning of 50 Finsbury Square, EC2 later this year. We also commenced the enabling works at 2 Aldermanbury Square, EC2. We continue to assess potential acquisition opportunities across central London. However, the type of assets we typically look to buy, in particular, assets with repositioning and/or development opportunities at prices that, in our view, fairly reflect their risk adjusted returns, continue to be limited. During the year, we crystallised our development returns on the sale of 160 Old Street, EC2 and purchased 7/15 Gresse Street, W1 to augment our growing Flex offer, further supplemented by our recent acquisition of 6/10 St Andrew Street, EC4. We expect further acquisition opportunities to emerge over the coming year.
No change	We currently have one committed scheme on-site, 50 Finsbury Square, EC2, set to deliver 129,200 sq ft of high quality space, and targeting BREEAM 'Excellent'. The office element of the building is 100% pre-let, and due for completion later this year. Beyond this, the Group is preparing a further seven schemes set to deliver more than 1.1 million sq ft across the coming decade, which are being designed to meet the highest standards of sustainable design, embrace technology and provide a variety of adaptable and flexible working environments. At our most recently completed development at 1 Newman Street & 70/88 Oxford Street, W1, office leasing in the period was strong, with only one office floor remaining as detailed on page 23. However, given recent challenges in the retail market, on completion of the scheme it delivered a loss on cost. Today, we have good interest in both the remaining office floor and the majority of the retail space and, as such, we expect the scheme's financial performance to improve as the retail environment recovers. Given the inflationary backdrop, we continue to monitor construction pricing, and the resilience of supply chains, and we are working closely with our suppliers to mitigate this risk as we embark on the development of 2 Aldermanbury Square, EC2. **See more on pages 23 to 26**

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
Challenging planning environment		
The increasingly stringent planning environment limits the ability to create appropriate new spaces, increases costs and results in our failure to obtain viable planning consents and deliver the development pipeline.	1 Progress sustainability agenda 2 Drive innovation and change 6 Prepare the pipeline	– Prior to committing to a development, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a development in light of likely risks. – Active engagement with planning authorities. – Early engagement with local residents and community groups, adjoining owners and freeholders. – Third-party expertise used to support in-house teams, where appropriate. – Regular updates to the Executive Committee and Board on regulatory and planning policy developments. – The Head of Planning Strategy leads a holistic approach to planning across the portfolio. – Sustainable building design, including climate change mitigation and adaptation and growing preferences to reuse and refurbish buildings, is considered at an early design stage. All our major developments are subject to a minimum BREEAM rating requirement of 'Excellent'.
People		
Failure to attract, incentivise and retain high quality, suitably diverse and experienced individuals negatively impacts our ability to deliver our strategic objectives and has a detrimental impact on our values and inclusive culture.	1 Progress sustainability agenda 2 Drive innovation and change 3 Deliver on our Flex ambition 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Regular review is undertaken of the Group's resourcing requirements, performance management, talent review and succession planning. – The Group has a competitive and attractive employee value proposition that is strongly linked to performance and values and a formal six-monthly appraisal system to provide regular assessment of individual performance. – Regular benchmarking of remuneration packages to ensure competitive financial and non-financial packages in line with market rates. – Personal development planning and ongoing training support for employees together with focused initiatives to nurture potential successors, including mentoring and coaching programmes. – Clear articulation of GPE values and behaviours which are embedded in key people practices with Board and management monitoring of culture. – Board and Nomination Committee oversight of our diversity and inclusion strategy. New People Plan in place linked to GPE's purpose and strategy with a strong focus on diversity and inclusion. – Comprehensive health and wellbeing programme to support employees' physical and mental health, including mental health first aiders. – Hybrid Working Policy to give employees appropriate flexibility to perform their roles. – Focus on people engagement with regular two-way communication and responsive employee-focused activities.
Poor capital allocation decisions		
We make poor decisions regarding the allocation of capital such that we buy, sell, hold or develop (including retrofitting to meet minimum energy efficiency standards) the incorrect buildings, or do so at inappropriate cost, resulting in inadequate investment returns.	1 Progress sustainability agenda 2 Drive innovation and change 3 Deliver on our Flex ambition 4 Embed our Customer first approach 6 Prepare the pipeline	– Regular reviews conducted of individual property IRRs, including quarterly review of individual property dashboards and the market generally. – Weekly investment meetings held and regular dialogue maintained with key intermediaries. – Portfolio Management, Flex, Development and Leasing quarterly updates to the Executive Committee with reporting at scheduled Board meetings. – Strategy review forecast on an asset-by-asset basis provides a business plan for each individual property which is reviewed against the performance of the business as a whole. – Detailed due diligence processes in place to help ensure appropriate returns.

Net risk movement over the last 12 months	Commentary
No change	To successfully deliver our developments, we work closely with both local authorities and communities to secure planning consents to create great new sustainable spaces, helping London to thrive. The London Plan includes a number of further challenging requirements. Moreover, our substantial and flexible pipeline of seven uncommitted schemes totals 1.1 million sq ft across four London boroughs, all of which will likely be subject to planning approval requirements. We aim to engage with local authorities in an open, transparent and non-adversarial manner to enable us to secure planning consents that are both beneficial to us and the local communities in which they are built. In line with our Social Impact Strategy, as a matter of course, we liaise with community stakeholders to understand their needs and, where possible, we will adjust our proposals to take account of comments received. We use planning performance agreements with the local planning authority to ensure that our planning applications are determined in a timely manner. Moreover, sustainability is becoming ever more important in the planning process with key local authorities declaring climate emergencies. We will look to work with them to support their principles of 'good growth' and continue to evolve our strategies for reducing the carbon footprint of our development activities. **See more on pages 23 to 26**
Increased	The motivation of our people and maintaining our strong inclusive culture remains fundamental to the delivery of our strategic priorities. The strength of our values and appeal of our culture was highlighted with our most recent employee pulse survey showing 86% of our people would 'recommend GPE as a great place to work'. We continue to develop our talent from within including making several internal promotions to our Senior Management Team. We also continue to build our skills and capabilities to support the delivery of our 'Customer first' approach. We continue to progress our diversity and inclusion strategy which forms an integral part of our new People Plan. During the year we established an Inclusion Committee to oversee the implementation of initiatives and have set clear priorities for the Executive Committee with the incorporation of specific diversity and inclusion targets within their annual bonus objectives. The physical and mental wellbeing of our people has been a key priority as we transition to increased flexible working. We seek to be a caring and supportive employer with a comprehensive Wellbeing Programme to support physical and mental health with a focus on de-stigmatising the reality of mental health challenges. We have trained mental health first aiders and have introduced innovative tools to support the mental health of our employees and family members. We have continued our Board Engagement Programme to enable the Board to listen and respond to feedback from employees and to discuss important matters impacting the business. We continue to focus on growing the breadth, depth and diversity of our talent, providing focused development support where needed in an inclusive environment. While our employee retention rate for the year was high at 82%, we are cognisant of the potential impact of lower variable pay outcomes on retention in uncertain markets which has resulted in an increase in our overall net risk assessment of our 'People' risk. Retention and incentivisation remain important areas of focus under our People Plan.
No change	We continue to assess potential acquisition opportunities across central London and regularly review the forward-look performance of our portfolio to maximise returns. During the year, we crystallised our development profit on the sale of 160 Old Street, EC2 and purchased 7/15 Gresse Street, W1 to augment our growing Flex offer, further supplemented by our recent acquisition of 6/10 St Andrew Street, EC4. We expect further acquisition opportunities to emerge over the coming year. During the year, we established a steering group to assess, manage and monitor EPC risks across the portfolio, both to estimate compliance costs and to inform our buy, hold and sell strategy and decisions. We also commenced the enabling works at 2 Aldermanbury Square, EC2.

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
Health and safety		
A health and safety incident (including by our contractors) results in loss of life, significant injury or widespread infection, and financial and/or reputational damage to GPE. Furthermore, significant changes in health and safety (including fire safety) regulations and practice driven by government intervention following events such as COVID-19 and Grenfell increases compliance and development costs and/or risks of non-compliance.	1 Progress sustainability agenda 2 Drive innovation and change 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Quarterly Health and Safety Committee meetings are held with formal quarterly reporting on health and safety to the Executive Committee and regular reporting to the Board, including on progress against our Health and Safety Strategy. – Regular health and safety site checks are undertaken by Executive Committee members, the Development and Project Management teams and third parties, along with regular senior leadership tours of buildings. – Pre-qualification and competency checks are undertaken for contractors and consultants with contractor management processes in place. – Formal reporting on near misses/significant incidents and accidents. – Proactive health and safety KPIs to monitor and track performance and drive behaviours. – Annual cycle of health and safety audits. – Online health and safety management system in place for the business. – Comprehensive fire safety management procedures in place. – Activities are undertaken to monitor and raise employee awareness and understanding of health and safety matters, including through employee engagement surveys. – Comprehensive health and wellbeing programme in place for employees with mental health first aiders and an employee assistance programme. – Pandemic policies and procedures in place for head office and portfolio buildings.
Cyber security and infrastructure failure		
A cyber attack or infrastructure failure leads to business or network disruption within our portfolio or loss of information or customer data. There is the potential for greater impact on Fully Managed customers, to which we provide increased infrastructure support, and high-risk customers. This results in litigation, reputational damage, financial or regulatory penalties.	1 Progress sustainability agenda 2 Drive innovation and change 3 Deliver on our Flex ambition 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– IT and cyber security updates are regularly reported to the Executive Committee and the Board which oversee the implementation of our three-year IT strategy adopted in March 2021. – Cyber security systems and controls are in place and regularly reviewed, with external support, against best practice. – A head office and portfolio IT risk register is maintained. – The Group's IT Disaster Recovery Plan is regularly reviewed and tested and recovery of data at an off-site recovery centre is tested during the year. – Regular testing of IT security is undertaken including penetration testing of key systems. – The Group's data is regularly backed up and replicated. – The Group's Cyber Third Party Management and Security Policy and processes are designed to identify and control cyber-related risks arising from our third-party relationships. – Employee awareness training on cyber risk is undertaken regularly. – Cyber risk insurance is in place. – Each building has a bespoke Emergency Action Plan, maintaining appropriate systems to mitigate any infrastructure failure.
Flex operational capabilities and service provision		
The failure to maximise operational expertise and efficiencies or to appropriately control costs impacts the delivery of our Flex office strategy and our ability to generate appropriate risk adjusted returns. Further, as we scale up our Flex office delivery and increase our focus on service provision, the failure by GPE and/or its partners/suppliers to deliver high quality service impacts customer satisfaction, demand, retention and asset values.	1 Progress sustainability agenda 2 Drive innovation and change 3 Deliver on our Flex ambition 4 Embed our Customer first approach 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Board and management oversight of the development and implementation of the Flex strategy and business plan. – Board annual strategy review with regular market updates. – Quarterly Flex updates to the Executive Committee with reporting at scheduled Board meetings. – Dedicated Flex leadership in place from March 2022 with regular review of team skills and capabilities to support the effective delivery of customer service and experience. – Board and management oversight of the development of our Customer first approach. – Dedicated team within the Group's in-house Occupier and Property Services teams with a focus on proactive engagement, including through meetings and regular customer surveys, to ensure customers' occupational needs are met. – Quarterly review of individual assets plans and the market generally. – Close management oversight of costs and services, including design and delivery. – Design (supported by a specialist fit-out team) and innovation activities in the areas of sustainability, technology, wellbeing and experience. – Board and management oversight of our Innovation Strategy and related initiatives to support customer needs.

Net risk movement over the last 12 months	Commentary
No change	We continue to focus on ensuring that we have a best-in-class and proactive health and safety culture. During the year, we kept our buildings open and safe for access by our customers and employees and those needing to complete any works, including maintaining all COVID-19 recommended protocols when needed. We continued with enhanced cleaning, air quality monitoring and introduced additional water flushing regimes. Critically, notwithstanding COVID-19, all our buildings remained open and all statutory inspections and risk assessments were completed within the allocated timeframe. With the forthcoming introduction of the Fire Safety Act, we have proactively strengthened our fire safety practices and procedures to meet the new requirements and developed up-to-date and compliant fire strategies for every building. The Group had two reportable accidents during the year. Where accidents do occur, we work with our supply chain on accident investigation to understand lessons learned and opportunities for improvement, to consider how the work could have been set up differently and to understand how, as a client, we can better support our suppliers. We continue to undertake activities to raise employee awareness and understanding of health and safety requirements and have improved the monitoring of health and safety across the portfolio through the introduction of a set of proactive key performance indicators. In our most recent employee pulse survey, 95% of respondents agreed or strongly agreed that the organisation takes health and safety seriously.
No change	Cyber security risk has remained elevated due to the rise in attempted cyber crime during the COVID-19 pandemic and more recent cyber risks arising from recent geopolitical tensions, combined with greater reliance on technology and increased vulnerabilities created by remote and hybrid working. We have continued to invest time and resource into our cyber security measures, both in our head office and across our portfolio. Our three-year IT Strategy is designed in part to further enhance our IT and cyber controls as we continue to innovate and digitise our business.
New	As we drive our Flex strategy and scale-up our Flex operations, our ability to deliver this operationally intensive side of our business, control costs and generate appropriate risk adjusted returns has grown in significance. During the year, we appointed Steven Mew as our Customer Experience & Flex Director alongside the restructuring of roles and teams to support and enhance the delivery of our Flex operations. We have also recruited additional expertise to focus on improving procurement, design and delivery. We continue to evolve our operating model and closely monitor costs and prospective risk adjusted returns as we refine and expand the choice of spaces we provide. To date, we are very encouraged by the feedback we have had for our products, which was reflected in this year's independent customer satisfaction survey where our Net Promoter Score remained high. The ongoing development of our Customer first strategy is designed to ensure continuous feedback and provide valuable insight to help us deliver the type and quality of services our customers' demand.

Viability statement

Assessment of the Group's prospects

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The work conducted for this longer-term assessment supports the Board's statements on both viability, as set out below, and going concern as set out on page 142.

The Group's future prospects are assessed regularly and at an annual strategy review in late March. This review is led by the Chief Executive drawing on expertise across the Group. This year it included an assessment of macro-economic environment including London's recovery from COVID-19, forecasts of key property market metrics (including yields and rental value movements), annual valuation movements for each of our properties, forecast cash collection rates based on our experience to date, the impact of climate change and a selection of development scenarios. It also included a number of market assumptions, including base, upside and downside scenarios, to reflect different potential economic outcomes, including the trajectory of COVID-19 and further disruption from current geopolitical tensions, and a number of business activity responses including development activity, sales and acquisitions.

The key outputs from this process are full financial statements for a five-year forecast period, with a primary focus on the first three years. The forecasts are summarised in a dashboard, which analyses profits, cash flows, funding requirements, key financial ratios, compliance with the REIT rules and headroom in respect of the financial covenants contained in the Group's various loan arrangements. The strategy review was considered by the Board in March 2022, with updated forecasts, including a Going Concern market scenario to reflect the impact of an event similar to the 2008/09 financial crisis in severity, presented to the Board in May.

The forecasts contain a number of assumptions, including:

- estimated year on year movements in rental values and yields for each of our key sub-markets under a number of scenarios;
- the continued conversion of some of our office space to our Flex offerings;
- the refinancing of the Group's debt facilities as they fall due in 2024 as disclosed in note 15;
- estimated cash collection rates based on a customer by customer basis;
- the completion of the Group's committed development programme, in line with our most recent estimated completion dates and the commencement of selected pipeline projects; and
- forecast interest rates.

Assessment of risks

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

The risks with the greatest potential impact on the Group's viability were considered as follows (see pages 68 to 77 above):

- **Macro environment and London attractiveness:** we rely on London's macro-economic strength and relative appeal to continue to attract global capital, businesses and talent from around the world to support demand for our properties;
- **Impact of property market dislocation on financial leverage and banking covenants**: financial stress in our key markets could materially reduce property values and the Group's income risking a breach of our banking covenants;
- **Climate change and decarbonisation**: a changing climate could impact the resilience of our buildings, impact our ability to deliver new developments and reduce the demand for the buildings we own; and
- **Pandemic:** leading to a major and prolonged economic recession and associated fiscal response, significantly decreasing in demand in our markets.

Assessment of viability

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

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

The Going Concern market scenario reduced rental values by 27% from March values and assumed an outward yield shift of 140 basis points for offices and 60 basis points for retail. When combined, over the three-year period, this scenario reduced property values by around 40%. The assessment demonstrated that given the Group's low levels of debt and high liquidity, it would be able to withstand the impact of this scenario over the period of the financial forecast and continue to operate with headroom above the financial covenants contained in its various loan arrangements. Moreover, this was before any mitigating actions such as property sales or pausing of the Group's development activities.

In addition, reverse stress tests were performed, to understand how extensive any valuation and income fall would be required to extinguish the Group's liquidity and/or breach the Group's gearing, interest cover ratio or inner borrowing covenants. In the three-year period, before any mitigating actions, rental income would need to fall by around 42% and property values would need to fall by more than 41%, or 45% if we were not to proceed with the redevelopment of 2 Aldermanbury Square, reducing capital expenditure by around £250 million, before the Group breached its banking covenants.

The assessment also included a review of the potential impact of climate change on the Group. Whilst it would be unlikely to affect the viability of the Group within the three-year review period, we ran a scenario to assess the impact of significant inflation (an additional £83 million) in the cost of maintaining our portfolio. This did not impact our viability assessment.

Viability statement

Whilst the Directors have no reason to believe that the Group will not be viable over a longer period, based on this assessment of the prospects and viability of the Group, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 March 2025.


Medici Courtyard, W1

Governance

In this section:

Overview

Leadership and purpose	Provides an overview of the activities undertaken by the Board in the year, how the Board has considered its s.172 responsibilities and its governance framework.	– A review of the year from the Chair – The Board's attendance and activities during the year – Setting the Company's standards – Purpose, values and culture – Stakeholder engagement and how the Board has considered its s.172 and stakeholder responsibilities – Our conflicts of interest procedures – Board induction and development **See more about our approach to leadership and purpose on pages 81 to 97**
Division of responsibilities	Explains the roles of the Board and its Directors.	– The role and interaction of the Board and its Committees during the year – The roles of the individual Directors **See more about our approach to division of responsibilities on pages 98 and 99**
Composition, succession and evaluation	Sets out the key processes which ensure that the Board and its Committees can operate effectively.	– Composition and diversity – Nomination Committee report – This year's Board evaluation **See more about our approach to effectiveness on pages 100 to 105**
Audit, risks and internal controls	Explains the role of the Board and the Audit Committee in ensuring the integrity of the financial statements and maintaining effective systems of internal controls.	– Internal controls and ongoing risk management – Fair, balanced and understandable – Audit Committee report **See more about our approach to accountability on pages 106 to 113**
Remuneration	Describes the Company's remuneration arrangements in respect of its Directors and how these have been implemented in 2021/22.	– Statement by the Remuneration Committee Chair – Annual report on remuneration **See more about our approach to remuneration on pages 114 to 133**

Statement by the Directors on compliance with the provisions of the UK Corporate Governance Code
The UK Corporate Governance Code 2018 (the Code) applied to GPE's financial year ended 31 March 2022. The Board considers that it has complied in full with the provisions of the Code during the year with the exception of Provision 38 which requires the alignment of Executive Director pension contributions with the wider workforce. As explained in the Directors' remuneration report on page 120, we have committed to align the contribution levels of the current Executive Directors with the average workforce contribution rate by the end of the 2022 calendar year with any new Executive Directors to be aligned on appointment, as was the case for Dan Nicholson who was appointed to the Board in September 2021. The Code is publicly available at **www.frc.org.uk**. A summary of the system of governance adopted by the Company and how we have applied the principles of the Code is set out on pages 81 to 134.

Introduction from the Chair

> "A strong governance framework with robust supporting processes across the Group, and with high standards set from the top, is a key factor in our delivering sustainable business performance, generating value for shareholders and contributing to wider society."

Richard Mully Chair

Dear fellow shareholder

I am delighted to introduce this year's Corporate Governance report for the financial year ended 31 March 2022.

The Board recognises that how the Group does business is as important as what it does. A strong governance framework with robust supporting processes across the Group, and with high standards set from the top, is a key factor in our delivering sustainable business performance, generating value for shareholders and contributing to wider society.

A key part of the Board's role is to provide entrepreneurial leadership, with appropriate oversight, challenge and support to management. At GPE, the Board's support, advice and interaction extends beyond the boardroom, supporting our efforts to promote and monitor culture and ensure its alignment with our purpose, values and strategy.

Board focus and oversight

Key areas of the Board's focus during the year included the evolution of our strategy and operations, stakeholder engagement, supplementing our experienced team with new skills and diverse talent, advancing our Roadmap to Net Zero Carbon and our Social Impact Strategy, and enhancing our culture through our 'Customer first' approach and our diversity and inclusion agenda. Further details can be found in 'What we did in 2021/22' on pages 96 and 97.

2018 UK Corporate Governance Code and s.172 reporting

This report demonstrates how we have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the Code) during the year and our approach to governance in practice. Our Code compliance statement can be found on page 80. Details of how the Board has discharged its duty under section 172 of the Companies Act 2006 can be found on pages 62, 94, 96 and 97.

Board composition

Succession planning is an important part of our governance processes. Furthermore, as our strategy evolves, so too do the skills and expertise required for our Board. Having identified a need to strengthen the Board's operational, customer service and digital expertise, we were pleased to welcome Mark Anderson and Emma Woods to the Board from 1 September 2021 and 1 February 2022 respectively. Search processes are ongoing for at least one additional Non-Executive Director to bring additional technology and data experience and with the aspiration of further strengthening the Board's diversity.

Wendy Becker will be stepping down from the Board, and as Chair of the Remuneration Committee, from the conclusion of the 2022 AGM to focus on her other commitments. On behalf of the Board, I would like to thank Wendy for her significant contributions to the Board and its Committees over the past five years.

From the conclusion of the 2022 AGM, Wendy will be succeeded as Chair of the Remuneration Committee by Emma Woods and, as we announced in August 2021, Vicky Jarman will succeed Nick Hampton as Chair of the Audit Committee. Emma and Vicky will each bring valuable experience to their new respective roles.

I would also like to thank Nick for his excellent leadership of the Audit Committee since 2016. Nick will remain a member of the Audit Committee, the Remuneration Committee (to which he was appointed from 1 September 2021) and the Nomination Committee.

We were also delighted to welcome Dan Nicholson to the Board from 6 September 2021 as an additional Executive Director with responsibility for Portfolio Management and Development Management. Dan has extensive real estate experience and brings further operational firepower and strategic support to the executive team as we grow both our development and flexible office activities.

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

Diversity and inclusion

The Board continues to focus on strengthening diversity and inclusion at GPE, both in relation to the Board and more broadly throughout the organisation. A diverse Board and workforce, which is representative of our customers, is a strategic imperative as we enhance our customer approach and develop our operations to meet the evolving needs of a diverse customer base. We believe that strengthening our diversity and inclusion will lead to a more profitable, successful and innovative organisation.

Introduction from the Chair continued

We have made good progress in a number of areas, however there is much still to do. The Board therefore approved a new People Plan in early January 2022 which centres on our diversity and inclusion ambitions and which supersedes our previous Inclusion & Diversity Strategy. To further drive momentum, we have also incorporated specific diversity and inclusion metrics within the 2022/23 annual bonus objectives of our Executive Committee members. Diversity is also a key consideration in ongoing Board recruitment.

See our Nomination and Remuneration Committee reports on pages 103 and 114 for further details.

Board effectiveness review

This year we conducted an internal evaluation which was led by Charles Philipps, our Senior Independent Director. Details of this process, the findings of the review and our progress against the actions arising from the 2020/21 Board evaluation can be found on pages 104 and 105. We are planning for next year's review to be an externally facilitated evaluation in accordance with Code recommendations.

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

In the context of changing markets and evolving customer needs, the Board has spent significant time this year considering the development of our strategy to ensure we are well positioned to maximise the opportunity we have to generate long-term value across our business in line with our purpose – to unlock potential, creating sustainable space for London to thrive. As part of these discussions, we challenge our purpose and strategic 'givens' and reflect on customers' changing needs, the optimum size for our business, whether our risk profile is appropriate and on our investment and disposal strategies. The Group's business model and strategy are outlined on pages 12, 13, 16 and 17.

We remain confident that London's commercial property market has enduring appeal for customers and investors and we expect customers to be increasingly drawn to best-in-class assets that offer flexible, tech-enabled, amenity-rich office space with the highest sustainability and wellbeing credentials.

Listening to what customers and the market are telling us, we are pivoting our strategy to centre on two complementary, overlapping activities, providing quality, choice and flexibility. We continue to focus on the delivery of our prime HQ office space and the Board has progressed our £1.1 billion development programme this year, including with the commencement of enabling works at 2 Aldermanbury Square. At the same time, we are seeking to grow organically our Flex business to more than 600,000 sq ft by 2027, and to supplement this growth through acquisitions. To this end, the Board was pleased to approve the acquisition of 7/15 Gresse Street, W1 in March 2022 and, more recently, the acquisition of 6/10 St Andrew Street, EC4 in May 2022.

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

Our customers are at the heart of what we do, and we believe that better customer outcomes will lead to better shareholder returns for the long-term. The Board has therefore been overseeing the development of our 'Customer first' approach to respond to developing themes and to shape the spaces and services we provide. This is underpinned by our refreshed corporate brand, and brand pillars, which were launched in November 2021. We have also overseen the restructuring of senior management roles and team structures, including the appointment of Steven Mew as Customer Experience and Flex Director, to further develop our customer service culture. Embedding our Customer first culture and ensuring GPE has the necessary skills, diversity and operational capabilities to execute its Customer first approach will remain important areas of focus for the coming year.

Sustainability is integral to our offer. Driven by our purpose, the Board sees sustainability as a differentiator and an opportunity area for GPE, including the acquisition of perceived stranded assets where GPE's skills and credentials could potentially allow us to address sustainability demands and requirements that existing owners cannot.

The Board recognises the importance of innovation and technology in enhancing our operations and our customer offer, and in future-proofing for tomorrow's working patterns. The Board was pleased to approve a new one-year Innovation Strategy for the coming year, which will focus on: our Customer first approach and providing a seamless digital experience; smart building technology to optimise occupation by reducing energy consumption; improving productivity through healthy workplaces; and exploring new technology to understand its risks and opportunities.

Stakeholder engagement and support

Building and nurturing strong working relationships with our stakeholders is critical to our success and the development of our strategy and is intrinsic in our day-to-day activities. As well as direct engagement, a key part of the Board's role is, therefore, the oversight of work undertaken by the GPE team to maintain and enhance these relationships.

Much of the year was again impacted by the COVID-19 pandemic, and we continued to engage extensively with stakeholders to offer support, where appropriate, to those that needed it. The wellbeing of our customers and people has remained a priority, and our progressive culture and clear values has once again helped to deliver strong employee engagement and customer satisfaction levels, as set out on pages 53 and 56. These outcomes are a great credit to the continual hard work and dedication of the entire GPE team.

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

Further details of how we engage with our stakeholders are set out on pages 52 to 62 and 89 to 94.

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

Sustainability is a key priority for GPE and a part of our purpose. As well as being a moral obligation, the Board sees sustainability as an economic and strategic imperative. Sustainability touches everything we do and we continue to integrate ESG considerations into all of our activities.

During the year, the Board has received regular reports and updates from our Sustainability & Social Impact Director and has held detailed discussions regarding our sustainability objectives, strategy, risks and opportunities. The Board has continued to monitor the progress of our Roadmap to Net Zero and the deployment of monies from our Decarbonisation Fund to finance the reduction of emissions from our buildings and initiatives to drive meaningful behavioural change across the business. The Board continues to oversee the development of our Climate Resilience Strategy which we expect to adopt later this year.

Working collaboratively with our stakeholders will be key to achieving our sustainability ambitions. As a Board, we regularly discuss ongoing work to partner with our customers to reduce the carbon impacts from our buildings, along with work with our suppliers to reduce supply chain impacts and to innovate and drive improvements in the design and development of sustainable buildings.

Reflecting our sustainability aspirations and those of the investor community, the Board approved our new Sustainable Finance Framework in July 2022, providing the framework for potential future debt issuances to (re)finance projects that have a positive environmental and/or social impact. ESG metrics, including sustainability, also continue to feature as an important element of our Executive Committee's annual bonus targets, as further explained in the Directors' remuneration report on pages 115 and 118.

The Board adopted our new Social Impact Strategy in the year, which is designed to create a lasting positive social impact in our communities with a target of creating £10 million of social value by 2030. Our Community and Charity Committee has now been reconstituted as our Social Impact Committee, chaired by the Chief Financial & Operating Officer, to oversee the implementation of this important strategy. We are delighted that, for 2021/22, GPE generated £631,000 in social value through our community programmes and direct business activities. See page 43 for further details regarding the social value we created in the year.

We also commenced new three-year strategic partnerships with XLP, a charity focused on creating positive futures for young people growing up on inner city estates in London, and National Energy Action, a charity which focuses on alleviating fuel poverty.

Maintaining a reputation for high standards of business conduct

We aspire to the highest standards of conduct and, together with a culture of continuous improvement in standards and performance, this helps to ensure that good governance extends beyond the boardroom.

Annually, the Board approves the Group's Ethics and Whistleblowing Policies, both of which are also reviewed in advance by the Audit Committee. These policies are now supported by our new, over-arching Anti-Fraud, Bribery & Corruption Policy which was adopted in March 2022. Each of these policies is available on our website at **www.gpe.co.uk/about-us/governance**.

In September each year, the Board considers and approves our Modern Slavery Statement, which explains the activities we have undertaken during the year to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or in our supply chains. A copy of our Modern Slavery Statement is available at **www.gpe.co.uk/our-modern-slavery-statement**. More on how we behave can be found on pages 44 and 95.

We seek sustainable long-term, two-way relationships with our supply chain, building mutual trust to deliver exceptional results in a responsible way. Our Supplier Code of Conduct, which is available on our website at **www.gpe.co.uk/our-relationships/our-suppliers**, sets out the standards we require of our suppliers to help ensure they operate ethically and responsibly.

I am delighted that the efforts of our team have been rewarded with our winning a number of awards and recognitions, including Property Company of the Year and Commercial Property Developer of the Year at the Property Awards 2021 and IR Magazine's 2021 award for 'Best in Sector: Real Estate'. I am also very pleased to report on our achieving a gold award in relation to EPRA's 2021 Best Practice Recommendations and Sustainability Best Practice Recommendations.

Engaging with our shareholders

We believe that communication with our shareholders is key. To this end, in addition to our comprehensive investor relations programme led by Toby Courtauld and Nick Sanderson as detailed on pages 90 and 91, as Chair of GPE, I proactively seek periodic engagement with many of our institutional shareholders. During the financial year, I was pleased to correspond and meet with a number of our largest shareholders to discuss and hear their views on GPE's business and governance arrangements.

I, together with Charles Philipps as Senior Independent Director, am available to meet with shareholders as appropriate. Each of our Committee chairs is also available to engage with shareholders on significant matters related to their areas of responsibility.

The AGM provides the Board with an opportunity to engage with and answer questions from shareholders. We hope to see shareholders in person once again at our 2022 AGM. Arrangements for the 2022 AGM can be found in our 2022 AGM Notice.

On behalf of the Board, I would like to thank all our of shareholders and other stakeholders for their continued support as we work to evolve and execute GPE's strategy to deliver long-term sustainable success.

Richard Mully
Chair
19 May 2022

The Board

Chair

Richard Mully
BSc (Hons), MBA
Chair

Committees: N

Date appointed to the Board: December 2016

Date appointed as Chair: February 2019

Independent: Yes, on appointment as Chair

Relevant skills and experience:
Richard is currently Senior Advisor to TPG Real Estate. He has extensive property, banking and private equity experience. This, combined with his Senior Independent and Non-Executive Director experience, enables him to provide constructive leadership, challenge and support to the Board and wider business for the benefit of all stakeholders. Richard was formerly Chairman of Arlington Business Parks Partnership Ltd and Campus Living (a TPG company), Vice Chairman and member of the Supervisory Board of Alstria Office REIT-AG, founder and Managing Partner of Soros Real Estate Partners LLC, a Non-Executive Director and Chairman of the Remuneration Committee of Standard Life Aberdeen plc and Senior Independent Director at ISG, Hansteen Holdings and St Modwen Properties.

Current external commitments:
Senior Advisor to TPG Real Estate.

Executive Directors

Toby Courtauld
MA, MRICS
Chief Executive

Committees: E S

Joint venture directorships:
Director of the GHS Limited Partnership

Date appointed to the Board: April 2002

Independent: No

Relevant skills and experience:
Toby joined the Group in April 2002 as Chief Executive and has nearly three decades of extensive experience in real estate. He was previously with the property company MEPC for 11 years where he gained broad experience ranging from portfolio management through to corporate transactions and general management as a member of the Group Executive Committee. He is past President of the British Property Federation. Toby's significant knowledge of the Company and the sector enables him to provide broad leadership of the business internally and externally, through the successful design and implementation of the Company's strategy, values and business plans and their exemplary communication to a wide range of stakeholders.

Current external commitments:
Member of the British Property Federation Board and Policy Committee, Director of The New West End Company, Non-Executive Director of Liv-ex Limited, Member of the Council of Imperial College and Chair of their Property Committee.

Nick Sanderson
BA (Hons), ACA
Chief Financial & Operating Officer

Committees: E S H S I

Joint venture directorships:
Director of the GHS Limited Partnership, the Great Ropemaker Partnership and the Great Victoria Partnership

Date appointed to the Board: July 2011

Independent: No

Relevant skills and experience:
Nick joined the Group in July 2011 as Finance Director, was subsequently promoted to Finance & Operations Director and is now Chief Financial & Operating Officer. He was formerly Partner, Head of Real Estate Corporate Finance Advisory at Deloitte, following ten years of real estate investment banking experience in Europe and Asia with Nomura, Lehman Brothers and UBS Investment Bank. Nick's wide range of property-related financial experience combined with strategic and corporate finance skills enables him to provide valuable support in developing, implementing and articulating the Company's strategy, and taking leadership over the delivery of a wide range of financial, new business and operational matters.

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

Dan Nicholson
MA (Cantab), MA, MRICS
Executive Director

Committees: E S

Date appointed to the Board: September 2021

Independent: No

Relevant skills and experience:
Dan joined the Group in September 2021 as an Executive Director with responsibility for Portfolio Management and Development Management. He has extensive knowledge of the real estate industry, most recently spending over ten years with Tishman Speyer, for the majority of which he ran their UK business. Dan started his career as a surveyor at Lambert Smith Hampton before gaining broad property investment, development and asset management experience in a number of organisations, including at City & West End Property Group, Quintain Estates & Development and real estate private equity firm, Three Delta LLP. Dan's significant sector and business expertise enables him to provide valuable support in developing and implementing the Company's strategy with responsibility for Portfolio Management and Development Management matters.

Current external commitments:
Non-Executive Director of Bioregional Homes Limited.

Committee memberships:

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

Committee Chair:
A E H
N S S
R

Non-Executive Directors

Charles Philipps
Senior Independent Director

Committees: A N R
Date appointed to the Board: April 2014
Independent: Yes
Relevant skills and experience: Charles is currently Chairman of the Outward Bound Trust. He was formerly Chief Executive Officer of MS Amlin plc and a director of NatWest Markets. Charles' significant financial, commercial and general management experience gained within the banking and insurance industries provide him with a good understanding of others' views, significantly contributing to his ability to offer wise counsel in his role of Senior Independent Director.
Current external commitments: Chairman of the Outward Bound Trust.

Mark Anderson Dip Mgmt, MBA, FRICS
Non-Executive Director

Committees: A N R
Date appointed to the Board: September 2021
Independent: Yes
Relevant skills and experience: Mark is currently Property and International Managing Director of Whitbread Plc and leads its international businesses and M&A activities. Mark previously spent 16 years at J Sainsbury PLC in a variety of senior positions, finally managing all aspects of its property estate. Mark's significant property, operational and customer service knowledge and expertise, gained over many years, enable him to provide valuable strategic insight and challenge to Board and Committee discussions.
Current external commitments: Property and International Managing Director of Whitbread Plc and Trustee of Tourism For All UK.

Wendy Becker BASc, MBA
Non-Executive Director

Committees: N R
Date appointed to the Board: February 2017
Independent: Yes
Relevant skills and experience: Wendy is currently Chairperson of Logitech International S.A. and a Non-Executive Director of Sony Corporation and Oxford Nanopore Technologies plc. She is also a member of the Council at the University of Oxford and some of its subsidiaries. Wendy was formerly a Non-Executive Director of Whitbread PLC and NHS England, Chief Executive of Jack Wills Ltd, a partner of McKinsey & Company Inc, and on the board of the Design Museum. Wendy's management consultancy skills, retail CEO experience and current technology and previous remuneration non-executive roles provide her with a wealth of employee and business understanding and serve as a strong foundation for her effective performance as Remuneration Committee Chair.
Current external commitments: Chairperson, Logitech International S.A., Non-Executive Director of Sony Corporation and Oxford Nanopore Technologies plc, and a member of the Council at the University of Oxford and subsidiaries.

* Following the Company's 2022 AGM, Wendy will be stepping down from the Board, and will be succeeded by Emma Woods as Chair of the Remuneration Committee.

Nick Hampton MA (Hons)
Non-Executive Director

Committees: A N R
Date appointed to the Board: October 2016
Independent: Yes
Relevant skills and experience: Nick is currently Chief Executive Officer (previously Chief Financial Officer) of Tate & Lyle PLC, and prior to this spent 20 years with PepsiCo in a number of financial, commercial and operational roles. Nick's strong financial background and various operational and commercial roles, in particular his knowledge of risk assessment and management systems, provides a strong basis for his effective performance as the Audit Committee Chair. He also brings a strong customer-centric approach to the Board.
Current external commitments: Chief Executive Officer of Tate & Lyle PLC.

* Nick Hampton will be stepping down as Chair of the Audit Committee from the conclusion of the Company's 2022 AGM and will be succeeded in that role by Vicky Jarman.

Vicky Jarman BEng, ACA
Non-Executive Director

Committees: A N R
Date appointed to the Board: February 2020
Independent: Yes
Relevant skills and experience: Vicky is currently a Non-Executive Director of Entain plc and Melrose Industries plc. She is a chartered accountant who qualified at KPMG before spending over ten years with Lazard Ltd working in the Investment Banking team and then as Chief Operating Officer for the London and Middle East operations until 2009. Vicky has previously been a Non-Executive Director and Chair of the Audit Committees of Equiniti Group plc, Hays plc and De La Rue plc, a Non-Executive Director of Signature Aviation plc and Senior Independent Director at Equiniti Group plc. Vicky's significant financial, commercial and non-executive experience enable her to contribute to the strategy of the business and its long-term sustainable success.
Current external commitments: Non-Executive Director of Entain plc and Melrose Industries plc.

* Following the Company's 2022 AGM, Vicky will become Chair of the Audit Committee.

Alison Rose BA (Hons)
Non-Executive Director

Committees: A N R
Date appointed to the Board: April 2018
Independent: Yes
Relevant skills and experience: Alison is currently Chief Executive Officer of NatWest Group plc and was previously Deputy Chief Executive Officer of NatWest Holdings and Chief Executive Officer of Royal Bank of Scotland Commercial and Private Banking. She has also held a number of other banking and finance roles within Royal Bank of Scotland and NatWest Markets. Alison's significant experience of real estate financing, capital markets and customer relations through her different roles at Royal Bank of Scotland enables her to provide an informed view and helpful challenge to Board and Committee discussions.
Current external commitments: Chief Executive Officer of NatWest Group plc, Trustee of BITC and Chair of the Scottish BITC Advisory Board, Member of the International Business Council for the World Economic Forum, Member of the Board of the Institute of International Finance and Trustee of the Coutts Charitable Foundation.

Emma Woods MA (Hons)
Non-Executive Director

Committees: A N R
Date appointed to the Board: February 2022
Independent: Yes
Relevant skills and experience: Emma is currently a Non-Executive Director, Senior Independent Director and Chair of the Remuneration Committee of The Gym Group plc, Non-Executive Director of Huel Limited (a nutritional food company), Chair of Tortilla Mexican Grill plc and an Advisory Board Member of the Wagamama Brand Board. Emma was formerly Chief Executive Officer at Wagamama between 2018 and 2021 and held senior marketing roles at Merlin Entertainments, Pizza Express and Unilever. Emma's extensive operational, customer service, digital and marketing skills, combined with her non-executive experience, allow her to provide valuable strategic insight and challenge, including to further enhance delivery on our customers' needs.
Current external commitments: Chair of Tortilla Mexican Grill plc, Non-Executive Director of The Gym Group plc and Huel Limited and an Advisory Board Member of the Wagamama Brand Board.

* Following the Company's 2022 AGM, Emma will succeed Wendy Becker as Chair of the Remuneration Committee.

The Board's attendance in 2021/22

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

	Board	Audit Committee See Committee report on pages 106 to 113	Nomination Committee See Committee report on pages 100 to 105	Remuneration Committee See Committee report on pages 114 to 133
	6 Scheduled meetings[1]	4 Scheduled meetings	5 Scheduled meetings	4 Scheduled meetings
	98% Attendance[7]	100% Attendance	100% Attendance	100% Attendance
Chair[3]				
Richard Mully	●●●●●●	–	●●●●●	–
Executive Directors[2]				
Toby Courtauld	●●●●●●	–	–	–
Nick Sanderson	●●●●●●	–	–	–
Dan Nicholson[5]	●●● (3/3)	–	–	–
Non-Executive Directors[3]				
Charles Philipps	●●●●●●	●●●●	●●●●●	●●●●
Mark Anderson[4]	●●●● (4/4)	●●● (3/3)	●●●● (4/4)	●●● (3/3)
Wendy Becker	●●●●●●	–	●●●●●	●●●●
Nick Hampton[6]	●●●●●●	●●●●	●●●●●	●●● (3/3)
Vicky Jarman	●●●●●●	●●●●	●●●●●	●●●●
Alison Rose[7]	●○●●●●	●●●●	●●●●●	●●●●
Emma Woods[4]	● (1/1)	● (1/1)	● (1/1)	● (1/1)

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

1. There were six scheduled Board meetings in 2021/22. The Board also held a strategy review session and additional meetings to consider matters of a time-sensitive nature – see Board activities on pages 87, 96 and 97.
2. Executive Directors are not members of the Audit, Nomination or Remuneration Committees. However, they are invited to attend for parts or all of certain Committee meetings where appropriate.
3. Non-Executive Directors (including the Chair), where not a member of a Committee, have a standing invitation to attend meetings of that Committee where appropriate.
4. Mark Anderson and Emma Woods were appointed to the Board and also the Audit, Nomination and Remuneration Committees with effect from 1 September 2021 and 1 February 2022 respectively. In each case the number in (parenthesis) is the number of meetings they could have attended in the year.
5. Dan Nicholson was appointed to the Board with effect from 6 September 2021. The number in (parenthesis) is the number of meetings he could have attended in the year.
6. Nick Hampton will be stepping down as Chair of the Audit Committee from the conclusion of the 2022 AGM and will be succeeded in that role by Vicky Jarman. Nick Hampton will continue as a member of the Audit Committee from that time. Nick Hampton became a member of the Remuneration Committee with effect from 1 September 2021 and the number in (parenthesis) is the number of meetings he could have attended in the year.
7. Alison Rose was unable to attend the Board meeting on 8 July 2021 due to the unexpected ill-health of a family member. Alison received papers in advance and was able to provide comments to the Chair.

Board activities

The Board typically meets for scheduled Board meetings six times a year in addition to an annual strategy review session. The Board also meets as necessary to consider matters of a time-sensitive nature.

The role and interaction of the Board and its Committees during the year

The Board has a duty to promote the long-term sustainable success of the Company for its shareholders. The Board is responsible for establishing and monitoring the Company's purpose, values and strategy and ensuring that these and its culture are aligned. Its role includes the oversight of human resource levels and succession planning, approval of major acquisitions, disposals, capital expenditure and financing arrangements and of the Group's systems of internal control, governance and risk management. The Board provides and promotes effective and entrepreneurial leadership across the business within the Group's governance framework.

2021/22	May	July	September	November	January	March
Purpose, strategy and implementation						
Purpose and strategic review, discussion and setting of business plan	●	●	–	●	●	●
Chief Executive's report including market conditions dashboard, operational parameters, asset strategies, strategic risks and opportunities, sustainability, team resourcing and development	●	●	●	●	●	–
Board reports on valuation, leasing activity, major developments summary, approved vs. actual development spend, longer-term pipeline and sales review	●	●	●	●	●	–
Chief Financial & Operating Officer's report including forecasts, investment market and propositions, finance initiatives, debt and equity markets update and operational matters including health and safety, HR, ESG and IT	●	●	●	●	●	–
Shareholder analysis and/or investor relations updates	●	●	–	●	●	●
Board property tour	–	–	●	–	–	–
Risks						
Formal review of risk management and internal controls	●	–	–	●	–	–
Ongoing monitoring of risks	●	●	●	●	●	●
Governance						
Review of half-year or annual results, going concern, viability statement, dividend policy and analyst presentation	●	–	–	●	–	–
Stakeholder feedback, including shareholders and analysts, employees, customers, communities, suppliers, joint venture partners, local planning authorities	●	●	●	●	●	●
Reports from Board Committees	●	●	●	●	●	●
Corporate governance matters including authority levels, Terms of Reference, UK Corporate Governance Code compliance	●	●	–	–	–	●
Health and safety reports including strategy and updates	–	–	●	–	–	●
Sustainability updates including vision, strategy, targets and roadmap	●	–	●	●	●	●
Corporate Responsibility including approval of the Company's Modern Slavery Statement, Anti-Fraud, Bribery & Corruption, Ethics, Gifts and Hospitality and Whistleblowing Policies	–	–	●	–	–	●
Evaluation						
Board evaluation	–	–	–	–	●	–
Conflicts of interest	●	●	●	●	●	●

● Board meeting matter

Other ad hoc matters for consideration by the Board at both scheduled and unscheduled Board meetings in addition to the above include:

- major potential acquisitions and disposals;
- significant leasing arrangements;
- approval of major developments;
- significant financing arrangements;
- Board and senior management appointments; and
- appointments of principal advisers.

A forward agenda for the Board is maintained to ensure that all necessary and appropriate matters are covered during the year and to allow sufficient time for discussion and debate.

The Board receives papers and presentations from the Executive Directors, and senior managers are regularly invited to attend to provide further insight and feedback on specific matters.

Significant matters discussed and major transactions approved by the Board in the year are shown on pages 96 and 97.

Where Directors are unable to attend meetings, their comments, as appropriate, are provided to the Board or Committee Chair prior to the meeting.

At least annually, the Board reviews the nature and scale of matters reserved for its decision.

Leadership and purpose continued

Our purpose, strategy, values and culture

Our purpose is to unlock potential, creating sustainable space for London to thrive. In setting our purpose, we believe our role relates not only to our buildings, but also to the people who live and work there and what and how we contribute to the wider public realm, community and environment.

The Board sets our strategy and strategic priorities to align with our purpose, which informs our decisions regarding our acquisition, repositioning, operation or sale of properties.

Our purpose is underpinned by our values and behaviours, which encapsulate who we are and how we do business. Our purpose, values and behaviours were articulated through a Board sponsored, employee-driven initiative, and engaging all our employees in this process meant we were able to develop a unifying purpose and set of values which are well understood and regularly discussed. At GPE, everyone is accountable for living by our shared set of behaviours, which form an important part of our workforce policies and remuneration processes.

Our culture is underpinned by a clear alignment of purpose, strategy, values and incentives. It is our culture that makes us unique. Further details regarding our culture, values and behaviours can be found on page 52.

Our culture inspires us to go further for our customers, partners, each other and the business. As we innovate and adapt in a fast-changing market to deliver our customer, sustainability, technology and flexible space ambitions, our strong culture has never been more important and we must therefore work hard to preserve and enhance it.

A key objective for the Board is to monitor our culture, and to address any instances where there is a misalignment between our purpose, culture, values and behaviours. Our culture is not about rules, but about actions and the Board and Senior Management Team seek to lead by example in communicating and demonstrating the values and behaviours which lie at the heart of our culture.

How the Board monitors culture

The Board is committed to ensuring that the tone of our values is set from the top by both the Board and senior management. Our size and the high level of regular Board interaction with employees facilitates the Board's monitoring of culture and the implementation of our values which we do in a number of ways:

- inclusion of culture, values and behaviour-led questions within employee surveys with Board analysis of the results;
- regular face-to-face engagement with employees as part of our Non-Executive Director breakfast programme, our programme of employee engagement sessions, Board and Committee presentations, property tours and other meetings and engagements throughout the year (see 'Engaging with our employees' on pages 92 and 93 for more details);
- 'Living Our Values' is an integral part of every individual's objective setting and annual performance reviews, with outcomes being reported via the Remuneration Committee. 360-degree feedback reviews for senior management prompt open feedback on culture and values which then feeds into an individual's personal development plan. Our bonus structure ensures a strong link between the values and remuneration with a proportion of each employee's personal bonus explicitly based on values and behaviours;
- the Executive Committee holds regular 'Living Our Values' meetings with Heads of Department which are then discussed with the Board;
- policies, pay and diversity and inclusion activities are reviewed to ensure they appropriately capture and reflect our values;
- reviews of compliance, whistleblowing statistics, health and safety incidents and internal audit reports to identify and address any areas not meeting expected standards of conduct or behaviour;
- feedback from our stakeholder engagement programmes, including our customer survey results, helps the Board to assess how the values and behaviours are embedded in our interactions with third parties and the way we do business; and
- review of supplier payment practices.

The Group's response to the COVID-19 crisis has demonstrated the strength of our collaborative culture and the commitment of our people to serve in the best interests of GPE, each other, and our wider stakeholders.

The Board is satisfied that there remains a high level of engagement with our values. However, safeguarding our culture and further embedding our values remains a continuous area of focus. Following this year's feedback, a number of actions have been taken or are planned to help further strengthen our culture and drive the right behaviours through our activities. These include:

- the adoption of our People Plan which, amongst other things, addresses opportunities to positively impact our culture through a focus on diversity, equity and inclusion;
- the launch of our new Hybrid Working Policy to allow employees greater flexibility and the option to work from home whilst seeking to maintain the benefits of office working and our collaborative culture;
- embedding our new performance review process which places greater emphasis on 'how' objectives are achieved and which is designed to further distinguish exceptional performance;
- further developing our managers to role-model and celebrate positive behaviour and to strengthen our culture of open, continuous and constructive feedback;
- enhancing our mechanisms for speaking up about wellbeing and mental health; and
- embedding a Customer first approach across all our operations and business activities.

Stakeholder engagement

Understanding the views of all our stakeholders and fostering of business relationships

The Board oversees and receives regular updates throughout the year on engagement activities with our key stakeholders. The Board develops its understanding of these key stakeholder views in a number of different ways, including the following:

Investors	The Chair engages with major shareholders on matters of governance and strategy and Committee Chairs engage, as appropriate, on their areas of responsibility. Formal and informal discussions are held with shareholders in the context of the Company's AGM. In 2021, shareholders were once again invited to attend the AGM in person. Those unable to attend in person were given the opportunity to ask questions of the Board via email in advance of the meeting and to view AGM proceedings via a webcasting facility. Members of the Board attend investor events to hear views and questions first hand. We have a comprehensive investor relations programme with regular reporting of feedback to the Board.
Our people	High levels of direct engagement are maintained throughout the year through numerous mechanisms, including our formal programmes of Non-Executive Director breakfast meetings and 'An Audience with…' employee engagement sessions, our Non-Executive Director mentoring programme, property tours, employee presentations and other meetings and events. The Board also receives regular reports on employee feedback, including from employee engagement surveys and 'Living Our Values' meetings. It will also receive updates from the HR Director on the work of the Inclusion Committee.
Customers	The Board meets customers where possible as part of its cycle of property tours. Board papers include regular updates on customer engagement activities, including feedback from customer meetings which are periodically attended by Executive Directors, discussions with property agents, industry forums, events and marketing campaigns. The Board discusses Net Promoter Scores and feedback from independent customer surveys. External presenters also present to the Board from time to time on occupier trends and market research and developments.
Joint venture partners	Frequent engagement with joint venture partners throughout the year is led by our Executive Directors, at least one of whom serves on each joint venture board, with regular updates and reporting of key matters to the Board.
Communities	Our Social Impact Strategy, which is designed to create a lasting positive social impact in our communities, is set by the Board with implementation overseen by our Social Impact Committee which is chaired by the Chief Financial & Operating Officer. The Board receives regular updates on activities and initiatives, including the measurement of the social value we create.
Local planning authorities	Our relationships with key planning authorities are critical to the delivery of new spaces in London. Our Development Director regularly reports to the Board on recent engagement activities, including planning discussions, community considerations and any development consultations involving key stakeholders and local residents.
Suppliers	Engagement is led through our Development, Leasing, Occupier Services, Health and Safety and Sustainability teams with information received through regular Board reports and presentations. The Board engages directly with contractors during development site visits and may also receive external presentations from suppliers such as property agents and valuers. The Audit Committee reviews GPE's supplier payment practices and performance twice-yearly.

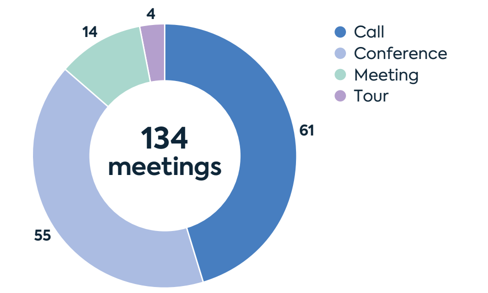
Further details of our relationships and engagement with key stakeholders, how stakeholder issues have been monitored and considered by the Board through our scheduled Board meetings, and discussion of matters between these meetings, is explained in more detail in:

Our stakeholder relationships on pages 56 to 62
Our people and culture on pages 52 to 55
Our approach to risk on pages 64 to 77
Engaging with our investors on pages 90 and 91
Engaging with our employees on pages 92 and 93
Impact of engagement on Board decisions on page 94
What we did in 2021/22 on pages 96 and 97

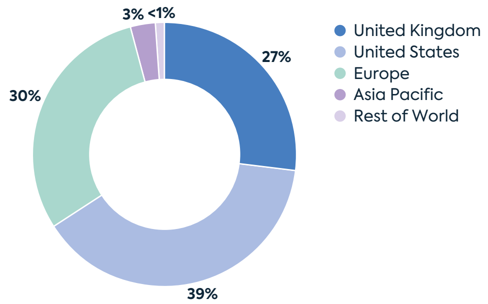
Engaging with our investors

The Board aims to maintain an open relationship with our shareholders based on a clear investment case and transparent disclosure. As a result we maintain a regular dialogue with shareholders, potential shareholders, debt providers and analysts through a comprehensive investor relations programme.

Investor contact by method



Institutional shareholders by geography at 31 March 2022



See more about our largest shareholders on page 137

Sustainability indices 2021/22

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

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

See more about our approach to sustainability on pages 37 to 51

250+

Investors met during the year

What we did in 2021/22

2021

May
- Virtual roadshows: London & Netherlands
- Equity sales force meetings x3

June
- Virtual roadshows: US
- Virtual conference: Morgan Stanley (London), Goldman Sachs (London), EPRA (Asia)
- Equity sales force meetings x1

July
- Annual General Meeting
- Equity sales force meetings x1

September
- Virtual conferences: Bank of America (New York), EPRA

November
- In person/hybrid roadshow: London,
- Virtual roadshow: Netherlands
- Equity sales force meetings x2

December
- Virtual roadshow: US
- In person conference: UBS (London)

2022

January
- Virtual conference: Barclays (London)

March
- In person conferences: Citi (US): Bank of America (London)
- Equity sales force meetings x1

> "The easing of COVID-19 restrictions was very welcome in allowing face-to-face meetings to resume in the year. It was great to see many of our investors in person and to hold a Capital Markets Event that was well attended."

Stephen Burrows
Director of Financial Reporting and Investor Relations

Our approach

Our Investor Relations programme is executed across a number of geographies, reflecting the international nature of our share register, and through a variety of routes including roadshows, meetings at industry conferences, investor and analyst events, property tours and presentations to analysts and investment banks' equity sales teams.

The Board is also committed to providing investors with regular announcements of significant events affecting the Group, including its business activity and financial performance. These announcements are available on the Group's website at **www.gpe.co.uk** along with results webcasts, analyst presentations, property videos, press releases and interviews with the management team.

The Executive Directors and the Director of Financial Reporting and Investor Relations are the Company's principal representatives with investors, analysts, fund managers, press and other interested parties, and independent feedback on presentations by the Executive Directors to shareholders and analysts is provided to the Board on a regular basis.

The Executive Directors and Corporate Finance team also have regular dialogue with our debt providers, including relationship banks, private placement investors and debenture holders and report back to the Board as appropriate.

Activities during the year

Our engagement with our shareholders was conducted in a hybrid format during the year, with meetings increasingly face-to-face as COVID-19 restrictions were eased.
The Executive Directors and senior management had 134 virtual and in-person meetings with over 250 shareholders, and potential shareholders, from a broad range of institutions during the year. This included participating in eight virtual and two in-person industry conferences, which provided the management team with the ability to meet a large number of investors on a formal and informal basis, five virtual roadshows and one in-person roadshow to meet with investors from London, the US and the Netherlands. We also held a 'Customer first' Capital Markets Event in April 2022. We actively seek feedback after every roadshow which is provided to the Board on a regular basis.

Examples of topics raised in the year

- Our view on the markets in which we operate;
- The expansion of our Flex offers, our ambition for growth and their respective financial returns;
- The growing importance of sustainability on customer and investor demand;
- The prospects for our development pipeline given the imminent start of 2 Aldermanbury Square, EC2; and
- Changing customer requirements including the impact of working from home, technology and design.

We used these topics to shape both the content of subsequent investor presentations and the agenda of our 'Customer first' Capital Markets Event.

Next steps

Following the announcement of our year-end results, we will be embarking on our post-results IR programme over the early summer. We will be conducting in-person roadshows in London and the US, with virtual roadshows in Holland and Scotland, and we will also be attending the Morgan Stanley Conference in London.

'Customer first' Capital Markets Event

We hold a biennial Capital Markets Event to provide an opportunity for the investment community to have a deeper dive on some of our activities and have the opportunity to hear from the wider GPE team. This year the title of the event, which took place in April 2022, was 'Customer first' and was intended to highlight how customer needs are changing and how we are evolving our products to meet this changing demand.

We had seven presentations from the GPE team as well as a tour of some recently completed buildings and a networking lunch. We set out what we mean by 'Customer first', how it is shaping the spaces that we provide and how the portfolio is well suited to support this evolution.

We also provided greater detail on our Flex offers and their financial returns. Janine Cole also provided an update on key sustainability topics and how we are responding. All of the content is available to view on our website at **www.gpe.co.uk/investors/2022-capital-markets-event**.

We had around 70 attendees and feedback from the event was positive and will contribute to our thinking for 2022.

Engaging with our employees

Being a relatively small company of approximately 130 employees operating in one location, there is a high level of visibility of the Board by employees and vice versa. Given this high level of visibility, the Board has decided not to adopt any of the three specific employee engagement methods referred to in the 2018 UK Corporate Governance Code at this time. Instead, we have adopted the following employee engagement arrangements which the Board believes have operated effectively during the year to provide it with regular formal and informal employee feedback for consideration as part of the Board's decision making process:

- a formal programme of breakfast meetings between the Non-Executive Directors and members of the Executive Committee and senior management. These meetings have no fixed agenda and provide a useful forum to discuss what is happening in day-to-day operations and the associated challenges which might not be significant enough individually to warrant formal reporting at Board meetings; and
- a Non-Executive Director, on a rotational basis, presenting to all employees in a discursive format approximately twice yearly on a particular theme, followed by a Q&A session. To facilitate these sessions we have set up an online portal for employees to raise questions, anonymously if they wish, in advance of the event. Employees are also invited to ask questions and to share their views on the day. These sessions are also designed for Board members to provide the Board's views, as appropriate, on matters raised through employee engagement, and feedback from the sessions is reported to the Board. Our latest sessions were led by Vicky Jarman in December 2021 and by Nick Hampton in April 2022, each of which are described below.

An audience with Vicky Jarman

One of our 'Audience with...' sessions this year was held with Vicky Jarman, hosted by Janine Cole, our Sustainability & Social Impact Director.

Janine opened the session by exploring how Vicky's career evolved into that of a Non-Executive Director, which led to an engaging discussion on diversity, equality and inclusion in the workplace, the benefits this brings and how GPE can drive further progress in this area, also learning from other industries. The feedback received has supported the development of GPE's new People Plan and ongoing Board discussions on this subject.

Vicky discussed sustainability in the property sector, the challenges this presents and the opportunities for GPE, working closely with its suppliers, to innovate and take a market lead on sustainability matters.

Vicky also provided her insights on the future of the workplace, the importance of GPE's Customer first approach and the increasing role that technology and data can play in supporting our customers and differentiating GPE from its competitors.

Vicky answered employee questions and discussed views on the benefits of hybrid working. Following subsequent feedback from separate focus group sessions, we were pleased to launch our new Hybrid Working Policy from 1 April 2022.

There was an opportunity for employees to ask questions and share views across a broad range of topics that affected them, making it an engaging and interactive session.

The event, which received positive feedback, was well attended by employees and a number of members of the Board.

"The session with Vicky Jarman was a great opportunity for all employees to hear first-hand the views of a NED on the key challenges currently faced by GPE. Furthermore, it was inspiring to hear how Vicky, as a successful female business leader, proactively progressed her career at the same time as raising a family."

Hilary Baikie
Tax Compliance Manager

In addition to these arrangements, direct Board engagement with employees during the year has included the following:

- in September, property tours of Newman Street, 16 Dufour's Place and Hanover Square as part of the annual Board Property tour involving our Development, Project Management, Leasing and Occupier and Property Services teams;
- presentations made to the Board by the Executive Committee team at scheduled Board meetings;
- Board presentations and Q&A sessions by Heads of Department and other employees on key matters including acquisitions, our flexible office model, cyber security, health and safety, sustainability, financing, leasing, investor relations, diversity and inclusion and corporate governance;
- Charles Philipps and Emma Woods attended our Capital Markets Day with employees, stakeholders and analysts in April 2022;
- mentoring sessions between Non-Executive Directors and members of senior management as part of our Non-Executive Director Mentoring Programme;
- all-staff Quarterly Review meetings led by our Chief Executive which provide an informal forum for employees to discuss and raise questions regarding key events at GPE; and
- following the success of the initiative introduced during the pandemic, all employees are invited to attend a weekly update call on Monday mornings, led by our Chief Executive and other Executive Directors, to discuss key developments and concerns.

While the impact of COVID-19 continued to present operational challenges for all businesses, we adopted a number of initiatives and activities to maintain levels of employee engagement, wellbeing and feedback throughout the year which we continue to evolve to further support our people.

See more on pages 52 to 55

An audience with Nick Hampton

Our latest 'Audience with…' session was held with Nick Hampton, hosted by Steven Mew, our Customer Experience and Flex Director.

Steven commenced the session by asking Nick about his career path and motivations.

Nick explained his continuous focus on learning and development throughout his career and discussed how everyone at GPE could look to solve problems and make a difference in an inclusive culture.

Following the pandemic and global events, Nick spoke about leading with courage, humility and trust in an uncertain world. He also shared his insights on the power of a strong purpose and vision to drive and differentiate a business whilst making a positive societal impact.

In view of changing patterns of working behaviours, there was an interesting conversation about the evolving role of the office as a place for connection, creativity and collaboration.

Employees were keen to discuss the challenges and opportunities of business transformation as GPE continued to evolve its operations. Topics discussed included the need to work differently and innovate, to develop new skills and capabilities, to execute at pace and to embed a Customer first mindset and culture.

Nick highlighted how Board discussions had evolved over recent years and how the composition of the Board had developed to align with GPE's future strategic needs.

Nick talked about the role of technology in supporting business transformation and enhancing customer service, noting that it was important to focus on technology that could add real business and customer value.

Nick also discussed and answered questions on a range of matters including customer service, branding, climate change, his role as a Non-Executive Director, the UK's economic outlook and London's magnetic appeal.

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

"The event was a fantastic opportunity to hear and discuss views on how GPE can evolve and make a real difference for our customers in an inclusive culture, and it was great to engage with Nick as one of our Non-Executive Directors."

Leila Gadsden-Chaiboub
Company Secretarial Assistant

Board consideration of stakeholder interests and s.172(1) matters

Impact on decisions

Some examples of how the Board has considered stakeholder interests and s.172(1) matters in its decision making in 2021/22 are set out below and in 'What we did in 2021/22' on pages 96 and 97. Further details on our stakeholder engagement, and our response, can also be found on pages 52 to 62.

Acquisition of 7/15 Gresse Street & 12/13 Rathbone Place, W1 (Gresse Street)

In January 2022, the Board approved the acquisition of Gresse Street for £36.5 million.

In reviewing the proposal, the Board considered how the acquisition presented the opportunity to further its strategy to grow GPE's Flex office portfolio, serving the longer-term interests of GPE and its stakeholders. This was supported by feedback from customers, agents, flexible space operators and market data, as well as from GPE's successful roll-out of its Flex offer at eight buildings, indicating increasing customer demand for flexibility, experience and service provision.

The Board considered the financial impact of the acquisition, including the anticipated income and capital returns, returns for shareholders and the further upside potential for the Group.

It was discussed that, following the relocation of the Fashion Retail Academy, it was planned to undertake a substantial upgrade to the building to bring it in line with customer demands and to improve its sustainability and wellbeing credentials in accordance with GPE's Net Zero Carbon commitment and stakeholder expectations. The Board also considered opportunities to support local community needs.

From an employee perspective, it was considered that the acquisition would drive further momentum in the business whilst a flexible space business plan would provide employees with additional development opportunities, including in the area of customer service provision.

It was concluded, having regard to stakeholder interests, that the acquisition was likely to generate long-term sustainable value for stakeholders. At the same time, it would provide further opportunity to innovate across our operations and work with our customers and communities to create sustainable space for London to thrive.

See more on page 29

Redevelopment of 2 Aldermanbury Square, EC2 (2AS)

In November 2021, the Board committed in principle to the redevelopment of 2AS, and the incurrence of additional expenditure for demolition and enabling works.

The Board discussed the strong business case, prospective performance metrics and development returns for the scheme and shareholders, along with wider stakeholder impacts.

The Board considered recent customer and agent feedback and market analysis, which had highlighted strong customer demand for best-in-class offices in terms of flexibility, amenity, technology, wellbeing and sustainability. The proposed development would represent the next generation of exemplary modern offices and deliver in each of these areas in a prime location.

The Board discussed GPE's sustainability agenda and stakeholder expectations and the aim for the project to deliver GPE's second net zero carbon building and its first NABERS UK rating for energy performance. The Board also considered GPE's ongoing work with suppliers to achieve stretching embodied carbon targets, to reuse (and source more sustainable) construction materials, and the need to partner with customers to minimise their carbon impacts.

The Board had regard to the impacts on communities and the public realm and amenity improvements under the scheme that would have a positive impact on the local area and improve accessibility to the western entrance of the Liverpool Street Crossrail station. The impact for the Group's employees was also considered, noting that the scheme would offer employees both development and innovation opportunities.

Having weighed up the balance of risks and potential returns, and after taking into account wider stakeholder interests, it was concluded that GPE should commit in principle to the development and proceed to the next stage of the project.

See more on page 24

How we behave, human rights, supplier stewardship and anti-corruption and anti-bribery matters

We aspire to the highest standards of conduct based on honesty and transparency in everything we do. Our Executive Committee has a high level of oversight over the Group's day-to-day policies and procedures and carries out regular reviews of the appointment of contractors, consultants and suppliers.

We support the principles of the UN Declaration of Human Rights and core conventions of the International Labour Organization. Our expectations on human rights are set out across a number of our policies and procedures as we seek to avoid causing or contributing to adverse human rights impacts through our activities. In our business relationships, we look to demonstrate a commitment to fundamental human rights through our own behaviours and look to engage suppliers whose values and business principles are consistent with our own. Whilst we require all our suppliers to comply with standards and codes that may be specific to their industry, our Supplier Code of Conduct also sets out the additional standards that we require of our suppliers in this regard. GPE team members regularly meet with main contractors to share information on industry best practice, including in relation to human rights, health and safety and responsible sourcing.

In September 2021, we published our latest Modern Slavery Act Statement, which can be found at **www.gpe.co.uk/our-modern-slavery-statement**, setting out the steps we have taken over the past year, and intend to take over the next 12 months, to ensure our suppliers and their supply chains adopt similar standards to our own to prevent slavery and human trafficking taking place within our supply chain.

Formal policies in place in relation to human rights, anti-bribery and corruption and fraud matters include our new overarching Anti-Fraud, Bribery & Corruption ('Financial Crime') Policy which was adopted in March 2022, together with our Ethics, Gifts and Hospitality, Whistleblowing, Use of GPE Suppliers, Conflicts of Interest and our Inside Information and Share Dealing Policies. All new employees receive training on these policies as part of their induction process. A formal compliance statement relating to these policies (which will include our new Financial Crime Policy from 2022/23) is required to be signed-off by employees annually with any matters of concern reported to the Audit Committee. There were no significant matters to report to the Audit Committee in relation to these policies in the year ended 31 March 2022. The Audit Committee also reviews our Ethics, Gifts and Hospitality and Whistleblowing Policies (and will review our Financial Crime Policy) and processes annually. Our policies can be found at **www.gpe.co.uk/about-us/governance**.

Whilst we consider our industry to be relatively low risk with regard to money laundering, we also have a formal Anti-Money Laundering Policy in place and specific training is provided to employees as appropriate.

Our conflict of interest procedures

The Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The Company has established a procedure whereby any actual or potential conflicts of interest that may arise must be authorised by the Board, maintained on a register and periodically reviewed, with Directors required to update the Board with any changes to the nature of any conflicts disclosed.

A Director who has a conflict of interest is not counted in the quorum or entitled to vote when the Board considers the matter in which the Director has an interest and the Director may be excluded from the meeting where appropriate. The Board considers these procedures to be working effectively.

Our approach to Board induction and development

All new Directors receive a comprehensive induction programme over a number of months which is facilitated by the Chair and the General Counsel & Company Secretary and tailored to the Director's individual roles and needs. The induction process is designed to develop the Director's knowledge and understanding of the Group covering key areas including GPE's purpose, values, culture and strategy, its corporate governance, risks and internal controls and the markets in which it operates. Our induction programme for new Directors is delivered through:

- meetings with the Chair, wider Board, General Counsel & Company Secretary and relevant Committee Chairs;
- a structured programme of meetings with executives and senior managers to provide a deeper understanding of risks and opportunities and stakeholder interests;
- meetings with advisers, including the internal and external auditors and brokers, to provide a valuable external perspective;
- property tours to see assets first-hand and to learn more about GPE's asset and development plans;
- access to a library of reference materials covering key areas including strategy, finance and operations, governance, risk management and internal controls; and
- training as appropriate on key policies, statutory duties and legal and governance requirements.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings and regular property tours conducted by the relevant GPE teams.

The Board strongly supports the ongoing development of its Directors. The Directors may, at the Company's expense, take independent professional advice and are encouraged to continually update their professional skills and knowledge of the business and wider industry. Senior managers and external advisers presented to the Board during the year on a range of subjects, including macro-economic and political risks along with impacts arising from COVID-19 and the Russia-Ukraine conflict; industry themes and developments; the global and UK real estate investment market; the flexible space market and GPE's flexible space offer; property technology; health and safety; climate change and sustainability; cyber risk; and accounting and governance developments.

Directors also individually attend seminars or conferences associated with their expertise or responsibility and are provided each quarter with a list of relevant upcoming seminars by various firms. Director training is reviewed by the Nomination Committee and development areas are discussed with individual Directors as part of the annual performance evaluation process.

Leadership and purpose continued

What we did in 2021/22

2021

Strategy, governance, risk and opportunity management

May

- Discussion of 2021/22 key priorities, themes, strategic actions and team resourcing
- Discussion of the progress of GPE's Inclusion & Diversity Strategy
- Received an update on activities being undertaken in relation to the development pipeline
- Consideration of GPE's asset and investment strategy and review of a potential acquisition
- Discussion of customer rent collection, arrears and delinquencies

July

- Support given for GPE's brand refresh to align with the vision to meet customer needs and build a sustainable legacy for London
- Approval of the progression of the 2 Aldermanbury Square ('2AS') development project to secure vacant possession and complete Stage 4 design works
- Discussion of potential post-Brexit related risks, including supply chain and labour disruption and inflationary pressures
- Update on Executive Committee 'Away Day' including discussions on market dynamics, the risks and opportunities regarding sustainability and Flex and the future shape of the business
- Approval of our Sustainable Finance Framework for potential future debt issuances to (re)finance projects that have a positive environmental and/or social impact
- Approval of appointments of Dan Nicholson and Mark Anderson to the Board, Vicky Jarman as the next Audit Committee Chair and Carrie Heiss as HR Director
- Approval of Wendy Becker's external appointment to Oxford Nanopore Technologies

August/September

- Approval of 160 Old Street disposal for £181.5m to J.P. Morgan
- Review of market trends, evolving working patterns and customer demand for prime, sustainable and flexible space and the impacts on GPE's business model and asset strategy
- Discussion of climate change and decarbonisation risks, and actions to quantify and mitigate the impacts of new EPC rating requirements
- Review of the investment market and potential acquisition opportunities
- Discussion of the risks of construction costs inflation and mitigating actions with suppliers
- Received a health and safety update and approved new proactive KPIs
- Approval of the pre-let at 50 Finsbury Square to Inmarsat


50 Finsbury Square

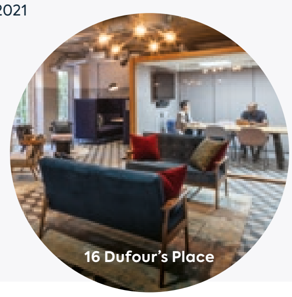
Understanding the views of stakeholders, the interests of employees and the fostering of business relationships

May

- Consideration of employee wellbeing and communications as the business emerged from the pandemic crisis. Reviewed employee pulse survey results and next steps, including consultation on the development of the wellbeing programme and a new Hybrid Working Policy
- Update on customer feedback as GPE supported customers' return to the office
- Update on wider stakeholder relationships, including discussions with freeholders on leasing and development pipeline activities
- Noted continuing activities to target Net Zero Carbon for near-term schemes in line with stakeholder expectations and considered GPE's sustainability ratings in investor indices and opportunities for improvements
- Recommendation of the payment of a final dividend to shareholders
- Discussion of social value created by GPE during 2020/21 and development of a new Social Impact Strategy

July

- Consideration of feedback from planners regarding 2AS and, the design response, including public realm and affordable workspace provisions
- Noted activities to deepen freeholder and JV partner relationships
- Noted plans for continued customer engagement and to address feedback in the 2021 Customer Satisfaction Survey, including through service charge process improvements. Noted lessons learned and positive feedback from Flex customers at 16 Dufour's Place, following its launch in March 2021
- Consideration of feedback from investor meetings following the year-end results, including on development plans, the future of the office, the Flex opportunity, prospects for rent, the retail market, GPE's buy/sell aspirations and sustainability
- Discussion of processes for deployment of the Decarbonisation Fund to reduce carbon emissions in the portfolio
- Consideration of reports from institutional shareholder advisory bodies and their voting recommendations for the AGM


16 Dufour's Place

August/September

- Discussion of actions to address feedback from GPE's flexible office customers, including to strengthen operational design and capabilities and to further embed a Customer first culture
- Discussion of market and local planning views on the political and social acceptability of new builds
- Discussion of ongoing partnering with customers and suppliers on delivery of carbon commitments
- Update on Investor Relations activities and common investor themes
- Update on planning authority and local community engagement regarding development schemes, including at New City Court, Minerva House and Piccadilly Estate
- Approval of GPE's 2021 Modern Slavery Statement

Consideration of stakeholder engagement

The table below provides examples of our significant discussions, transactions and appointments over and above the scheduled matters outlined on page 105, together with examples of our oversight of engagement with stakeholders and consideration of s.172(1) matters since April 2021. You can read our s.172(1) statement on page 62.

2022

November

- Received a deep dive presentation on the development of GPE's Flex operations
- Approval of extension of the Group's Revolving Credit Facility
- Approval of the launch of the GPE rebrand alongside the interim results
- Review and commitment in principle to the redevelopment of 2AS and expenditure for demolition and enabling works
- Approval of Grant Thornton as GPE's new internal auditor from 2022/23
- Approval of Equiniti as GPE's new registrar
- Noted an IT security update and results and recommendations from a PwC-conducted technology maturity assessment of systems and processes


2 Aldermanbury Square

- Consideration of a 60-Day Review from GPE's new HR Director and proposed activities to simplify processes and strengthen diversity and inclusion
- Review of results of October 2021 employee engagement survey. Supported actions to be taken in response, including to further support employee wellbeing and flexible working
- Discussion of how GPE could achieve greater customer insight and enhance engagement, including through data and technology, to support its Customer first approach
- Approval of the interim dividend
- Approval of Social Impact Strategy to create a lasting positive social impact in our communities and £10 million of social value by 2030

January/ February

- Discussion with the CEO of Pi Labs on property technology risks, potential disruptors and opportunities
- Review of key themes and priorities to be addressed as part of the March 2022 strategy review
- Approval of the acquisition of 7/15 Gresse Street & 12/13 Rathbone Place, W1
- Discussion of organisational design, skills and capabilities and approval of senior management role changes to enhance the delivery of our Customer first approach
- Review of potential asset sales
- Approval of Numis as an additional joint corporate broker
- Approval of the GPE People Plan to enable and support the delivery of our purpose and strategy
- Approval of the appointment of Emma Woods to the Board and discussion of ongoing Board recruitment


7/15 Gresse Street

- Discussion of refinement of 2AS scheme to meet evolving customer needs, including in respect of sustainability
- Update on discussions with freeholders in respect of development pipeline buildings
- Discussion of the progress being made against GPE's diversity and inclusion agenda and approval of related People Plan objectives, including the establishment of an Inclusion Committee
- Discussion of opportunities to enhance supplier engagement, particularly in the areas of sustainability and technology
- Review of feedback from an institutional investor roadshow in November, which included strong support for Flex opportunities and development pipeline prospects
- Support given for plans for a Capital Markets Day in April to focus on GPE's response to evolving markets with a Customer first approach
- Consideration of an update on evolving sustainability requirements, the development of GPE's Climate Resilience Strategy and a new Sustainable Development Brief

March

- External presentations on (i) macro-economic conditions, including the impacts of the Russia-Ukraine conflict; and (ii) global equity and UK real estate markets
- Review of our portfolio response to customer demands and approval of the target to grow our Flex office space to 600,000 sq ft by March 2027
- Update on our three-year IT strategy, including cyber security governance
- Review of health and safety governance, risks and controls
- Approval of our new one-year Innovation Strategy

- External presentation on the emerging climate risk themes connected with the built environment and stakeholder impacts and expectations
- Update on results of the recent customer satisfaction survey
- Support given for our new three-year charity partnerships with XLP and National Energy Action

XLP
WORKING TO CREATE POSITIVE FUTURES FOR YOUNG PEOPLE

Governance

Division of responsibilities

The role of the Board and its Committees during the year

Board

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

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

Board Committees

Audit Committee

- four scheduled meetings a year
- oversees financial reporting
- monitors risk management and internal controls
- scrutinises activities and performance of the external auditor
- evaluates internal auditor and audit plan

See Audit Committee report on pages 107 to 113
See risk management report on pages 64 to 77

Remuneration Committee

- four scheduled meetings a year
- establishes remuneration policy
- sets executive remuneration schemes
- reviews Executive Committee member objectives and achievements
- approves senior management remuneration and LTIP awards
- approves bonus and LTIP targets
- approves the Directors' remuneration report
- reviews wider workforce pay policies and alignment of incentives with culture

See Directors' remuneration report on pages 114 to 133

Nomination Committee

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

See Nomination Committee report on pages 100 to 105

Management Committees

Executive Committee

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

See Strategic Report on pages 02 to 78

Sustainability Committee

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

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

Health and Safety Committee

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

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

Social Impact Committee

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

See Strategic Report on pages 02 to 78

The division of responsibilities of the Directors

The Board currently comprises the Non-Executive Chair, three Executive Directors and seven independent Non-Executive Directors and is supported by the General Counsel & Company Secretary. The Chair and the other Non-Executive Directors meet regularly without the Executive Directors, and at least once a year the Non-Executive Directors meet without the Chair. In addition, individual Directors meet routinely outside the formal Board meetings as part of each Director's contribution to the delivery of the Company's strategy and review of operations.

The Executive Directors meet every two weeks with senior management as the Executive Committee, chaired by the Chief Executive, to attend to the ongoing management of the Group. The Executive Committee makes decisions within the parameters set out in the Group's Delegated Authorities which govern the taking and escalation of significant decisions. Significant operational and market matters are communicated to the Non-Executive Directors on a timely basis outside of the Board meetings. All Directors have access to the advice and services of the General Counsel & Company Secretary, who is responsible to the Chair on matters of corporate governance.

Each year the Schedule of Board Responsibilities and terms of reference for the roles of Chair, Chief Executive and Senior Independent Director are revisited by the whole Board and are available on our website at **www.gpe.co.uk/about-us/governance**.

Roles and responsibilities of the Directors:

Chair	Richard Mully	Richard is responsible for leading the Board and for its effectiveness, meeting with shareholders as appropriate, ensuring a culture of openness, transparency and debate and helping the Chief Executive 'to set the tone from the top' on the Company's purpose, values and culture. As part of his role in leading the Board, he ensures that the Board provides constructive input into the development of strategy, understands the views of the Company's key stakeholders and provides appropriate oversight, challenge and support. As Chair, Richard also leads the Nomination Committee.
Chief Executive	Toby Courtauld	Toby is responsible for setting the Group's strategic direction, implementing the agreed strategy, the operational and financial performance of the Group and the day-to-day management of the Company, including setting the tone for, and ensuring oversight of, the Company's culture through 'living our values' and ensuring the Board is aware of key stakeholders' views. As part of his role, Toby is responsible for leading the Executive and Sustainability Committees and has executive responsibility for climate change and sustainability matters.
Chief Financial & Operating Officer	Nick Sanderson	Nick supports the Chief Executive in developing and implementing the Group strategy and all financial matters. As part of his operations role, Nick has responsibility for oversight of the valuation process, corporate marketing and the HR, IT, and New Business functions. Nick leads the Health and Safety and Social Impact Committees and has Board responsibility for health and safety.
Executive Director responsible for Portfolio Management and Development Management	Dan Nicholson	Dan further supports the Chief Executive in developing and implementing the Group strategy while he has specific responsibility for portfolio management and development management matters. Dan leads the Portfolio Management team, has overall responsibility for the Group's development activities and line management responsibility for flexible office activities.
Senior Independent Director	Charles Philipps	Charles acts as a sounding board for the Chair, leads the other independent Non-Executive Directors in the performance evaluation of the Chair and is available to shareholders as required. As part of his role, he also acts as an intermediary for the Non-Executive Directors if necessary and is an independent point of contact in the Group's whistleblowing procedure. As Senior Independent Director, Charles is also responsible for the Chair's succession process, working closely with the Nomination Committee.
Non-Executive Directors	Mark Anderson Wendy Becker Nick Hampton Vicky Jarman Alison Rose Emma Woods	Responsible for bringing an external perspective and providing constructive challenge and support to the Board's deliberations and decision making, using their broad mix of business skills, knowledge and experience acquired across different business sectors. They are also responsible for monitoring the delivery of the agreed strategy within the risk management framework set by the Board and promoting high standards of integrity and corporate governance. Wendy Becker (or, from the conclusion of the 2022 AGM, Emma Woods) is responsible for leading the Remuneration Committee, while Nick Hampton (or, from the conclusion of the 2022 AGM, Vicky Jarman) is responsible for leading the Audit Committee. Each Committee Chair seeks engagement with shareholders, as appropriate, on significant matters relating to their areas of responsibility.

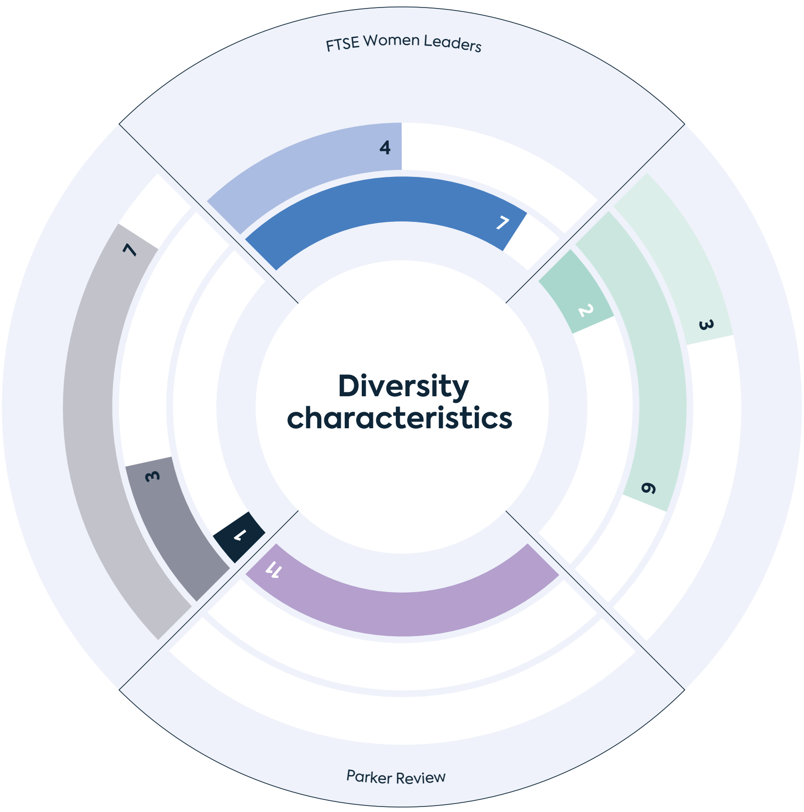
Board composition and diversity

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

The biographical details of the Directors can be found on pages 84 and 85 which show the breadth of their skills and experience, why their contribution is important to the Company's long-term sustainable success, and their membership of the Company's various Committees.

Further details regarding diversity and inclusion at GPE can be found on pages 54, 55 and 103.

Board diversity and tenure



Gender
- Male – 64%
- Female – 36%

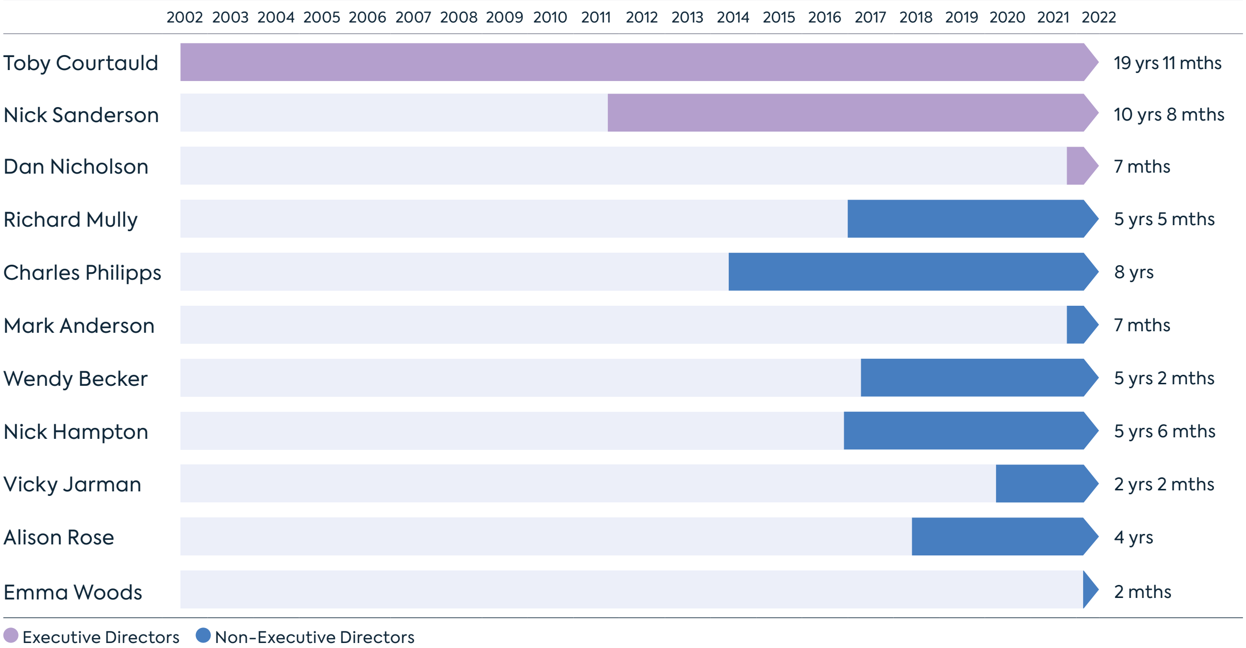
Age
- 45–50
- 51–56
- 57+

Ethnic group[1]
- White – 100%

Board balance
- Chair
- Executive Directors
- Independent Non-Executive Directors

1. It is our firm intention to meet the Parker Review target to have at least one Director from a minority ethnic background by 2024 at the latest. We are therefore giving specific focus to ethnic diversity in our ongoing Board recruitment process. Further information can be found on page 103.

Directors' tenure (as at 31 March 2022)



Nomination Committee

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

Nomination Committee members and attendance at scheduled meetings in 2021/22

Chair	
Richard Mully	5/5

Members	
Charles Philipps	5/5
Mark Anderson	4/4
Wendy Becker	5/5
Nick Hampton	5/5
Vicky Jarman	5/5
Alison Rose	5/5
Emma Woods	1/1

Our approach

The key objectives of the Committee are to regularly review the skills and experience of the Board to ensure that it is the right size, structure and composition taking into account the skills, experience, independence, knowledge and diversity of Directors and the future strategy of the Group.

It is the Committee's role to consider succession planning for the Board and senior executives below Board level, to oversee the development of a diverse pipeline for succession and to lead on the process for Board appointments.

As part of its objectives, the Committee reviews and recommends to the Board the compositions of the Audit, Nomination and Remuneration Committees, taking into consideration individuals' experience, ongoing training and development and time commitments, and the re-election of Directors by shareholders at the Annual General Meeting.

Our process

The Nomination Committee Terms of Reference are available on the Company website at **www.gpe.co.uk/about-us/governance**.

The Nomination Committee membership generally includes all of the Non-Executive Directors. At the start of the financial year, the Nomination Committee comprised the Chair of the Board, Richard Mully, and five independent Non-Executive Directors, namely Charles Philipps, Wendy Becker, Nick Hampton, Vicky Jarman and Alison Rose. Mark Anderson and Emma Woods became members of the Committee on 1 September 2021 and 1 February 2022 respectively.

In making any recommendations for Board appointments, the Nomination Committee consults with the Chief Executive and other members of the Board as appropriate. During the year, Toby Courtauld was invited to attend Nomination Committee meetings to provide the Committee with updates on human resourcing, inclusion and diversity activities, talent development and succession planning. Toby Courtauld and Nick Sanderson also provided their input into Board recruitment processes.

In making recommendations to the Board on Non-Executive Director appointments, the Nomination Committee specifically considers the expected time commitment of the proposed Non-Executive Director and other commitments they already have. Agreement of the Board is also required before a Director may accept any additional commitments to ensure possible conflicts of interest are identified and that the Directors will continue to have sufficient time available to devote to the Company. During the year, the Board has carefully considered the appointment of Wendy Becker as a Non-Executive Director of Oxford Nanopore Technologies plc, which was admitted to listing on the London Stock Exchange on 5 October 2021, and the appointment of Vicky Jarman as a Non-Executive Director of Melrose Industries plc from 1 June 2021. The Board was satisfied that these changes would not impact Wendy's or Vicky's independence and that in each case they would continue to be able to devote appropriate time and add significant value to their respective roles at GPE.

Non-Executive Directors are not appointed for specific terms but, in accordance with the UK Corporate Governance Code, are subject to annual re-election. All proposed re-elections to the Board are formally considered by the Nomination Committee taking account of each individual's effectiveness and commitment to the role.

The Nomination Committee also reviews the recommendations of the Board evaluation process and progress against the recommendations from the previous year.

Composition, succession and evaluation continued

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

Richard Mully Chair of the Nomination Committee

Dear fellow shareholder

On behalf of the Nomination Committee, welcome to the report of the Nomination Committee for the year ended 31 March 2022. In a busy year for the Committee, our focus has been on Board recruitment and succession planning and the progression of our diversity and inclusion agenda.

Board and Committee composition

There have been a number of changes to the Board during the year as we have continued to focus on appropriate ongoing succession of the Non-Executive Directors. As part of this process, the Nomination Committee regularly reviews the composition of the Board and its Committees to ensure they have the requisite skills, experience, diversity and knowledge in alignment with the Group's strategy.

As explained last year, having identified the need to strengthen the Board's operational, customer service, technology and data expertise in line with our strategy, the Committee instructed executive search firm, Russell Reynolds, to support with searches for additional Non-Executive Directors to bring a combination of the desired skills and experience to the Board. Russell Reynolds has no connection with the Company or any individual Directors other than to assist with Executive and Non-Executive succession planning and appointment processes.

As part of the recruitment processes, the Committee considered diverse long lists from which refined short lists of candidates were selected for interview. Following a detailed selection process, the Committee recommended two new appointments. We were delighted to welcome Mark Anderson and Emma Woods to the Board, and each of its Committees, from 1 September 2021 and 1 February 2022 respectively. Mark's significant property, operational and customer service experience and Emma's extensive customer, digital and marketing expertise will enable each of them to contribute to the development and implementation of our strategy and the long-term sustainable success of the Group.

The search for at least one additional Non-Executive Director, to bring additional technology and data expertise and with the aspiration of enhancing the gender and ethnic diversity of the Board, is ongoing and we hope to announce a further appointment shortly.

During the year, given the Company's expected growth in both development and flexible office activities, the Committee also identified the need to appoint an additional Executive Director to provide further operational firepower, oversight and strategic support to the executive team in the areas of property management and development. We considered the experience, knowledge and leadership characteristics required for this position and worked with Bohill Partners in connection with the search. Open advertising was not used. Following the consideration of a diverse list of candidates and an in-depth recruitment process, the Committee made a unanimous decision to recommend to the Board the appointment of Dan Nicholson as Executive Director. Dan joined the Board with effect from 6 September 2021.

As explained on page 81, Wendy Becker will be stepping down from the Board and as Chair of the Remuneration Committee, and Nick Hampton will be stepping down as Chair of the Audit Committee, from the conclusion of the 2022 AGM. The Committee has overseen the succession planning for these positions and was pleased to recommend the appointments of Vicky Jarman and Emma Woods as the next Chairs of the Audit and Remuneration Committees respectively, each of whom will bring valuable relevant experience to their roles. Nick Hampton was also appointed to the Remuneration Committee from 1 September 2021.

Succession planning and talent development

During the year, in addition to the Board processes described above, we have considered the development plans and succession planning for Executive Directors, the Executive Committee and senior leaders. As part of this process, the Committee considers the depth and quality of the succession pipeline, the skills and capabilities required for the future strategic needs of the business, retention and succession planning risks, personal development needs and the strengthening of diversity and inclusion.

Recognising and developing our top talent is key to ensuring that we have a healthy and diverse pipeline of current and potential future leaders and this remains a key area of focus for the Board and Committee. We have progressed our Non-Executive Director mentoring programme for selected members of the GPE team and continue to oversee our wider talent development programme. This includes our Executive Committee Rotating Seats programme, whereby two members of senior management join the Executive Committee on a six-month rotating basis, helping individuals to develop their skills and exposure whilst supporting the development of a diverse talent pipeline.

To support and enhance the delivery of our market-leading, Customer first approach, we were delighted to endorse several senior management role changes and promotions in the year. This included: the appointment of Steven Mew to Customer Experience and Flex Director with Dan Nicholson assuming leadership of the Portfolio Management team and overall responsibility for Development; the promotion of Simon Rowley to Director of Office Leasing and Flex; the promotion of Anisha Patel to Director of Marketing; and the promotion of Charlie Turrell to Head of Financial Planning & Analysis.

We also strengthened our senior team through the external appointment of Carrie Heiss as HR Director and a member of the Executive Committee to drive GPE's People Strategy and help ensure that GPE has the right skills, capabilities, diversity and culture to deliver our evolving strategy. In addition, Darren Lennark, our General Counsel & Company Secretary, was appointed to the Executive Committee with effect from 1 April 2022.

Our approach to diversity and inclusion

We recognise the strategic importance of a diverse Board and workforce which is representative of our stakeholders and which provides different perspectives to support the development and delivery of our strategy.

Under our Diversity Policy, we expect our search consultants to ensure, where possible, a gender-balanced list of potential candidates, in line with our overall intention to strive for improved gender balance on the Board. This approach to recruitment is mirrored across the business. The benefits of broader diversity characteristics such as age, ethnicity, skills, experience and educational and professional background also continue to be an active consideration in all recruitment, as well as in our talent development programme.

From a gender perspective, the Committee supports the new recommendations set out in the FTSE Women Leaders Review published in February 2022. As at the date of this report, 36% of the Board are female. Although Wendy Becker will be stepping down from the Board in July, we are giving specific focus in our ongoing near-term Board recruitment to the importance of enhancing both the gender and ethnic diversity of the Board. We hope to announce an appointment shortly.

Since March 2021, we have increased the gender diversity of our Executive Committee through two female appointments. There are now eight men and two women on the Executive Committee, or nine men and three women including participants in our Executive Committee Rotating Seats programme. As at 1 May 2022, women represented 36% of the population comprising the Executive Committee and their direct reports and 36% of the Senior Management Team below the Executive Committee. Details regarding GPE's gender diversity can be found on page 55. We are pleased our progress on gender diversity was recognised in the FTSE Women Leaders Review but recognise there is much work still to do.

The Board does not currently have any Directors from an ethnic minority background and we are therefore giving specific focus to ethnic diversity in ongoing Board recruitment. It is our firm intention to meet the Parker Review target to have at least one Director from a minority ethnic background by 2024 at the latest. More broadly, the development of diverse top talent will play a key role in GPE's diversity and inclusion journey and ethnic diversity is an important part of this discussion.

Diversity and inclusion remain a key priority and the Board and its Committees continue to drive and oversee our progress in these areas under our new People Plan. To inject further pace, as part of their annual bonus objectives for 2022/23, each Executive Committee member has been set specific and consistent objectives to actively support GPE's ambitions for diversity and inclusion. Executive Committee members will also be participating in an executive leadership development programme aimed at improving their inclusive leadership skills.

Further details regarding our diversity and inclusion initiatives, and our new People Plan, can be found on pages 54 and 55.

Committee and Director effectiveness review

This year, the Committee oversaw an internal Board and Committee effectiveness review. The review concluded that the Board and its Committees, including the Nomination Committee, continue to operate efficiently and effectively. Details of the review and its findings can be found on pages 104 and 105.

All proposed elections and re-elections to the Board are formally considered by the Nomination Committee, taking account of each individual's continued effectiveness and commitment to the role. Following this review, I can confirm that each of the Non-Executive Directors is considered effective in their roles and both independent of the Executive Management and free from any business or other relationship which could materially interfere with their exercising of independent judgement. The Senior Independent Director also met with the Directors to appraise my own performance.

Richard Mully
Chair of the Nomination Committee
19 May 2022

Composition, succession and evaluation continued

Our 2021/22 Board evaluation process

In accordance with the recommendations of the Code, we undertake a review of the effectiveness of the Board's performance and that of its Committees and Directors every year, with an external evaluation held at least every three years. We are planning for our next external review to be in 2022/23. Our progress against the actions identified through the 2020/21 internal review is set out below:

Progress against 2020/21 Board evaluation actions for 2021/22

Actions	Progress
To broaden the Board's operational, customer service and related technology, digital and data expertise	– Mark Anderson was appointed to the Board on 1 September 2021 bringing significant operational and customer service expertise. Emma Woods, who has extensive operational, customer service, digital and marketing experience, was appointed to the Board on 1 February 2022. – A search is underway for an additional Non-Executive Director to increase the Board's technology and data skills.
Allocating additional Board time to strategy development and implementation in view of accelerated trends in a fast-evolving market	– Additional time allocated at scheduled Board meetings to discuss strategy development and implementation, including the growth of our flexible office offer alongside our HQ repositioning business.
Continuing to increase the Board's understanding of developing customer and supplier views in a changing market to further support strategy development and decision making	– Regular updates on customer feedback, customer survey results and market trends. This feedback has, in particular, informed our Customer first approach, the development of our Flex strategy and our sustainability ambitions. – Customer first vision, strategy and implementation plan under development. – Updates received on supplier views in key areas including sustainability, social impact, the flexible space customer journey, supply chain disruption and inflation.
Continued focus by the Nomination Committee and Board on talent management, succession planning and Board and Executive Committee diversity	– Presentations received from the Chief Executive and HR Director on senior management talent development and succession planning. – New People Plan adopted. – Non-Executive Director, and wider mentoring programmes in place. – Appointment of Carrie Heiss to Executive Committee in September 2021. Gender and ethnic diversity a key consideration in ongoing Board recruitment. Audit and Remuneration Committee Chair successors identified.
Further assessment of evolving technology in real estate and construction to identify those areas with the greatest potential to disrupt GPE's business model, together with the potential risks and opportunities	– Board session held in April 2021 with a panel of external speakers to consider the future of work and the role of technology. – External guest speaker invited to attend September Board dinner to discuss property technology risks and opportunities. – Presentations to the Board by GPE's Director of Innovation and Board adoption of updated Innovation Strategy.

An internal Board and Committee effectiveness review was undertaken in 2021/22 which was led by Charles Philipps, our Senior Independent Director, with the support of the General Counsel & Company Secretary. The process, which was agreed by the Nomination Committee, involved completion of an online questionnaire followed by meetings with Directors, a detailed report of findings and discussion at the January 2022 Board meeting.

The aim of the review was to assess the effectiveness of the Board, its Committees and individual Directors in order to identify any actions to improve how Directors fulfil their duties and become a more effective Board. The review covered the following key themes:

- the Board's role, composition and operation;
- the Board's protocols and behaviours and how effectively Directors work together to achieve the Board's objectives;
- the performance of the Board and its Committees;
- progress against the key actions arising from the 2020/21 evaluation; and
- focused questions on the Board's strategic oversight, stakeholder feedback, succession planning and diversity and inclusion.

The process also considered the effectiveness of individual Directors and one-to-one performance feedback was given by the Senior Independent Director to the Chair and by the Chair to the other Directors at the end of the process. The review concluded that the Board, its Committees and individual Directors continue to operate effectively.

Some of the key strengths identified included:

– an open and inclusive Board culture with a continued emphasis on collaboration and transparency;
– high levels of engagement and commitment from all Directors and a strong approach to strategic development, with significant progress having been made in the year to advance GPE's strategy;
– a strong and diverse range of depth and talent providing valuable insights and perspectives, further supported by recent additions to the Board;
– constructive discussion with good debate and an appropriate balance of challenge and support; and
– well-managed Board and Committee meetings with effective leadership from their respective Chairs and a clear focus on priorities.

The review identified some recommendations and opportunities and the key actions for 2022/23 are as follows:

Recommendations from the 2021/22 Board evaluation

1 **Closer oversight of strategic implementation and ensuring that GPE has the right people and skills to deliver on its ambitions.**

2 **Broadening the Board's skillsets in line with GPE's technology, data and customer objectives.**

3 **Continuing to enhance diversity and inclusion across the Board, Executive Committee and wider organisation.**

4 **Increasing Board engagement on technology and innovation to further develop its understanding of the challenges and opportunities.**

What we did in 2021/22

2021

April

Board meeting
– The Board and Committee memberships were approved.

May

Nomination Committee
– The Committee discussed Executive Committee talent planning and development.
– The Committee discussed GPE's diversity and inclusion progress.
– Richard Mully provided an update on the search process for additional Non-Executive Directors.
– The Committee discussed and approved the search process for an additional Executive Director.

July

Nomination Committee
– The Committee and Board recommended the appointment of (i) Mark Anderson as a Non-Executive Director; (ii) Dan Nicholson as an Executive Director; (iii) Carrie Heiss as HR Director; (iv) Nick Hampton to the Remuneration Committee; and (v) Vicky Jarman as the next Audit Committee Chair from the end of the 2022 AGM.

September

Nomination Committee
– The Committee discussed and refined the additional Non-Executive Director search criteria with a focus on Board diversity.
– The Committee reviewed the status of recommendations from the 2020/21 Board evaluation.
– The Committee reviewed and approved the process for the 2021/22 Board and Board Committee evaluation.

November

Nomination Committee
– The Committee discussed senior management talent planning and development and the development of a diverse pipeline.
– The Committee discussed GPE's diversity and inclusion agenda and received an update on evolving requirements.
– Richard Mully provided an update on the Non-Executive Director search process and Board succession planning.

2022

January

Nomination Committee
– The Committee recommended the appointment of Emma Woods as a Non-Executive Director.
– The Committee discussed the search for an additional Non-Executive Director with technology and data experience and to enhance Board diversity.
– The Committee discussed the findings from a senior management talent development, retention and succession planning review and Executive Director succession planning.

Board
– The Board approved the appointment of Emma Woods as a Non-Executive Director.
– The Board considered the findings from the 2021/22 Board and Board Committee evaluation.

February

Nomination Committee
– Richard Mully provided the Committee with an update on the additional Non-Executive Director search.
– The Committee discussed the findings from the 2021/22 Board and Board Committee evaluation.
– The Committee reviewed Board Committee memberships and Board training.
– The Committee received an update on governance and regulatory requirements, including in relation to diversity.
– The Committee supported proposed changes to GPE's organisational design and senior role changes to enhance our Customer first approach.
– The Committee approved changes to its Terms of Reference.

Audit, risks and internal controls

Together, the Audit Committee and the Board are responsible for ensuring the Group has an effective internal control and risk management system and that the Annual Report provides a fair reflection of the Group's activities during the year.

Internal controls and ongoing risk management

The Board is responsible for maintaining and monitoring the Group's system of internal control and, at least annually, reviewing its effectiveness.

Such a system can only provide reasonable, and not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The identification and management of risks and opportunities is part of the GPE mindset, underpinned by evolving processes and procedures in place for identifying, evaluating and managing the principal and emerging risks faced by the Group. These processes and procedures have been in place for the year under review and up to the date of this report, are regularly reviewed by the Board and accord with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Key features of our system of internal control include:

- a comprehensive system of financial reporting and business planning;
- a defined schedule of matters reserved for Board decision, which is reviewed by the Board at least annually;
- an organisational structure with clearly defined levels of authority and division of responsibilities;
- formal documentation of procedures;
- the close involvement of the Executive Directors and the other Executive Committee members in day-to-day operations, including regular meetings with senior managers to review operational activities and risk management systems;
- Executive Committee reporting on control systems to the Audit Committee and Board, including to annually confirm its view on whether GPE's internal controls, and broader control environment, are appropriate and operating effectively. Again, in 2021/22, the Audit Committee considered the impact of COVID-19 on GPE's internal controls, risk profile and risk management systems;
- regular Board review of Group strategy, including forecasts of the Group's future performance and progress on the Group's development projects;
- formal sign-off on the Group's Ethics, Gifts and Hospitality and Whistleblowing Policies by all employees annually. From 2022/23, this will also include sign-off on our new Anti-Fraud, Bribery & Corruption Policy which was adopted in March 2022; and
- review by the Audit Committee of internal audit reports and reports from the external auditor.

Twice a year, the Audit Committee carries out, on behalf of the Board, a review of the Group's risk management framework, its principal and emerging risks, key controls and their oversight during the year. The Group's systems of risk management and internal controls involves the identification of business and financial market risks including social, ethical and environmental issues which may impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks.

As part of its review, the Audit Committee formally considers the key controls forming the Group's system of internal control and whether these are considered to be operating effectively. The Committee considers a management report, the work of internal audit, as described on page 110, and feedback from the external auditor. Key control observations, exceptions and management actions are reviewed and discussed and identified risk areas are considered for inclusion in the internal audit plan where appropriate. Once complete, the Audit Committee's review of the Group's risks and internal controls is considered by the full Board. No significant control weaknesses or failures were identified as part of this year's internal controls effectiveness review. During the year, the Audit Committee oversaw the development of a new fraud risk assessment process to more formally document and assess GPE's key fraud risks and controls, with the aim of enhancing the efficiency of GPE's internal control framework. This process will continue to be developed as the business evolves.

The Audit Committee and Board have also continued to oversee the implementation and development of the Company's risk management framework and processes to ensure these remain fit for purpose.

During the year, the Board and the Audit Committee have continued to regularly review and monitor the risks, potential impacts and controls associated with COVID-19, the UK government's progress in resolving its international trading relationships after its exit from the EU, and more recently geopolitical tensions arising from Russia's invasion of Ukraine, including the impact of inflation and supply chain pressures. This has included a review of the impacts on GPE's operations, development delivery and costs, valuations, financial forecasts and business plans. The Group's business plans continue to be prepared under a variety of market scenarios to reflect a number of potential outcomes.

While the immediate short-term impacts of COVID-19 appear to have subsided, the potential threat and disruption of COVID-19 on the business and wider economy remain uncertain. 'Pandemic' therefore remains a principal risk for GPE following its addition to the principal risk register in 2020. We continue to monitor potential longer term structural changes in working and retail practices and the level and nature of demand for space in central London.

The Board and the Audit Committee have remained focused on climate change and decarbonisation risks, the steps being taken by GPE to mitigate these risks, including the implementation of our New Zero Carbon Roadmap and Social Impact Strategy and the ongoing development of our Climate Resilience Strategy, and the potential impact of these risks on our business and operations.

The Group's principal risks relating to 'Pandemic', 'Climate change and decarbonisation', 'Macro environment and London attractiveness', and the 'Impact of property market dislocation on financial leverage and banking covenants' have been identified as the risks which the Board believes could have the greatest potential impact on the Group's viability. The Group's viability statement can be found on page 78.

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

Audit Committee

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

Audit Committee members and attendance at scheduled meetings in 2021/22

Chair	
Nick Hampton	4/4

Members	
Charles Philipps	4/4
Mark Anderson	3/3
Vicky Jarman	4/4
Alison Rose	4/4
Emma Woods	1/1

Our approach

The key objectives for the Audit Committee are to review and report to the Board and shareholders on the Group's financial reporting, internal control and risk management systems, and on the independence and effectiveness of the auditor.

Our process

The Audit Committee Terms of Reference are available on the Company website at **www.gpe.co.uk/about-us/governance**.

At the beginning of the financial year, the Committee comprised four independent Non-Executive Directors, namely Nick Hampton as Chair, Charles Philipps, Vicky Jarman and Alison Rose. Mark Anderson and Emma Woods joined the Committee with effect from their appointments to the Board on 1 September 2021 and 1 February 2022 respectively. Nick Hampton will step down, and will be succeeded by Vicky Jarman, as Chair of the Audit Committee from the conclusion of the 2022 AGM. Nick Hampton will remain a member of the Audit Committee.

The biographies of the Committee members are set out on pages 84 and 85. Nick Hampton, Vicky Jarman, Charles Philipps and Alison Rose have recent and relevant financial experience and are considered suitably competent in accounting and/or auditing. The Committee, as a whole, has competence relevant to the real estate sector.

The Audit Committee provides a forum for review of the Group's financial external reporting, including its accounting policies. In respect of the Group's half-year and year-end results, this includes discussions with the Group's external valuer, CBRE, on the valuation process and conditions in London's real estate markets and with the Group's external auditor, Deloitte LLP (Deloitte), on any accounting or audit matters. The Committee reviews the Company's Task Force on Climate-related Financial Disclosures in the Annual Report and discusses sustainability assurance activities more broadly with Deloitte. The Audit Committee also reviews the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems, and is responsible for the selection and review of the effectiveness of the internal and external auditors.

The Chair of the Board, Richard Mully, attends the meetings reviewing the half-year and year-end results and has a standing invitation to attend any other meetings as appropriate. The Chief Executive, Chief Financial & Operating Officer, Executive Director, Director of Financial Reporting and Investor Relations, other members of senior management and representatives from the external auditor and internal auditor also attend Committee meetings as appropriate.

The Committee typically meets four times a year, with the meetings aligned with our financial reporting timetable.

> **"The Committee has continued to play a vital role in providing comfort to the Board on the integrity of the Group's processes and procedures in relation to financial reporting, internal control and risk management."**

Nick Hampton Chair of the Audit Committee

Dear fellow shareholder

On behalf of the Audit Committee, I am pleased to present my report as Chair of the Committee for the year ended 31 March 2022. After over five years in the role, this will be my final report as Chair of the Committee and I will be succeeded by Vicky Jarman, an experienced Audit Committee Chair, with effect from the conclusion of the 2022 AGM. This follows a period of transition and has been timed to coincide with the recent appointment of a new internal auditor and the upcoming appointment of a new external auditor. I wish Vicky well in her new role as Chair of the Audit Committee and I look forward to remaining a member of the Committee and providing my continued input and support.

During a year which was again impacted by COVID-19, the Committee has continued to play a vital role in providing comfort to the Board on the integrity of the Group's processes and procedures in relation to financial reporting, internal control and risk management.

The report is intended to provide insight into the Committee's activities in the year and sets out how we have performed against our key objectives.

As outlined on pages 107 and 113, the Committee meets four times a year to:

- plan the external audit;
- agree the internal audit plan;
- identify key accounting matters and areas of judgement as early as possible;
- review reports from the external and internal auditors and valuer;
- consider how risks and internal controls have operated in the preceding six months in respect of the half-year and year-end results;
- monitor the integrity of the Group's financial reporting and consider any significant judgements by management; and
- review the independence and effectiveness of the external and internal auditors.

The Committee spent additional time this year leading the process to appoint a new internal auditor and initiating an external audit tender process to appoint a new external auditor for the 2023/24 financial year.

Valuation of the portfolio, accounting considerations and key areas of judgement

As expected of a listed property REIT, the most significant financial judgement is GPE's property valuation which is central to the Group's performance and net asset value and is inherently subjective. A key responsibility of the Committee is, therefore, to satisfy ourselves that the valuation process in relation to the Group's property portfolio has been carried out appropriately. CBRE was reappointed as GPE's valuer for a further three-year term in April 2021. Following the comprehensive process which is outlined in more detail below, as a Committee we are satisfied that the valuation process is sufficiently robust.

Given the impact of the pandemic on customers' ability to meet their rental commitments, particularly in the retail, hospitality and leisure sectors, another key area that continued to be considered in the year was the process followed and the accounting for the non-payment of rents and rental concessions under IFRS 16 'Leases' and expected credit loss provisioning under IFRS 9 'Financial Instruments'. At 31 March 2022, an expected credit loss of £4.0 million, including our share of our joint ventures, has been provided for in the Group's accounts. This is significantly lower than the £9.6 million provision for uncollected rents in the prior year and, as a result, expected credit loss provisioning is no longer considered to be a key source of estimation uncertainty at this time.

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

- the methodologies used to value both our Flex space and our retail leases where the rent includes a turnover element which is dependent upon the performance of the store;
- the application of IFRS 15 'Revenue from Contracts with Customers' to the service revenue generated from our Fully Managed spaces; and
- the adoption of EPRA's new Loan to Value metric in its Best Practice Recommendations. With the additional inclusion of net current payables and receivables, our EPRA LTV is marginally higher (1.4%) than when using our historical methodology.

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

External audit process

A significant element of the 2019/20 and 2020/21 external audit processes were performed remotely as a consequence of the COVID-19 pandemic. Notwithstanding this, the Committee, management and Deloitte have ensured the delivery of effective external audits with minimal disruption, and a number of planning and communication enhancements have been made to further improve the audit process. Deloitte was once again able to perform the majority of the 2021/22 year-end audit in person at GPE's offices.

External audit tender process

During the year, the Committee commenced the process to retender the external audit. Deloitte has been GPE's auditor since 2003 and, in view of this length of service, was not invited or permitted to participate under applicable FRC rules. A selection committee will meet in the second half of 2022/23 with a view to selecting the preferred audit firm to be recommended to the Board and then put to a shareholder vote at the 2023 AGM. The firm to be appointed will shadow the 2022/23 half-year process and the 31 March 2023 year-end audit, which will be Deloitte's final audit. The newly appointed firm will, subject to shareholder approval at the 2023 AGM, be GPE's auditor for the 2023/24 financial year.

Fair, balanced and understandable

The Committee considered this Annual Report and Financial Statements 2022, taken as a whole, and concluded that the disclosures, as well as the process and controls underlying its production, were appropriate and recommended to the Board that the Annual Report and Financial Statements 2022 is fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.

Viability and going concern statements

The Committee considered the viability and going concern statements and their underlying assumptions. This included management's work on assessing the potential risks to the business and the impact of the macro-economic environment on London's attractiveness (including the risk of recession driven by factors including the UK's international trade relationships, supply chain disruption, lower growth forecasts and geopolitical tensions) and climate change and decarbonisation risks, and the appropriateness of the Company's choice of a three-year viability assessment period. Following this review, the Committee was satisfied that management had conducted robust viability and going concern assessments and recommended the approval of the viability and going concern statements to the Board.

Internal controls and risk management

The Audit Committee's role in supporting the Board's oversight and review of the Group's principal and emerging risks, internal controls and risk management processes is covered on pages 64 to 67 and page 106.

The Committee has discussed the proposals set out in the BEIS white paper on 'Restoring trust in audit and corporate governance'. The Committee continues to consider and monitor developments in the areas of internal controls assurance and risk management.

Accounting and key areas of judgement

Significant matter	Action taken
Valuation of the Group's portfolio The valuation of the Group's property portfolio is a key determinant of the Group's net asset value as well as indirectly impacting executive and employee remuneration. The valuation is conducted externally by independent valuers, however, the nature of the valuation process is inherently subjective due to the assumptions made on market comparable yields, estimated rental values, void periods and the costs to complete development projects.	The Audit Committee, together with the Chair of the Board, meets with the valuer, the Executive Directors and senior management involved in the valuation process along with the external auditor in November and May to discuss the valuation included within the half-year and year-end financial statements. This review includes the valuation process undertaken, changes in market conditions, including the receding impact of COVID-19, recent transactions in the market and how these have impacted our portfolio, the valuation of individual buildings and the valuer's expectations in relation to future rental growth and yield movement. The Committee asks the valuer to highlight significant judgements or disagreements with management during the valuation process. The external auditor, Deloitte, using its real estate experts, separately meets the valuer and provides the Audit Committee with a summary of its work as part of its report on the half-year and year-end results. As a result of these reviews, the Committee concluded that the valuation had been carried out appropriately and independently and was suitable for inclusion in the Group's accounts.

Internal audit

Our outsourced internal audit function provides independent assurance as to the adequacy and effectiveness of the Company's internal controls and risk management systems, and reports on its findings to the Committee. As discussed in last year's Annual Report, and in accordance with the FRC's Revised Ethical Standard 2019, PwC stepped down as the Group's internal auditor to allow it to participate in our external audit tender process, which is now underway. Following a detailed internal audit tender process, the Committee was pleased to appoint Grant Thornton as the Group's new internal auditor from January 2022.

In November 2021, the Committee discussed a PwC internal audit review of core financial processes, including People and Payroll processes, 'UK SOx' readiness, fraud risk management controls and processes and a review of employee wellbeing during the COVID-19 period. The reviews did not identify any major causes for concern and concluded that, overall, financial controls were robustly designed and operating effectively. Like many companies, GPE is progressing a number of actions towards achieving compliance with a 'UK SOx' regime which may develop in response to BEIS proposals and we continue to monitor developments in this area. In response to PwC's findings, steps have also been taken to strengthen GPE's risk management framework with the adoption of a dedicated Anti-Fraud, Bribery & Corruption Policy and the further development of a fraud risk assessment to formally assess GPE's key fraud risks and controls.

The Committee receives regular updates on the implementation of agreed actions arising from internal audit findings. In November 2021, the Committee discussed an update from PwC on the status of actions arising from its prior year review of GPE's cyber security and the results of a red team penetration testing exercise. The Committee was satisfied with the progress being made. Six-monthly reports on IT general controls and cyber governance are also presented to the Board by the Head of IT.

At the Audit Committee meeting in May 2022, the Committee reviewed and agreed with Grant Thornton the internal audit plan for 2022/23, having regard to the Company's risk management framework. It was concluded that, for the current financial year, Grant Thornton should carry out an internal audit of:

- risk management and assurance mapping;
- development risk;
- Flex space and technology; and
- cyber security.

The Committee believes that the process for determining the internal audit plan is appropriate and effective with scope for the Committee to react to events, new information and situations which become known during the year and to include them as necessary. In light of the COVID-19 pandemic and ongoing geopolitical tensions, the internal audit plan for 2022/23 will continue to be reviewed and adapted, if appropriate, to meet the changing needs of the business.

Supplier payment practices

The Committee reviews the Group's supplier payment practices twice per year along with opportunities to further enhance processes. For the period to 31 March 2022, the average supplier payment period of the Group's largest subsidiary was 30 days (2021: 26 days).

Our Anti-Fraud, Bribery & Corruption and Whistleblowing Policies

Each year, as part of the year-end planning meeting, the Committee considers the Group's Ethics and Whistleblowing Policies, both of which address the Company's policies on bribery and fraud, for reporting to the Board. The Board has a zero tolerance for bribery and corruption of any kind.

Annually, all employees are required to confirm their compliance with the Group's Anti-Fraud, Bribery & Corruption, Ethics, Gifts and Hospitality and Whistleblowing Policies as outlined on page 95 and any non-compliance is escalated to the Committee as appropriate. No matters were escalated to the Committee in the year.

The Company's whistleblowing processes include a confidential hotline, operated by an independent third party, through which employees can anonymously raise matters of concern relating to suspected wrongdoings or dangers at work. Any matters reported are investigated by the General Counsel & Company Secretary or the Senior Independent Director. During the year, there were no whistleblowing incidents reported.

Auditor reappointment

Deloitte was appointed as external auditor to Great Portland Estates plc in 2003 and the lead audit partner, Judith Tacon, took responsibility for the audit in June 2018. Auditor effectiveness is reviewed every year. A competitive tender process is currently being undertaken to coincide with the end of Judith Tacon's five-year tenure as audit partner. Deloitte's final audit will be in respect of the 2022/23 financial year.

Based on the Committee's recommendation, the Board is proposing that Deloitte be reappointed at this year's AGM and will notify the public via a London Stock Exchange announcement once the audit tender process has concluded and it has made its decision on which firm to appoint from the 2023/24 financial year.

Committee effectiveness

I believe that the quality of discussion and level of challenge by the Committee with management, the internal and external audit teams and the valuer, together with the timeliness and quality of papers received by the Committee, ensures the Committee is able to perform its role effectively. The formal review of the Committee's effectiveness was covered as part of this year's internal Board and Committee evaluation process and I am pleased that the review confirmed that the Committee continues to operate effectively. Further details on the process and its broader findings can be found on pages 104 and 105.

Nick Hampton
Chair of the Audit Committee
19 May 2022

The external audit and review of its effectiveness

The Audit Committee advises the Board on the appointment of the external auditor, negotiates and agrees its remuneration for audit and non-audit work, reviews its effectiveness, independence and objectivity and discusses the nature, scope and results of the audit with the external auditor. As part of the review of the effectiveness of the external audit, a formal evaluation incorporating views from the Committee and relevant members of management is considered by the Committee. Feedback from the review undertaken in September 2021 was provided to Deloitte as part of the annual planning meeting.

Areas covered by the review included:

– the calibre of the external audit firm, Deloitte – including reputation, coverage and industry presence;
– quality controls – including review processes, partner oversight, reports on Deloitte generally from the Audit Quality Review Team (AQRT) and regulators and use of specialists;
– the audit team – covering quality of individuals, knowledge, resources, partner involvement, team rotation, the audit scope including planning and execution, scope adequacy and specialist areas;
– audit fee – reasonableness and scope changes;
– audit communications and effectiveness – planning, new developments and regulations, approach to critical accounting policies, issues and risks, quality of processes, timely resolution of issues, freedom of communication with the Audit Committee and feedback on management performance;
– governance and independence – internal governance arrangements, lines of communication with the Audit Committee, integrity of the audit team, Audit Committee confidence in the audit team and transparency;
– ethical standards – including conflicts of interest;
– non-audit work and partner rotation; and
– potential impairment of independence by non-audit fee income.

Overall, the Committee agreed that Deloitte remained both effective and efficient, with strong and open communications, appropriate challenge and judgement and a solid understanding of the Company, its industry and commercial risks. It was felt that Deloitte had performed a smooth and effective 2021/22 audit.

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

The Committee requested that Deloitte continue to provide feedback on how the Company was responding to governance requirements and, in February 2022, the Deloitte Governance Team provided an in-depth update on recent corporate governance developments and their impact on the Company.

Following a tender process, Deloitte has been the Group's auditor since 2003. It is a requirement that the audit partner responsible for the Group and subsidiary audits is rotated every five years. Under the Company's interpretation of the transitional arrangements for mandatory audit rotation, the Company will be required to change external auditor for the financial year ended 31 March 2024, to coincide with the end of Judith Tacon's five-year tenure as audit partner.

The Committee believes that the relationship with the external auditor is effective and remains satisfied with Deloitte's independence and believes it to be in the best interests of shareholders to align the external auditor rotation with the expiry of the current audit partner's tenure. The Committee has, therefore, recommended to the Board that Deloitte be reappointed as auditor at the 2022 Annual General Meeting. There are no contractual obligations restricting the Company's choice of external auditor.

During the year, the Committee initiated a competitive tender process to transition to a new external auditor for 2023/24. This process is expected to conclude within the first half of 2022/23, and an announcement regarding the outcome of the process will be made at the appropriate time.

The Company has complied during the year ended 31 March 2022, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Non-audit services

The external auditor, Deloitte, is responsible for the annual statutory audit and also provides certain other services which the Audit Committee believes Deloitte is best placed to undertake due to its position as auditor. These arrangements are governed by the Group's policy for provision of non-audit services by the external auditor which is available on the Company's website at **www.gpe.co.uk/investors/governance**. The policy, which is reviewed annually, reflects the FRC's Revised Ethical Standard that came into force on 15 March 2020.

The purpose of this policy is to ensure that auditor independence and objectivity are maintained and under the policy, prior approval is required by the Committee for any permitted non-statutory assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditor over 50% of that year's audit fees. The appointment of Deloitte to undertake any non-audit services also requires the prior approval of the Chief Financial & Operating Officer and, importantly, he is required to consider whether it is in the interests of the Company that the services are provided by Deloitte, rather than another supplier.

The policy also applies a fee cap on permitted non-audit services whereby such fees in any financial year must not exceed 70% of the average statutory audit fee for the prior three consecutive financial years. This fee cap has also been monitored for those firms that have put themselves forward for the external audit tender process that is currently underway.

During the year, activities undertaken by Deloitte for the Group outside of the main audit included:

- the interim review;
- reporting on the income cover in connection with the debenture trust deed compliance certificate; and
- assurance of 2021/22 sustainability and energy consumption data.

In each case, Deloitte was considered the most appropriate service provider due to its position as auditor and given its detailed knowledge and understanding of our business and industry.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 147. The Group's audit fees are presented to, discussed and approved by the Audit Committee at its February year-end planning meeting. In addition, audit and non-audit fees paid to Deloitte in respect of joint ventures totalled £87,300 (GPE share: £43,700) (2021: £82,100) and £nil (2021: £nil) respectively. The non-audit fees for the year ended 31 March 2022 as a percentage of the prior three-year average audit fees are 39%, as set out in the table below. The year on year increase primarily arose from Deloitte undertaking additional assurance work on our sustainability and energy consumption data.

Audit and non-audit fees

	2022 £000	2021 £000	2020 £000
Audit fees	**331**	286	271
Non-audit fees including the interim review	**103**	83	77
Ratio of non-audit fees to audit fees	**39%**	34%	35%
Audit fees of joint ventures (GPE share)	**44**	42	35

In addition to ensuring compliance with the Group's policy in respect of non-audit services, the Committee also receives confirmation from Deloitte that it remains independent and has maintained internal safeguards to ensure its objectivity.

Internal audit

An Internal Audit Charter approved by the Board governs the internal audit remit and provides the framework for the conduct of the internal audit function, which was outsourced to PwC and, from January 2022, Grant Thornton, as explained above. The Committee approved an updated Internal Audit Charter in February 2022, which reflects market practice and recommendations in the Internal Audit Code published by the Chartered Institute of Internal Auditors in 2020.

The Committee reviews and approves the internal audit plan annually which is closely aligned to the review by management and the Committee of the Group's risk management framework. In addition, the Committee Chair meets with the internal auditor separately to the Committee to discuss planned internal audit activities and the results of internal audit reviews.

The Committee meets annually with the internal auditor without management present to discuss the effectiveness of the internal audit function, and also to seek feedback from the internal auditor on the conduct of members of the GPE team during the internal audit process. The external audit partner also meets separately with the internal auditor at least annually.

The Committee would have usually conducted an annual formal assessment of the effectiveness of internal audit in early 2022. Given Grant Thornton's recent appointment in January 2022, the next formal assessment will be undertaken in early 2023 when Grant Thornton will have been in situ for a year.

Where it is proposed to appoint Grant Thornton in any advisory role, careful consideration must first be given to any potential conflict with its internal audit role. The Audit Committee will also specifically consider Grant Thornton's independence when annually reviewing and approving the internal audit plan to ensure that there are no conflicts in Grant Thornton undertaking the proposed internal audit work.

What we did in relation to the financial year ended 31 March 2022

2021

September

Annual planning meeting

Met with CBRE to receive an update ahead of the half-year valuation.

Met with the external auditor, Deloitte, and management to review:

- the effectiveness and independence of the auditor – see page 111;
- significant accounting and key areas of judgement – see page 109; and
- Deloitte's 2021/22 audit plan.

Other matters

Considered additional sustainability-related assurance work required from Deloitte and internally at GPE.

Received an update on the external auditor tender process.

November

Review of half-year results

Met with CBRE to consider the September 2021 valuation.

Met with Deloitte and management to consider:

- Deloitte's independence;
- their review of the September 2021 valuation and the half-year results announcement;
- Deloitte's sustainability assurance;
- significant accounting and key areas of judgement including going concern – see page 109;
- the principal and emerging risks, monitoring of internal controls and risk management processes;
- the half-year results announcement; and
- the relationship between Deloitte and GPE management with feedback provided by Deloitte without management present.

Other matters

Considered the findings from PwC's internal audit review of core financial processes, including People and Payroll processes, 'UK SOx' readiness, fraud risk management controls and processes and a review of employee wellbeing during the COVID-19 period.

Received the FRC's annual review of Corporate Reporting 2020/21 and an update on supplier payment practices.

Received an update on the re-tender of the external audit process.

2022

February

Internal audit

Met with the new internal auditor, Grant Thornton, and approved an updated internal audit charter.

Year-end planning update

Met with Deloitte and management to consider/approve:

- significant accounting and key areas of judgement;
- proposed changes to disclosures planned for the 2022 Annual Report;
- developments in corporate reporting presented by Deloitte;
- the 2021/22 audit plan update; and
- the 2021/22 audit fee – see page 112.

Other matters

Corporate governance update received from the General Counsel & Company Secretary and Deloitte.

External audit tender process update.

Review of GPE's Anti-Fraud, Bribery & Corruption Policy and fraud risk assessment and Ethics, Gifts and Hospitality and Whistleblowing Policies – see page 110.

Reviewed the Audit Committee Terms of Reference.

Reviewed the Provision of Non-Audit Services Policy.

Reviewed the Finance team.

Reviewed the Committee's effectiveness.

May

Review of year-end results

Met with CBRE to consider the March 2022 valuation – see pages 35 and 36.

Met with Deloitte and management to review:

- Deloitte's audit of the March 2022 valuation – see pages 35 and 36;
- Deloitte's sustainability assurance;
- significant accounting and key areas of judgement including going concern and viability work – see page 109;
- an update on Group tax matters;
- an update on GPE's supplier payment practices;
- the principal and emerging risks, monitoring of internal controls and risk management processes – see pages 64 to 77;
- the preliminary results announcement and Annual Report;
- the relationship between Deloitte and GPE management with feedback provided by Deloitte without management present; and
- reappointment of the auditor – see page 110.

Other matters

Met with Grant Thornton and approved the 2022/23 internal audit plan.

Remuneration Committee

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

Remuneration Committee members and attendance at scheduled meetings in 2021/22

Chair	
Wendy Becker	4/4

Members	
Charles Philipps	4/4
Mark Anderson	3/3
Nick Hampton	3/3
Vicky Jarman	4/4
Alison Rose	4/4
Emma Woods	1/1

Our approach

The key objectives of the Remuneration Committee (the Committee) are to ensure that the Executive Directors are appropriately incentivised and remuneration arrangements are fully aligned with the Company's strategy to generate superior portfolio and shareholder returns.

As outlined on page 14, we currently measure our absolute and relative performance using a small number of key financial performance indicators:

- Relative Total Property Return (TPR) demonstrating our portfolio's relative performance;
- Relative Total Shareholder Return (TSR) reflecting relative shareholder value; and
- Total Accounting Return (TAR) showing our absolute performance.

Over the medium term, we aim to outperform our benchmarks.

The Group's Annual Bonus Plan for the Executive Directors and employees generally uses financial targets based on TAR and the capital growth element of TPR, together with a review of the attainment of strategic and personal objectives to achieve operational excellence. For 2020/21 and 2021/22, given the level of market uncertainty and volatility arising from the COVID-19 pandemic, TAR was replaced by TSR. The TAR element has been reinstated for the Annual Bonus Plan 2022/23 for which, in line with our strategic priorities, we have also introduced a new financial measure linked to the growth of our Flex offer.

Following our shareholder consultation and Directors' remuneration policy update in 2020, the Long Term Incentive Plan (the LTIP) uses two of our key performance indicators to measure the Group's performance, namely TSR (50%) and TAR (50%). Under the LTIP, the level of reward to Executive Directors and senior management depends on the performance of the Group over a three-year period.

As well as being responsible for determining the remuneration of the Executive Directors, the Committee is responsible for setting the remuneration of the Chair of the Board, the members of the Executive Committee and other senior executives. The Committee also reviews the broad operation of remuneration policy and practices for all employees.

Our process

The Committee's Terms of Reference are available on the Company website at **www.gpe.co.uk/about-us/governance**.

The Committee is comprised of seven independent Non-Executive Directors. Wendy Becker as Chair, Charles Philipps, Vicky Jarman and Alison Rose each served on the Committee throughout the financial year. Mark Anderson and Nick Hampton joined the Committee on 1 September 2021 and Emma Woods joined the Committee on 1 February 2022. Non-Executive Directors who are not members of the Committee each have a standing invitation to attend meetings of the Committee as appropriate.

The Committee was advised during the year by FIT Remuneration Consultants LLP (FIT Rem) as independent remuneration consultants. FIT Rem, which was appointed by the Committee in August 2014 following a review of advisers, attends Committee meetings and provides advice on remuneration for the Executive Directors, analysis on all elements of the remuneration policy and regular market and best-practice updates. Further information on FIT Rem and other Committee adviser fees is available on page 132.

FIT Rem reports directly to the Committee and does not provide any other services to the Company.

At the request of the Committee, Toby Courtauld, the Chief Executive, attends Committee meetings where appropriate and provides input with regard to the achievement of personal objectives for senior executives. He also attends discussions on remuneration as considered appropriate by the Committee, including on new appointments and promotions and to provide his input on the development of the remuneration policy. Carrie Heiss, HR Director, attends Committee meetings where appropriate to present proposals regarding Executive Director and workforce remuneration and related policies and the alignment of remuneration across the organisation, as well as to voice the perspectives of employees on relevant matters.

No Director or employee is involved in discussions on their own pay.

Compliance with the 2018 UK Corporate Governance Code

Throughout the year the Committee has considered the provisions set out in paragraph 40 of the 2018 UK Corporate Governance Code. In the Committee's view, the Company's Directors' remuneration policy (the Policy) and current practices address these factors as set out below:

Clarity	**Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce**	The Committee proactively engages with shareholders and their representative bodies as part of the Policy renewal process (engaging with shareholders representing over 50% of the share register as part of the 2020 Policy review). It is also regularly updated on developments in market practice and receives reports on pay and conditions across the business. In 2021, the Chair of the Committee led an interactive all-employee event to discuss the 2020 Policy revisions and broader remuneration matters. Groups of employees were separately consulted on proposed revisions to the methodology for setting objectives and assessing outcomes for the personal element of the annual bonus which has been applied to all employees, including Executive Directors, from 2021/22. Further consultation is also envisaged as part of the 2023 Policy renewal process.
Simplicity	**Remuneration structures should avoid complexity and their rationale and operation should be easy to understand**	The Company operates a simple pay model which is biased to variable pay but only permits significant payments where the Company outperforms on both an absolute and relative basis against clear KPIs. The Annual Bonus Plan also includes a variety of strategic and personal objectives, with at least 50% of these combined elements being objectively measurable.
Risk	**Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated**	There is broad discretion to reduce variable pay if the Committee does not consider the formulaic outcome to be appropriate in the circumstances and all plans include the ability to operate malus and clawback where appropriate. A proportion of Executive Director bonuses is deferred into shares for three years and post-cessation shareholding guidelines apply to mitigate the risk of short-termist behaviours.
Predictability	**The range of possible reward values to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy**	The Policy includes a scenario chart showing potential pay levels on various assumptions and all awards are subject to maximum grant levels as set out in the Policy, together with the discretions set out under 'Risk' above.
Proportionality	**The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance**	The outturn in respect of variable pay is clearly set out in this Report on pages 120 to 127 with payment clearly linked to our strategic and financial priorities. As indicated under 'Risk', the outturn can be reduced by the Committee as appropriate.
Alignment to culture	**Incentive schemes should drive behaviours consistent with Company purpose, values and strategy**	Equivalent incentive plans apply to the wider workforce to engender a high-performance culture, albeit that the weighting on personal performance increases as the bonus plans cascade through the workforce. All objectives are directly linked to the Group's KPIs while a proportion of objectives must be values-led. An individual's commitment to GPE's values and behaviours is also reviewed as part of the personal performance assessment process.

Strategic alignment of pay

As described on pages 14 and 15, GPE focuses on specific key performance indicators, the achievement of which is driven by our strategic priorities. We remain focused on creating value in our portfolio, generating capital and income growth and shareholder value creation over time. Alongside these key financial metrics, sustainability is an important strategic priority for the Group, customer satisfaction remains critical to our business plans, including the expansion of our Flex product, and we believe that our people are fundamental to the success of our business and its long-term sustainable growth. For 2022/23, a proportion of the annual bonus for Executive Directors has also been linked to GPE's diversity and inclusion priorities, as explained on page 118.

The measures and targets within our Annual Bonus Plan and LTIP align with our KPIs and strategic priorities to ensure strong linkage between these and Executive Director remuneration, as shown in the table opposite. Operating with a clear bias to variable pay linked to our KPIs, with an appropriate mix of absolute and relative performance goals, ensures that management can only achieve near maximum levels of reward for achievement of both significant outperformance compared with other real estate companies and real absolute returns for our shareholders.

KPI	Long Term Incentive Plan [1]	Annual Bonus Plan [1]
TSR	✓	✓ [2]
TAR	✓	✓ [2]
TPR	✓ [3]	✓ [4]
Flex growth		✓ [5]
Sustainability		✓
Customer satisfaction		✓
Employee engagement (including D&I component)		✓

1. Appropriate actions also captured through Directors' personal objectives under the Annual Bonus Plan.
2. For the 2020/21 and 2021/22 bonuses, TAR was replaced with relative TSR due to the uncertainties of real estate values arising from the COVID-19 crisis and the potential for highly volatile valuations.
3. Applicable to the unvested 2019 LTIP awards.
4. Capital growth element of TPR.
5. Introduced as an additional annual bonus financial measure for 2022/23.

The Committee regularly reviews pay structures and incentive arrangements to ensure strong alignment between business performance and remuneration arrangements.

> The Committee regularly reviews pay structures and incentive arrangements to ensure strong alignment between business performance and remuneration arrangements."

Wendy Becker Chair of the Remuneration Committee

Dear fellow shareholder

On behalf of the Committee, I am pleased to present the Directors' remuneration report for the year ended 31 March 2022 (the Report). This will be my final report as Chair of the Committee and I will be succeeded by Emma Woods, an experienced Remuneration Committee Chair, with effect from the conclusion of the 2022 AGM. I wish Emma every success in her new role.

The Committee has continued to implement the Directors' remuneration policy (the Policy) which was approved by our shareholders at the 2020 AGM with over 98% of votes in favour. No changes to the Policy are proposed for 2022/23. A full copy of the Policy can be found on our website at **www.gpe.co.uk/investors**. The key policy tables can be found on pages 155 to 159 of the 2021 Annual Report.

At the 2021 AGM, our Directors' remuneration report was approved with over 99% of votes in favour.

Wider context and key decisions

We are conscious that some shareholders are interested in companies' take-up of COVID-19 related reliefs. The Company has, again, not availed itself of such government sponsored arrangements and has not placed any employees on furlough or made redundancies. We have also maintained the payment of our ordinary dividends.

In the midst of rising inflation and costs of living, the Committee was pleased to oversee an average like-for-like salary increase of 6.1% for employees for 2022/23. All employees received a minimum increase of 3.5%, or 5% in the case of colleagues on lower salaries in view of the greater relative impact of inflationary pressure.

The Committee has had regard to business performance alongside this wider context when considering reward and incentive outcomes. Key Committee decisions for the year, as more fully described in this Report, include:

- determining annual bonus and LTIP outcomes;
- agreeing salary and fee increases for the Executive Directors and the Chair of the Board in line with the minimum employee increase;
- introducing a new Flex growth financial measure into the 2022/23 annual bonus in line with our near-term strategic priority to deliver our Flex ambition;
- incorporating specific diversity and inclusion targets within Executive Director and Executive Committee annual bonuses for 2022/23;
- setting stretching targets for the Annual Bonus and LTIP, including the refocusing and simplification of sustainability measures; and
- agreeing the joining terms for Dan Nicholson.

Business outcomes in respect of the year ended 31 March 2022

Despite the continued disruption of COVID-19, GPE has continued to progress its strategy and delivered strong operational performance while maintaining our financial strength and capital discipline.

During the year, we delivered record volumes of leasing, including pre-letting all the offices at our 50 Finsbury Square, EC2 development and, despite the challenging retail backdrop, we leased the entirety of 103/113 Regent Street, W1. We also completed our 1 Newman Street development, commenced our £1.1 billion near-term development programme and completed our first Flex acquisition of Gresse Street, W1.

Our leasing success, combined with our portfolio performance, delivered strong financial results. EPRA NTA increased by 7.2% over the year which, when combined with the dividend, delivered a TAR of +8.8%. EPRA EPS was 10.8 pence, a decline of 31.6% which was anticipated, in part driven by the rental income foregone through the profitable sale of 160 Old Street, EC1.

The like-for-like property valuation across our portfolio was up 6.1% over the year, ahead of our central London benchmarks. We delivered a TSR of 6.6% albeit underperforming the FTSE 350 Real Estate Index following the strong share price performance of other real estate sectors including industrial and logistics space.

We have continued to innovate and evolve our strategy in response to market trends and the changing needs and aspirations of our customers, people and wider stakeholders. During the year, we enhanced our Customer first approach, refreshed our corporate brand, further developed our Flex product, adopted our Sustainable Finance Framework and launched our Social Impact Strategy.

Moreover, we have maintained our financial strength, with our loan-to-property value ratio being only 20.5%. Our liquidity position remains strong, with £391 million of available cash and undrawn facilities. We have also maintained the payment of our ordinary dividends.

Taken as a whole, we continue to be well positioned to deliver both our purpose and long-term shareholder value.

Remuneration outcomes in respect of the year ended 31 March 2022

Against the backdrop of this business performance, the Company's variable pay was assessed as set out in the following sections.

Annual Bonus Plan

As explained in last year's report, the 2021/22 annual bonus was subject to relative TSR over the financial year instead of the usual TAR measure, together with the usual MSCI Capital Growth Index outperformance measure. The Committee did not consider it possible to set a suitable TAR target range given the uncertainty of real estate values in the midst of the COVID-19 crisis and the potential for highly volatile valuations.

Under our 2021/22 Annual Bonus Plan, our relative share price performance compared with the FTSE 350 Real Estate Index was below the median of our peer group, thereby resulting in a zero payout for the TSR measure. It is of course disappointing that, had the usual TAR measure been retained, this would have likely resulted in a high performance outturn given our TAR of +8.8% is the strongest for six years.

The Group's portfolio capital growth is estimated to have performed above the MSCI Capital Growth Index (we await final confirmation of the results), resulting in an estimated 100% payout for that measure.

The Company performed well against the customer satisfaction and employee engagement metrics in the ESG/strategic measures. Whilst the Company exceeded its targets for the carbon impact and energy consumption sustainability measures, it did not meet the biodiversity target and, as such, this resulted in a zero payout for the sustainability measures.

Each of the Executive Directors performed very well against their personal objectives, making a significant contribution to the development and implementation of the Group's strategic priorities. Once again, in line with the Policy approved by shareholders at the 2020 AGM, the Committee applied a tougher stance to performance assessment than in previous years and awarded the Chief Executive, Chief Financial & Operating Officer and Executive Director an outturn of 75%, 75% and 50% respectively. See pages 122 and 123 for further details.

The formulaic outturn, therefore, was felt to be appropriate and was approved without the exercise of further discretion. The 2021/22 annual bonus outturn was 56.3%, 56.3% and 52.5% of the maximum (84.4%, 84.4% and 78.8% of eligible salary) respectively for the Chief Executive, Chief Financial & Operating Officer and Executive Director.

As announced on 21 September 2021, Dan Nicholson took a short leave of absence to recuperate from a road traffic accident and his annual bonus payment has therefore been pro-rated to reflect this.

In accordance with the Policy approved at the 2020 AGM, 40% of Executive Directors' annual bonuses will be deferred into shares for three years through the Company's Deferred Share Bonus Plan. Please refer to page 126 of this Report for further details.

2019 LTIP vesting

The performance under the 2019 LTIP was significantly impacted by the onset of COVID-19 in early 2020 and geopolitical and market uncertainties. The economic impact, and associated behavioural changes, impaired property values in the performance period, particularly for retail space. This resulted in a 18 pence per share EPRA NTA decline over the three years, equating to a TAR of +2.3% or +0.8% p.a. and a nil vesting of the TAR measure for the Group's three-year 2019 LTIP award.

Against this challenging backdrop, our relative share price performance has underperformed against the FTSE 350 Real Estate Index, with many of the constituents investing in other asset classes which outperformed London offices, including logistics and self-storage space. As a result, we expect a 0% vesting of the TSR measure based on the information available as at 31 March 2022.

However, we anticipate that we outperformed the TPR benchmark for the three year period to 31 March 2022 by 0.04% per annum resulting in an estimated 22.1% vesting of the TPR measure.

2018 LTIP vesting

The figures disclosed in the 2021 Annual Report for the 2018 LTIP vesting were based on an estimated TSR performance outcome of 38.4% based on the information available as at 31 March 2021. Disappointingly, at the end of the applicable performance period, GPE's TSR performance ranked on the 49.4th percentile (one place below median), resulting in a nil vesting for the 2018 LTIP awards.

Appointment of new Executive Director

As announced by the Company in September 2021, Dan Nicholson was appointed to the Board with effect from 6 September 2021 as Executive Director with responsibility for Portfolio Management and Development Management. The reward package for Dan Nicholson was set in line with the existing Policy. His gross basic salary on appointment was £350,000 and he receives standard benefits and incentive awards commensurate with his position. Dan's employer pension contribution rate is 15% of basic salary in line with the average rate available to all GPE employees. There was no buyout of, or compensation for, his previous remuneration packages. As an Executive Director, Dan will be required to build up a shareholding of 300% of base salary and retain all shares that are vested to him, net of any tax liabilities, until the requirement is satisfied. He is also subject to GPE's post-cessation shareholding requirement. Further details can be found on page 126 of this Report.

Directors' remuneration report continued

2022/23 implementation of our Policy

Annual Bonus Plan

In line with expectations, the Annual Bonus Plan for 2022/23 will revert to the usual measures of TAR and performance against the MSCI Capital Growth Index. In addition, in view of our near-term strategic priority to grow our Flex space to more than 600,000 sq ft within our existing portfolio, which we will look to supplement through acquisitions, the Committee has added a new financial measure to the 2022/23 Annual Bonus Plan related to the growth of our Flex offer. The weightings of the financial measures for 2022/23 will be: TAR – 30% (previously 35%); Capital Growth – 30% (previously 35%); and Flex -10%. Further details can be found on page 127.

In accordance with the Policy, the Committee sets the appropriate Annual Bonus (and LTIP) target ranges each year having regard to business plans, external forecasts and such other factors as the Committee considers relevant at the time.

The Committee has set appropriate ESG/strategic measures based upon the achievement of objectively measurable sustainability, customer satisfaction and employee engagement targets, as further detailed on page 127. The Committee has simplified the sustainability measures to focus on one high priority measure, to reduce our energy intensity, which aligns with our Net Zero Carbon Roadmap and which management has the ability to impact year on year across a significant proportion of the portfolio (by square feet). Embodied carbon and biodiversity targets will continue to be measured separately.

For 2022/23, and representative of our focus in this area, management incentives have been directly linked to progress against our diversity and inclusion (D&I) agenda through the annual bonus, with the inclusion of specific D&I personal objectives for each of the Executive Directors. An inclusion component has also been incorporated into the Employee Engagement measure under the ESG/strategic measures.

The Annual Bonus target ranges will be clearly reported retrospectively following the financial year end.

LTIP award

The 2022 LTIP award will continue to be subject to the two equally weighted performance measures of relative TSR and absolute TAR, both of which are explained in the main body of this Report. Details of the applicable performance targets can be found on page 127.

Salaries

For the year commencing 1 April 2022, the average like-for-like salary increase will be 6.1% with all employees receiving a minimum increase of 3.5%. The Committee increased Toby Courtauld's, Nick Sanderson's and Dan Nicholson's salaries by 3.5% in line with that minimum level.

Policy review

Our Policy was last approved by shareholders in 2020 and must be submitted to shareholders for approval at the 2023 AGM. The Committee will therefore be considering the renewal of our Policy during 2022/23 and will consult with major shareholders and proxy advisory firms regarding any proposed revisions to it. This process will be led by Emma Woods as the incoming Chair of the Committee.

I hope you find this Report clear and informative and I look forward to receiving your support for the resolution approving the Report at the 2022 AGM.

Wendy Becker
Chair of the Remuneration Committee
19 May 2022

Employee remuneration and engagement

As explained overleaf, the Committee applies consistent remuneration principles for employees across the Group. As part of its responsibilities, the Committee reviews GPE's wider employee remuneration policies and practices and the alignment of incentives and rewards with the Company's culture.

The Committee takes into account pay and conditions across the Group when determining the remuneration of the Executive Directors and other members of senior management. Prior to the annual pay review, the Committee receives a report setting out changes to employee remuneration levels and proposed discretionary bonus awards. The Committee also discusses GPE's gender pay gap statistics alongside our D&I objectives and related policies.

In March 2021, the Committee Chair led an interactive all-employee event to discuss a range of remuneration matters, including the 2020 Policy changes, GPE's broader remuneration principles and approach, alignment of pay, the workings of the Committee and changes to the personal bonus methodology which were implemented for 2021/22 following consultation with employees.

We continued to hold our 'Audience with…' employee engagement sessions during the year which provide an opportunity to hear directly from employees. Employee views on Executive remuneration and related matters will be considered in our review of the Policy which is due for renewal at the 2023 AGM.

More broadly, remuneration is regularly discussed with employees. GPE's annual review process and how this links to employees' remuneration is incorporated into our new joiner induction process, along with an introduction to GPE's all-employee share plan. Briefing sessions are also held with employees from time to time to discuss pay policies and the work of the Committee, as well as to enable employees to find out more about GPE's pension scheme and all-employee share plan offer.

Our overarching remuneration policy principles and a fair and consistent approach

The Executive Directors' total pay is analysed by looking across each of the different elements of remuneration including salary, benefits, pension, the Annual Bonus Plan and long-term incentives to provide the Committee with a view of total remuneration rather than just the competitiveness of the individual elements. It is important that the Group's remuneration policy reinforces the Company's purpose, culture and values providing effective incentives for exceptional Group and individual performance. As well as providing motivation to perform, remuneration plays an important retention role and needs to be appropriately competitive without being excessive.

To achieve the aims of the Company's remuneration policy, the Committee generally seeks to position fixed remuneration, including benefits and pension, around mid-market, taking into account the size and complexity of the business as compared with other peer companies in the sector, and, using a significant proportion of variable reward, offers the ability to increase total potential remuneration for superior performance through the Annual Bonus Plan and long-term incentives.

The Committee seeks to apply consistent principles to remuneration across the organisation. Our approach to salary reviews is to consider each employee's level of responsibility, experience, individual performance, salary levels in comparable companies and the Company's ability to pay. Remuneration surveys and meetings with sector specialists are used, where appropriate, to establish market rates.

The weighting of the different components of an employee's remuneration will vary depending on their role, responsibilities and seniority, with senior employees having a higher proportion of their remuneration linked to variable reward and Company performance. However, we apply our overarching remuneration principles, and provide a competitive and consistent remuneration and benefits package, as appropriate, throughout GPE. This is made up of the following key components:

All employees		Executive Directors
All employees receive a market-competitive base salary reflective of the individual's role, responsibilities and experience, which is subject to an annual external benchmarking review for approximately 90% of our roles.	Salary	Executive Directors receive a market-competitive base salary reflective of their responsibilities, which is subject to an annual external benchmarking review to ensure salaries remain at an appropriate level to attract and retain talent in our industry.
All employees receive market-competitive benefits, including private medical insurance.	Benefits	Executive Directors receive market-competitive benefits, including private medical insurance. No car allowance is provided.
All employees are eligible and encouraged to join the GPE pension scheme to save for their retirement, with an employer contribution of 15%.	Pension	The Company has committed to align Executive Director and wider workforce contribution levels by the end of 2022. Newly appointed Executive Directors' contribution levels are aligned with the wider workforce.
All employees can join the Company's Share Incentive Plan, allowing employees to purchase Company shares in a tax efficient way and to receive matching shares, thereby encouraging employee share ownership. 73% of GPE's employees participate in the Share Incentive Plan.	All-employee share plans	The Executives Directors are also eligible to participate in the Company's share incentive plan.
All employees participate in the Annual Bonus Plan and are subject to the same corporate financial measures alongside individual personal objectives which are assessed using a consistent methodology. A proportion of the bonus entitlement of certain members of senior management will additionally be subject to the Company's ESG/strategic measures.	Annual Bonus Plan	The maximum bonus potential for Executive Directors is 150% of base salary. At least 40% of any bonus outcome will be deferred into shares, typically through the Deferred Share Bonus Plan to provide further alignment with the shareholder experience.
Those able to influence long-term performance, generate significant sustainable returns or managing major capital budgets may participate in the LTIP and will be subject to the same pre-vest performance metrics as Executive Directors. Approximately one-third of all employees participate in the LTIP. Awards vest after three years.	Long Term Incentive Plan (LTIP)	The Executive Directors have a larger potential maximum opportunity, being eligible to receive an award of up to 300% of base salary. Awards since 2017 are subject to a three-year performance period followed by a two-year holding period.

Directors' remuneration report continued

The Annual Remuneration Report sets out how the Directors' remuneration policy was applied in 2021/22 and how it will be applied for the forthcoming year. It is divided into four sections:

The Company's auditor has reported on specific sections of this Report and stated, where applicable, that in its opinion those sections have been properly prepared. The sections that have been subject to audit are marked with an asterisk (*).

The Directors' remuneration policy was approved by shareholders at the 2020 AGM and is available on the Company's website at **www.gpe.co.uk/investors**. The key policy tables can be found on pages 155 to 159 of the 2021 Annual Report.

Executive Directors' remuneration for the year ended 31 March 2022

Executive Directors' single figure table*

	Base salary[1]		Benefits[10]		Pension[3]		SIP[4]		Fixed Total		Annual Bonus[5]		LTIP		Variable Total		Total[8,9]	
Executive Directors	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021[6,7] £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Toby Courtauld	**624**	612	**16**	26	**125**	122	**4**	4	**769**	764	**527**	220	**140**	–	**667**	220	**1,436**	984
Nick Sanderson	**430**	421	**14**	16	**86**	84	**4**	4	**534**	525	**363**	161	**96**	–	**459**	161	**993**	686
Dan Nicholson[2]	**201**	–	**3**	–	**30**	–	**–**	–	**234**	–	**135**	–	**–**	–	**135**	–	**369**	–

1. Please refer to the 'Salary' table on page 126 for details of Executive Directors' annual salaries.
2. Dan Nicholson joined the Board on 6 September 2021. Details of his joining arrangements are set out on page 117. He is entitled to a pro-rated bonus for his period of service from 4 October 2021 to 31 March 2022.
3. Toby Courtauld and Nick Sanderson currently receive a pension allowance of 20% of their basic salary. Dan Nicholson receives an employer pension contribution of 15% of his basic salary, in line with the wider workforce.
4. The value of the matching shares awarded under the SIP are calculated using the share price on the date the shares were purchased.
5. 40% of the annual bonus will be deferred into shares for three years under the Deferred Share Bonus Plan. Deferred bonus shares are not subject to any further performance conditions.
6. The estimated value of the 2019 LTIP awards expected to vest in June 2022, based on the information available as at 17 May 2022 and calculated at the average share price for the three months to 31 March 2022. The estimated value attributable to share price growth is -£535 and -£368 for Toby Courtauld and Nick Sanderson respectively. This has been calculated using the difference between the share price at grant of £7.18 and the three-month average share price of £7.15 at 31 March 2022. The awards made in 2019 are subject to a three-year performance period followed by a further two-year holding period. The 2019 LTIP awards will become exercisable on the fifth anniversary of the date of grant.
7. The figures disclosed in the 2021 Annual Report for the 2018 LTIP vesting were based on an estimated 0% TPR performance outcome and an estimated TSR performance outcome of 38.4%. The actual TPR vested at 0% and, disappointingly, the TSR element also vested at 0% as GPE ended the period on the 49.4th percentile which was just one place below median. This resulted in a nil vesting for the 2018 LTIP awards.
8. The single figure for the total remuneration due to the Directors for the year ended 31 March 2022.
9. The aggregate emoluments (being salary, benefits, cash allowances in lieu of pension, bonus and LTIPs) of all three Executive Directors for the year ended 31 March 2022 was £2,790,000 (2021: £1,662,000).
10. Executive Directors' taxable benefits have been updated from 31 March 2022. Taxable benefits include: private medical insurance, membership subscriptions, travel expenses, luncheon vouchers, Employee Assistance Programme and entertainment. Prior years included death in service, life assurance and permanent health insurance which are not taxable benefits in line with HMRC guidelines.

Fixed pay:

Taxable benefits

Benefits principally comprise private medical insurance, membership subscriptions, travel expenses, luncheon vouchers, Employee Assistance Programme and entertainment. No individual benefit provided has a value which is significant enough to warrant separate disclosure.

Pensions

None of the Executive Directors participate in the Group's defined benefit final salary pension plan, which was closed to new entrants in 2002. Toby Courtauld and Nick Sanderson have agreed that their employer pension contribution rates will be reduced from 20% to 15%, being the average rate available to all employees, by the end of the 2022 calendar year. Dan Nicholson's employer pension contribution was set at 15%, in line with the wider workforce, from his appointment date.

All-employee Share Incentive Plan

In line with the wider workforce, Executive Directors may participate in the GPE Share Incentive Plan, which is an HMRC tax-advantaged plan. Participants may save up to £150 from their monthly pre-tax salary to purchase shares. For every share purchased, GPE grants two matching shares. Shares acquired attract dividends paid by the Company, typically at the half-year and year end.

Variable pay:

Executive Directors' 2022 bonus outcome

The financial, ESG/strategic and Operational Excellence targets for the bonus for the year ended 31 March 2022, and the extent to which they were achieved, are set out in the table below. The Committee did not exercise discretion in respect of any of the financial or non-financial performance measures.

Key elements of strategy	Maximum percentage of salary	Measured by	Threshold performance target	Maximum performance target (100% payout)	Actual performance achieved	Actual performance level as a percentage of maximum	Bonus receivable (£000) Toby Courtauld	Nick Sanderson	Dan Nicholson[1]
Market competitiveness (35% weighting)	52.5%	Growth of the Group's property portfolio against MSCI's relevant Capital Growth Index (for the year to 31 March 2022) – on a straight-line basis	Annual percentage rate of portfolio capital growth to meet annual percentage rate of capital growth of the central London MSCI Index (16.67% payout)	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London MSCI Index by 2%	Estimated Index + 2.75%	100% (estimated)	£327,855	£225,567	£90,113
Absolute performance (35% weighting)	52.5%	Total Shareholder Return (based on a one-year performance period)	Median (20% payout)	Upper quartile	42nd percentile	0%	£0	£0	£0
ESG/strategic measures (15% weighting):									
Sustainability	7.5%	Reduce energy consumption by 11.0–12.0%; Reduce carbon impact at developments by 9.5–10.5%; and Increase biodiversity by 7.5–8.5%	All 3 within Target (50% payout)	All 3 above Target	2 above Target and 1 (bio-diversity) below Target	0%	£0	£0	£0
Occupier satisfaction	7.5%	London Office Net Promoter Score	Median (20% payout)	Upper quartile	Upper quartile	100%	£46,836	£32,224	£12,873
Employee engagement	7.5%	Achieve an Employee Engagement Index (EEI) score of at least 75%	EEI score between 75%–79% (20% payout)	EEI score above 85%	86%	100%	£46,836	£32,224	£12,873
Operational excellence (15% weighting)	22.5%	Achievement against personal objectives (for the year to 31 March 2022)	Partial achievement of personal objectives	Exceeding personal objectives	See pages 122 and 123	Toby Courtauld 75% Nick Sanderson 75% Dan Nicholson 50%	£105,382	£72,504	£19,310
						Total	**£526,909**	**£362,518**	**£135,170**

1. Dan Nicholson joined the Board on 6 September 2021 and is entitled to a pro-rated bonus for his period of service from 4 October 2021 to 31 March 2022.

Executive Directors' personal objectives

The Executive Directors' personal objectives, approved by the Committee, are designed to focus on the delivery of the strategic priorities and the successful management of risk for both 2021/22 and the longer term. Following consideration of achievement against the Executive Directors' personal objectives set at the beginning of the year as listed below, the Committee awarded Toby Courtauld, Nick Sanderson and Dan Nicholson 75%, 75% and 50% respectively of the full potential bonus for Operational Excellence.

Measure	Score CEO	Score CF&OO	Key achievements CEO
Evolve GPE's strategy to capitalise on changing conditions, including driving acquisitions strategy into new areas	26%/35%	25%/35%	– Driven strategic pivot to focus on HQ repositioning and Flex spaces. – Driven brand refresh; launched and product lines redefined. – Developed Customer first approach and led restructuring to support customer service culture. – Retail and wider sales plans reappraised. Led disposal of 160 Old Street for £181.5m. – New one-year Innovation Strategy adopted. Awarded a SmartScore 'platinum' rating at the Hickman, a world-first.
Champion sustainability and embed into strategy, operations and culture as a core discipline, including developing social impact	15%/20%	8%/10%	
Develop the team and an inclusive and progressive people strategy while maintaining strong engagement	19%/25%	15%/20%	– Led material hires throughout the year. – Led restructuring of senior management roles, including creation of Flex leadership positions. – Supported progression and promotion of diversity and inclusion.
Review our purpose, champion our values and deliver operational excellence and resilience	15%/20%	15%/20%	
Maintain our financial strength and control	–	12%/15%	
Total	**75%/100%**	**75%/100%**	

While each of the Chief Executive and Chief Financial & Operating Officer were separately assessed, they inevitably had a number of common objectives so the above table identifies both individual and shared objectives. In each case, their contribution to the delivery of those objectives was considered.

Key achievements	
CF&OO	Shared
– Led the acquisition of Gresse Street for our Flex offering. – Developed acquisitions pipeline and strategy with focus on sustainability and Flex.	– Flex ambitions agreed and roll-out progressed. Successful letting of Dufour's Place and Flex partnership entered at the Hickman. – Good progress on developments. Completed 1 Newman Street. Obtained planning permissions at 2 Aldermanbury Square and French Railways House. Further progress needed at New City Court. – Won Property Awards' 2021 Property Company of the Year and Commercial Property Developer of the Year. – Record year for leasing with £38.5m of leases signed. All offices pre-let at 50 Finsbury Square. – Positive shareholder feedback and clear articulation of strategy. Won IR Magazine's 2021 Award for 'Best in Sector'.
	– 50 Finsbury Square construction progressed to deliver on Sustainability Statement of Intent and expected to be GPE's first certified Net Zero Carbon building. – Progress made against Net Zero Carbon Roadmap. – Innovation in development to deliver sustainability ambitions, including initiatives at 2 Aldermanbury Square and Minerva House. – Decarbonisation fund protocols established and funds deployed. – EPC compliance analysis completed for each building across the portfolio and 'stranded asset' acquisition opportunities strategy developed. – Launch of new Social Impact Strategy. £631,000 of social value created in the year. – Visible and committed internal leadership: CEO Chair of Sustainability Committee and CF&OO Chair of Social Impact Committee. – Also building market-leader recognition for the Group.
– Launched new strategic People Plan with a focus on diversity and inclusion. – Oversaw launch of Inclusion Committee.	– Strong ratings in all employee engagement surveys. – Increased the number of women on the Executive Committee. – Introduced and reinforced a coaching and development culture culminating in a number of internal promotions.
	– Successful launch of revised strategy and refreshed corporate brand including clearer articulation of vision and purpose. – Supported customers with successful return to work programmes. – Strong customer experience and satisfaction with upper quartile NPS for London offices. – Hybrid Working Policy adopted to allow for permanent flexibility in working patterns, without disruption to productivity.
– Improved rent collections. – Implementation of IT strategy. – Maintained one of the lowest loan-to-property value ratios in the UK REIT sector. – Launched Sustainable Finance Framework. – Enhanced debt position with extension of the Group's revolving credit facility. – Led new internal auditor appointment. – Finance team further strengthened.	– Dividend maintained. – Additional corporate broker appointment following review. – Adoption of new Anti-Fraud, Bribery & Corruption Policy.

Dan Nicholson joined part way through the year and, therefore, he did not participate in the objective setting process alongside colleagues. Instead, the Committee looked at his performance in the round and noted his strong start and particular contribution to the development and execution of the Flex strategy. While he contributed to an overall above-target corporate performance, as he was involved for less than a full year, the Committee awarded him an on-target level of 50% of maximum for the personal component.

Directors' remuneration report continued

Executive Directors' LTIPs

Anticipated vesting of 2019 LTIP awards

The tables below set out the alignment of LTIP awards with Company strategy and the anticipated vesting for those awards in June 2022, together with indicative payouts for the Executive Directors. The anticipated value of these awards at vesting reflects the disclosure in the single figure table on page 120.

Anticipated vesting of LTIP awards granted in the year ended 31 March 2020, vesting in the year ending 31 March 2023, is included in the 2022 single figure table.

Key elements of strategy	% of award	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Estimated performance	Estimated vesting level as at 17 May 2022 as a percentage of maximum by vesting date[1]
Shareholder value	33.33%	Total Shareholder Return (based on a three-year performance period)	Median	Upper quartile	42.0nd percentile	0%
Absolute performance	33.33%	Total Accounting Return (based on a three-year performance period)	4% p.a.	10% p.a.	0.8% p.a. (actual)	0%
Portfolio performance	33.33%	Total Property Return against IPD (central London Index) (based on a three-year performance period)	Index	Index + 1.5% p.a.	Index + 0.04% p.a.	22.1%
Total (estimated)						**7.4%**

1. Toby Courtauld and Nick Sanderson's 2019 LTIP is due to vest on 3 June 2022. For the TAR and TPR targets, the performance period for the 2019 awards is the three-year period to 31 March 2022. TPR performance against the IPD Index is awaited at the date of this Report and performance is therefore estimated. For the TSR element, the vesting period is the three-year period from the award date (3 June 2019) and compares the Company's TSR to that of the constituents, at the date of grant, of the FTSE 350 Real Estate Index excluding agencies.

Confirmed vesting of 2018 LTIP awards

The figures provided in last year's Annual Report for the 2018 LTIP awards were disclosed on an estimated basis. The table below sets out the confirmed performance outcomes of the 2018 LTIP awards that resulted in a nil vesting following the expiry of the three-year performance period on 3 June 2021.

Key elements of strategy	% of award	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Performance	Confirmed percentage of maximum at end of performance period (3 June 2021)
Shareholder value	33.33%	Total Shareholder Return (based on a three-year performance period)	Median	Upper quartile	49.4th percentile	0%
Absolute performance	33.33%	Total Accounting Return (based on a three-year performance period)	4% p.a.	10% p.a.	Minus 1.2% p.a.	0%
Portfolio performance	33.33%	Total Property Return against IPD (central London Index) (based on a three-year performance period)	Index	Index + 1.5% p.a.	Index minus 1.0% p.a.	0%
Total						**0%**

Number of shares at the end of the performance period for 2018 LTIP awards

	No. of shares awarded as nil cost options	% overall vesting	No. of shares under option at the end of the performance period[1]
Toby Courtauld	254,848	0	0
Nick Sanderson	173,225	0	0

1. The LTIP awards made in 2018 were subject to a five-year release period, comprising a three-year performance period (to 3 June 2021) followed by a further two-year holding period. No options will become exercisable on the fifth anniversary of the date of award because no options vested after the three-year performance period.

Unvested share awards

The following tables provide details of outstanding share awards under the LTIP and the performance measures that apply to the awards. All awards were granted in the form of nil cost options.

Executive Director[4]	Date of grant	Basis of award	Face value of award made £000	Number of shares under award[1,2]	Percentage of award receivable for threshold performance	End of performance period	Performance measures
Toby Courtauld	3 June 2019[3]	300% of salary	1,809	252,072	20%	2 June 2022	TSR – 33.33% TPR – 33.33% TAR Target – 33.33%
	29 July 2020	300% of salary	1,846	317,906	20%	28 July 2023	TSR – 50% TAR Target – 50%
	7 June 2021	300% of salary	1,873	255,587	20%	6 June 2024	TSR – 50% TAR Target – 50%
		Total		**825,565**			
Nick Sanderson	3 June 2019[3]	300% of salary	1,245	173,427	20%	2 June 2022	TSR – 33.33% TPR – 33.33% TAR Target – 33.33%
	29 July 2020	300% of salary	1,270	218,722	20%	28 July 2023	TSR – 50% TAR Target – 50%
	7 June 2021	300% of salary	1,289	175,845	20%	6 June 2024	TSR – 50% TAR Target – 50%
		Total		**567,994**			

1. For the 2019, 2020 and 2021 LTIP awards, the face value is calculated on the five-day average share price prior to the date of grant of the LTIP award. For the 2019 LTIP, this was up to and including 31 May 2019, being £7.18. For the 2020 LTIP, this was up to and including 28 July 2020, being £5.81. For the 2021 LTIP, this was up to and including 4 June 2021, being £7.33.
2. In addition, a cash sum equivalent to the value of dividends on the number of plan shares which vest in respect of the period from the award date to the expiry of the applicable two-year holding period will be payable at the end of that period.
3. The estimated overall outcome for the 3 June 2019 LTIP as at 17 May 2022 is 7.4%. This would equate to 18,577 and 12,781 shares vesting for Toby Courtauld and Nick Sanderson respectively.
4. Dan Nicholson will be entitled to his first LTIP award in 2022 and therefore has no unvested share awards at the date of this Report.

2019 LTIP award – performance measures

Performance measure over three years	% of award	Vesting level			Start of measurement period
		20%	Straight-line vesting between these points	100%	
Total Accounting Return	33.33%	4% p.a.		10% p.a.	1 April prior to grant date
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	33.33%	Median		Upper quartile	Grant date
Total Property Return against IPD Total Property Return – central London Index	33.33%	Index		Index + 1.5% p.a.	1 April prior to grant date

2020 and 2021 LTIP awards – performance measures

Performance measure over three years	% of award	Vesting level			Start of measurement period
		20%	Straight-line vesting between these points	100%	
2020 LTIP Award					
Total Accounting Return	50%	868p		925p	1 April prior to grant date
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median		Upper quartile	Grant date
2021 LTIP Award					
Total Accounting Return	50%	3% p.a.		7% p.a.	1 April prior to grant date
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median		Upper quartile	Grant date

Payment to past Directors*

No payments to past Directors were made during the year.

Payment for loss of office*

No payments were made to Directors during the year for loss of office.

Directors' remuneration report continued

Executive Director remuneration from other roles

Executive Directors are able to accept external Board appointments with the consent of the Board. Any fees received by an Executive Director for such an external appointment can be retained by the individual. Toby Courtauld is a Non-Executive Director of Liv-ex Limited, for which he received no remuneration during the year. He also received no remuneration for serving as a Director of the New West End Company.

Nick Sanderson was appointed a Trustee of the Outward Bound Trust in September 2021 for which he received no remuneration during the year.

Statement of Executive Directors' shareholdings and share interests*

Executive Directors are required to hold a minimum of 300% of base salary in shares. The table below sets out their holdings against the requirement and their beneficial and conditional ownership as at 31 March 2022. Dan Nicholson joined the Board on 6 September 2021. As with the other Executive Directors, Dan will be required to build up a shareholding of 300% of base salary and to retain all shares that are vested to him, net of any tax liabilities, until the requirement is satisfied.

	Beneficial ownership			Conditional ownership[5]					Shareholding requirement met[8,9]	Comparator to 2021
Director	Number of shares owned[1]	SIP Matching shares subject to forfeiture	**Total beneficial ownership**[2,3,4]	LTIP subject to performance conditions	LTIP not subject to performance conditions[6]	Deferred Share Bonus Plan[7]	**Total beneficial and conditional ownership as at 31 March 2022**	Total beneficial and conditional ownership as at 31 March 2021		
Toby Courtauld	1,352,941	1,532	**1,354,473**	825,565	83,551	12,410	**2,275,999**	2,262,043	1,599% – Yes	1,544%
Nick Sanderson	250,726	1,532	**252,258**	567,994	54,730	9,075	**884,057**	871,555	470% – Yes	448%
Dan Nicholson	20	40	**60**	–	–	–	**60**		0%[10]	–

1. Excludes SIP shares that are subject to forfeiture.
2. Holdings are calculated based on the share price as at 31 March 2022 of £7.12.
3. Beneficial interests include shares held directly or indirectly by connected persons.
4. No share options were exercised during the year. Between 1 April 2022 and 17 May 2022, Toby Courtauld and Nick Sanderson each acquired 21 Partnership shares and 42 conditional Matching shares respectively under the SIP. Dan Nicholson acquired 22 Partnership shares and 44 conditional Matching shares during that period. In addition, under the SIP, 80 Matching shares vested to each of Toby Courtauld and Nick Sanderson. Otherwise there were no changes in their shareholdings during that period.
5. 40% of the Executive Directors' annual bonuses for the year ended 31 March 2022 will be deferred into shares for three years under the Deferred Share Bonus Plan (DSBP). The number of shares awarded will be disclosed following the awards, in the 2023 Annual Report. In respect of their annual bonuses for the year ended 31 March 2021, Toby Courtauld and Nick Sanderson were granted DSBP awards over 12,410 and 9,075 shares respectively.
6. Consistent with best practice, estimated after-tax shares that will be retained after the cessation of the two-year holding period are included in the shareholding requirement (51.75% of shares retained).
7. Consistent with best practice, estimated after-tax shares retained are included in the shareholding requirement (51.75% of shares retained).
8. Post-cessation shareholding guidelines came into effect following the approval of the Policy at the 2020 AGM. Executive Directors are expected to retain the lower of actual shares held at cessation and shares equal to 300% of salary for two years post-cessation. Shares retained following vesting of LTIP and/or DSBP awards granted after the 2020 AGM will be held in escrow to enable enforcement of the post-cessation guidelines.
9. Executive Directors are required to hold 300% of their base salary and are expected to retain the after-tax shares received on the vesting of awards until they have acquired the necessary shares to meet their shareholding requirement.
10. Dan Nicholson joined the Board with effect from 6 September 2021 and is working towards his minimum shareholding requirement.

Executive Directors' remuneration for the year ending 31 March 2023

Statement of implementation of Directors' remuneration policy for the year ending 31 March 2023

The Policy and its implementation for the Executive Directors for the forthcoming financial year is summarised below. For information on the Chair of the Board and Non-Executive Directors, please refer to page 128.

Salary

Executive Director	**Year ending 31 March 2023 £000**	Year ended 31 March 2022 £000	Base salary increase
Toby Courtauld	**646**	624	3.5%
Nick Sanderson	**445**	430	3.5%
Dan Nicholson	**362**	350	3.5%

Executive Directors have received an increase in salary below the average awarded to all employees. This increase reflected the minimum increase provided to employees across the Group of 3.5%. In reviewing the salaries of the Executive Directors, the Committee has also taken account of both the individual's and Company's performance and the employment conditions and salary increases awarded to employees across the Group.

Pension and benefits

There have been no changes to the benefits and pension provision for the Executive Directors. Toby Courtauld and Nick Sanderson have agreed their pension contribution rates will be aligned with the average rate available to all employees (being 15% of base salary) by the end of the 2022 calendar year. Dan Nicholson's employer pension contributions were set at this rate on his appointment.

Bonus for the year ending 31 March 2023

The target and maximum annual bonus potentials will remain unchanged at 75% and 150% of salary respectively for the Executive Directors. Under the remuneration policy, 40% of any annual bonus outcome will be deferred into shares for three years under the Deferred Share Bonus Plan. The table below sets out the performance measures and their respective weightings for the year ending 31 March 2023.

Performance measures[2]	Weighting	Description
Capital growth	30%	Growth of the Company's property portfolio against MSCI's relevant Capital Growth Index for the year to 31 March 2023 with 16.67% of this element payable at Index and 100% for a pre-determined level of outperformance.
Total Accounting Return[1]	30%	Growth of EPRA NTA plus dividends paid against a target range for the year to 31 March 2023. 20% of this element is payable at threshold.
Flex growth	10%	Growth of the Company's Flex office space paid against a target range for the year to 31 March 2023. 20% of this element is payable at threshold.
ESG/strategic measures	15%	This element will be dependent upon the achievement of objectively measurable targets, each of which have an equal 5% weighting, as follows: (i) Sustainability – energy consumption reduction against a target with 20% of this element payable at threshold and 100% for a pre-determined level of outperformance; (ii) Customer satisfaction – Net Promoter Score achievement with 20% of this element payable at threshold and 100% for a pre-determined level of outperformance; and (iii) Employees – 20% of this element will be payable on achievement of an Employee Engagement and Inclusion Index score and 100% payable for a pre-determined level of outperformance.
Personal/team performance	15%	Assessment of the personal element of the bonus focusing on key objectives and behaviours. The assessed outturn, and details of delivery against the objectives, will again be disclosed in next year's report.

1. Any dividends will be deducted from the base figure from the point of distribution (as it is not realistic to deliver growth after capital has been repaid to shareholders), except where reflected in some other way such as through a share consolidation.
2. The Committee is of the opinion that, given the commercial sensitivity around GPE's business, disclosing precise targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Objectives, performance achieved and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any payouts.

LTIP awards for the year ending 31 March 2023

Performance measure over three years	% of award	Vesting level			Start of measurement period
		20%	Straight-line vesting between these points	100%	
TAR	50%	3% p.a.		8% p.a.	1 April prior to grant
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median		Upper quartile	Grant date

The maximum potential award for the 2022 LTIP is 300% of base salary. Practice has been to grant at this level each year. The awards, granted in the form of nil cost options, will be subject to a 50:50 mix of relative (to a predetermined group of other real estate companies) TSR and absolute TAR measures. Following a three-year performance period, the 2022 LTIP awards will be subject to a two-year holding period, whereby participants will not be permitted to exercise any performance-vested awards until the fifth anniversary of the award date. The holding period will generally continue to operate post-cessation of employment.

Chair and Non-Executive Directors' remuneration

Single figure table annual fees for year ended 31 March 2022*

This section of the Report contains details of how the Policy for the Chair and Non-Executive Directors was implemented during the financial year ended 31 March 2022.

	Fees[1]		Benefits		Totals	
Name	**2022**	2021	**2022**	2021	**2022**	2021
Richard Mully	**235**	209	**1[4]**	–	**236**	209
Charles Philipps	**80**	76	**–**	–	**80**	76
Mark Anderson[1]	**41**	–	**–**	–	**41**	–
Wendy Becker	**72**	69	**–**	–	**72**	69
Nick Hampton[2]	**75**	68	**–**	–	**75**	68
Vicky Jarman	**70**	66	**–**	–	**70**	66
Alison Rose	**70**	66	**–**	–	**70**	66
Emma Woods[3]	**12**	–	**–**	–	**12**	–
Total	**655**	554	**1**	–	**656**	554

1. Mark Anderson joined the Board on 1 September 2021.
2. Nick Hampton joined the Remuneration Committee on 1 September 2021.
3. Emma Woods joined the Board on 1 February 2022.
4. Richard Mully's benefit of less than £1,000 related to reimbursed travel (and related tax) for GPE meetings.

Shareholdings*

	31 March 2022	31 March 2021
Richard Mully	**26,379**	26,379
Charles Philipps	**4,094**	4,094
Mark Anderson	**–**	–
Wendy Becker	**8,277**	8,277
Nick Hampton	**2,500**	2,500
Vicky Jarman	**2,708**	2,708
Alison Rose	**–**	–
Emma Woods	**–**	–

There were no changes in the shareholdings of the Chair and Non-Executive Directors in office as at 31 March 2022 or between 1 April 2022 and 17 May 2022.

Annual fees for year ending 31 March 2023

The table below sets out the fee rates for the Chair of the Board and Non-Executive Directors for the year ending 31 March 2023. The fees of the Chair and the base fees of the Non-Executive Directors have been increased by approximately 3.5%, in line with the minimum base increase for employees. Fee levels for the Chair and Non-Executive Directors are assessed having regard to individual responsibility and fees paid to Non-Executive Directors in the wider FTSE 250.

	1 April 2021 to 31 March 2022 £	From 1 April 2022 (per annum) £
Chair fee	235,000	243,500
Non-Executive Director base fee	56,500	58,500
Senior Independent Director fee	10,000	10,000
Audit or Remuneration Committee Chair[1]	12,500	12,500
Audit or Remuneration Committee Member	5,000	5,000
Nomination Committee Member	3,350	3,350

1. Vicky Jarman will succeed Nick Hampton as Chair of the Audit Committee with effect from the conclusion of the 2022 AGM scheduled for 7 July 2022. Nick Hampton will remain a member of the Audit Committee following his retirement as Chair. Wendy Becker will step down from the Board with effect from the conclusion of the 2022 AGM and, from that time, will be succeeded as Chair of the Remuneration Committee by Emma Woods.

Other disclosures

Percentage change in Board remuneration vs Group employees

The table below shows the percentage change in remuneration/fees for the years ended 31 March 2021 to 31 March 2022 for each of the Directors who served during the year (including salary, taxable benefits and annual bonus) compared to that for an average Group employee.

Name	Base salary/fees		Taxable benefits[5]		Bonus[6]	
		Change		Change		Change
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Average employee[1]	+5.1%	+3.2%	+4.1%	-20.1%	-17.5%	+71.3%[6]
Executive Directors						
Toby Courtauld	+1.5%	+1.5%	-3.6%	-38.5%	-20.6%	+139.5%
Nick Sanderson	+1.5%	+1.5%	-22.7%	-12.5%	-15.7%	+125.5%
Dan Nicholson[3]	n/a	n/a	n/a	n/a	n/a	n/a
Non-Executive Directors[3]						
Richard Mully (Chair)	-5.0%	0%	-100%	+100%	n/a	n/a
Charles Philipps	-2.6%	0%	–	–	n/a	n/a
Mark Anderson[2]	n/a	n/a	n/a	–	n/a	n/a
Wendy Becker	-9.2%	0%	–	–	n/a	n/a
Nick Hampton[4]	-4.2%	0%	-100%	–	n/a	n/a
Vicky Jarman	-2.9%	0%	–	–	n/a	n/a
Alison Rose	-2.9%	0%	–	–	n/a	n/a
Emma Woods[2]	n/a	n/a	n/a	–	n/a	n/a

1. Based on all employees who have been employed for the full 2020/21 and 2021/22 financial years. Average employee pay has been calculated on a full-time equivalent basis.
2. Mark Anderson and Emma Woods joined the Board on 1 September 2021 and 1 February 2022 respectively.
3. Dan Nicholson joined the Board on 6 September 2021.
4. Nick Hampton joined the Remuneration Committee on 1 September 2021. The numbers above are annualised.
5. Taxable benefits from 31 March 2022, in line with the Single Figure Table on page 120, have been updated to include: private medical insurance, membership subscriptions, travel expenses, luncheon vouchers, Employee Assistance Programme and entertainment. Prior years included death in service, life assurance and permanent health insurance which are not taxable benefits in line with HMRC guidelines.
6. Executive Directors have a higher proportion of their remuneration linked to variable pay and Company performance for greater alignment with shareholders. The percentage change in bonus payments will therefore fluctuate according to variable pay outcomes each year. The payout for the 2020/21 Annual Bonus financial measures was nil, resulting in the higher percentage change in bonuses for 2021/22.

Ten-year Chief Executive remuneration package

The table below shows the Chief Executive's remuneration package over the past ten years, together with incentive payout/vesting as compared to the maximum opportunity.

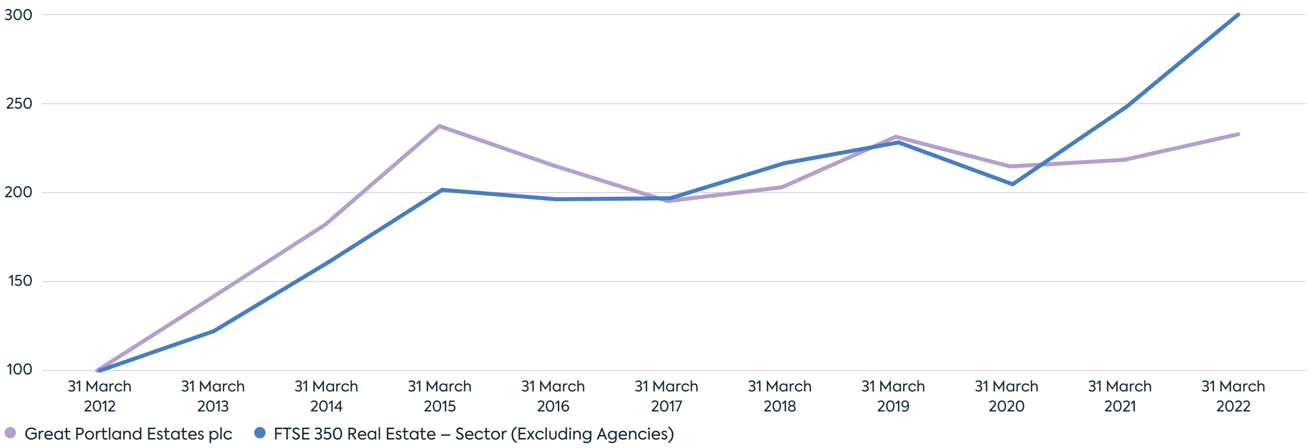
	2013[1]	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Single figure of total remuneration (£000)	4,924	3,409	3,689	2,650	1,402	1,174	905	1,599[1]	984[2]	**1,436**
Bonus payout (as % of maximum opportunity)	92%	100%	48%	100%	20%	37%	19%	31%	23.9%	**56.3%**
Long-term incentive vesting rates (as % of maximum opportunity)	95%	86%	81%	58%	33%	10%	0%	28.8%	0%	**7.4%[3]**

1. Includes a one-off SMP award made in 2010 of 100% of salary.
2. Restated to reflect the actual LTIP performance outcome of 0% as referred to in the single figure table on page 120. The figure provided in last year's Annual Report was disclosed on an estimated basis.
3. Based on estimated performance as at 17 May 2022.

Total shareholder return performance

The following graph shows the total shareholder returns for the Company for each of the last ten financial years compared to the FTSE 350 Real Estate Index (excluding agencies). The Company is a constituent of the FTSE 350 Real Estate Index and the Committee considers this benchmark to be the most appropriate for illustrating the Company's performance.

Total shareholder return over ten years (indexed) £



Source: Refinitiv Datastream

CEO pay ratio

Although the Company has less than 250 employees and is not, therefore, subject to any legal requirement to include such ratios, the Committee considers inclusion of the ratio to be reflective of best practice and includes this on a voluntary basis. The Committee notes the general preference of institutional shareholders for companies to use statutory Method A and prepared the calculations on that basis. However, for a company with a relatively small number of employees (131 as at 31 March 2022), the ratios can be unduly impacted by joiners and leavers who may not participate in the full suite of remuneration arrangements in the year of joining or leaving. Accordingly, the Committee modified the statutory basis to exclude any employee not employed throughout the financial year. In all other respects, Method A was followed so the following tables refer to modified Method A being adopted.

The Company believes that a bias in senior executive pay to variable pay is the most appropriate means of both incentivising the Executives and aligning them with shareholders. The ratios will therefore fluctuate according to variable pay outcomes each year.

Ratio of the pay of the Chief Executive to that of the UK lower quartile, median and upper quartile employees

		Pay ratio		
Year	Method	25th percentile	50th percentile (median)	75th percentile
31 March 2022	Modified Method A	19.9:1	15.4:1	7.2:1
31 March 2021[1]	Modified Method A	15.1:1	11.2:1	5.8:1
31 March 2020	Modified Method A	24.1:1	18.2:1	8.7:1
31 March 2019	Modified Method A	14.2:1	9.3: 1	5.7:1

1. The 2021 ratios have been updated to reflect the actual vesting outcome of the 2018 LTIP awards at 0%.

Additional information on the ratio of the pay of the Chief Executive to that of employees

- Employee pay data is based on full-time equivalent pay for UK employees as at 31 March 2022. For each employee, total pay is calculated in line with the single figure methodology (i.e. fixed pay accrued during the financial year and the value of performance-based incentive awards vesting in relation to the performance year).
- Employee pay data excludes leavers and joiners to help ensure data is on a like-for-like basis. No other calculation adjustments or assumptions have been made.
- Chief Executive pay is as per the single total figure of remuneration for 2022, as disclosed on page 120.
- The 2022 ratio will be re-stated in the 2023 Directors' remuneration report to take account of the final LTIP vesting data for eligible employees and for the Chief Executive.

The Committee has considered the pay data for the three individuals identified for 2022 and believes that it fairly reflects pay at the relevant quartiles among the UK employee population. Each of the individuals identified was a full-time employee during the year and received remuneration in line with the Policy.

Salary and total remuneration used to calculate the pay ratio

	Chief Executive £000	25th percentile £000	50th percentile (median) £000	75th percentile £000
Total salary	624	51	65	115
Total remuneration (single figure)	1,436	72	93	201

Employee Share Trust

Upon the vesting of share awards, shares used to satisfy awards under the LTIP and DSBP are transferred out of the Great Portland Estates plc LTIP Employee Share Trust (the Trust), a discretionary trust established to facilitate the operation of the Company's share plans. The shares to satisfy vested awards have been purchased by the Trustees of the Trust in the open market. The number of shares held by the Trust as at 31 March 2022 was 877,335 (2021: 877,335).

Dilution

The Company currently funds the Trustees to purchase all of the shares required to satisfy awards under the Company's share plans and no shares have been issued to satisfy any grants made in the last ten years. However, if the Company decided to issue new shares to meet these awards, the Company would operate all of its share incentive arrangements within The Investment Association (IA) Guidelines on dilution. The following table sets out the level of dilution against the IA limits for all share plans and discretionary plans in respect of the outstanding awards should the Company issue shares rather than use purchased shares held in Trust.

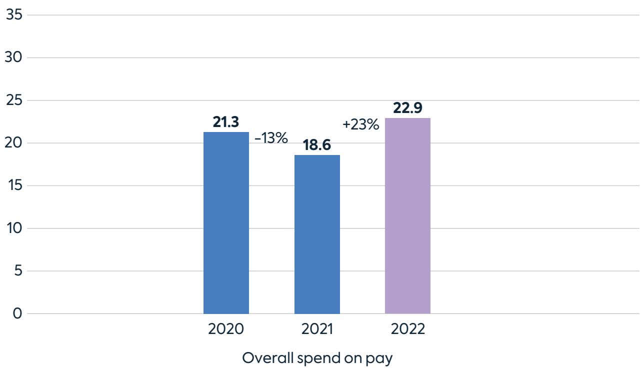
Maximum	As at 31 March 2022[1]
10% dilution in ten years (all plans)	1.71%
5% dilution in ten years (discretionary plans)	1.68%

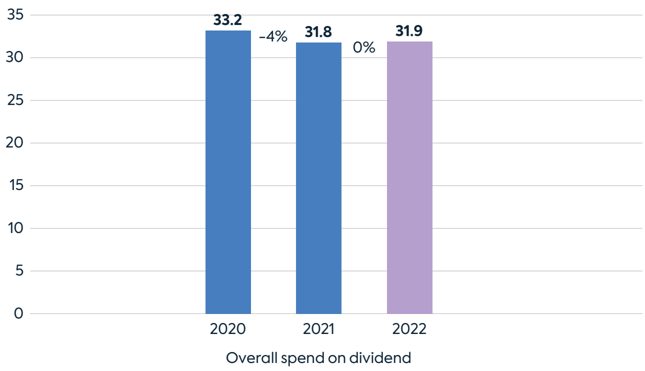
1. This figure shows the number of shares required to satisfy all outstanding awards as at 31 March 2022 as a percentage of the Company's issued share capital were these to be satisfied by the issue of new shares. This does not include vested awards that have been satisfied using market purchased shares.

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in 2020, 2021 and 2022:

Relative importance of spend on pay £m





Directors’ remuneration report continued

Committee advisers

The Committee is satisfied that the advice received from FIT Rem is independent and objective as FIT Rem complies with the Code of Conduct for Remuneration Consultants (which can be found at **www.remunerationconsultantsgroup.com**) and provides no other advice to the Group. FIT Rem’s fees for the year to 31 March 2022 were £68,137 which were charged on its normal terms.

Independent and objective performance certificates are provided to the Committee by:

- Aon Hewitt on measurement of TSR performance targets for the LTIP and 2021/22 Annual Bonus Plan awards together with IFRS 2 calculations. Fees paid to Aon Hewitt in respect of this were £15,500. Aon Hewitt also provides gender pay gap assistance to the Group and fees paid in relation to this totalled £7,000; and
- Morgan Stanley Capital International (MSCI) on measurement against its property benchmark, for the Executive and Employee Annual Bonus Plan and measurement of TPR performance targets for the LTIP awards as part of its MSCI membership. Fees paid in relation to this membership totalled £64,284.

Statement of voting at the AGM

The following table shows the results of:

- the advisory vote on the Directors’ remuneration report at the 8 July 2021 AGM; and
- the binding vote on the Directors’ remuneration policy commencing from the 24 July 2020 AGM.

It is the Committee’s policy to consult with major shareholders prior to any major changes to its Executive remuneration.

	For	Against	Abstentions
2021 Directors’ remuneration report	197,458,148 (99.63%)	739,734 (0.37%)	214,452
2020 Directors’ remuneration policy	200,319,758 (98.77%)	2,493,248 (1.23%)	7,049

Consideration of shareholder views

When determining remuneration, the Committee takes into account the guidelines of investor bodies and shareholder views. The Committee is always open to feedback from shareholders on remuneration policy and arrangements, and commits to undertaking shareholder consultation in advance of any significant changes to the remuneration policy. An extensive shareholder consultation process took place during 2019/20 in connection with the changes to the remuneration policy which were approved by shareholders at the 2020 AGM. A further shareholder consultation process will commence during 2022/23 in connection with any changes to the policy which will be submitted to shareholders for approval at the 2023 AGM.

Deliberation and process

The Committee ensures it seeks independent advice as appropriate and the Committee also has access to HR and Corporate Secretariat without the executives present. Consistent with good practice, any decisions are taken without the affected individual present. This Report will be submitted to shareholders for approval at the 2022 AGM which is scheduled to be held on 7 July 2022.

Service agreements and payments for loss of office

The policy of the Company is to have service contracts for Executive Directors with notice periods of one year. It is sometimes necessary when recruiting a new Executive Director to give a service contract with an initial term of up to 18 months in which case a 12-month notice period may be given no earlier than six months from the start date or the contract.

Non-Executive Directors, who have letters of appointment, are subject to the provisions of the Articles of Association. In accordance with the UK Corporate Governance Code they are subject to annual re-election and have a notice period of three months by either party. They are not eligible for payment in lieu of notice or any other payment on termination.

The following table sets out the dates of each of the Directors' service agreements or appointment letters and their unexpired terms.

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002 (amended 2017)	12
Nick Sanderson	7 June 2011 (amended 2017)	12
Dan Nicholson	6 September 2021	12

Non-Executive	Date of appointment letter	Unexpired (months)
Richard Mully	12 October 2016	3
Charles Philipps	10 January 2014	3
Mark Anderson	1 September 2021	3
Wendy Becker[1]	12 January 2017	3
Nick Hampton	28 September 2016	3
Vicky Jarman	22 January 2018	3
Alison Rose	4 April 2018	3
Emma Woods	1 February 2022	3

1. Wendy Becker will be stepping down from the Board from the conclusion of the 2022 AGM which is scheduled to be held on 7 July 2022 and will not be putting herself forward for re-election.

Approved by the Board on 19 May 2022 and signed on its behalf by:

Wendy Becker
Chair of the Remuneration Committee
19 May 2022

Report of the Directors

Strategic Report

The Group's Strategic Report on pages 02 to 78 includes the Company's business model and strategy, the principal risks and uncertainties facing the Group and how these are managed and mitigated, an indication of likely future developments in the Company and details of important events since the year ended 31 March 2022.

The purpose of the Annual Report is to provide information to the members of the Company, as a body. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends for the year

The Group's results for the year are set out on pages 138 to 164. An interim dividend of 4.7 pence per share (2021: 4.7 pence) was paid on 5 January 2022, and the Directors propose to pay a final dividend of 7.9 pence per share on 11 July 2022 to shareholders on the register of members as at the close of business on 27 May 2022. This makes a total of 12.6 pence per share (2021: 12.6 pence) for the year ended 31 March 2022.

Directors

Biographical details of the current Directors of the Company are shown on pages 84 and 85.

In accordance with the UK Corporate Governance Code, all the Directors will retire and those who wish to continue to serve will offer themselves for election or re-election at the forthcoming Annual General Meeting. Wendy Becker will be stepping down from the Board, and as the Chair of the Remuneration Committee, from the conclusion of the Annual General Meeting to focus on her other commitments.

Directors' shareholdings

The interests of the Directors of the Company (and of their connected persons) in the shares of the Company, which have been notified to the Company in accordance with the UK Market Abuse Regulation, are set out in the Directors' remuneration report on pages 126 and 128. The Directors' remuneration report also sets out details of any changes in those interests between 31 March 2022 and 17 May 2022.

Directors' indemnities and insurance

On 14 September 2007, an indemnity was given by the Company to the Directors in terms which comply with company law. The indemnity was in force during the year and remains in force at the date of this Report of the Directors.

The Company maintains directors' and officers' liability insurance and pension trustee liability insurance, both of which are reviewed annually.

Directors' powers

The powers of the Directors are contained in the Company's Articles of Association. These include powers, subject to relevant legislation, to authorise the issue and buyback of the Company's shares by the Company, subject to authority being given to the Directors by the shareholders in a general meeting.

Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in the Company's Articles of Association. Under the Articles of Association, every Director who held office on the date seven days before the date of notice of the Annual General Meeting (AGM) shall retire from office. A retiring Director shall be eligible for re-election at the AGM, and a Director who is re-elected will be treated as continuing in office without a break. This is in line with the UK Corporate Governance Code, which recommends that all Directors should be subject to annual re-election.

Changes to the Articles of Association must be approved by the Company's shareholders in accordance with legislation in force from time to time.

Corporate governance statement

The information fulfilling the requirements of the corporate governance statement can be found in this Report of the Directors and on pages 79 to 133, all of which are incorporated into this Report of the Directors by reference.

Political donations

It is the Company's policy not to make political donations or undertake any activities incurring political expenditure.

Annual General Meeting

Details of the Company's AGM can be found in the Notice of AGM 2022, which will be made available on the Company's website at **www.gpe.co.uk/investors/shareholder-information/agmgm**.

Additional disclosures

Disclosures required by Schedule 7, Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), to the extent not already disclosed or referred to in this Report of the Directors, can be found on the following pages, all of which are incorporated into this Report of the Directors by reference:

	Page/s
Financial instruments	145, 158 to 160
Greenhouse gas emissions, energy consumption and energy efficiency action	37 to 51
Engagement with suppliers, customers and others	56 to 61 89 to 93
Research and development	10, 16, 24 to 26, 28, 39, 41, 44, 57 to 58

Disclosures required by the Financial Conduct Authority's Listing Rule 9.8.4R can be found on the following pages:

	Page/s
Capitalised interest	147 and 152
Waiver of dividends	135

The Directors' responsibilities statement is on page 136 and is incorporated into this Report of the Directors by reference.

Significant shareholdings

As at 31 March 2022, the Company had been notified, in accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR 5), of the following interests in the voting rights in its ordinary share capital:

	Number of voting rights[1]	%[1]	Nature of holding[1]
Norges Bank Investment Management	38,089,719	15.00	Direct
T.Rowe Price Associates, Inc.	35,477,830	13.97	Indirect
KKR Investment Management LLC	13,579,569	5.35	Indirect
BlackRock Inc.	13,280,692	5.23	Indirect
	5,373,453	2.11	Financial instruments

1. As at date of notification.

In the period from 31 March 2022 to 17 May 2022, the Company received one further notification from T. Rowe Price Associates, Inc. disclosing that its indirect holding had increased to 35,608,863 ordinary shares (14.02% of the total voting rights in the Company). Information provided to the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules is publicly available via the regulatory information service and on the Company's website.

Share capital and control

As at 31 March 2022, the issued share capital of the Company was 253,867,911 (2021: 253,867,911) ordinary shares of 15⁵⁄₁₉ pence each, all fully paid up and listed on the London Stock Exchange.

At the 2021 AGM, shareholders authorised the Company to make market purchases of up to 38,054,799 ordinary shares of 15⁵⁄₁₉ pence each, representing 14.99% of the issued share capital of the Company as at 27 May 2021, such authority to expire at the earlier of the conclusion of the 2022 AGM or 1 October 2022. No shares were purchased under that authority during the financial year. The Company is seeking to renew the authority at the forthcoming AGM, within the limits set out in the Company's Notice of AGM 2022.

There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers and voting rights. The Great Portland Estates plc LTIP Employee Share Trust (the Trust) is an employee share scheme which holds ordinary shares in the Company on trust for the benefit of employees within the Group. The Trustee of the Trust has the power to exercise all the rights and powers (including rights with regard to control of the Company) incidental to, and to generally act in relation to, the ordinary shares subject to the Trust in such manner as the Trustee in its absolute discretion thinks fit as if it were absolutely entitled to those ordinary shares. The Trustee has waived the right to receive dividends on the shares held in the Company.

Change of control

The Company has a number of unsecured borrowing facilities provided by various lenders. These facilities generally include provisions that may require any outstanding borrowings to be repaid or the alteration or termination of the facilities upon the occurrence of a change of control of the Company. The Company's Long Term Incentive Plan and Executive Annual Bonus Plan contain provisions relating to the vesting of awards in the event of a change of control.

Going concern

The Group's business activities, together with the factors affecting its performance, including the impact of the recent geopolitical tensions and the receding COVID-19 pandemic, are set out in the Strategic Report on pages 19 to 78. Details of the finances of the Group, including its strong liquidity position, attractively priced borrowing facilities and favourable debt maturity profile are set out in 'Our financial results' on pages 30 to 33, including 'Our capital strength' on page 32 and in notes 15 and 16 of the financial statements on pages 158 to 160.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance, with particular focus on macro-economic conditions in which the Group is operating, including the ongoing economic disruption from geopolitical tensions, high inflationary environment and rising interest rates. This included a going concern scenario to consider the impact of market disruption on the Group's cash balances, its capital commitments, its debt maturity profile, including undrawn facilities, its levels of rent collection and the long-term nature of customer leases. The Directors also conducted extensive stress testing, including sensitising the potential impact of climate change as detailed further in the viability statement. Further information on the assumptions contained in the going concern scenario is on page 142. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Viability statement

The Company's viability statement is on page 78.

Statement as to disclosure of information to the auditor

So far as the Directors who held office at the date of approval of this Report of the Directors are aware, there is no relevant audit information of which the auditor is unaware and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

Darren Lennark
General Counsel & Company Secretary

Great Portland Estates plc
Company number: 596137
19 May 2022

Directors’ responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in conformity with the requirements of the Companies Act 2006 and UK adopted international accounting standards, and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 ‘Reduced Disclosure Framework’. Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and
- make an assessment of the Company’s ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Toby Courtauld
Chief Executive
19 May 2022

Nick Sanderson
Chief Financial & Operating Officer
19 May 2022

Financial statements

In this section:

The office reception space at 1 Newman Street, W1

Group income statement

For the year ended 31 March 2022

	Notes	2022 £m	2021 £m
Revenue	2	**84.2**	88.5
Cost of sales	3	**(30.1)**	(24.7)
		54.1	63.8
Administration expenses	4	**(35.0)**	(25.2)
Expected credit losses	13	**(4.1)**	(7.7)
Development management losses		**(0.4)**	(0.1)
Operating profit before surplus/(deficit) from property and results of joint ventures		**14.6**	30.8
Surplus/(deficit) from investment property	9	**107.9**	(156.8)
Share of results of joint ventures	10	**45.9**	(76.2)
Operating profit/(loss)		**168.4**	(202.2)
Finance income	5	**7.4**	8.0
Finance costs	6	**(9.1)**	(7.8)
Profit/(loss) before tax		**166.7**	(202.0)
Tax	7	**0.5**	0.1
Profit/(loss) for the year		**167.2**	(201.9)
Basic earnings/(loss) per share	8	**66.1p**	(79.8p)
Diluted earnings/(loss) per share	8	**66.0p**	(79.8p)
Basic EPRA earnings per share	8	**10.8p**	15.9p
Diluted EPRA earnings per share	8	**10.8p**	15.8p

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

Group statement of comprehensive income

For the year ended 31 March 2022

	Notes	2022 £m	2021 £m
Profit/(loss) for the year		**167.2**	(201.9)
Items that will not be reclassified subsequently to profit and loss			
Actuarial gain on defined benefit scheme	24	**2.6**	0.8
Deferred tax on actuarial gain/(loss) on defined benefit scheme	7	**(0.5)**	(0.1)
Total comprehensive income/(expense) for the year		**169.3**	(201.2)

Group balance sheet

At 31 March 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Investment property	9	**2,144.4**	1,894.5
Investment in joint ventures	10	**582.8**	626.4
Property, plant and equipment	11	**5.0**	6.3
Pension asset	24	**3.5**	0.7
Other investments	12	**1.0**	1.0
		2,736.7	2,528.9
Current assets			
Trade and other receivables	13	**21.1**	19.5
Corporation tax	7	**–**	0.4
Cash and cash equivalents		**–**	11.1
		21.1	31.0
Total assets		**2,757.8**	2,559.9
Current liabilities			
Interest-bearing loans and borrowings		**(0.2)**	–
Trade and other payables	14	**(55.2)**	(55.1)
		(55.4)	(55.1)
Non-current liabilities			
Interest-bearing loans and borrowings	15	**(531.0)**	(488.6)
Obligations under head leases	17	**(55.6)**	(40.7)
Obligations under occupational leases	18	**(2.9)**	(3.9)
Deferred tax	7	**–**	–
		(589.5)	(533.2)
Total liabilities		**(644.9)**	(588.3)
Net assets		**2,112.9**	1,971.6
Equity			
Share capital	19	**38.7**	38.7
Share premium account		**46.0**	46.0
Capital redemption reserve		**326.7**	326.7
Retained earnings		**1,697.9**	1,560.0
Investment in own shares	20	**3.6**	0.2
Total equity		**2,112.9**	1,971.6
Basic net assets per share (diluted)	8	**835p**	779p
EPRA NTA (diluted)	8	**835p**	779p

Approved by the Board on 19 May 2022 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Chief Financial & Operating Officer

Group statement of cash flows

For the year ended 31 March 2022

	Notes	2022 £m	2021 £m
Operating activities			
Operating profit/(loss)		**168.4**	(202.2)
Adjustments for non-cash items	21	**(149.7)**	238.5
Increase in receivables		**(1.6)**	(3.4)
Increase/(decrease) in payables		**3.0**	(6.3)
Cash generated from operations		**20.1**	26.6
Interest paid		**(13.9)**	(10.3)
Interest received		**0.1**	0.2
Tax repaid		**0.4**	0.1
Cash flows from operating activities		**6.7**	16.6
Investing activities			
Distributions from joint ventures		**7.3**	8.3
Funds to joint ventures		**–**	(45.3)
Funds from joint ventures		**89.5**	–
Purchase of other investments		**–**	(0.8)
Purchase and development of property		**(120.6)**	(60.8)
Purchase of plant and equipment		**(0.3)**	(0.4)
Sale of properties		**–**	(0.2)
Investment in joint ventures		**–**	(10.8)
Cash flows from investing activities		**(24.1)**	(110.0)
Financing activities			
Revolving credit facility repaid	15	**(202.5)**	(202.0)
Revolving credit facility drawn	15	**244.5**	97.0
Issue of private placement notes	15	**–**	149.1
Payment of lease obligations		**(3.0)**	(2.8)
Dividends paid	22	**(32.7)**	(31.7)
Cash flows from financing activities		**6.3**	9.6
Net decrease in cash and cash equivalents		**(11.1)**	(83.8)
Cash and cash equivalents at 1 April		**11.1**	94.9
Cash and cash equivalents at 31 March		**–**	11.1

Group statement of changes in equity

For the year ended 31 March 2022

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2021		**38.7**	**46.0**	**326.7**	**1,560.0**	**0.2**	**1,971.6**
Profit for the year		**–**	**–**	**–**	**167.2**	**–**	**167.2**
Actuarial gain on defined benefit scheme	24	**–**	**–**	**–**	**2.6**	**–**	**2.6**
Deferred tax on defined benefit scheme		**–**	**–**	**–**	**(0.5)**	**–**	**(0.5)**
Total comprehensive income for the year		**–**	**–**	**–**	**169.3**	**–**	**169.3**
Employee Long-Term Incentive Plan charge	20	**–**	**–**	**–**	**–**	**3.9**	**3.9**
Dividends to shareholders	22	**–**	**–**	**–**	**(31.9)**	**–**	**(31.9)**
Transfer to retained earnings	20	**–**	**–**	**–**	**0.5**	**(0.5)**	**–**
Total equity at 31 March 2022		**38.7**	**46.0**	**326.7**	**1,697.9**	**3.6**	**2,112.9**

Group statement of changes in equity

For the year ended 31 March 2021

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2020		38.7	46.0	326.7	1,792.3	(0.6)	2,203.1
Loss for the year		–	–	–	(201.9)	–	(201.9)
Actuarial gain on defined benefit scheme	24	–	–	–	0.8	–	0.8
Deferred tax on defined benefit scheme		–	–	–	(0.1)	–	(0.1)
Total comprehensive expense for the year		–	–	–	(201.2)	–	(201.2)
Employee Long-Term Incentive Plan charge	20	–	–	–	–	1.5	1.5
Dividends to shareholders	22	–	–	–	(31.8)	–	(31.8)
Transfer to retained earnings	20	–	–	–	0.7	(0.7)	–
Total equity at 31 March 2021		38.7	46.0	326.7	1,560.0	0.2	1,971.6

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

Great Portland Estates plc is a public company limited by shares incorporated and domiciled in the United Kingdom (England and Wales). The address of the registered office is given on page 189. The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties and certain financial instruments which are held at fair value. The consolidated financial statements, including the results and financial position, are expressed in sterling (£), which is the functional and presentation currency of the Group.

The Directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2022, with particular focus on the impact of geopolitical tensions on macro-economic conditions in which the Group is operating. This assessment is for the 12-month period following the date of approval of the accounts and is based on the Group's financial forecasts, including a going concern scenario which included the following key assumptions:

- a 25% decline in the valuation of the property portfolio; and
- an overall decline of around 41% in EPRA earnings.

The going concern scenario demonstrates that the Group over the next 12 months:

- has significant liquidity to fund its ongoing operations;
  - is operating with significant headroom above its Group debt financing covenants:
  - property values would have to fall by a further 30% before breach (or 56% from 31 March 2022 values);
  - due to the measurement of its income related bank covenants, in particular the treatment of capitalised interest, for the year ended 31 March 2022, the Group did not have a net interest charge. As a result, its interest cover covenant was not measurable. Absent the benefit of capitalised interest, as assumed in the going concern assessment, earnings before interest and tax would need to fall by a further 33% before breach (or 71% from 31 March 2022 levels); and
- has no debt maturities.

The Directors also conducted extensive stress testing sensitising the potential impact of climate change as detailed further in the viability statement as well as the impact of removing non-committed disposal proceeds and capital expenditure. Based on these considerations, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors have adopted the going concern basis in preparing the accounts for the year ended 31 March 2022. The Group has adopted a number of alternative performance measures, see note 8 for further detail.

Critical judgements and key sources of estimation uncertainty

In the process of preparing the financial statements, the Directors are required to make certain judgements, assumptions and estimates. Not all of the Group's accounting policies require the Directors to make difficult, subjective or complex judgements or estimates. Any estimates and judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the Directors' best knowledge of the amount, event or actions, actual results may differ from those estimates.

No critical judgements have been made.

The following is intended to provide an understanding of the estimates that management consider critical because of the level of complexity, judgement or estimation involved in their application and their material impact on the financial statements.

Key source of estimation uncertainty: property portfolio valuation

The valuation to assess the fair value of the Group's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. An adjustment to any of these assumptions could lead to a material change in the property valuation. For the current year and prior year the Directors adopted the valuation without adjustment – further information is provided in the accounting policy for investment property and note 9.

1 Accounting policies continued

New accounting standards

In the current year, the Group has applied a number of new standards and amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. These new standards and amendments are listed below:

– Amendment to IFRS 16 on COVID-19 related rent concessions

– Amendments to IFRS 9, IAS 29, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark reform phase 2

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

– Amendment to IFRS 16 – COVID-19 related rent concessions beyond 30 June 2021
– Amendments to IAS 16 – Property, plant and equipment proceeds before intended use
– Annual improvements to IFRS Standards 2018–2020 (May 2020)
– Amendments to IFRS 3 (May 2020) – Reference to the conceptual framework
– Amendments to IAS 37 (May 2020) – Onerous contracts, cost of fulfilling a contract
– IFRS 17 – Insurance contracts
– Amendments to IAS 1 – Classification of liabilities as current or non current (including deferral of effective date)
– Amendments to IFRS 4 – Extension of the temporary exemption from applying IFRS 9
– Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
– Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
– Amendments to IAS 8 – Definition of accounting estimates
– Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an investor and its Associate or Joint Venture

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2022. Subsidiary undertakings are those entities controlled by the Group. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Revenue

Gross rental income comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable, on a straight-line basis. Initial direct costs incurred in arranging a lease are added to the carrying value of investment properties and are subsequently recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives, including rent-free periods and payments to customers, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of resulting accrued rental income is included within the respective property with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease.

Service charge income is recorded over the period when the services are provided and benefit the customer.

Cost of sales

Service charge expenses represent the costs of operating the Group's portfolio and are expensed as incurred.

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

Administration expenses

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

Share-based payments

The cost of granting share-based payments to employees and Directors is recognised within administration expenses in the income statement. The Group has used the Stochastic model to value the grants, which is dependent upon factors including the share price, expected volatility and vesting period, and the resulting fair value is amortised through the income statement over the vesting period. The charge is recognised over the vesting period and reversed if it is likely that any non-market-based performance or service criteria will not be met. Any cost in respect of share-based payments relating to the employees of a subsidiary company is recharged accordingly.

Segmental analysis

The Directors are required to present the Group's financial information by business segment or geographical area. This requires a review of the Group's organisational structure and internal reporting system to identify reportable segments and an assessment of where the Group's assets or customers are located.

1 Accounting policies continued

All of the Group's revenue is generated from investment and trading properties located in central London. The properties are managed as a single portfolio by a portfolio management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed-use, therefore the office, retail and any residential space is managed together. Within the property portfolio, the Group has a number of properties under development. The Directors view the Group's development activities as an integral part of the life cycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed, it returns to the investment property portfolio, or if it is a trading property, it is sold. The Directors have considered the nature of the business, how the business is managed and how they review performance and, in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by the external valuer, are set out in note 9.

Investment property

Both leasehold and freehold investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the Directors must ensure that they are satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts without adjustment. The valuation of the property portfolio reflects its fair value taking into account the market view of all relevant factors including the climate related risks associated with the properties. This includes the impact of expected regulatory changes.

The valuations have been prepared in accordance with the current versions of the RICS Valuation – Global Standards (incorporating the International Financial Reporting Standards (IFRS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods.

These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, non-payment of rent, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

The Group recognises sales and purchases of property when control passes on completion of the contract. Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure.

Lease obligations

Where the Group is a lessee, a right of use asset and lease liability are recognised at the outset of the lease. The lease liability is initially measured at the present value of the lease payments based on the Group's expectations of the likelihood of the lease term. The lease liability is subsequently adjusted to reflect an imputed finance charge, payments made to the lessor and any lease modifications.

The right of use asset is initially measured at cost, which comprises the amount of the lease liability, direct costs incurred, less any lease incentives received by the Group. The Group has two categories of right of use assets: those in respect of head leases related to its leasehold properties and an occupational lease for its head office. The right of use asset in respect of head leases is classified as investment property and is added to the carrying value of the leasehold investment property. The right of use asset in respect of its occupational leases is classified as property, plant and equipment and is subsequently depreciated over the length of the lease.

Depreciation

No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Plant and equipment is held at cost less accumulated depreciation. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less residual value prevailing at the balance sheet date of each asset evenly over its expected useful life, as follows:

Fixtures and fittings – over three to five years.

Leasehold improvements – over the term of the lease.

Joint ventures

Joint ventures are accounted for under the equity method where, in the Directors' judgement, the Group has joint control of the entity. The Group's level of control in its joint ventures is driven both by the individual agreements which set out how control is shared by the partners and how that control is exercised in practice. The Group balance sheet contains the Group's share of the net assets of its joint ventures. Balances with partners owed to or from the Group by joint ventures are included within investments. The Group's share of joint venture profits and losses are included in the Group income statement in a single line. All of the Group's joint ventures adopt the accounting policies of the Group for inclusion in the Group financial statements. There have been no new joint ventures during the year and no changes to any of the agreements in place.

1 Accounting policies continued

Income tax

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax assets can be utilised. No provision is made for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Tax is included in the income statement except when it relates to items recognised directly in other comprehensive income or equity, in which case the related tax is also recognised directly in other comprehensive income or equity.

Pension benefits

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

Capitalisation of interest

Interest associated with direct expenditure on investment and trading properties under development is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop, but does not include the original book cost of a site where no intention existed. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Other investments

Other investments comprise investments in Pi Labs European PropTech venture capital fund which is measured at fair value, based on the net assets of the fund, this is a Level 2 valuation as defined by IFRS 13. Changes in fair value are recognised in profit or loss.

Financial instruments

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

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

iii Trade receivables and payables Trade receivables and payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. See note 13 for further information on trade receivables and associated expected credit losses.

2 Revenue

	2022 £m	2021 £m
Gross rental income	**66.1**	73.8
Spreading of lease incentives	**1.2**	(2.7)
Service charge income	**11.8**	13.7
Joint venture fee income	**5.1**	3.7
	84.2	88.5

The table below sets out the Group's net rental income, please see note 8 for the Group's alternative performance measures:

	2022 £m	2021 £m
Gross rental income	**66.1**	73.8
Expected credit loss	**(3.6)**	(7.7)
	62.5	66.1
Spreading of lease incentives	**1.2**	(2.7)
Ground rents	**(1.1)**	(1.3)
Net rental income	**62.6**	62.1

Notes forming part of the Group financial statements continued

3 Cost of sales

	2022 £m	2021 £m
Service charge expenses	**15.8**	15.2
Other property expenses	**13.2**	8.2
Ground rent	**1.1**	1.3
	30.1	24.7

The table below sets out the Group's property costs, please see note 8 for the Group's alternative performance measures:

	2022 £m	2021 £m
Service charge income	**(11.8)**	(13.7)
Service charge expenses	**15.8**	15.2
Other property expenses	**13.2**	8.2
Expected credit loss	**0.5**	–
Property costs	**17.7**	9.7

4 Administration expenses

	2022 £m	2021 £m
Employee costs	**24.5**	17.8
Depreciation	**1.6**	1.6
Other head office costs	**8.9**	5.8
	35.0	25.2

Included within employee costs is an accounting charge for the Employee Long-Term Incentive Plan and deferred bonus shares of £2.3 million (2021: £1.5 million). Employee costs, including those of Directors, comprise the following:

	2022 £m	2021 £m
Wages and salaries (including annual bonuses)	**18.3**	14.9
Share-based payments	**3.9**	1.5
Social security costs	**2.7**	2.0
Other pension costs	**2.2**	1.7
	27.1	20.1
Less: recovered through service charges	**(1.8)**	(1.5)
Less: capitalised into development projects	**(0.8)**	(0.8)
	24.5	17.8

Key management compensation

The emoluments and pension benefits of the Directors are set out in detail within the Directors' remuneration report on pages 114 to 133. The Directors and the Executive Committee are considered to be key management for the purposes of IAS 24 'Related Party Transactions' with their aggregate compensation set out below:

	2022 £m	2021 £m
Wages and salaries (including annual bonuses)	**5.4**	3.5
Share-based payments	**1.5**	0.5
Social security costs	**1.0**	0.4
Other pension costs	**0.4**	0.4
	8.3	4.8

The number of people considered key management totalled 17 (2021: 12). The Group had loans to key management of £7,206 outstanding at 31 March 2022. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

4 Administration expenses continued

Employee information

The monthly average number of employees of the Group, including Directors, was:

	2022 Number	2021 Number
Head office and property management	**129**	124

Auditor's remuneration

	2022 £000	2021 £000
Audit of the Company's annual accounts	**212**	173
Audit of subsidiaries	**119**	113
	331	286
Audit-related assurance services, including the interim review	**42**	41
Sustainability assurance	**61**	42
Total audit and audit-related services	**434**	369

5 Finance income

	2022 £m	2021 £m
Interest on balances with joint ventures	**7.3**	7.8
Interest on cash deposits	**0.1**	0.2
	7.4	8.0

6 Finance costs

	2022 £m	2021 £m
Interest on revolving credit facilities	**2.1**	2.5
Interest on private placement notes	**11.0**	8.4
Interest on debenture stock	**1.2**	1.2
Interest on obligations under occupational leases	**0.1**	0.1
Interest on obligations under head leases	**1.9**	1.9
Gross finance costs	**16.3**	14.1
Less: capitalised interest at an average rate of 2.9% (2021: 2.6%)	**(7.2)**	(6.3)
	9.1	7.8

7 Tax

	2022 £m	2021 £m
Current tax		
UK corporation tax – current period	**–**	–
UK corporation tax – prior periods	**–**	–
Total current tax	**–**	–
Deferred tax	**(0.5)**	(0.1)
Tax credit for the year	**(0.5)**	(0.1)

7 Tax continued

The effective rate of tax is lower (2021: lower) than the standard rate of tax. The difference arises from the items set out below:

	2022 £m	2021 £m
Profit/(loss) before tax	**166.7**	(202.0)
Tax charge/(credit) on profit/(loss) at standard rate of 19% (2021: 19%)	**31.7**	(38.4)
REIT tax-exempt rental profits and gains	**(8.0)**	(8.6)
Changes in fair value of properties not subject to tax	**(25.8)**	46.0
Other	**1.6**	0.9
Tax credit for the year	**(0.5)**	(0.1)

During the year, £0.5 million (2021: £0.1 million) of deferred tax was debited directly to equity. The Group recognised a net deferred tax asset at 31 March 2022 of £nil (2021: £nil). This consists of deferred tax assets of £0.8 million (2021: £0.2 million) and deferred tax liabilities of £0.8 million (2021: £0.2 million).

Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date (including Finance Act 2021 which increases the standard rate of tax on 1 April 2023 (from 19% to 25%)).

Movement in deferred tax

	At 1 April 2021 £m	Recognised in the income statement £m	Recognised in equity £m	At 31 March 2022 £m
Net deferred tax asset/(liability) in respect of other temporary differences	–	**0.5**	**(0.5)**	**–**

A further deferred tax asset of £5.9 million (2021: £3.5 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.

8 Alternative performance measures and EPRA metrics

As is usual practice in our sector, we use Alternative Performance Measures (APM) to help explain the performance of the business. These include quoting a number of measures on a proportionally consolidated basis to include joint ventures, as it best describes how we manage the portfolio, and using measures prescribed by European Public Real Estate Association (EPRA). The measures defined by EPRA are designed to enhance transparency and comparability across the European real estate sector in accordance with their Best Practice Recommendations. The Directors consider these EPRA metrics, and the other metrics provided, to be the most appropriate method of reporting the value and performance of the business. A summary of our EPRA measures is on page 33. EPRA capital expenditure and EPRA NIY are included in note 9 and EPRA vacancy is set out on page 185.

Earnings per share:

Weighted average number of ordinary shares

	2022 Number of shares	2021 Number of shares
Issued ordinary share capital at 1 April	**253,867,911**	253,867,911
Investment in own shares	**(877,335)**	(939,617)
Weighted average number of ordinary shares at 31 March – basic	**252,990,576**	252,928,294

8 Alternative performance measures and EPRA metrics continued

Basic and diluted earnings per share

	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence	Loss after tax 2021 £m	Number of shares 2021 million	Loss per share 2021 pence
Basic	**167.2**	**253.0**	**66.1**	(201.9)	252.9	(79.8)
Dilutive effect of LTIP shares	**–**	**0.1**	**(0.1)**	–	0.2	–
Diluted	**167.2**	**253.1**	**66.0**	(201.9)	253.1	(79.8)

Basic and diluted EPRA earnings per share

	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence	Loss after tax 2021 £m	Number of shares 2021 million	(Loss)/ Earnings per share 2021 pence
Basic	**167.2**	**253.0**	**66.1**	(201.9)	252.9	(79.8)
(Surplus)/deficit from investment property net of tax (note 9)	**(107.9)**	**–**	**(42.7)**	156.8	–	62.0
(Surplus)/deficit from joint venture investment property (note 10)	**(31.4)**	**–**	**(12.4)**	83.4	–	33.0
Debt redemption costs from joint ventures (note 10)	**–**	**–**	**–**	1.9	–	0.7
Deferred tax (note 7)	**(0.5)**	**–**	**(0.2)**	(0.1)	–	–
Basic EPRA earnings	**27.4**	**253.0**	**10.8**	40.1	252.9	15.9
Dilutive effect of LTIP shares (note 20)	**–**	**0.1**	**–**	–	0.2	(0.1)
Diluted EPRA earnings	**27.4**	**253.1**	**10.8**	40.1	253.1	15.8

Net assets per share:

In October 2019, EPRA issued new Best Practice Recommendations for Net Asset Value (NAV) metrics, these recommendations are effective for accounting periods starting on 1 January 2020 and have been adopted by the Group. The recommendations include three NAV metrics: EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). We consider EPRA NTA to be the most relevant measure for the Group and the primary measure of net asset value.

Number of ordinary shares

	2022 Number of shares	2021 Number of shares
Issued ordinary share capital	**253,867,911**	253,867,911
Investment in own shares	**(877,335)**	(877,335)
Number of shares – basic	**252,990,576**	252,990,576
Dilutive effect of LTIP shares	**145,862**	203,596
Number of shares – diluted	**253,136,438**	253,194,172

EPRA net assets per share at 31 March 2022

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	**2,112.9**	**2,112.9**	**2,112.9**	**2,112.9**
Fair value of financial liabilities (note 16)	**–**	**–**	**7.9**	**–**
Real estate transfer tax	**–**	**–**	**–**	**193.2**
Net assets used in per share calculations	**2,112.9**	**2,112.9**	**2,120.8**	**2,306.1**

	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share (pence)	**835**	**835**	**838**	**912**
Diluted net assets per share (pence)	**835**	**835**	**838**	**911**

8 Alternative performance measures and EPRA metrics continued

EPRA net assets per share at 31 March 2021

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	1,971.6	1,971.6	1,971.6	1,971.6
Fair value of financial liabilities (note 16)	–	–	(3.0)	–
Real estate transfer tax	–	–	–	179.3
Net assets used in per share calculations	1,971.6	1,971.6	1,968.6	2,150.9

	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share (pence)	779	779	778	850
Diluted net assets per share (pence)	779	779	777	849

Total Accounting Return (TAR)

	2022 Pence per share	2021 Pence per share
Opening EPRA NTA (A)	**779.0**	868.0
Closing EPRA NTA	**835.0**	779.0
Increase/(decrease) in EPRA NTA	**56.0**	(89.0)
Ordinary dividends paid in the year	**12.6**	12.6
Total return (B)	**68.6**	(76.4)
Total Accounting Return (B/A)	**8.8%**	(8.8%)

EPRA cost ratio (including share of joint ventures)

	2022 £m	2021 £m
Administration expenses	**35.0**	25.2
Property costs	**17.7**	9.7
Joint venture management fee income (note 2)	**(5.1)**	(3.7)
Joint venture property and administration costs (note 10)	**1.9**	2.1
EPRA costs (including direct vacancy costs) (A)	**49.5**	33.3
Direct vacancy costs	**(8.9)**	(4.1)
Joint venture direct vacancy cost	**(0.8)**	(0.3)
EPRA costs (excluding direct vacancy costs) (B)	**39.8**	28.9
Net rental income (note 2)	**62.6**	62.1
Joint venture net rental income (note 10)	**24.0**	17.4
Gross rental income (C)	**86.6**	79.5
Portfolio at fair value including joint ventures (D)	**2,647.4**	2,457.1
Cost ratio (including direct vacancy costs) (A/C)	**57.1%**	41.9%
Cost ratio (excluding direct vacancy costs) (B/C)	**46.0%**	36.4%
Cost ratio (by portfolio value) (A/D)	**1.9%**	1.4%

8 Alternative performance measures and EPRA metrics continued

EPRA Loan-to-Value and net debt

We consider loan-to-property value, including our share of joint ventures, to be the best measure of the Group's risk from financial leverage. We also present net gearing as it is a key covenant on our loan facilities (see note 15).

	2022 £m	2021 £m
£21.9 million 5⅝% debenture stock 2029	21.9	21.9
£450.0 million revolving credit facility	87.0	45.0
Private placement notes	425.0	425.0
Current interest bearing loans and borrowings	0.2	–
Net payables	34.1	35.6
Less: cash balances	–	(11.1)
Net debt excluding joint ventures	568.2	516.4
Joint venture bank loans (at share)	–	–
Joint venture net payables (at share)	4.7	3.4
Less: joint venture cash balances (at share)	(28.9)	(26.5)
Net debt including joint ventures (A)	544.0	493.3
Group properties at market value	2,088.8	1,853.8
Joint venture properties at market value	558.6	603.3
Properties at fair value including joint ventures (B)	2,647.4	2,457.1
EPRA Loan-to-Value (A/B)	20.5%	20.0%

Net gearing

	2022 £m	2021 £m
Nominal value of interest-bearing loans and borrowings (see note 15)	533.9	492.1
Obligations under occupational leases	2.9	3.9
Less: cash balances	–	(11.1)
Adjusted net debt (A)	536.8	484.9
Net assets	2,112.9	1,971.6
Pension asset	(3.5)	(0.7)
Adjusted net equity (B)	2,109.4	1,970.9
Net gearing (A/B)	25.4%	24.6%

Cash earnings per share

	Profit after tax 2022 £m	Number of shares 2022 million	Earnings per share 2022 pence	Profit after tax 2021 £m	Number of shares 2021 million	Earnings per share 2021 pence
Diluted EPRA earnings	27.4	253.1	10.8	40.1	253.1	15.8
Capitalised interest	(7.2)	–	(2.8)	(6.3)	–	(2.5)
Capitalised interest in joint ventures	–	–	–	(2.9)	–	(1.1)
Spreading of lease incentives	(1.2)	–	(0.5)	2.7	–	1.0
Spreading of lease incentives in joint ventures	(8.4)	–	(3.3)	(4.1)	–	(1.6)
Employee Long-Term Incentive Plan charge	3.9	–	1.5	1.5	–	0.6
Cash earnings per share	14.5	253.1	5.7	31.0	253.1	12.2

Notes forming part of the Group financial statements continued

9 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2020	666.0	1,069.6	1,735.6
Costs capitalised	10.0	5.1	15.1
Transfer from investment property under development	62.2	–	62.2
Transfer to investment property under development	(80.0)	–	(80.0)
Net valuation deficit on investment property	(42.3)	(110.0)	(152.3)
Book value at 31 March 2021	615.9	964.7	1,580.6
Costs capitalised	**18.9**	**25.1**	**44.0**
Acquisitions	**–**	**52.3**	**52.3**
Transfer from investment property under development	**246.8**	**–**	**246.8**
Net valuation surplus on investment property	**48.0**	**5.1**	**53.1**
Book value at 31 March 2022	**929.6**	**1,047.2**	**1,976.8**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2020	251.5	–	251.5
Costs capitalised	43.4	–	43.4
Interest capitalised	6.3	–	6.3
Transfer from investment property	80.0	–	80.0
Transfer to investment property	(62.2)	–	(62.2)
Net valuation deficit on investment property under development	(5.1)	–	(5.1)
Book value at 31 March 2021	313.9	–	313.9
Costs capitalised	**38.5**	**–**	**38.5**
Interest capitalised	**7.2**	**–**	**7.2**
Transfer to investment property	**(246.8)**	**–**	**(246.8)**
Net valuation surplus on investment property under development	**54.8**	**–**	**54.8**
Book value at 31 March 2022	**167.6**	**–**	**167.6**

Total investment property	**1,097.2**	**1,047.2**	**2,144.4**

The book value of investment property includes £55.6 million (2021: £40.7 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £2,088.8 million. The total portfolio value including joint venture properties of £558.6 million (see note 10) was £2,647.4 million. At 31 March 2022, property with a carrying value of £119.5 million (2021: £113.1 million) was secured under the first mortgage debenture stock (see note 16).

Surplus from investment property

	2022 £m	2021 £m
Net valuation surplus/(deficit) on investment property	**107.9**	(157.4)
Profit on sale of investment properties	**–**	0.6
	107.9	(156.8)

The Group's investment properties, including those held in joint ventures (note 10), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2022. The valuations have been prepared in accordance with the current versions of the RICS Valuation – Global Standards (incorporating the International Financial Reporting Standards (IFRS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

The total fees, including the fixed fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group are less than 5.0% of total UK revenues. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years. CBRE has carried out valuation, agency and professional services on behalf of the Group for in excess of 20 years.

9 Investment property continued

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

Key inputs to the valuation at 31 March 2022

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	**79**	**43 – 96**	**4.3**	**3.9 – 5.7**
	Retail	**65**	**33 – 111**	**4.4**	**4.1 – 7.0**
Rest of West End	Office	**87**	**57 – 111**	**4.8**	**3.3 – 6.2**
	Retail	**97**	**15 – 226**	**4.5**	**3.4 – 6.2**
City, Midtown and Southwark	Office	**57**	**46 – 67**	**4.5**	**3.8 – 5.5**
	Retail	**29**	**25 – 71**	**5.2**	**4.9 – 5.2**

Key inputs to the valuation at 31 March 2021

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	77	43 – 95	4.5	4.1 – 6.8
	Retail	67	30 – 122	4.6	4.3 – 7.0
Rest of West End	Office	81	57 – 94	4.8	3.3 – 6.2
	Retail	95	15 – 255	4.4	3.2 – 6.2
City, Midtown and Southwark	Office	57	46 – 65	5.3	4.4 – 6.2
	Retail	28	24 – 72	5.2	4.4 – 5.2

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and a decrease in rental values will reduce the valuation of the property. Any percentage movement in rental values will translate into approximately the same percentage movement in the property valuation. However, due to the long-term nature of leases, where the passing rent is fixed and often subject to upwards only rent reviews, the impact will not be immediate and will be recognised over a number of years. The relationship between capitalisation yields and the property valuation is negative and more immediate; therefore an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. A decrease in the capitalisation yield by 25 basis points would result in an increase in the fair value of the Group's investment property by £160.3 million, whilst a 25 basis point increase would reduce the fair value by £143.0 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. Additionally, investment property under development is sensitive to income, cost and developer's profit assumptions included in the valuations.

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.

At 31 March 2022, the Group had capital commitments of £28.9 million (2021: £60.5 million). At 31 March 2022, £27.0 million of investment property was held for sale. For further detail see Our development activities on pages 23 to 26.

9 Investment property continued

EPRA capital expenditure

	2022 £m	2021 £m
Group		
Acquisitions	**52.3**	–
Developments	**38.5**	43.4
Interest capitalised	**7.2**	6.3
Investment properties: incremental lettable space	**–**	–
Investment properties: no incremental lettable space	**42.8**	17.8
Lease incentives	**1.2**	(2.7)
Group total	**142.0**	64.8
Joint ventures (at share)		
Developments	**–**	11.1
Interest capitalised	**–**	2.9
Investment properties: incremental lettable space	**–**	–
Investment properties: no incremental lettable space	**1.2**	0.4
Lease incentives	**8.4**	4.1
Total capital expenditure	**151.6**	83.3
Conversion from accrual to cash basis	**(3.8)**	1.7
Total capital expenditure on a cash basis	**147.8**	85.0

EPRA net initial yield (NIY) and topped-up NIY

	2022 £m	2021 £m
Properties at fair value including joint ventures	**2,647.4**	2,457.1
Less: properties under development including joint ventures	**(167.6)**	(313.9)
Less: residential properties	**(13.3)**	(13.2)
Like-for-like investment property portfolio, proposed and completed developments	**2,466.5**	2,130.0
Plus: estimated purchasers' costs	**180.0**	155.4
Grossed-up completed property portfolio valuation (B)	**2,646.5**	2,285.4
Annualised cash passing rental income[1]	**77.8**	78.0
Net service charge expense including joint ventures	**(4.8)**	(2.2)
Other irrecoverable property costs including joint ventures	**(13.0)**	(8.4)
Annualised net rents (A)	**60.0**	67.4
Plus: rent-free periods and other lease incentives including joint ventures	**22.6**	8.3
Topped-up annualised net rents (C)	**82.6**	75.7
EPRA net initial yield (A/B)	**2.3%**	3.0%
EPRA topped-up initial yield (C/B)	**3.1%**	3.3%

1. Annualised passing rental income as calculated by the Group's external valuers including joint ventures at share.

See note 8 for further detail on EPRA measures.

10 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2022 Total £m	2021 Total £m
At 1 April	326.7	299.7	626.4	647.0
Movement on joint venture balances	–	(82.2)	(82.2)	53.1
Additions	–	–	–	10.8
Share of profit of joint ventures	14.5	–	14.5	7.2
Share of revaluation surplus/(deficit) of joint ventures	28.1	–	28.1	(84.7)
Share of profit on disposal of joint venture properties	3.3	–	3.3	1.3
Share of results of joint ventures	45.9	–	45.9	(76.2)
Distributions	(7.3)	–	(7.3)	(8.3)
At 31 March	365.3	217.5	582.8	626.4

All of the Group's joint ventures operate solely in the United Kingdom and comprise the following:

	Country of registration	2022 ownership	2021 ownership
The GHS Limited Partnership	Jersey	50%	50%
The Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Victoria Partnerships	United Kingdom	50%	50%

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

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2022 Total £m	2022 At share £m	2021 At share £m
Balance sheets						
Investment property	699.9	339.8	87.8	1,127.5	563.8	608.5
Current assets	1.6	2.8	1.0	5.4	2.7	4.9
Cash	26.5	13.4	17.8	57.7	28.9	26.5
Balances from partners	(235.1)	(126.7)	(73.1)	(434.9)	(217.5)	(299.7)
Current liabilities	(4.4)	(6.4)	(3.9)	(14.7)	(7.4)	(8.3)
Head lease obligations	–	(10.3)	–	(10.3)	(5.2)	(5.2)
Net assets	488.5	212.6	29.6	730.7	365.3	326.7

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	2022 Total £m	2022 At share £m	2021 At share £m
Income statements						
Net rental income	15.9	20.6	3.7	40.2	20.1	17.4
Surrender premium	–	7.9	–	7.9	3.9	–
Property and administration costs	(2.7)	0.3	(1.4)	(3.8)	(1.9)	(2.1)
Net finance costs	(10.4)	(4.8)	–	(15.2)	(7.6)	(6.2)
Debt redemption costs	–	–	–	–	–	(1.9)
Profit from joint ventures	2.8	24.0	2.3	29.1	14.5	7.2
Revaluation of investment property	70.0	1.7	(15.6)	56.1	28.1	(84.7)
Profit on sale of investment property	–	6.5	–	6.5	3.3	1.3
Share of results of joint ventures	72.8	32.2	(13.3)	91.7	45.9	(76.2)

At 31 March 2022, the joint ventures had no debt facilities.

Notes forming part of the Group financial statements continued

10 Investment in joint ventures continued

Transactions during the year between the Group and its joint ventures, which are related parties, are disclosed below:

	2022 £m	2021 £m
Movement on joint venture balances during the year	**82.2**	(53.1)
Balances receivable at the year end from joint ventures	**(217.5)**	(299.7)
Interest on balances with partners (see note 5)	**7.3**	7.8
Distributions	**7.3**	8.3
Joint venture fees paid (see note 2)	**5.1**	3.7

The joint venture balances are repayable on demand and bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances and the Great Ropemaker Partnership at 2.0%.

The investment properties include £5.2 million (2021: £5.2 million) in respect of the present value of future ground rents; net of these amounts the market value of our share of the total joint venture properties is £558.6 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's length transactions. See note 9 and note 13 for more information on the valuation of investment properties and expected credit losses in joint ventures.

At 31 March 2022, the Group had £nil contingent liabilities arising in its joint ventures (2021: £nil). At 31 March 2022, the Group had capital commitments in respect of its joint ventures of £1.4 million (2021: £3.3 million).

11 Property, plant and equipment

	Right of use asset for occupational leases £m	Leasehold improvements £m	Fixtures and fittings/ other £m	Total £m
Cost				
At 1 April 2020	–	5.6	1.2	6.8
Adoption of IFRS 16	4.9	–	–	4.9
Costs capitalised	–	–	0.4	0.4
At 31 March 2021	4.9	5.6	1.6	12.1
Costs capitalised	**–**	**–**	**0.3**	**0.3**
At 31 March 2022	**4.9**	**5.6**	**1.9**	**12.4**
Depreciation				
At 1 April 2021	1.6	2.9	1.3	5.8
Charge for the year	**0.8**	**0.5**	**0.3**	**1.6**
At 31 March 2022	**2.4**	**3.4**	**1.6**	**7.4**
Carrying amount at 31 March 2021	3.3	2.7	0.3	6.3
Carrying amount at 31 March 2022	**2.5**	**2.2**	**0.3**	**5.0**

12 Other investments

	2022 £m	2021 £m
At 1 April	**1.0**	0.2
Acquisitions	**0.7**	0.8
Return of capital	**(0.7)**	–
At 31 March	**1.0**	1.0

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 31 March 2022, the Group had made net investments of £1.0 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, future of work, future of retail, commercial real estate technologies, construction technology and smart cities.

13 Trade and other receivables

	2022 £m	2021 £m
Trade receivables	**14.4**	23.4
Expected credit loss allowance	**(6.0)**	(7.9)
	8.4	15.5
Prepayments	**0.5**	0.8
Amounts due on development management contracts	**–**	0.1
Other taxes	**4.0**	–
Other trade receivables	**8.2**	3.1
	21.1	19.5

Trade receivables consist of rent and service charge monies, which are typically due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the customer's lease. Trade receivables are provided for based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on an assessment of each individual customer's circumstance. This assessment reviews the outstanding balances of each individual customer and makes an assessment of the likelihood of recovery, based on an evaluation of their financial situation. Where the expected credit loss relates to revenue already recognised this has been recognised immediately in the income statement. For the portion of the expected credit loss that relates to future revenue which is no longer considered fully recoverable, the relevant amount of rent received in advance has been released.

Debtors past due but not impaired were £6.6 million (2021: £14.8 million) of which £2.0 million (2021: £8.7 million) is over 30 days.

	2022 £m	2021 £m
Movements in expected credit loss allowance		
Balance at the beginning of the year	**(7.9)**	(2.2)
Expected credit loss allowance during the year (see below)	**(4.9)**	(9.2)
Expected credit loss allowance in respect of future years	**1.1**	0.1
Amounts written-off as uncollectable	**5.7**	3.4
	(6.0)	(7.9)

The expected credit loss allowance during the year comprises:

	Gross 2022 £m	Net of VAT 2022 £m	Gross 2021 £m	Net of VAT 2021 £m
Expected credit loss allowance during the year				
Group	**4.9**	**4.1**	9.2	7.7
Joint ventures	**(0.1)**	**(0.1)**	2.3	1.9
	4.8	**4.0**	11.5	9.6

The expected credit loss for the year represents 72% of the trade receivables balance at the balance sheet date. Each 5% increase, or decrease, to the expected credit loss would impact the Group loss provision by £0.4 million and joint venture loss provision by £0.1 million.

14 Trade and other payables

	2022 £m	2021 £m
Rents received in advance	**16.0**	15.1
Accrued capital expenditure	**16.9**	18.8
Other accruals	**19.2**	14.7
Other payables	**3.1**	6.5
	55.2	55.1

The Directors consider that the carrying amount of trade payables approximates their fair value.

15 Interest-bearing loans and borrowings

	2022 £m	2021 £m
Non-current liabilities at amortised cost		
Secured		
£21.9 million 5⅝% debenture stock 2029	**22.0**	22.0
Unsecured		
£450.0 million revolving credit facility	**85.4**	43.3
£175.0 million 2.15% private placement notes 2024	**174.7**	174.6
£40.0 million 2.70% private placement notes 2028	**39.9**	39.9
£30.0 million 2.79% private placement notes 2030	**29.9**	29.9
£30.0 million 2.93% private placement notes 2033	**29.9**	29.9
£25.0 million 2.75% private placement notes 2032	**24.9**	24.8
£125.0 million 2.77% private placement notes 2035	**124.3**	124.2
Non-current interest-bearing loans and borrowings	**531.0**	488.6

In January 2022, the Group extended the maturity of £400 million of its £450 million unsecured revolving credit facility (RCF) to January 2027. The headline margin was unchanged at 90.0 basis points over SONIA (plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years).

At 31 March 2022, the nominal value of the Group's interest-bearing loans and borrowing was £533.9 million (2021: £492.1 million) and the Group had £363.0 million (2021: £405.0 million) of undrawn credit facilities.

16 Financial instruments

Categories of financial instrument	Carrying amount 2022 £m	Amounts recognised in income statement 2022 £m	Gain/(loss) to equity 2022 £m	Carrying amount 2021 £m	Amounts recognised in income statement 2021 £m	Gain/(loss) to equity 2021 £m
Other investments	**1.0**	**–**	**–**	1.0	–	–
Assets at fair value	**1.0**	**–**	**–**	1.0	–	–
Balances with partners	**217.5**	**7.3**	**–**	299.7	7.8	–
Trade receivables	**20.6**	**(4.1)**	**–**	19.1	(7.7)	–
Cash and cash equivalents	**–**	**0.1**	**–**	11.1	0.2	–
Loans and receivables	**238.1**	**3.3**	**–**	329.9	0.3	–
Trade and other payables	**(3.1)**	**–**	**–**	(3.0)	–	–
Interest-bearing loans and borrowings	**(531.2)**	**(7.1)**	**–**	(488.6)	(5.8)	–
Obligations under occupational leases	**(2.9)**	**(0.1)**	**–**	(3.9)	(0.1)	–
Obligations under finance leases	**(55.6)**	**(1.9)**	**–**	(40.7)	(1.9)	–
Liabilities at amortised cost	**(592.8)**	**(9.1)**	**–**	(536.2)	(7.8)	–
Total financial instruments	**(353.7)**	**(5.8)**	**–**	(205.3)	(7.5)	–

Financial risk management objectives

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of reviewing the financial information of prospective customers and only dealing with those that are creditworthy and obtaining sufficient rental cash deposits or third-party guarantees as a means of mitigating financial loss from defaults. The concentration of credit risk is limited due to the large and diverse customer base, with no one customer providing more than 10% of the Group's rental income. COVID-19 has had a significant impact on the Group's credit risk, with rent collection rates greatly reduced. As a result, the reliance on historical collection performance has been less relevant, with greater weight placed on the assessment of individual customers' financial status, prospects for the reopening of the economy and the sector in which the customer operates particularly in the retail, hospitality and leisure sectors. Details of the Group's receivables, and the associated expected credit loss, are summarised in note 13 of the financial statements. The Directors believe that there is no further expected credit loss required in excess of that provided.

16 Financial instruments continued

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

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

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to operate on a going concern basis and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. Debt comprises long-term debenture stock, private placement notes and drawings against committed revolving credit facilities from banks. The Group aims to maintain a loan-to-property value of between 10–35% (see note 8). The Group operates solely in the United Kingdom, and its operating profits and net assets are sterling denominated. As a result, the Group's policy is to have no unhedged assets or liabilities denominated in foreign currencies. The currency risk on overseas transactions has historically been fully hedged through foreign currency derivatives to create a synthetic sterling exposure.

Liquidity risk

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

The Group meets its day-to-day working capital requirements through the utilisation of its revolving credit facility. The availability of this facility depends on the Group complying with a number of key financial covenants; these covenants and the Group's compliance with them are set out in the table below:

Key covenants	Covenant	March 2022 actuals
Group		
Net gearing (see note 8)	**<125%**	**25.4%**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**3.82x**
Interest cover	**>1.35x**	**n/a**

Due to low levels of consolidated Group debt, there was no net interest charge (as measured under our debt covenants) in the year, as a result interest cover was not measurable. The Group has undrawn credit facilities of £363.0 million and has substantial headroom above all of its key covenants. As a result, the Directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

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

At 31 March 2022	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
Short-term Interest-bearing loans and borrowings	**0.2**	**0.2**	**0.2**	**–**	**–**	**–**
£21.9 million 5⅝% debenture stock 2029	**22.0**	**30.3**	**1.2**	**1.2**	**3.7**	**24.2**
£450.0 million revolving credit facility	**85.4**	**98.6**	**2.6**	**2.6**	**93.4**	**–**
Private placement notes	**423.6**	**511.0**	**10.8**	**10.8**	**196.3**	**293.1**
	531.2	**640.1**	**14.8**	**14.6**	**293.4**	**317.3**

At 31 March 2021	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£21.9 million 5⅝% debenture stock 2029	22.0	31.5	1.2	1.2	3.7	25.4
£450.0 million revolving credit facility	43.3	54.1	1.8	1.8	50.5	–
Private placement notes	423.3	521.6	10.8	10.8	200.1	299.9
	488.6	607.2	13.8	13.8	254.3	325.3

Notes forming part of the Group financial statements continued

16 Financial instruments continued

Interest rate risk

Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements. At 31 March 2022, the Group had no interest rate derivatives.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date, and represents management's assessment of possible changes in interest rates based on historical trends. For the floating rate liabilities, the analysis is prepared assuming the amount of the liability at 31 March 2022 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Increase of 100 basis points	**(0.9)**	(0.5)	**(0.9)**	(0.5)
Increase of 50 basis points	**(0.4)**	(0.2)	**(0.4)**	(0.2)
Decrease of 25 basis points	**0.2**	n/a	**0.2**	n/a
Decrease of 50 basis points	**0.4**	n/a	**0.4**	n/a

Fair value of interest-bearing loans and borrowings

	Book value 2022 £m	**Fair value 2022 £m**	Book value 2021 £m	Fair value 2021 £m
Items not carried at fair value				
Short-term Interest-bearing loans and borrowings	**0.2**	**0.2**	–	–
£21.9 million 5⅝% debenture stock 2029	**22.0**	**25.7**	22.0	27.0
£450.0 million revolving credit facility	**85.4**	**85.4**	43.3	43.3
Private placement notes	**423.6**	**412.0**	423.3	421.3
	531.2	**523.3**	488.6	491.6

The fair values of the Group's private placement notes were determined by comparing the discounted future cash flows using the contracted yields with those of the reference gilts plus the implied margins, representing Level 2 fair value measurements as defined by IFRS 13 'Fair Value Measurement'. The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements.

17 Head lease obligations

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

	Minimum lease payments 2022 £m	**Impact of discounting 2022 £m**	**Present value of minimum lease payments 2022 £m**	Minimum lease payments 2021 £m	Impact of discounting 2021 £m	Present value of minimum lease payments 2021 £m
Less than one year	**2.3**	**(2.3)**	**–**	1.9	(1.9)	–
Between two and five years	**11.7**	**(11.5)**	**0.2**	9.5	(9.4)	0.1
More than five years	**234.4**	**(179.0)**	**55.4**	191.1	(150.5)	40.6
	248.4	**(192.8)**	**55.6**	202.5	(161.8)	40.7

During the year, the Group regeared the head lease at 31/34 Alfred Place, WC1 and purchased the leasehold interest of 7/15 Gresse Street, W1.

18 Occupational lease obligations

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

	Minimum lease payments 2022 £m	Impact of discounting 2022 £m	Present value of minimum lease payments 2022 £m	Minimum lease payments 2021 £m	Impact of discounting 2021 £m	Present value of minimum lease payments 2021 £m
Less than one year	**1.0**	**(0.1)**	**0.9**	1.0	(0.1)	0.9
Between two and five years	**2.0**	**–**	**2.0**	3.1	(0.1)	3.0
More than five years	**–**	**–**	**–**	–	–	–
	3.0	**(0.1)**	**2.9**	4.1	(0.2)	3.9

19 Share capital

	2022 Number	2022 £m	2021 Number	2021 £m
Allotted, called up and fully paid ordinary shares of 15 5⁄19 pence				
At 1 April and 31 March	**253,867,911**	**38.7**	253,867,911	38.7

At 31 March 2022, the Company had 253,867,911 ordinary shares with a nominal value of 15 5⁄19 pence each.

20 Investment in own shares

	2022 £m	2021 £m
At 1 April	**(0.2)**	0.6
Employee Long-Term Incentive Plan charge and deferred bonus shares	**(3.9)**	(1.5)
Transfer to retained earnings	**0.5**	0.7
At 31 March	**(3.6)**	(0.2)

The investment in the Company's own shares is held at cost and comprises 877,335 shares (2021: 877,335 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met. During the year, no shares (2021: 231,968 shares) were awarded to Directors and senior employees in respect of the 2018 LTIP award and no additional shares were acquired by the Trust (2021: nil shares). The fair value of shares awarded and outstanding at 31 March 2022 was £10.5 million (2021: £7.9 million).

21 Notes to the Group statement of cash flows

Reconciliation of financing liabilities

	1 April 2021 £m	New obligations £m	Inflows/ (outflows) £m	Other £m	31 March 2022 £m
Long-term interest-bearing loans and borrowings	488.6	**–**	**42.0**	**0.4**	**531.0**
Short-term interest-bearing loans and borrowings	–	**–**	**0.2**	**–**	**0.2**
Obligations under leases	44.6	**14.9**	**(3.0)**	**2.0**	**58.5**
	533.2	**14.9**	**39.2**	**2.4**	**589.7**

	1 April 2020 £m	New obligations £m	Inflows/ (outflows) £m	Other £m	31 March 2021 £m
Long-term interest-bearing loans and borrowings	444.3	149.1	(105.0)	0.2	488.6
Obligations under leases	45.5	–	(2.8)	1.9	44.6
	489.8	149.1	(107.8)	2.1	533.2

Notes forming part of the Group financial statements continued

21 Notes to the Group statement of cash flows continued

Adjustment for non-cash items

	2022 £m	2021 £m
(Surplus)/deficit from investment property	**(107.9)**	156.8
Employee Long-Term Incentive Plan charge	**3.9**	1.5
Spreading of lease incentives	**(1.2)**	2.7
Share of results of joint ventures	**(45.9)**	76.2
Depreciation	**1.6**	1.6
Other	**(0.2)**	(0.3)
Adjustments for non-cash items	**(149.7)**	238.5

22 Dividends

	2022 £m	2021 £m
Dividends paid		
Interim dividend for the year ended 31 March 2022 of 4.7 pence per share	**11.9**	–
Final dividend for the year ended 31 March 2021 of 7.9 pence per share	**20.0**	–
Interim dividend for the year ended 31 March 2021 of 4.7 pence per share	**–**	11.9
Final dividend for the year ended 31 March 2020 of 7.9 pence per share	**–**	19.9
	31.9	31.8

A final dividend of 7.9 pence per share was approved by the Board on 19 May 2022 and, subject to shareholder approval, will be paid on 11 July 2022 to shareholders on the register on 27 May 2022. The dividend is not recognised as a liability at 31 March 2022. The 2021 final dividend and the 2022 interim dividend are included within the Group statement of changes in equity.

23 Lease obligations

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

	2022 £m	2021 £m
The Group as a lessor		
Less than one year	**56.4**	62.7
Between two and five years	**122.1**	121.6
More than five years	**78.9**	51.7
	257.4	236.0

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2022 was 3.4 years (2021: 3.3 years). All investment properties, except those under development, generated rental income and £nil contingent rents were recognised in the year (2021: £nil).

24 Employee benefits

The Group operates a UK-funded approved defined contribution plan. The Group's contribution for the year was £1.3 million (2021: £0.9 million). The Group also contributes to a defined benefit final salary pension plan (the Plan), the assets of which are held and managed by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2020 by a qualified independent actuary using the projected unit method. The Plan was valued using the following key actuarial assumptions:

	2022 %	2021 %
Discount rate	**2.80**	2.20
Expected rate of salary increases	**4.50**	4.20
RPI inflation	**3.50**	3.20
Rate of future pension increases	**3.20**	3.00

24 Employee benefits continued

Life expectancy assumptions at age 65:

	2022 Years	2021 Years
Retiring today age 65	**24**	24
Retiring in 25 years (age 40 today)	**27**	27

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

	2022 £m	2021 £m
Present value of unfunded obligations	**(35.9)**	(39.1)
Fair value of the Plan assets	**39.4**	39.8
Pension asset	**3.5**	0.7

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

	2022 £m	2021 £m
Current service cost	**(0.3)**	(0.3)
Net interest cost	**–**	–
	(0.3)	(0.3)

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

	2022 £m	2021 £m
Defined benefit obligation at 1 April	**39.1**	35.9
Service cost	**0.3**	0.3
Interest cost	**0.9**	0.8
Effect of changes in demographic assumptions	**–**	(0.2)
Effect of changes in financial assumptions	**(3.4)**	2.6
Effect of experience adjustments	**–**	0.5
Benefits paid	**(1.0)**	(0.8)
Present value of defined benefit obligation at 31 March	**35.9**	39.1

Changes to the fair value of the Plan assets are as follows:

	2022 £m	2021 £m
Fair value of the Plan assets at 1 April	**39.8**	35.5
Interest income	**0.9**	0.8
Actuarial (loss)/gain	**(0.8)**	3.7
Employer contributions	**0.5**	0.6
Benefits paid	**(1.0)**	(0.8)
Fair value of the Plan assets at 31 March	**39.4**	39.8
Net pension asset	**(3.5)**	(0.7)

The amount recognised immediately in the Group statement of comprehensive income was £2.6 million (2021: £0.8 million).

Virtually all equity and debt instruments have quoted prices in active markets. The fair value of the Plan assets at the balance sheet date is analysed as follows:

	2022 £m	2021 £m
Cash	**0.1**	0.1
Equities	**16.8**	16.6
Bonds	**22.5**	23.1
	39.4	39.8

Notes forming part of the Group financial statements continued

24 Employee benefits continued

Other than market and demographic risks, which are common to all retirement benefit schemes, there are no specific risks in the relevant benefit schemes which the Group considers to be significant or unusual. Detail on two of the more specific risks is detailed below:

Changes in bond yields

Falling bond yields tend to increase the funding and accounting liabilities. However, the investment in corporate and government bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting liabilities. In this way, the exposure to movements in bond yields is reduced.

Life expectancy

The majority of the obligations are to provide a pension for the life of the member on retirement, so increases in life expectancy will result in an increase in the liabilities. The inflation-linked nature of the majority of benefit payments increases the sensitivity of the liabilities to changes in life expectancy.

The effect on the defined benefit obligation of changing the key assumptions, calculated using approximate methods based on historical trends, is set out below:

	2022 £m	2021 £m
Discount rate -0.25%	**37.6**	41.0
Discount rate +0.25%	**34.4**	37.4
RPI inflation -0.25%	**35.2**	38.3
RPI inflation +0.25%	**36.7**	40.0
Post-retirement mortality assumption – one year age rating	**37.5**	40.9

The Group expects to contribute £0.6 million to the Plan in the year ending 31 March 2023. The expected total benefit payments for the year ending 31 March 2023 is £0.8 million, with £5.6 million expected to be paid over the next five years. A funding plan has been agreed committing the Group to cash contributions of £248,000 p.a. over five years as well as a contribution rate of 52.9% p.a. of member pensionable salaries to eliminate any funding shortfalls and the ongoing benefit accrual.

25 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital

The nominal value of the Company's issued share capital, comprising 15 5⁄19 pence ordinary shares.

Share premium

Amount subscribed for share capital in excess of nominal value, less directly attributable issue costs.

Capital redemption reserve

Amount equivalent to the nominal value of the Company's own shares acquired as a result of share buyback programmes.

Retained earnings

Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends.

Investment in own shares

Amount paid to acquire the Company's own shares for its Employee Long-Term Incentive Plan less accounting charges.

Independent auditor's report to the members of Great Portland Estates plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Great Portland Estates plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group and of the Parent Company's affairs as at 31 March 2022 and of the Group profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and Parent Company balance sheets;
- the Group and Parent Company statements of changes in equity;
- the Group cash flow statement; and
- the related notes 1 to 25 for the Group financial statements and i to vi for the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: – the valuation of the property portfolio. The key audit matter has a similar level of risk as the prior year.
Materiality	The materiality that we used for the Group financial statements was £29.0m which was determined on the basis of approximately 1% of net assets.
Scoping	Our Group audit scope comprises the audit of Great Portland Estates plc as well as the Group's subsidiaries and joint ventures. The Group audit team performs full scope audits for all of the subsidiaries and joint venture which are subject to statutory audit requirements. Those entities not subject to an underlying statutory audit are audited based on component materiality. 100% of Group revenue, profit before tax and net assets are covered by auditing these entities.
Significant changes in our approach	Due to the improving collection of rent compared to the prior year, we have removed "Expected credit losses on rent receivables" as a key audit matter. There is lower judgement associated with this balance, therefore there is a lower level of audit effort required for the FY22 audit compared to the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the relevant controls relating to the going concern process;
- Understanding the financing facilities available to the Group and Parent Company, including the associated covenants;
- Assessing all bank covenants and facility expiry dates, and recalculating current and forecast covenant compliance;
- Obtaining an understanding of the going concern forecast prepared by Management including changes from the FY21 scenario as well as evaluating any plans for future actions;
- Testing the mathematical accuracy of the model used to prepare the going concern forecast;
- Challenging the key assumptions, including forecast valuation movements and rental income cash flows, on which the assessment is based and evaluating the consistency of assumptions with other assumptions within the going concern assessment as well as related assumptions used in other areas;
- Evaluating Management's assessment of the impact of Covid-19, Brexit and Climate change within the forecast;
- Assessing the level of headroom in the forecast (with regard to both liquidity and debt covenant tests);
- Assessing the outcome of the reverse stress testing performed by Management;
- Assessing whether any additional facts or information has become available since the date Management made its assessment; and
- Evaluating the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of property portfolio

Key audit matter description	The Group owns a portfolio of property assets in central London. The portfolio is valued at £2,647.4 million (2021: £2,457.1 million), including its share of joint venture properties, as at 31 March 2022. The valuation of the investment and development property portfolio is a key source of estimation uncertainty and includes a number of assumptions including capitalisation yields and estimated rental values as well as forecast cost to complete, the level of developer's profit and financing costs in relation to development properties. Due to the high level of estimation required in determining the valuation, we have determined that there is a potential fraud risk in the balance. The Group uses a professionally qualified external valuer to fair value the Group's wholly-owned portfolio bi-annually and the joint venture portfolio quarterly. The valuer is engaged by the directors and performs their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. In addition to this, and consistent with the market conditions observed in the prior year, there continued to be a higher level of estimation associated with certain asset valuations, notably those with a significant retail element, those held under short leaseholds and those where the Group is increasing their Flex offering. Through our risk assessment procedures, we have identified the valuation of the property portfolio as the area on which climate change would have the greatest impact, specifically the capex that will be required to bring buildings up to required energy efficiency standards, and the valuer's approach to concluding future capex relating to climate change in the valuation. Please see key source of estimation uncertainty on page 142, accounting policy on page 144, note 9 to the financial statements and discussion in the report of the Audit Committee on page 109.

5. Key audit matters continued

How the scope of our audit responded to the key audit matter	Our procedures in relation to the valuation of property portfolio involved the following: **Understanding of the process and relevant controls** We inquired and gained an understanding of Management's processes and the oversight and governance of the processes relating to the valuation estimate. We met with key management to enhance our knowledge of the portfolio and to enable us to identify specific key assumptions for certain properties including property vacancies, leases nearing maturity or break clauses and significant ongoing tenant negotiations with existing and prospective tenants. **Data provided to the valuer** We assessed Management's process for providing data to the external valuer and the process for evaluating the output. We tested the integrity of a sample of the data provided to the external valuer. This included tracing a sample of information provided to the external valuer to underlying lease agreements, and testing costs to complete. We assessed the Group's development appraisal process through meeting with project managers, testing management's process to forecast costs to complete and inspecting commitments of key developments. **External valuation** We assessed the competence, capabilities and objectivity of the external valuer. We obtained the external valuation reports and met with the external valuer to discuss the results of their work on a sample of properties. With the assistance of an expert member of the audit team, who is a chartered surveyor, we met with the external valuer and discussed and challenged the valuation process, performance of the portfolio and significant judgements and assumptions applied in their valuation model, including yields, estimated rental values, occupancy rates, lease incentives and break clauses. Our challenge included benchmarking the key assumptions to external market data and comparable property transactions, in particular the yield. We challenged management and the valuer in relation to assumptions made about climate change, in particular the capex that will be required to bring buildings up to required energy efficiency standards. In addition, we challenged the valuer's approach to including future capex in relation to climate change in the valuation and whether this was reasonable. We assessed the valuation methodology being used and considered any departures from the Red Book guidance. We have also tested the integrity of the model which is used by the external valuer. We compared the property specific assumptions made to assess whether there is consistency within the portfolio as well as consistency with related assumptions used in other estimates. **Disclosures** We assessed the appropriateness of the disclosures included in the Financial Statements and considered if the specific disclosures in relation to the estimate are considered reasonable.
Key observations	We considered the assumptions applied in arriving at the fair value of the Group's investment and development property portfolio to be reasonable and the valuations to be suitable for inclusion in the financial statements at 31 March 2022.

6. Our application of materiality

6.1 Materiality

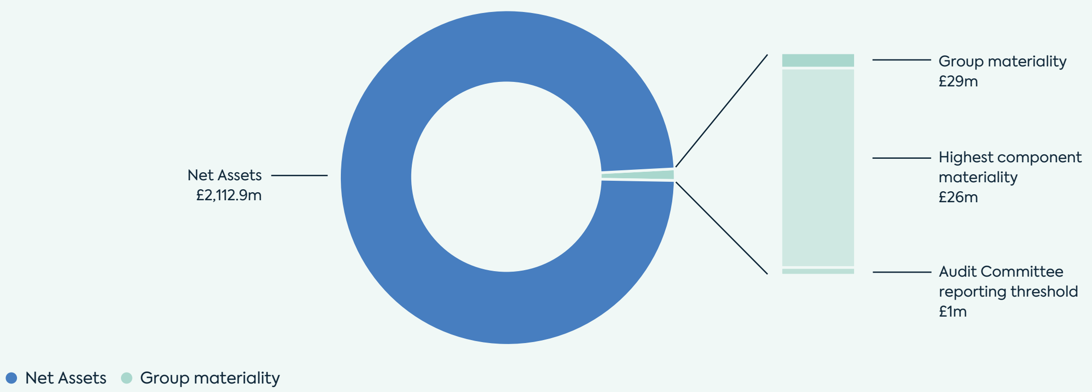
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£29.0 million (2021: £27.0 million)	£17.9m (2021: £19.1 million)
Basis for determining materiality	We determined materiality for the Group based on approximately 1% of net assets (2021: approximately 1% of net assets).	We determined materiality for the Parent Company based on 3% of net assets (2021: 3% of net assets).
Rationale for the benchmark applied	We consider net assets to be a critical financial performance measure for the Group on the basis that it is a key metric used by management, investors, analysts and lenders.	We consider net assets to be a critical financial performance measure on the basis that the Parent Company holds all the investments therefore making the Balance Sheet the relevant primary statement for management and lenders.

In addition to net assets, we consider EPRA earnings to be a critical financial performance measure for the Group and we applied a lower threshold of £1.4 million (2021: £1.9 million) based on 5% (2021: 5%) of that measure for testing of all balances impacting this financial performance measure.

Performance measures (£m)



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of Group materiality	70% (2021: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and – our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.0 million (2021: £1.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

One audit team, led by the Senior Statutory Auditor, audits the Group. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office.

We have also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

We perform full scope audits for all of the Group's subsidiaries and joint ventures which are subject to statutory audit requirements at company specific materiality levels which are lower than Group materiality, these materiality levels range from £2,000 to £26 million (2021: £4,000 to £24 million). Those entities not subject to an underlying statutory audit are audited based on component materiality. Our audit scope covers 100% (2021: 100%) of the Group's revenue and profit (2021: loss) before tax and 100% (2021: 100%) of net assets.

7.2 Our consideration of the control environment

From our understanding of the entity and after testing relevant controls, we relied on controls in performing our audit of:

- Rental income;
- Operating expenses;
- Payroll;
- Pension assets;
- Capital expenditure; and
- Service charge and property expenditure.

There were no areas where we had planned to rely on controls, other than the balances above.

In addition, we have obtained an understanding of the relevant controls such as those relating to the financial reporting cycle, and those in relation to our key audit matter.

Where we identified a control deficiency in relation to the rental income process, we were able to identify sufficient mitigating controls in place to allow us to continue with our planned approach to testing this area.

During the year, an upgrade to the IT system was undertaken by management. Together with our IT specialists, we obtained an understanding of the controls applied to this upgrade in addition to obtaining an understanding of the general IT control environment.

7.3. Our consideration of climate-related risks

As part of our audit we have made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Management consider climate change to be a principal risk within the business which particularly impacts the cost of retrofitting buildings to improve their sustainability credentials and comply with future regulations, the ability to deliver new buildings and the risk that they are left with a stranded asset. These risks are consistent with those identified through our own risk assessment process.

As part of our identification of key audit matters, we therefore assessed there to be an element of risk in relation to climate change as part of the Valuation of the Property Portfolio. There is a risk that the valuation does not include appropriate assumptions relating to climate change, for example, capital expenditure which will be required to bring a building to a certain environmental standard, to the extent assumed by a third party when determining fair value.

As detailed in our procedures in section 5.1 above, we challenged the valuer and management as to the assumptions included, and considered their reasonableness with the assistance of our real estate specialists. We have reviewed the disclosures in the principal risk section and Note 9 of the annual report and concur that they appropriately disclose the current risk that management has identified.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, IT and real estate valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of the property portfolio. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules as well as relevant provisions of tax legislation, including the REIT rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty, most notably health and safety regulations.

11.2 Audit response to risks identified

As a result of performing the above, we identified the Valuation of the Property Portfolio as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 135;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 78;
- the directors' statement on fair, balanced and understandable set out on page 136;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 64;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 106; and
- the section describing the work of the audit committee set out on pages 107 to 113.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Shareholders on 15 July 2003 to audit the financial statements for the year ending 31 March 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 19 years, covering the years ending 31 March 2004 to 31 March 2022.

15.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Independent auditor's report continued

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Judith Tacon
FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 May 2022

Company balance sheet

At 31 March 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Fixed asset investments	iii	**1,243.2**	1,219.5
Amounts owed by subsidiary undertakings		**497.2**	444.5
Amounts owed by joint ventures		**217.5**	299.7
		1,957.9	1,963.7
Current assets			
Other debtors		**2.1**	0.1
Deferred tax	vi	**0.7**	0.2
Cash at bank and short-term deposits		**7.9**	15.1
		10.7	15.4
Total assets		**1,968.6**	1,979.1
Current liabilities	iv	**(848.3)**	(852.5)
Non-current liabilities			
Interest-bearing loans and borrowings	v	**(531.0)**	(488.6)
		(531.0)	(488.6)
Total liabilities		**(1,379.3)**	(1,341.1)
Net assets		**589.3**	638.0
Capital and reserves			
Share capital	19	**38.7**	38.7
Share premium account		**46.0**	46.0
Capital redemption reserve		**326.7**	326.7
Retained earnings		**174.3**	226.4
Investment in own shares	20	**3.6**	0.2
Shareholders' funds		**589.3**	638.0

Notes: The loss within the Company financial statements was £20.7 million (2021: £15.6 million). References in roman numerals refer to the notes to the Company financial statements, references in numbers refer to the notes to the Group financial statements.

The financial statements of Great Portland Estates plc (registered number: 00596137) were approved by the Board on 19 May 2022 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Chief Financial & Operating Officer

Company statement of changes in equity

For the year ended 31 March 2022

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2021		**38.7**	**46.0**	**326.7**	**226.4**	**0.2**	**638.0**
Loss for the year and total comprehensive expense		**–**	**–**	**–**	**(20.7)**	**–**	**(20.7)**
Dividends to shareholders	22	**–**	**–**	**–**	**(31.9)**	**–**	**(31.9)**
Employee Long-Term Incentive Plan charge	20	**–**	**–**	**–**	**–**	**3.9**	**3.9**
Transfer to retained earnings	20	**–**	**–**	**–**	**0.5**	**(0.5)**	**–**
Total equity at 31 March 2022		**38.7**	**46.0**	**326.7**	**174.3**	**3.6**	**589.3**

At 31 March 2022, the Company had realised profits available for distribution in excess of £160.0 million.

Company statement of changes in equity

For the year ended 31 March 2021

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2020		38.7	46.0	326.7	273.1	(0.6)	683.9
Loss for the year and total comprehensive expense		–	–	–	(15.6)	–	(15.6)
Dividends to shareholders	22	–	–	–	(31.8)	–	(31.8)
Employee Long-Term Incentive Plan charge	20	–	–	–	–	1.5	1.5
Transfer to retained earnings	20	–	–	–	0.7	(0.7)	–
Total equity at 31 March 2021		**38.7**	**46.0**	**326.7**	**226.4**	**0.2**	**638.0**

Notes forming part of the Company financial statements

i Accounting policies

Accounting convention

Great Portland Estates plc is a public company limited by shares incorporated and domiciled in the United Kingdom (England and Wales). The address of the registered office is given on page 189. The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments to fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. There were no significant judgements made or critical estimates applied in the preparation of the financial statements.

Disclosure exemptions adopted

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

In preparing these financial statements Great Portland Estates plc has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated Group accounts into which Great Portland Estates plc is consolidated.

Subsidiary undertakings and joint ventures

The Company is a holding and financing company for the Great Portland Estates plc Group. Shares in subsidiary undertakings and joint ventures are carried at amounts equal to their original cost less any provision for impairment.

Other

Accounting policies for share-based payments, other investment, deferred tax and financial instruments are the same as those of the Group and are set out on pages 142 to 145.

The Company participates in a Group defined benefit scheme which is the legal responsibility of Great Portland Estates Services Limited as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company accounts for the contributions to the scheme as if it were a defined contribution scheme. Details of the Group's pension plan can be found on pages 162 to 164.

The auditor's remuneration for audit and other services is disclosed in note 4 to the Group accounts.

ii Profit attributable to members of the parent undertaking

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The loss dealt within the financial statements of the Company was £20.7 million (2021: £15.6 million). The employees of the Company are the Directors and the Company Secretary. Full disclosure of the Directors' remuneration can be found on pages 114 to 133.

Notes forming part of the Company financial statements continued

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Total £m
At 1 April 2021	**0.2**	**1,219.3**	**1,219.5**
Additions	**–**	**23.7**	**23.7**
31 March 2022	**0.2**	**1,243.0**	**1,243.2**

Shares in subsidiary undertakings and joint ventures are carried at cost less any provision for impairment. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2022 was £1,243.2 million (2021: £1,219.5 million).

The subsidiaries of the Company at 31 March 2022 were:

Direct subsidiaries

The Company has a 100% interest in the ordinary share capital of the following entities:

	Principal activity		Principal activity
Great Portland Estates Services Limited	Property management	G.P.E. (St Thomas Street) Limited	Property investment
Collin Estates Limited	Property investment	J.L.P. Investment Company Limited	Property investment
Courtana Investments Limited	Property investment	Knighton Estates Limited	Property investment
G.P.E. (Bermondsey Street) Limited	Property investment	Pontsarn Investments Limited	Property investment
73/77 Oxford Street Limited	Property investment	Portman Square Properties Holdings Limited	Holding company
GPE (Brook Street) Limited	Property investment	GPE Pension Trustee Limited	Corporate trustee
GPE (GHS) Limited	Property investment	G.P.E. (Marcol House) Limited	Holding company
Gresse Street Limited	Property investment	G.P.E. (Rathbone Place 1) Limited	Property investment
G.P.E. Construction Limited	Development management	G.P.E. (Rathbone Place 2) Limited	Property investment
The Rathbone Place Partnership (G.P. 1) Limited	Property investment	G.P.E. (Rathbone Place 3) Limited	Property investment

iii Fixed asset investments continued

Indirect subsidiaries

	Principal activity		Principal activity
The Rathbone Place Partnership (G.P. 2) Limited	Holding company	Portman Square Properties Limited	Property investment
The Rathbone Place Limited Partnership*	Property investment	G.P.E. (Newman Street) Limited	Property investment
Rathbone Square No.1 Limited	Property investment	Rathbone Square No.2 Limited	Property investment
The Newman Street Unit Trust	Property investment	Marcol House Jersey Limited	Property investment

* The Group has taken advantage of the exemption, which is conferred by The Partnerships (Accounts) Regulations 2008, for preparing financial statements for The Rathbone Place Limited Partnership.

Directly held joint venture entities

	Principal activity		Principal activity
The Great Victoria Partnership (G.P.) Limited	Property investment	The Great Victoria Partnership (G.P.) (No. 2) Limited	Property investment
Great Ropemaker Partnership (G.P.) Limited	Property investment	GHS (GP) Limited	Property investment

Indirectly held joint venture entities

	Principal activity		Principal activity
Great Victoria Property Limited	Property investment	The Great Victoria Partnership	Property investment
The Great Victoria Partnership (No. 2)	Property investment	Great Victoria Property (No. 2) Limited	Property investment
Great Ropemaker Property Limited	Property investment	The Great Ropemaker Partnership	Property investment
Great Ropemaker Property (Nominee 1) Limited	Property investment	Great Ropemaker Property (Nominee 2) Limited	Property investment
The GHS Limited Partnership	Property investment	GPE (Hanover Square) Limited	Property investment
14 Brook Street Management Company Limited	Property investment	GHS (Nominee) Limited	Property investment

All of the above companies are registered at 33 Cavendish Square, London W1G 0PW and operate in England and Wales except for: Marcol House Jersey Limited, GHS (GP) Limited, GHS (Nominee) Limited and The GHS Limited Partnership which are registered at 44 Esplanade, St Helier, Jersey, JE4 9WG; The Newman Street Unit Trust which is registered at 11 Old Jewry, London, EC2R 8DU. Great Portland Estates plc is the ultimate parent undertaking of the GPE Group.

iv Current liabilities

	2022 £m	2021 £m
Amounts owed to subsidiary undertakings	**836.2**	845.1
Other taxes and social security costs	**–**	0.1
Other creditors	**2.0**	1.7
Accruals	**10.1**	5.6
	848.3	852.5

v Interest-bearing loans and borrowings

	2022 £m	2021 £m
Bank loans	**85.4**	43.3
Debentures	**22.0**	22.0
Private placement notes	**423.6**	423.3
	531.0	488.6

At 31 March 2022, property with a carrying value of £119.5 million (2021: £113.1 million) was secured under the first mortgage debenture stock. Further details of the Company's loans and borrowings can be found on notes 15 and 16 of the Group accounts.

vi Deferred tax

	1 April 2021 £m	Recognised in the income statement £m	Recognised in equity £m	31 March 2022 £m
Net deferred tax asset in respect of other temporary differences	0.2	**0.5**	**–**	**0.7**
	0.2	**0.5**	**–**	**0.7**

A further deferred tax asset of £3.5 million (2021: £1.6 million) relating to revenue losses and contingent share awards was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

The public square at Hanover Square, W1

Other information

In this section:

Five-year record

Based on the Group financial statements for the years ended 31 March

Balance sheet

	2018 £m	2019 £m	2020 £m	2021 £m	**2022 £m**
Property portfolio	2,305.2	2,025.0	1,987.1	1,894.5	2,144.4
Joint ventures	423.7	511.9	647.0	626.4	582.8
Trading property	19.5	5.6	–	–	–
Loans and borrowings	(347.1)	(296.0)	(444.3)	(488.6)	(531.2)
Other assets/(liabilities)	(34.4)	63.2	13.3	(60.7)	(83.1)
Net assets	**2,366.9**	**2,309.7**	**2,203.1**	**1,971.6**	**2,112.9**

Financed by

	£m	£m	£m	£m	**£m**
Issued share capital	43.0	41.4	38.7	38.7	38.7
Reserves	2,323.9	2,268.3	2,164.4	1,932.9	2,074.2
Total equity	**2,366.9**	**2,309.7**	**2,203.1**	**1,971.6**	**2,112.9**

Net assets per share	**840p**	**851p**	**868p**	**779p**	**835p**
EPRA NTA	**845p**	**853p**	**868p**	**779p**	**835p**

Income statement

	£m	£m	£m	£m	**£m**
Revenue	387.2	112.7	102.5	88.5	84.2
Cost of sales	(289.8)	(49.7)	(27.7)	(24.7)	(30.1)
	97.4	63.0	74.8	63.8	54.1
Administration expenses	(24.1)	(25.1)	(29.0)	(25.2)	(35.0)
Estimated credit loss	(0.3)	(0.3)	(0.1)	(7.7)	(4.1)
Development management losses	–	(0.3)	(0.2)	(0.1)	(0.4)
Operating profit before surplus/(deficit) from property and results of joint ventures	73.0	37.3	45.5	30.8	14.6
Surplus/(deficit) on investment property	35.5	7.3	(52.6)	(156.8)	107.9
Share of results of joint ventures	41.2	10.0	57.9	(76.2)	45.9
Operating profit/(loss)	149.7	54.6	50.8	(202.2)	168.4
Finance income	9.8	8.3	7.3	8.0	7.4
Finance costs	(11.2)	(8.1)	(6.5)	(7.8)	(9.1)
Fair value movement on convertible bond	8.5	1.3	–	–	–
Fair value movement on derivatives	(5.4)	–	–	–	–
Non-recurring items	(74.7)	–	–	–	–
Profit/(loss) before tax	76.7	56.1	51.6	(202.0)	166.7
Tax	(6.4)	(6.6)	0.2	0.1	0.5
Profit/(loss) for the year	70.3	49.5	51.8	(201.9)	167.2

Earnings/(loss) per share – basic	21.5p	17.9p	20.0p	(79.8)p	66.1p
Earnings/(loss) per share – diluted	18.2p	17.1p	20.0p	(79.8)p	66.0p
EPRA earnings per share – diluted	20.4p	19.4p	22.0p	15.8p	10.8p
Dividend per share	11.3p	12.2p	12.6p	12.6p	12.6p

Our properties

In value order (GPE share) Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£200 million plus					
50%	Hanover Square	Rest of West End	FH/LH	11,048,900	219,400
100%	1 Newman Street & 70/88 Oxford Street	Noho	FH	5,863,900	122,700
100%	The Piccadilly Buildings	Rest of West End	LH	14,879,600	187,900
£100 million – £200 million					
100%	50 Finsbury Square	City	FH	–	129,200
100%	Wells & More	Noho	FH	5,718,400	123,100
100%	City Tower	City	LH	6,370,700	140,900
100%	Elsley House	Noho	FH	5,052,200	65,000
50%	200 & 214 Gray's Inn Road	Midtown	LH	6,057,100	287,900
100%	Kent House	Noho	FH	3,250,700	59,100
£75 million – £100 million					
100%	Walmar House	Noho	LH	4,450,000	56,500
100%	2 Aldermanbury Square	City	LH	–	176,000
£50 million – £75 million					
100%	New City Court, 14/20 St Thomas Street	Southwark	FH	3,361,800	98,000
100%	35 Portman Square	Noho	LH	4,545,000	73,400
100%	Minerva House	Southwark	FH	4,316,500	105,900
100%	The Hickman	City	FH	553,400	75,300
100%	Carrington House, 126/130 Regent Street	Rest of West End	LH	2,717,400	30,900
100%	Woolyard	Southwark	FH	3,273,500	46,800
100%	Challenger House	City	FH	1,500,000	59,200
£30 million – £50 million					
50%	Mount Royal, 508/540 Oxford Street	Noho	LH	3,588,000	92,100
100%	31/34 Alfred Place	Noho	LH	2,206,900	42,700
100%	48/54 Broadwick Street and 16 Dufour's Place	Rest of West End	FH	3,218,200	24,500
100%	Orchard Court	Noho	LH	1,051,800	47,900
100%	7/15 Gresse Street	Noho	LH	2,490,000	43,000
100%	Pollen House	Rest of West End	LH	2,157,400	21,300
£10 million – £30 million					
50%	103/113 Regent Street	Rest of West End	LH	2,325,000	56,900
100%	6/10 Market Place	Noho	FH	1,070,900	18,000
50%	Elm Yard	Midtown	FH	860,500	49,400
100%	95/96 New Bond Street	Rest of West End	LH	188,000	9,000
100%	Kingsland House, 122/124 Regent Street	Rest of West End	LH	1,086,300	8,700
Below £10 million					
100%	6 Brook Street	Rest of West End	LH	220,200	3,600
100%	Poland Street	Rest of West End	FH	248,200	5,000
100%	183/190 Tottenham Court Road	Noho	LH	313,200	12,000
100%	23/24 Newman Street	Noho	LH	237,900	25,100

FH = Freehold or Virtual Freehold.
LH = Leasehold.

Our top ten customers

Top ten customers

	Customer	Use	Rent roll (our share) £m	% of rent roll (our share)
1	Kohlberg Kravis Roberts LLP	Office	4.4	4.2
2	Glencore UK Limited	Office	3.1	3.0
3	Runway East	Office	2.8	2.7
4	Exane SA	Office	2.8	2.7
5	New Look	Office	2.7	2.6
6	Richemont UK Limited	Office	2.7	2.6
7	Winckworth Sherwood LLP	Office	2.5	2.4
8	Fashion Retail Academy	Office	2.5	2.4
9	Carlton Communications Limited	Office	2.4	2.3
10	Uniqlo	Retail	2.3	2.2
	Total		**28.2**	**27.1**

Portfolio statistics at 31 March 2022

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	30.3	1.3	31.6	–	–	–	31.6
		Retail	5.9	(0.4)	5.5	3.5	0.3	3.8	9.3
	Rest of West End	Office	17.1	(0.9)	16.2	9.7	0.5	10.2	26.4
		Retail	7.6	0.5	8.1	3.7	(0.2)	3.5	11.6
	Total West End		**60.9**	**0.5**	**61.4**	**16.9**	**0.6**	**17.5**	**78.9**
	City, Midtown and Southwark	Office	17.5	3.1	20.6	6.9	0.9	7.8	28.4
		Retail	1.9	(0.2)	1.7	–	–	–	1.7
	Total City, Midtown and Southwark		**19.4**	**2.9**	**22.3**	**6.9**	**0.9**	**7.8**	**30.1**
Total let portfolio			**80.3**	**3.4**	**83.7**	**23.8**	**1.5**	**25.3**	**109.0**
Voids					14.1			1.8	15.9
Premises under refurbishment and development					21.6			0.7	22.3
Total portfolio					**119.4**			**27.8**	**147.2**

EPRA vacancy

	Wholly-owned £m	Joint ventures £m	Total £m	Void %
Investment void	14.1	1.8	15.9	10.8
Premises under refurbishment	12.6	0.7	13.3	9.1
EPRA vacancy rate	26.7	2.5	29.2	19.9
Premises under development	9.0	–	9.0	6.1
Total void	**35.7**	**2.5**	**38.2**	**26.0**

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	33.6	5.0	16.3	–	–	–
		Retail	47.0	6.2	44.4	12.5	2.6	5.3
	Rest of West End	Office	3.4	1.3	2.3	100.0	13.3	–
		Retail	18.1	2.4	2.4	99.3	7.1	22.8
	Total West End		**24.5**	**3.8**	**15.4**	**81.9**	**9.8**	**7.3**
	City, Midtown and Southwark	Office	18.6	1.9	5.8	3.6	2.3	4.3
		Retail	18.9	3.0	–	–	–	–
	Total City, Midtown and Southwark		**18.7**	**2.0**	**5.5**	**3.6**	**2.3**	**4.4**
Total portfolio			**23.1**	**3.4**	**11.8**	**59.1**	**7.6**	**6.4**

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	73.6	78.7	–	–	3.1	4.3	–	–
		Retail	56.7	65.3	77.9	85.8	2.2	4.4	4.2	5.3
	Rest of West End	Office	92.7	86.7	116.0	121.6	5.0	4.8	–	3.7
		Retail	88.0	96.7	93.9	108.6	4.4	4.5	0.1	3.6
	Total West End		**77.4**	**77.1**	**100.8**	**105.0**	**3.5**	**4.4**	**0.5**	**3.8**
	City, Midtown and Southwark	Office	47.7	57.2	43.3	49.7	2.9	4.5	5.1	4.8
		Retail	26.5	28.6	–	–	6.4	5.2	–	–
	Total City, Midtown and Southwark		**44.3**	**53.0**	**43.3**	**49.7**	**3.0**	**4.6**	**5.1**	**4.8**
Total portfolio			**65.5**	**66.0**	**72.6**	**78.6**	**3.3**	**4.5**	**1.6**	**4.1**

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)

Building Research Establishment method of assessing, rating and certifying the sustainability of buildings.

Cash EPS

EPRA EPS adjusted for certain non-cash items (including our share of joint ventures): lease incentives, capitalised interest and charges for share-based payments.

Core West End

Areas of London with W1 and SW1 postcodes.

Development profit on cost

The value of the development at completion, less the value of the land at the point of development commencement and costs to construct (including finance charges, letting fees, void costs and marketing expenses).

Development profit on cost %

The development profit on cost divided by the land value at the point of development commencement together with the costs to construct.

Earnings Per Share (EPS)

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

EPRA metrics

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

EPRA Net Disposal Value (NDV)

Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. Diluted net assets per share adjusted to remove the impact of goodwill arising as a result of deferred tax and fixed interest rate debt.

EPRA Net Reinstatement Value (NRV)

Represents the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives, real estate transfer taxes and deferred taxes on property valuation surpluses are therefore excluded.

EPRA Net Tangible Assets (NTA)

Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of goodwill arising as a result of deferred tax and other intangible assets.

Estimated rental value (ERV)

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

Fair value – investment property

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

Ready-to-fit

For businesses typically taking larger spaces on longer leases who want to fit out the space themselves.

Fitted spaces

Where businesses can move into fully furnished, well designed workspaces, with their own front door, furniture, meeting rooms, kitchen and branding.

Fully Managed

Fitted space where GPE handles all day-to-day running of the workplace in one monthly bill.

Flex space partnerships

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

Internal rate of return (IRR)

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

MSCI

Morgan Stanley Capital International (MSCI) is a company that produces an independent benchmark of property returns.

MSCI central London

An index, compiled by MSCI, of the central and inner London properties in their March annual valued universes.

Like-for-like (Lfl)

The element of the portfolio that has been held for the whole of the period of account.

EPRA Loan-to-Value (LTV)

The nominal value of total bank loans, private placement notes, debenture stock and any net liabilities/assets, net of cash (including our share of joint ventures balances), expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

Net assets per share or net asset value (NAV)

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

Net debt

The book value of the Group's bank and loan facilities, private placement notes and debenture loans plus the nominal value of the convertible bond less cash and cash equivalents.

Net gearing

Total Group borrowings at nominal value plus obligations under occupational leases less short-term deposits and cash as a percentage of equity shareholders' funds adjusted for value of the Group's pension scheme, calculated in accordance with our bank covenants.

Net initial yield

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

Net rental income

Gross rental income adjusted for the spreading of lease incentives less expected credit losses and ground rents.

Non-PIDs

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

Property costs

Service charge income less service charge costs plus other property expenses.

Property Income Distributions (PIDs)

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

REIT

UK Real Estate Investment Trust.

Rent roll

The annual contracted rental income.

Reversionary potential

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

Topped-up initial yield

Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchasers' costs and contracted uplifts from tenant incentives.

Total potential future growth

Portfolio rent roll plus the ERV of void space, space under refurbishment and the committed development schemes, expressed as a percentage uplift on the rent roll at the end of the period.

Total Accounting Return (TAR)

The growth in EPRA NTA per share plus ordinary dividends paid, expressed as a percentage of EPRA NTA per share at the beginning of the period.

Total Property Return (TPR)

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

Total Shareholder Return (TSR)

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

True equivalent yield

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

Ungeared IRR

The ungeared internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero, without the benefit of financing. The internal rate of return is used to evaluate the attractiveness of a project or investment.

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.

Shareholders' information

Shareholder enquiries

Enquiries relating to shareholdings, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's Registrar at:

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

Tel: +44 (0) 371 384 2030
(Lines are open 8.30am to 5.30pm, Monday to Friday, excluding bank holidays in England and Wales).

See **help.shareview.co.uk** for additional information.

Managing your shares online

Shareholders and employees can manage their Great Portland Estates plc holdings online by registering with Shareview, a secure online platform provided by Equiniti Limited. Registration is a straightforward process and allows shareholders to:

- access information on their shareholdings, including share balance and dividend information;
- sign up for electronic shareholder communications;
- buy and sell shares;
- update their records following a change of address;
- have dividends paid into their bank account; and
- vote by proxy online in advance of general meetings of the Company.

Electronic communication

Shareholders are encouraged to elect to receive all shareholder documentation electronically by registering with Shareview at **www.shareview.co.uk**. Shareholders who have registered for this option will receive an email notification when shareholder documents are available on the Company's website and a link will be provided to that information.

When registering, shareholders will need their shareholder reference number which can be found on their share certificate or proxy form.

Equiniti Limited offers a range of shareholder information and services online at **www.shareview.co.uk**.

A textphone facility for those with hearing difficulties is available by calling: 0371 384 2255. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding bank holidays in England and Wales).

Unsolicited telephone calls – boiler room scams

In recent years, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company.

These are typically from overseas based 'brokers' who target UK shareholders offering to sell them shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These operations are commonly known as 'boiler rooms'. Shareholders are advised to be very wary of any offers of unsolicited advice, discounted shares, premium prices for shares they own or free reports into the Company. If you receive any unsolicited investment advice:

- ensure you get the correct name of the person and firm;
- check that the firm is on the Financial Conduct Authority (FCA) Register to ensure they are authorised at **https://register.fca.org.uk**;
- use the details on the FCA Register to contact the firm;
- call the FCA Consumer Helpline (0800 111 6768) if there are no contact details in the Register or you are told they are out of date; and
- if the calls persist, hang up.

If you use an unauthorised firm to buy or sell shares, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Dividends

Dividends can be paid by BACS directly into a UK bank account, with the dividend confirmation being sent to the shareholder's address. This is the easiest way for shareholders to receive dividend payments and avoids the risk of lost or out-of-date cheques. A dividend mandate form is available from Equiniti Limited or online at **www.shareview.co.uk/info/directdividends**.

Dividends payable in foreign currencies

Equiniti is able to pay dividends to shareholder bank accounts in over 83 currencies worldwide through the Overseas Payment Service. An administrative fee will be deducted from each dividend payment. Further details can be obtained from Equiniti or online at **www.shareview.co.uk/info/ops**.

Dividend Reinvestment Plan

Our Dividend Reinvestment Plan (DRIP) enables shareholders to use their dividends to buy further Great Portland Estates plc shares. Full details of the DRIP can be obtained from Equiniti Limited or online at **www.shareview.co.uk/info/drip**.

Tax consequences of REIT status

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

Share dealing

Great Portland Estates plc shares can be traded through most banks, building societies or stock brokers. Equiniti Limited offers a telephone and internet dealing service. Terms and conditions and details of the commission charges are available on request.

For telephone dealing, please telephone 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday (excluding bank holidays in England and Wales), and for internet dealing visit **www.shareview.co.uk/dealing**.

Shareholders will need their reference number which can be found on their share certificate.

Website

The Company has a corporate website, which holds, amongst other information, a copy of our latest Annual Report and financial statements, a list of properties held by the Group and copies of all press announcements released over the last 12 months. The site can be found at **www.gpe.co.uk**.

General Counsel & Company Secretary

Darren Lennark

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Registered number: 596137

Financial calendar

2022

26 May
Ex-dividend date for 2021/22 final dividend

27 May
Registration qualifying date for 2021/22 final dividend

7 July
Annual General Meeting

11 July
2021/22 final dividend payable

17 November
Announcement of 2022/23 interim results

24 November
Ex-dividend date for 2022/23 interim dividend (provisional)[1]

25 November
Registration qualifying date for 2022/23 interim dividend (provisional)[1]

2023

4 January
2022/23 interim dividend payable (provisional)[1]

23 May
Announcement of 2022/23 full-year results (provisional)[1, 2]

1. Provisional dates will be confirmed in the half-year results announcement 2022.
2. The timetable for the potential final dividend will be confirmed in the 2023 Annual Report.

For more information on how we are working to decarbonise our business please visit our website:

www.gpe.co.uk/sustainability

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