GREAT PORTLAND ESTATES

We unlock potential, creating sustainable space for London to thrive

Annual Report and Accounts 2021

This was an unprecedented year.

Despite the significant economic and social challenges presented by the pandemic, we have continued to innovate, positioning GPE for change. Whilst we temporarily switched from offices and shops to spare rooms and kitchen tables, we also welcomed occupiers to our newly completed sustainable spaces designed to complement evolving patterns of work, set our Roadmap to Net Zero Carbon by 2030 and achieved new milestones in both employee and customer engagement.

Our commitment to London is undiminished. As we work to support the wellbeing of our customers, people and communities, we are confident that GPE and our great capital city can both look forward to a promising future.

In this report

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Cover Image: Andy Jacobs, Senior Occupier Services Manager and Sahsha Lucak, Occupier Services Manager at our recently completed Hanover Square, W1 development.

A clear vision to navigate uncertain times…

Statement from the Chairman

"In a challenging year like no other, we have continued to innovate, delivering tech-enabled, amenity rich office space with the highest sustainability credentials."

Richard Mully Chairman

An extraordinary year

This has been a year like no other, with the COVID-19 pandemic dominating. Repeated lockdowns forced many of central London's office workers, shoppers and tourists to stay at home for much of the year, although restrictions are now easing. Despite these challenges, the GPE team has pulled together, adapted and embraced change.

Occupier trends accelerated

With occupiers' expecting ever greater choice, flexibility and service provision, we have built on our existing momentum to deliver innovative, tech-enabled, amenity rich office space with the highest sustainability credentials.

Focused on the wellbeing of our people and wider stakeholders

We have engaged extensively with our occupiers, supply chain and communities throughout the year, providing assistance where it has been needed most and further strengthening our relationships. We have also ensured that the wellbeing of our customers and people remains front and centre, and are pleased that our progressive culture and clear values have meant both employee engagement and occupier satisfaction levels continue to be exceptionally strong.

Sustainability – it's imperative

With our detailed Roadmap to Net Zero by 2030, sustainability is both an economic and strategic imperative, providing us with an opportunity to differentiate our product and potentially acquire orphaned assets. Moreover, the recent launch of our Decarbonisation Fund will drive further behavioural change across our business.

London to bounce back

Recovering transaction activity again demonstrated that London's commercial property market has enduring appeal for occupiers and investors alike, and when combined with our human desire to congregate and create, London's magnetic appeal as a global cultural and business centre is likely to remain intact.

GPE well positioned

With our talented team, portfolio primed for growth and financial strength, we are well placed to capitalise on opportunities that emerge and to continue unlocking potential, creating sustainable space for London to thrive.

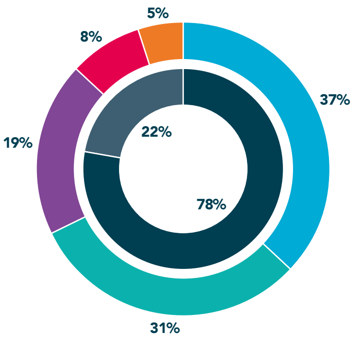
Our Strategic Report on pages 1 to 98 has been reviewed and approved by the Board.

On behalf of the Board

Richard Mully
Chairman
19 May 2021

Our portfolio[1]

100% central London, with 40% in our development programme



Locations

North of Oxford Street	£920.6m
Rest of West End	£753.7m
City	£461.0m
Southwark	£186.6m
Midtown	£135.2m

Business mix

Office	£1,913.8m
Retail	£530.1m
Residential	£13.2m

…shaped by our purpose, strategy and strength

Our purpose

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

See more on page 106

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 occupiers and long-term value for our stakeholders.

Our strategy is underpinned by six clear principles:

- 100% central London; West End focus
- Reposition properties let off low rents
- Flex operational risk through the property cycle
- Maintain low financial leverage
- Disciplined capital management; raise to acquire, distribute excess
- Sustainability touches everything we do

See more on pages 18 and 19

Our financial performance

One year

	2021	2020
Portfolio valuation[1]	**£2.46bn**	£2.62bn
IFRS NAV & EPRA NTA per share	**779p**	868p
(Loss)/profit after tax	**£(201.9)m**	£51.8m
Total Property Return (TPR)[1]	**-5.9%**	3.7%
Total Accounting Return (TAR)	**-8.8%**	3.2%
Total Shareholder Return (TSR)	**1.7%**	-7.2%

Ten years

	2021	Benchmark
Total Property Return (TPR)[1]	**229.8%**	255.5%[2]
Total Accounting Return (TAR)	**144.2%**	48.0%
Total Shareholder Return (TSR)	**107.7%**	131.8%

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.

Our strength

IFRS net assets
£2.0bn
2020: £2.2bn

Cash and undrawn credit facilities[1]
£443m
2020: £411m

Occupier satisfaction (NPS Score)
+42.0
2020: +25.3

Loan to Value[1]
18.4%
2020: 14.2%

Employee engagement index
93%
2020: 90%

Dividend per share
12.6p
2020: 12.6p

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

Living our culture even from a distance…

Our strong culture and values

Our open and progressive culture is underpinned by our values. They define who we are and how we act. Our values are at the heart of what we do and are what make us special. They give us direction, describe how we behave and how we do business. This year they have had an added importance, drawing us together in a year of social distancing.

See more on page 47

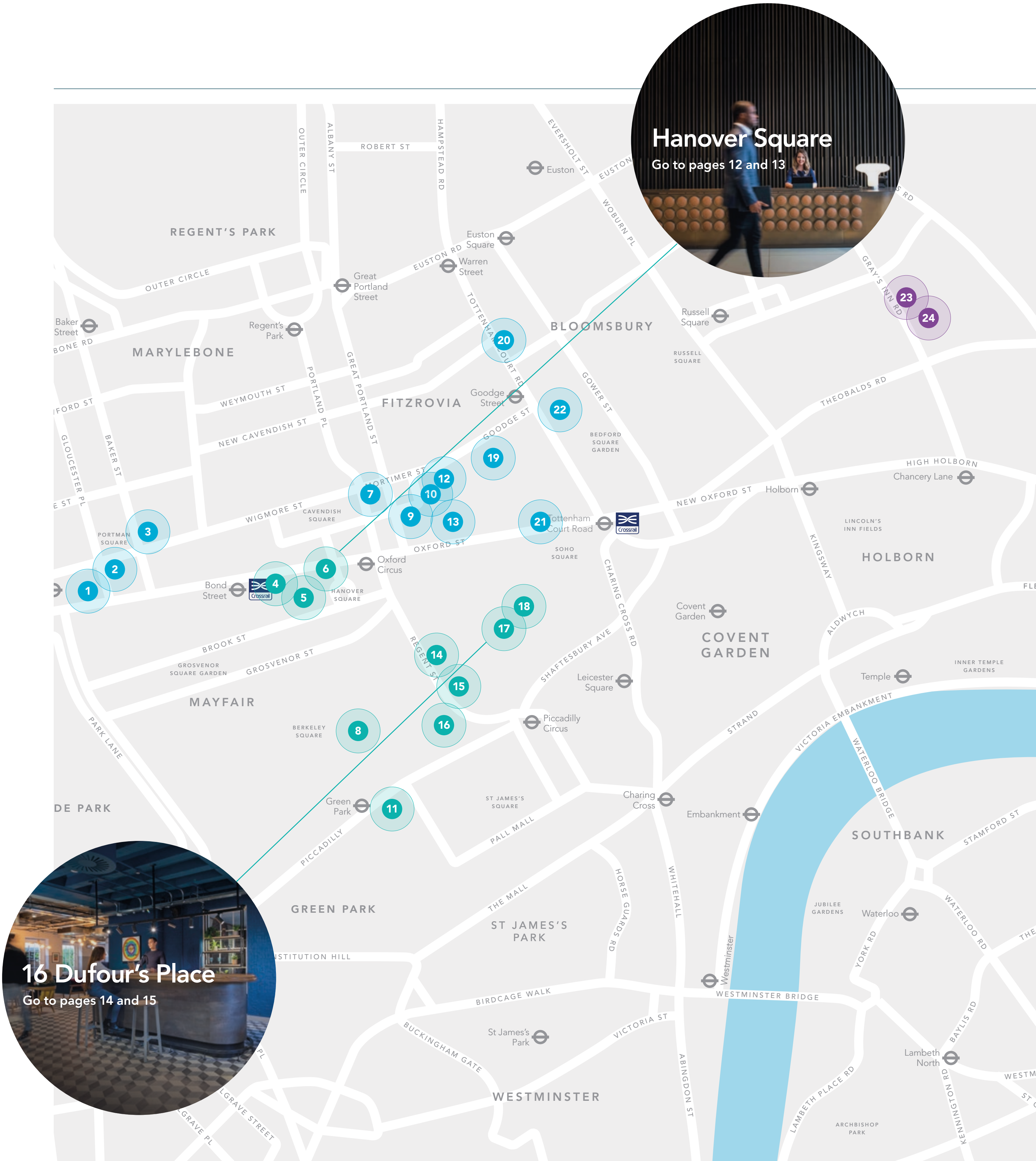
…whilst strengthening bonds with our stakeholders

Our stakeholder relationships

Our continued long-term success relies on the close relationships we have with our occupiers, local communities and partners. Throughout this extraordinary year, these relationships mattered more than ever as we sought to collectively tackle the challenges presented by the pandemic.

See more on page 58

Creating great spaces in London

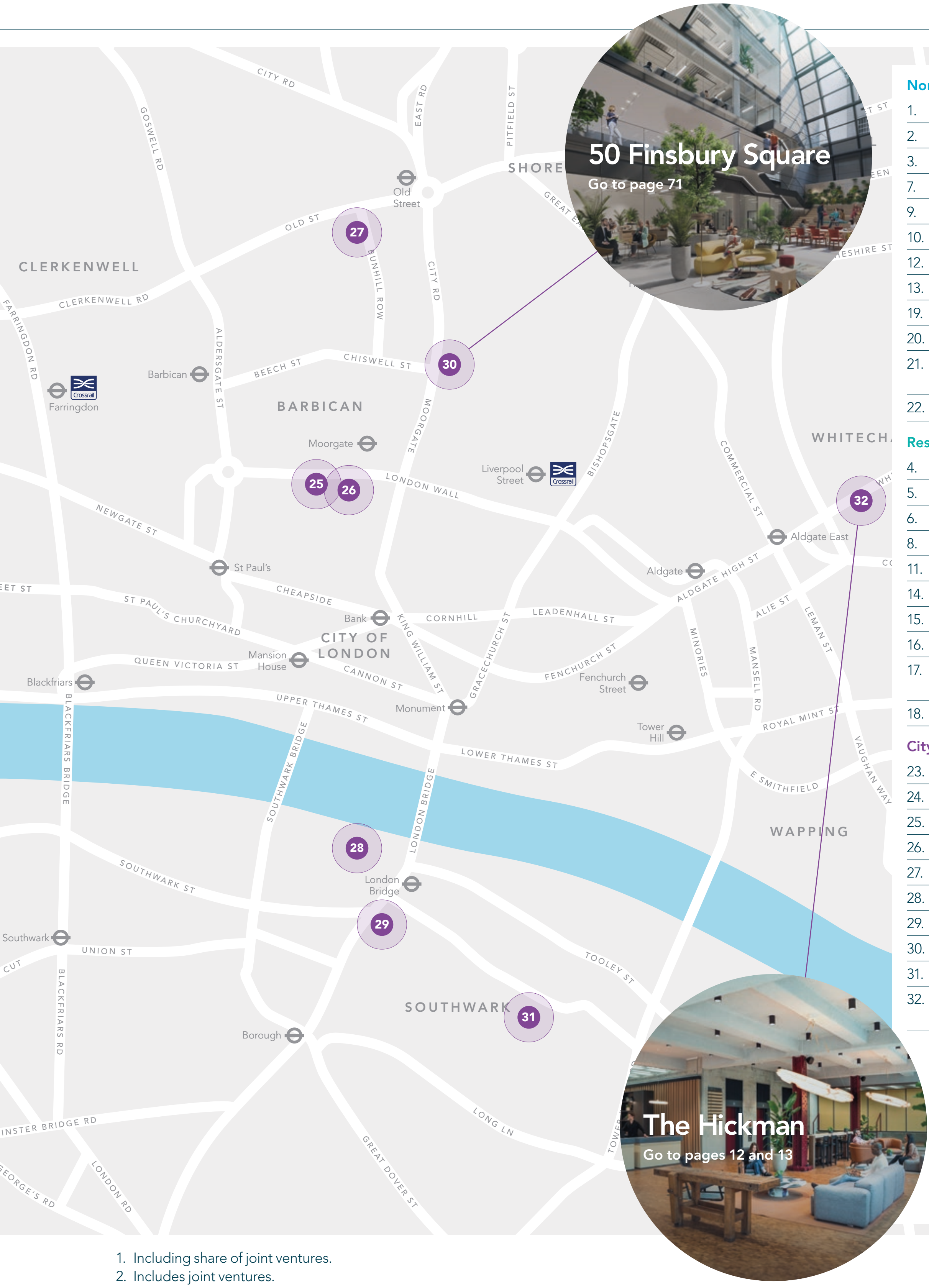


Rent roll[1]
£95.2m
2020: £100.8m

No. of occupiers
297
2020: 332

Portfolio valuation[1]
£2.5bn
2020: £2.6bn

Property sq ft[2]
2.6m sq ft
2020: 2.6m sq ft



North of Oxford Street
1. Mount Royal
2. 35 Portman Square
3. Orchard Court
7. Walmar House
9. 6/10 Market Place
10. Elsley House
12. Wells & More
13. Kent House
19. 23/24 Newman Street
20. 183/190 Tottenham Court Road
21. 1 Newman Street & 70/88 Oxford Street
22. 31/34 Alfred Place

Rest of West End
4. 95/96 New Bond Street
5. 6 Brook Street
6. Hanover Square
8. Pollen House
11. The Piccadilly Buildings
14. Carrington House
15. Kingsland House
16. 103/113 Regent Street
17. 48/54 Broadwick Street & 16 Dufour's Place
18. Poland Street

City, Midtown and Southwark
23. 200 & 214 Gray's Inn Road
24. Elm Yard
25. 2 Aldermanbury Square
26. City Tower
27. 160 Old Street
28. Minerva House
29. New City Court
30. 50 Finsbury Square
31. Woolyard
32. The Hickman and Challenger House

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

IN A YEAR OF ACCELERATED CHANGE…

…we remain firm in our belief that, however occupier demands evolve, our human desire to collaborate and congregate will underpin London's long-term magnetic appeal.

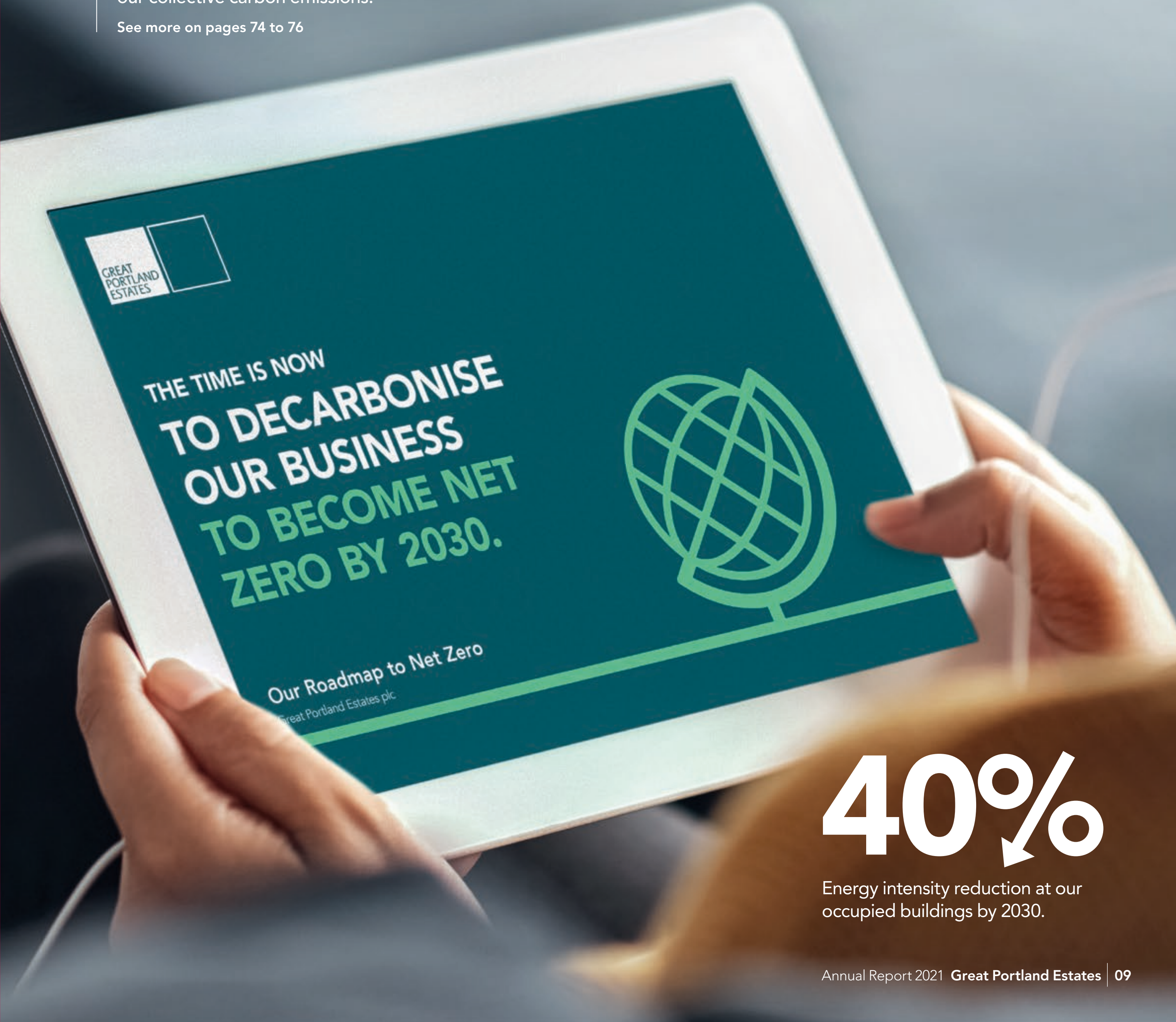
The next few pages highlight some of our key activities in a challenging and busy year.

...WE'VE SET OUR ROADMAP TO NET ZERO CARBON...

Our Roadmap to Net Zero

As the need for urgent action to respond to the climate crisis grows, and occupiers demand more sustainable spaces, we have set out our Roadmap to Net Zero, outlining how we plan to meet our ambitious 2030 target. With the bulk of our carbon footprint outside of our direct control, we are working together with our occupiers and supply chain to create innovative solutions and pioneer new technology to reduce our collective carbon emissions.

See more on pages 74 to 76



40%

Energy intensity reduction at our occupied buildings by 2030.

Sustainability ☑
Flexibility ☑
Technology ☑
Wellbeing ☑

128,100 sq ft of space with emphasis on sustainability, flexibility, technology and wellbeing.

...COMMITTED TO LONG-TERM SUSTAINABLE GROWTH...

50 Finsbury Square, EC2

Given continued demand for high quality spaces, and the confidence we have in our buildings, in December 2020, we committed to the extensive repositioning of 50 Finsbury Square, EC2. Our 128,100 sq ft refurbishment will enlarge 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 and wellbeing exemplar delivering on all four pillars of our Sustainability Statement of Intent and will become the most tech-enabled building in our portfolio.

See more on page 71

...DELIVERED NEW SUSTAINABLE SPACES...

Hanover Square, W1 and The Hickman, E1

Despite the disruption created by COVID-19, this year we successfully completed Hanover Square, W1 and The Hickman, E1. With buildings of this quality being increasingly scarce, occupiers are seeking spaces with strong sustainability credentials, which are technologically advanced, flexible and support the health and wellbeing of their employees. As a result, prime spaces remain in high demand, supporting pre-letting activity and rents.

These market dynamics play to our strengths. This is both reflected in our leasing successes to date and, looking forward, the prospects for our deep pipeline of future opportunities which will continue to meet this growing demand in the decade to come.

See more on page 35

DELIVERED 2020

Hanover Square, W1 221,500 sq ft mixed-use development in the heart of Mayfair incorporating prime offices, New Bond Street retail and six residential units.

The Hickman, E1 75,300 sq ft of Grade A offices in Whitechapel, including an integrated reception, cafe and workspaces on the ground floor.

...INNOVATED TO MEET EVOLVING DEMAND...

Flex+, hassle free solution

Quickly evolving patterns of work are changing what many occupiers want from their office space and we are meeting this demand with our innovative flexible spaces. At 16 Dufour's Place, W1, we recently completed our first Flex+ offering. This 16,300 sq ft building will provide occupiers with fully fitted, fully managed, tech-enabled office space with flexibility of lease term.

For the first time we are offering a suite of services to further enhance the overall occupier experience and provide an all-in-one solution. This new Flex+ offering complements our existing Flex product, and with a portfolio well suited for further expansion, we are considering a number of opportunities for continued growth.

See more on page 40

71% let or under offer within

8

weeks of launch

...AND SUPPORTED THE WELLBEING OF OUR OCCUPIERS, PEOPLE AND COMMUNITIES.

Navigating our way through COVID-19

The past year has seen perhaps the most unprecedented and challenging trading conditions we have experienced. Successfully navigating our way through the COVID-19 crisis has relied on us engaging with and supporting our stakeholders throughout. We have worked closely with our occupiers supporting them in accessing their space safely whilst providing financial assistance where necessary, we've worked with our suppliers to allow essential works to continue, provided funds to our communities to help those hardest hit, and put the health and wellbeing of our employees front and centre.

Our shared experience has built on already strong relationships and, as a result, we believe that we will come through this crisis stronger.

See more on pages 58 to 67

£325,000 has been donated to 28 charities including **Bankside Open Spaces Trust** – helping to keep the green spaces that they maintain open, supporting the wellbeing of the local community; and the **National Literacy Trust** – supporting a virtual summer school and internship programme for disadvantaged teenagers in London.

How we create value

In order to unlock potential we apply our specialist skills to reposition properties to produce high quality, sustainable spaces that occupiers 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.

See more on our investment activities on page 42

The London investment market has remained very competitive. As a result, given the strength of our existing portfolio, we made no acquisitions during the year.

See more on page 30

Reposition

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

See more on our development activities on pages 34 to 38

Repositioning buildings is key to adding value. This year, our activities were focused on creating spaces to meet evolving occupier demands, in particular for prime office buildings and flexible spaces.

See more on page 35

Sustainability touches everything we do

…underpinned by key resources and relationships…

Our stakeholder relationships

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

See more on our stakeholder relationships on pages 58 to 67 and 107 to 112

Our portfolio and sustainability

- 100% central London, in attractive locations well served by local infrastructure with enduring occupier demand.
- High occupier retention, diverse occupier base and off low rents from which to grow.
- Continual repositioning of buildings to improve the occupier 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; 40% of portfolio in development programme.

See more on our portfolio and sustainability on pages 70 to 81

…to create value

+42.0
Net promoter score (willingness to recommend GPE)

£325k
COVID-19 Community Fund deployed

31.8%
Net assets in joint venture

40%
Portfolio in development programme post recent development completions[1]

100%
BREEAM 'Excellent' completions

0.1%
Percentage of portfolio with EPC rating >E

See our KPIs on pages 20 and 21

Operate

- Provide efficient, resilient, healthy and innovative space to meet the demands of modern occupiers.
- Provide a spectrum of spaces to appeal to a variety of occupier needs, whether on a traditional or flexible basis.
- Constantly evolving to lead emerging trends, including the use of technology to enhance the occupier experience.
- Detailed business plan for every property reviewed quarterly to maximise total returns over our cost of capital.
- Strong sustainability credentials to maximise occupier appeal, enhance the long-term property value and reduce obsolescence.

See more in our case study on pages 14, 15 and page 40

Occupiers 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 Flex+ offer.

See more on page 40

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.

See more in our markets on pages 25 to 31

We have continued to be a net seller utilising the strength of the investment market to crystallise returns. During a year dominated by COVID-19, we sold six residential units at Hanover Square, W1.

See more on page 42

Our culture and people

- Experienced management team supported by specialist in-house portfolio management, occupier services, development, investment 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 47 to 53

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.
- Disciplined allocation of capital through analytical, risk adjusted IRR decision making.
- Supports low and progressive dividend policy.
- Tax efficient REIT structure.

See more on our capital strength on pages 82 and 83

95%
Employees who recommend GPE as a great place to work

93%
Employee engagement index

91%
Employee retention (stability index)

£443m
Cash and undrawn facilities[1]

18.4%
Loan to value[1]

2.5%
Weighted average interest rate

1. Includes share of joint ventures.

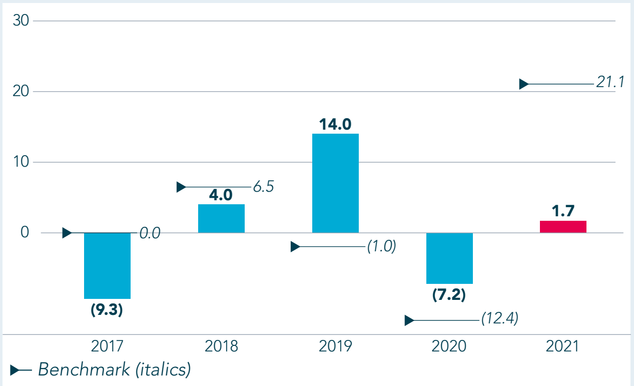
Our Key Performance Indicators

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. However, over the last 12 months, given the impact of COVID-19, we have underperformed against our financial benchmarks.

Financial KPIs

Total Shareholder Return % (TSR)

LTIP | Exec Bonus



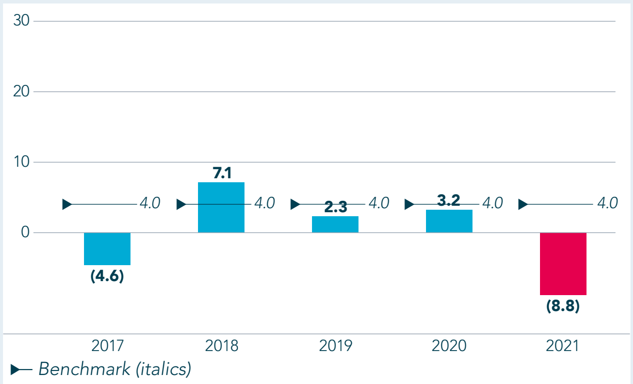
Rationale
TSR is a standard measure of shareholder value creation over time. It measures the movement in a company's share price plus dividends expressed as an annual percentage movement.

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 1.7% for the year compared to 21.1% for the benchmark following reduced share price performance given the impact of COVID-19 on share prices of London office and retail-focused REITs.

See more on pages 25 to 31

Total Accounting Return % (TAR)

LTIP | Exec Bonus



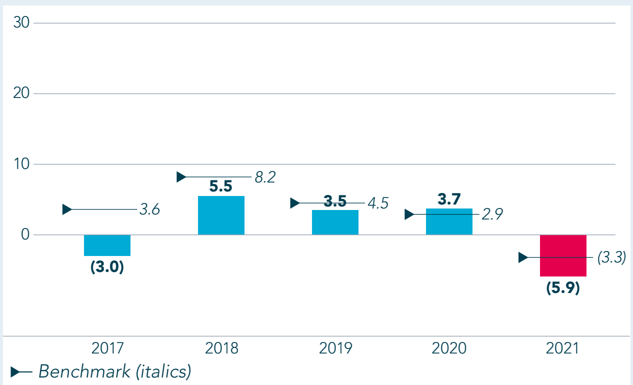
Rationale
TAR is measured as absolute EPRA NTA per share growth (the industry standard measure of a real estate company's success at creating value) plus any ordinary dividends paid, expressed as a percentage of the period's opening EPRA NTA.

Commentary
We have typically compared our TAR to a target year on year growth of 4%–10%. For the benchmark, we have used the minimum hurdle. TAR was minus 8.8% for the year. The reduction in EPRA NTA was primarily driven by property value declines as a result of the COVID-19 pandemic.

See more on pages 72 and 73 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. We await final confirmation of the annual benchmark. However, when compared to the quarterly benchmark of minus 3.3%, the Group generated a portfolio TPR of minus 5.9%, an underperformance of 2.6% for the year. This underperformance resulted from our greater than benchmark weighting to retail assets and offices with shorter income profiles, both of which have seen a greater reduction in value from the COVID-19 pandemic.

See more on pages 25 to 31

Non-Financial KPIs

Energy Consumption % reduction

Exec Bonus

14%

Benchmark: 8%

Rationale
The energy consumption of our portfolio was 45% of our carbon footprint during the last year. Lowering our energy intensity is an essential part of delivering our Roadmap to Net Zero.

Commentary
Our target is to reduce our energy intensity by 40% by 2030, or an 8% reduction in the year. Our reduction in energy consumption benefited from lower levels of occupation during the pandemic and this has been reflected in the relevant annual bonus outcomes.

See more on page 143

Embodied Carbon % reduction

Exec Bonus

35%

Benchmark: 10%

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. For the current year, the benchmark was a 10% reduction for new developments at the design stage. Given our significant progress on building design, we outperformed the benchmark in the year.

Biodiversity % increase

Exec Bonus

62%

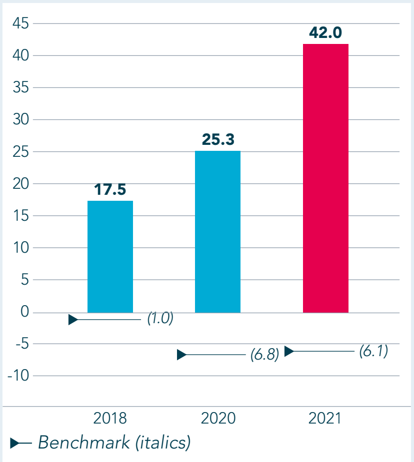
Benchmark: 5%

Rationale
Biodiversity is essential for human 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, or by 5% for the year. The substantial biodiversity gains delivered by our development team this year have already exceeded our 2030 target. Accordingly, we will re-base the benchmark for the forthcoming year.

Occupier Satisfaction (NPS)

Exec Bonus



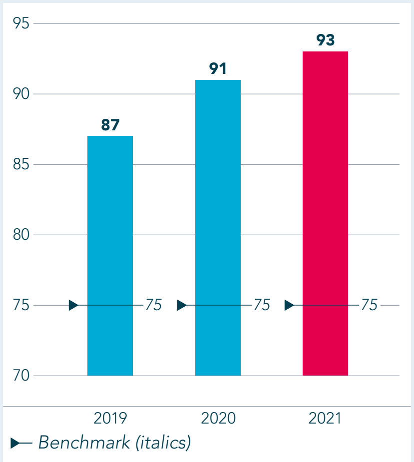
Rationale
High levels of occupier satisfaction are critical to both attracting and retaining businesses in our buildings.

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 +42.0 significantly outperformed the industry average of -6.1.

See more on page 59

Employee Engagement % (EII)

Exec Bonus



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 (EII) of the Group is compared to a 75% hurdle. Our EII continues to be exceptionally high, with 98% of our employees participating in our latest survey delivering an EII of 93%.

See more on page 50

New non-financial KPIs
Given the growing importance of sustainability, and our wider stakeholders to the success of our business, we introduced five new non-financial KPIs for 2020/21.

Each of these KPIs are performance criteria for senior executive remuneration (see key below), with performance against our sustainability KPIs measured in aggregate.

See more on page 149

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 137.

Strategic Report
Annual review

In this section:

Reception space at our recently completed 18 Hanover Square, W1.

Statement from the Chief Executive

"The ongoing vaccination programme and government roadmap to easing lockdown restrictions is supporting renewed optimism, which we are seeing reflected in improved rent collection, greater letting activity and increased enquiry levels on available space."

Toby Courtauld Chief Executive

A year of accelerated change

This financial year has been dominated by COVID-19, with the associated lockdowns disrupting the activities of many businesses across London and exerting a substantial economic toll. This has resulted in declines in both our rent collection performance and our valuation, particularly for our retail assets. Despite these challenges, our team has adapted and collaborated to deliver another strong operational performance, supporting our occupiers and communities, successfully delivering our developments, leasing up space and maintaining our financial strength.

We have also embraced change, responding to evolving patterns of both work and shopping, including the demands of office occupiers for greater wellbeing provision in more flexible buildings with higher sustainability credentials. We are addressing these and other themes through, for instance, growing our flex office offer and the launch of our Roadmap to Net Zero Carbon.

Supporting our occupiers, suppliers and communities

In the face of lockdowns and social distancing requirements, we have worked closely with our suppliers and occupiers to keep our development sites open and our office buildings operational throughout the year. We have ensured health and safety considerations remain front and centre, including for example, the roll-out of our award winning app, sesame™, to enable contactless access to buildings and using sensors to monitor air quality to ensure adequate fresh air flow.

Recognising the economic challenges faced by some of our occupiers, particularly in the retail, hospitality and leisure sectors, we have provided financial assistance and concessions where appropriate and are pleased that our rent collection rates improved each quarter through the year. Moreover, our close engagement with our customers has lifted occupier satisfaction to record high levels, with our net promoter score rising to +42, well ahead of the industry average of -6. In addition we fully deployed our COVID-19 Community Fund, supporting vulnerable groups across London most impacted by the pandemic.

Maintaining our financial strength, despite the valuation decline

In this context, we are reporting net assets of £1,971.6 million at 31 March 2021, with EPRA NTA per share falling by 10.3% in the year. When combined with an ordinary dividend maintained at 12.6 pence per share, our total accounting return was -8.8%. We delivered a diluted EPRA EPS of 15.8 pence, a decline of 28.2%, or a loss of 79.8 pence on an IFRS basis.

Our financial strength has been maintained with our loan to value ratio at only 18.4% and £443 million of available firepower, whilst we enhanced our debt profile further through the issue of £150 million unsecured private placement notes. We have not accessed any government support and no GPE employees were placed on furlough.

Meeting evolving occupier aspirations with sustainability an imperative

The events of the last 12 months have accelerated existing occupier trends, with our customers' expectations for choice, flexibility and service provision all increasing, alongside the need for the office space that we deliver to be tech-enabled, amenity rich and with the highest sustainability credentials. We have said for some time that sustainability is both an economic and strategic imperative. With the publication of our detailed Roadmap to Net Zero Carbon by 2030, along with the launch of our Decarbonisation Fund, we have an opportunity both to differentiate our product and drive further behavioural change across our business and supply chain.

Whilst take-up across London's office market was at near record lows over the last year as many occupiers adopted a 'wait and see' approach, we have delivered a number of leasing successes, securing £12.9 million of annual rent, 2.4% above our valuer's ERV. We have also further expanded our flexible space offering, which now represents 13.2% of our office space, including the launch of our first innovative Flex+ space in Soho, which is already 71% leased or under offer only eight weeks after launch.

Committed to London with our opportunity-rich portfolio

Across our portfolio, property values were down 8.7% over the year, driven by a reduction in retail values of 27.3%. Our offices delivered a stronger relative valuation performance, down only 1.7%, with office ERVs up 0.5% in the year, and prime office investment yields holding firm, given deep demand from across the world. These valuation declines contributed to the Group delivering a loss after tax of £201.9 million and reduced our IFRS and EPRA NTA per share to 779 pence, down 10.3% for the year.

Statement from the Chief Executive continued

Looking ahead, the ongoing vaccination programme and the government roadmap to easing lockdown restrictions is now supporting renewed optimism. Moreover, the last year has reaffirmed to many businesses the importance of their office space for collaboration, creativity and learning, with the best offices acting as magnets for their workforce, providing services and amenity that employees cannot get at home. As a result, prime offices and best-in-class flexible spaces in central London continue to be highly sought after and in relatively short supply, both trends which we expect to persist. As a result, barring further lockdowns, we look forward to rents for the best office space rising over the next 12 months, although we expect further falls for retail. Longer term, we believe the prospects for London remain positive given its status as one of only a handful of truly global cities and the world's top ranked city for innovation.

Our portfolio is well positioned to benefit from these trends, with 40% in our office focused development programme and a further 40% in buildings where we can add additional value through active portfolio management. It is also well suited to evolving occupier demand for flex space, with 82% of units in our portfolio being less than 10,000 sq ft, more than 93% of the portfolio at sub-ten storeys in height and an average building size of around 60,000 sq ft. Today we have £5.5 million of lettings under offer and a further £40 million under negotiation.

Delivering best-in-class developments

Occupiers and investors are increasingly seeking highly sustainable spaces that are technologically advanced, flexible and provide healthy, productive environments. Our development pipeline is primed to deliver these sought after spaces and we had a busy year, making progress across the programme. We completed our developments at The Hickman, E1 and Hanover Square, W1 which together delivered 296,800 sq ft of best-in-class space and are already 63% let or under offer. Today, we have a further two schemes on-site, including the recently committed 50 Finsbury Square, EC2 which will be our first building to deliver on all four pillars of our Sustainability Statement of Intent and to contribute to our newly created Decarbonisation Fund. Looking further ahead, our pipeline remains substantial, with eight further schemes totalling 1.3 million sq ft. We also submitted three planning applications, covering 771,700 sq ft in the year, with one further submission imminent.

Our people

Finally, never before has our strong and progressive culture, underpinned by our clear values, been so important and also so evident. I am enormously proud of the efforts and achievements of our team this year and I would like to say a personal thank you to all my colleagues. I am also pleased that, despite the challenges of enforced home working, engagement levels across our team have been exceptionally strong and we have continued to broaden and deepen our diversity of talent across the business, including through several well-earned promotions.

Outlook

Over the last year we have been operating in some of the most challenging trading conditions we have experienced. Our markets in central London have been in lockdown for much of the time, affecting all aspects of life and impacting our operations. Despite this context, GPE remains in robust health with a strong balance sheet given our low leverage and high liquidity, allowing us the capacity for significant investment to drive growth.

Whilst uncertainty remains, we are encouraged by the recent acceleration in enquiries we are receiving from prospective occupiers, particularly for our prime Grade A and flex office products. With limited supply across central London over the next few years, we can expect innovative, flexible and well serviced space with strong wellbeing and sustainability credentials to command an increasing premium to poorer space.

As a result, we expect to grow our flex office offer and to bring forward our near-term development programme, committing c.£900 million of capital expenditure to deliver exemplar, net zero carbon spaces designed to satisfy the changing needs of tomorrow's occupier.

Although it may take a little time for the full buzz of London to return, we believe it will, driven by this great capital's magnetic appeal as the cultural and commercial heart of the UK, and its unique position as a global city. With a recovering market, our strong finances, a portfolio full of opportunity and a deeply talented and committed team, we can look to our future with confidence.

Awards and recognition

BEST PRACTICE AWARDS 2020

Best Annual Report (FTSE 250) Shortlisted

UKPropTech ASSOCIATION

'Most Collaborative Property Business' and 'Most Innovative Property Business' Winner

IR magazine Award nominee Europe 2021

'Best in Sector: Real Estate' Shortlisted

EG AWARDS 2020

'UK Company Award' and 'Sustainability Award' Shortlisted

tech AWARDS POWER OF TECH

'Wellbeing Technology of the Year' and 'Real Estate Digital Outstanding Achievement' Shortlisted

James Pellatt, Director of Workplace & Innovation 'Bridging The Gap Award' Shortlisted

Our markets

The swift and seismic shock of COVID-19, and the global response, forced the global economy into the deepest recession since the second world war. Beyond the tragic loss of life, the crisis has shut workplaces, shops and schools, closed borders and placed restrictions on the majority of the world's population. However, vaccination progress has raised hopes of an end to the pandemic and economic growth is forecast to return in 2021.

The COVID-19 pandemic exerted a substantial toll on the world economy with regional economic rebounds curbed by renewed virus outbreaks. Overall, the IMF estimates that global GDP declined by 3.3% over 2020 with large parts of many economies closed to protect their populations. Whilst it is anticipated that the economy will recover, economic output is likely to remain below pre-pandemic trends for some time. As the vaccine roll-out progresses, most regions are expecting growth in 2021. However, the rate of recovery is likely to vary with those countries which suffered larger and longer outbreaks or with greater exposure to impacted sectors, such as tourism, slower to recover.

Global growth to strengthen in second half of 2021

The economic growth in the first half of 2021 is expected to be soft, as continued activity restrictions are required to reduce infection rates. However, the world economy is expected to bounce back later in the year, largely driven by the developed economies, reflecting widespread vaccine availability, continued policy action by central banks and better action to suppress the virus. Oxford Economics predict that global GDP growth will be 6.1% in 2021, with growth largely driven by activity in the US and China. Nevertheless, the risks and uncertainties around current forecasts remain material and highly dependent on the trajectory of the pandemic, vaccination progress and the emergence of new strains of the virus.

UK prospects rapidly improving

In the UK, the pandemic and associated public health response took a heavy toll on those afflicted and the wider economy. GDP fell by 9.9% in 2020, the largest fall in output for 300 years, and it has fallen by a further 1.5% in the first quarter of 2021. More recently, the rapid progress of the vaccination programme, and improvement in the public health situation, has allowed a gradual reopening of the UK economy. This progress, combined with a strong central bank response and healthy consumer balance sheets, is expected to be reflected in robust GDP growth for the remainder of the year. Oxford Economics is forecasting an increase of 7.2% in UK GDP for 2021, albeit views vary on how sustainable the recovery may be. Furthermore, the free trade deal agreed between the UK and the EU in January 2021 will provide greater certainty over our future trading relationship, further underpinning the return to growth.

+7.2%

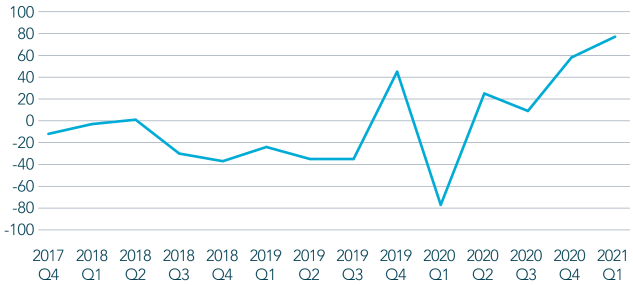
Forecast UK GDP growth in 2021

Business confidence tracking path of pandemic

Business and consumer confidence, together with global equity markets, were volatile in 2020 as they closely tracked the trajectory of COVID-19. The first UK lockdown marked a record low in PMI survey data with sentiment improving as the economy opened up over late summer. More recently, the return to lockdown in early 2021 checked optimism once more, however following the recent opening of the economy, and the certainty provided by the UK's trade deal with the EU, both manufacturing and services' PMIs now sit firmly above 50 indicating likely future expansion.

This volatile sentiment is also reflected by the UK CFO community in Deloitte's most recent survey. It reported that, whilst CFO's corporate risk appetite had grown from 2020 lows, CFO optimism rose to a record high in the first quarter of 2021, buoyed by the prospect of mass vaccinations and a return to growth in 2021.

Deloitte survey of UK CFOs: business optimism



Source: Deloitte Q1 2021

However, with the expectation that demand is unlikely to return until the second half of 2021, CFOs continue to favour defensive strategies, including reducing costs and increasing cash flow.

Whilst optimism has returned and economic growth is expected, COVID-19 is likely to have a longer-term impact on the UK economy. The impact on business activity, unemployment and the public finances are expected to be felt for some time, likely resulting in the UK's economic output remaining below pre-pandemic trends in the near term.

Given the outlook, we remain well placed. Our low financial leverage will enable us to both weather market volatility and take advantage of any dislocation, should it arise. Furthermore, COVID-19 has accelerated a number of pre-pandemic trends in London's property markets that GPE has already been capitalising on. We are seeing continued demand for high quality spaces with strong sustainability and wellbeing credentials, greater use of technology, in particular to provide contactless access to buildings and to help monitor air quality, and a greater preference for fitted space including increased flexibility and service provision. However, we expect retail challenges to persist given both structural change and the time it may take for footfall to recover to pre-pandemic levels.

But whatever the outcome, we remain confident in the ability of London to attract businesses, capital and talent from around the world, and to remain one of only a handful of truly global cities.

Our London

The closure of many offices and shops, reduced tourism and a greater reliance on public transport has meant that London has been disproportionately impacted by COVID-19. Whilst activity levels remain low, we fully anticipate that London will be reinvigorated as the world returns to normal.

London set to grow

Cities are powerhouses that can help drive national economies and London is no different. Generating around 24% of the UK's GDP, it has an economy bigger than that of Sweden and Austria and is the largest city in Europe. Urbanisation has been a powerful long-term trend across the globe, with more than half the world's population now living in urban areas. Despite COVID-19, we fully expect the attraction of large urban centres to continue.

Recent population forecasts suggest that, despite the impact of the pandemic and the UK's exit from the EU, London's population will continue to grow. More importantly for our real estate markets, its workforce is forecast to expand from around 6.0 million people today, potentially to 7.5 million by 2050. Such expansion will support London's occupational markets and likely require significant growth in the provision of office space.

An attractive destination for international capital

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 occupiers 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.

Its combination of relative value, strong legal system, time zone advantages, international connectivity and a welcoming attitude to global businesses has resulted in London being the number one city for cross border office investment for seven out of the last ten years as measured by Real Capital Analytics.

See more on pages 30 and 31

Leading centre of innovation

In order for cities to remain relevant they need to innovate. Knight Frank recently ranked London as the global number one innovation-led city based on a number of metrics including the strength of its universities, academic research and biomedical research funding. In their view, it will be these innovation-led locations which will attract and retain the population and wealth necessary for resilient, well-performing real estate markets.

We would agree. London has a long history of reinvention and innovation, and we anticipate that as confidence returns, London's economy will bounce back and its magnetism as a global cultural and business centre will be undiminished.

24%

Of UK GDP generated by London

Our occupational markets

Activity in our occupational markets has been hampered by COVID-19 and the necessary public health response. Economic headwinds combined with successive lockdowns reduced occupational demand and take-up to record lows. However recent themes, including the growing demand for more flexible spaces and the continued appetite for best-in-class offices, persist.

Whilst some occupiers may have a structural need to move due to lease expiries, for many the pandemic, and the resultant economic backdrop, has put a number of discretionary and expansionary moves on hold. As a result, central London take-up for the year ended 31 March 2021 at 4.4 million sq ft was 65.8% lower than the preceding 12 months and the lowest in recent history.

The economic slowdown has also resulted in a number of businesses taking the opportunity to release space back to the market. Central London availability rose from 14.0 million sq ft to 25.3 million sq ft over the last 12 months, an increase of 80.7% and at its highest level since 2004. This increase was largely driven by second hand space, often being subleased by the outgoing occupier, which now represents 76.7% of total availability up from 72.3% a year ago.

Although our occupational markets have weakened, pockets of healthy demand still remain.

Flexible spaces remain sought after

We have continued to see demand for fully fitted spaces, provided on relatively short and flexible lease terms. These spaces have, in particular, appealed to businesses graduating from serviced offices, where greater control over their environment has been more important against the backdrop of COVID-19. They have also appealed to businesses seeking a short-term home, either pausing larger real estate decisions or temporarily downsizing until the economic backdrop becomes clearer. We have continued to meet this demand with our own flexible products and we anticipate these will become a greater proportion of our business.

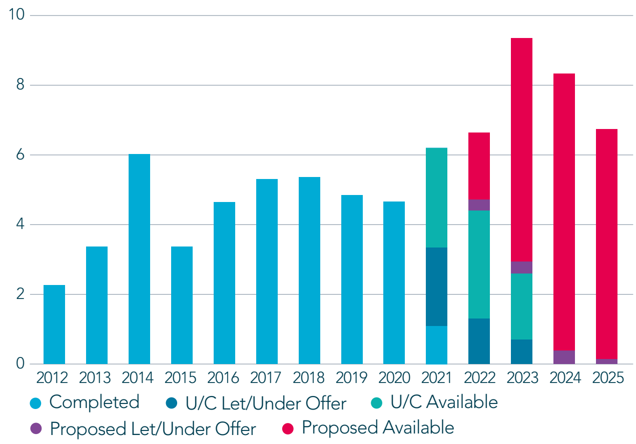
See more on pages 29 and 40

Continued shortage of Grade A space

Greater economic uncertainty, combined with a stringent planning regime and limited availability of debt funding for speculative developments, has moderated construction starts. The pandemic has also extended construction programmes, as the industry has had to contend with supply-chain delays and new working methods to allow for social distancing.

Today, there is currently around 12.1 million sq ft of new office space being built across the capital, 7.0% higher than the ten-year average. However, 35% of this space is already pre-let as occupiers with larger size requirements look much further ahead, and past COVID-19, to secure the best space for their business.

Central London developments million sq ft



Source: CBRE Research

West End occupational markets

Over the year to 31 March 2021, West End office take-up was 1.7 million sq ft, 57.3% lower than the preceding year. Vacancy rates also increased, albeit from a low base, rising from 3.1% to 6.1% at 31 March 2021. Given continued demand for the best spaces, Grade A space vacancy remained tight estimated by CBRE to be only 4% of total vacant space providing resilience for prime rents. CBRE reported that prime office rental values in the West End were unchanged at £110.0 per sq ft from a year earlier. Over the same period rent-free periods on average increased to 27 months on a ten-year term, an increase of four months.

The UK retail environment has faced the perfect storm of forced closure during successive lockdowns, lower consumer spending and an acceleration in the ongoing structural shift to online sales. City centres have been particularly badly impacted as tourists have been absent and consumers have avoided busy locations, particularly if they are reliant on public transport. Levels of footfall in the West End have fallen dramatically and, whilst they recovered somewhat as lockdown eased, they have reduced by 66% on pre-COVID levels. Unsurprisingly this has had a detrimental effect on London's key retail streets. Vacancy on Oxford Street, Regent Street and Bond Street has risen to 21%, 14% and 19% respectively, with prime Zone A rents on Oxford Street and Bond Street lower at £631 per sq ft and £1,702 per sq ft.

See more on pages 28 and 31

City, Midtown and Southwark occupational markets

Over the year to 31 March 2021, City office take-up was 1.8 million sq ft, down 69.2% on the preceding year, with availability of 11.1 million sq ft up 88.5% and considerably ahead of the ten-year average of 6.2 million sq ft. Vacancy rates have increased to 11.7%, however CBRE estimate that Grade A vacancy was lower at 8.4%. CBRE has also reported that prime City rental values fell by 4.1% to £70.00 per sq ft.

Midtown and Southwark office take-up was 0.5 million sq ft, down 70.6% on the preceding year. Availability at 31 March 2021 stood at 4.5 million sq ft, more than double this time last year. CBRE reported prime office rents in Southwark and Midtown reduced to £65.00 per sq ft (down from £70.00 per sq ft) and £77.50 (down from £82.50 per sq ft) respectively.

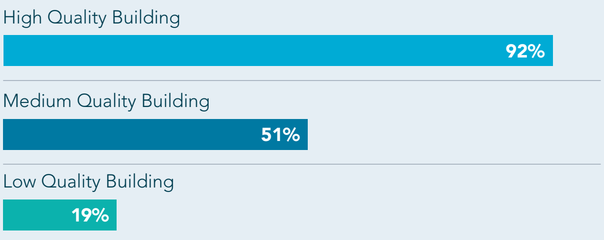
Our market challenges

Four key themes in our markets…

The future of office use

COVID-19 has temporarily transformed the way we live and work. Over the past year, working from home has been the new normal for most of us, and once the pandemic has passed, we expect it to remain popular. Prior to the outbreak, CBRE estimate that the average UK worker spent 4.3 days a week in the office and this is expected to fall to 3.1 days a week post COVID-19. Whilst any resulting reduction in office space will likely be tempered by the need to accommodate peak occupancy and the provision of greater space per employee, CBRE suggest it could reduce the demand for office space by around 9% over the next three years.

Office user demand (four days or more per week) %



Source: Leesman 2021

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 lockdowns 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. A number of recent high profile corporate failures demonstrate that many have not adapted quickly enough.

Online sales as a proportion of total retail sales %

Source: ONS

…provide us with opportunities.

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. Recent surveys support our view. Leesman found that the higher the level of satisfaction in the workplace, the less likely people are to want to work from home. In one organisation, 92% of employees wanted to work fours days a week or more in a highly rated office compared to only 28% in one that was lower rated. 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. Our portfolio is well suited to this evolving demand, with 82% of units in our portfolio being less than 10,000 sq ft, more than 93% of the portfolio at sub ten storeys in height and 92% of the portfolio within 800 metres of a Crossrail station. Furthermore, our development pipeline is already being designed and built to lead on sustainability, wellbeing and technology to fulfil these increasingly important occupier requirements.

See more on pages 34 to 38

Central London retail is likely to remain subdued until a degree of normality resumes, with office workers back at their desks and tourism open for business. Looking beyond COVID-19, 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 22% 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 of Oxford Street, Regent Street, Bond Street and Piccadilly. Our recent developments at 1 Newman Street & 70/88 Oxford Street, W1, at the eastern end of Oxford Street, and Hanover Square, at the northern end of New Bond Street, aim to deliver new retail experiences into locations that will benefit from the expected opening of Crossrail next year. Whilst interest was muted through 2020, the success of the vaccine programme, together with the prospect of restrictions easing, has renewed optimism and increased enquiries.

Other locations remain challenging, particularly where the real estate is ageing, including at our Mount Royal scheme at the western end of Oxford Street. In the short term, minimising vacancy will be key. However, the long-term development opportunity is substantial with the potential to create a large office-led scheme on a two-acre site in the heart of the West End.

See more on page 38

The growth in 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 has helped drive this growth. A plethora of new suppliers have entered the market to meet this demand. Whilst some co-working operators have struggled in the COVID-19 environment, today these spaces comprise an estimated 6% of the central London office market.

Flexible workspaces

We recently completed our first flex space with service offer at 16 Dufour's Place, W1.

See more on page 40

Sustainability: it's imperative

The demand for highly sustainable spaces is growing fast. Occupiers, 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 that is expected to make it unlawful in most instances to lease space with an EPC C rating or below by 2030 (around 80%–90% of London's buildings). Sustainability is therefore no longer only a moral obligation, it is a prerequisite for high quality spaces and a strategic and economic imperative.

Our Roadmap to Net Zero

We have recently launched our Roadmap to Net Zero Carbon.

See more on pages 74 to 76

Whilst for many businesses, securing high quality, well located space for longer-term occupation is vital, we recognise occupiers are increasingly seeking an element of flexibility for some parts of their business. We are currently meeting this market demand through a number of flexible offers. Firstly, our Flex space, which provides dedicated, fully fitted space on flexible terms allowing occupiers to move in and out of the space with ease. During the year, we delivered our first Flex+ space at 16 Dufour's Place, W1 which will extend this offer to provide additional services and amenity. Early interest in this space has been positive and 71% of the building is already let or under offer, only eight weeks after launch.

On larger spaces, we have entered into partnership arrangements, often to maximise cash flow ahead of redevelopment, to deliver flexible solutions and co-working environments with our most recent deal being with Knotel at 2 Aldermanbury Square, EC2. We expect that more flexible spaces will become an essential part of our development pipeline and the default requirement for smaller spaces under 10,000 sq ft.

In total, our flexible space now comprises 266,700 sq ft or 13.2% of our office portfolio.

See more on page 40

Our Sustainability Statement of Intent 'The Time is Now' sets out how we intend to tackle the climate change challenge. This year we set out our approach to the first pillar of the Statement: our Roadmap to Net Zero, with a challenging 2030 target. Alongside the Roadmap, we also launched our Decarbonisation Fund which, using a carbon price of £95 per tonne, will finance our ambitious targets, drive innovation and behavioural change and ultimately help us to decarbonise our business faster.

We anticipate that sustainability will be 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 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 occupiers demand. We also know how to reposition assets through refurbishment and renovation. It is what we do. Furthermore, we consider buildings with poorer sustainability performance to be 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 74 to 76

Our investment markets

Activity in London's investment markets has been tempered by the impact of COVID-19. Successive lockdowns, economic uncertainty and restrictions on travel has limited sellers' appetite to bring assets to the market and buyers' ability to inspect buildings. However, with restrictions easing, pent-up demand is expected to lead to a rebound in activity in the second half of 2021, particularly for higher quality assets.

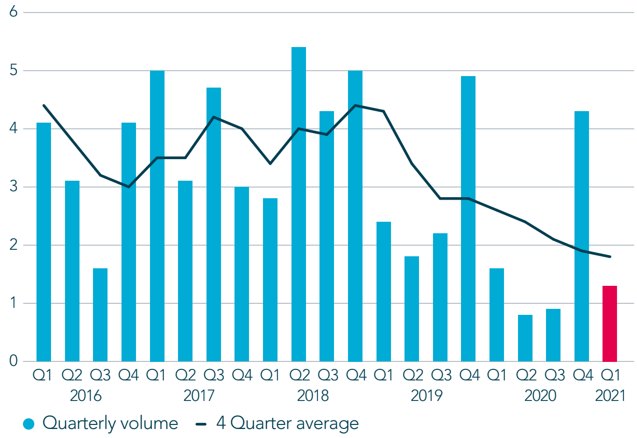
Investment markets were volatile in 2020, with activity closely following the progress of the pandemic. At the height of the first lockdown, the market slowed dramatically, with only £0.8 billion transacting in the quarter to 30 June 2020, a level last seen during the 2008/09 financial crisis. As restrictions eased, activity resumed and, following positive vaccine news, the last quarter of 2020 was more buoyant delivering £4.3 billion of transactions, 16.1% ahead of the ten-year average. In total, investment activity in 2020 totalled £7.6 billion, down 32.7% from £11.3 billion in 2019. Whilst overall volumes were down, the themes within the investment demand were unchanged. Demand and pricing, continued to be strong for prime, well let and well located assets, with many buyers unable to deploy capital against a backdrop of limited supply. As a result, demand for sites with near-term development opportunities, that have a quick route to prime, continued to be highly sought after. We expect this trend of diverging pricing between prime and everything else to continue in the near term.

Investment markets were once again dominated by international investors, accounting for 77% of all transactions in 2020, up from 53% a year earlier. European investors were the most active, accounting for 32% of all transactions, with UK (23%) and Asian (27%) investors accounting for the majority of the remainder.

Lockdown once more limiting activity

The return to lockdown has slowed investment activity once more. Office investment deals in the first quarter of 2021 were £1.3 billion, down 20.1% on the equivalent quarter of 2020 and down 64.9% on the ten-year average. However, levels of equity demand for London real estate remains high. CBRE estimate that £41 billion of equity was targeting London real estate in May 2021, a near record high. Therefore, given this demand and the expected economic recovery in the latter part of 2021, we expect investment activity to accelerate, particularly for prime assets, as the year progresses.

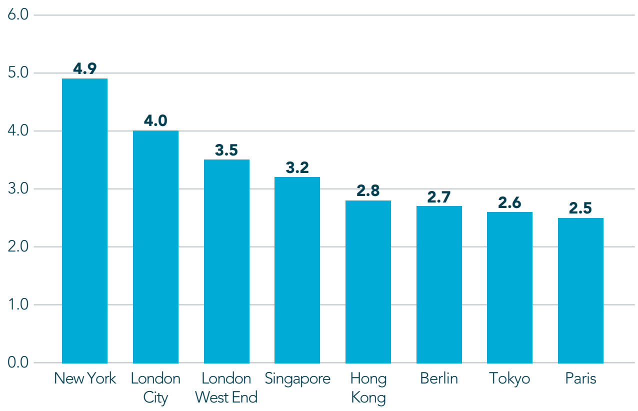
London investment volumes £bn



Source: CBRE Research

Over the year, given strong demand and the limited supply of high quality buildings, prime yields tightened by 25 basis points in the West End and remained flat in the City at 3.50% and 4.00% respectively. Despite this compression, London offices continue to be attractively priced when compared to other major global cities. Moreover, relative to both government and corporate bonds, London real estate continues to offer relative value in a global environment where sustainable yields remain scarce.

London: high relative yields (prime office) %



Source: JLL, Initial Yields

London retail remains challenged

London retail investment volumes reduced in 2020 to £0.9 billion, down from £1.2 billion in 2019, remaining significantly below the five-year average of £1.5 billion. The crisis facing the retail sector deepened during the year. A continued shift of retail sales away from physical stores to online, combined with the impact of successive lockdowns, has reduced investors' appetite for the sector. This has inevitably impacted pricing with CBRE reporting that prime yields rose during the year to 2.75% and 4.00% on Bond Street and Oxford Street respectively.

See more on page 28

Near-term outlook

Notwithstanding near-term volatility, we expect that London's relative value, combined with its transparent legal system, its position as a global hub and perceived safe haven status will continue to attract capital from around the globe. In our view, this demand will continue to be selective, supporting the values of prime assets and increasing the divergence between the best and the rest. Furthermore, given increasing focus on climate risk, and quickly evolving legislation, we expect sustainability to form an increasing role in shaping this demand. As a result, we expect to see some yield compression for prime offices, with the potential for yields to widen further for retail properties.

Our lead indicators are more favourable

Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the past year, our property capital value indicators have improved as the UK economy is expected to rebound from the impact of COVID-19. To date, the impact of the pandemic on prime office values has been limited, given continued demand and limited supply, but the valuation of secondary offices and retail values has deteriorated. In the very near term, we expect this trend of a divergence in the performance of the best and the rest to continue. However, as the path out of the pandemic becomes clearer, we expect increasing optimism, combined with growing levels of pent-up demand, to return the UK economy to growth and provide renewed support to London's property markets. In the meantime, we remain well placed and we have the financial strength to allow us to choose our own path whatever the market backdrop.

Drivers of rents[1]	2020 Outlook	**2021 Outlook**
GDP/GVA growth	🔴	🟢
Business investment	🔴	🟠
Confidence	🔴	🟢
Employment growth	🔴	🟠
Active demand/take-up	🔴	🟠
Vacancy rates	🟠	🔴
Development completions	🟢	🟢
Drivers of yields		
Rental growth	🔴	🟠
Weight of money	🟠	🟢
Gilts	🟢	🟢
BBB Bonds	🔴	🟢
Exchange rates	🟠	🟠
Political risk	🟠	🟠

1. Offices.

"Supply side constraints have led to low investment volumes in the quarter to March 2021, however international and domestic demand is still extremely strong, particularly for prime assets or those that can be repositioned to prime. Secondary pricing has moved out slightly, and we remain close to the market searching for new opportunities."

Alexa Baden-Powell
Investment Manager

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 occupiers, expanding our flexible offerings, delivering the development programme and driving innovation whilst continuing to support our people and other stakeholders through the challenges presented by COVID-19.

Priorities for 2020/21

	1 Progress sustainability agenda	2 Further embed our values	3 Continue to grow our Flex offer
	See more on pages 76 to 81	See more on pages 47 to 57	See more on pages 29 and 40
Key initiatives	– Promote and communicate our Statement of Intent. – Finalise our Roadmap to net zero business. – Broaden employee education programme. – Meet KPIs embedded in ESG-linked Revolving Credit Facility (RCF).	– Deliver follow-up actions from employee pulse survey and values-based leadership training. – Achieve National Equality Standard. – Further progress inclusion and diversity (I&D) initiatives. – Maintain positive health and safety culture.	– Evaluate additional 152,200 sq ft of space for flex offerings. – Further expand offer with successful launch of Flex+ space at 16 Dufour's Place, W1. – Utilise economies of scale for fit-out procurement and service delivery. – Broaden marketing initiatives.
Progress in year	– Statement of Intent embedded into wider business and our Roadmap to Net Zero launched. – Learning Together programme extended with seminars, reading programme and guest speakers. – ESG KPIs met, further embedded across the business and incorporated into remuneration structures.	– Two further pulse surveys held, workshops completed on issues raised in prior year. – National Equality Standard achieved. – Increased Executive Committee diversity. – 16 new I&D champions appointed from across the business. – I&D initiatives included celebrating Pride Month; International Women's Day and Black History Month.	– Further 47,100 sq ft of flex space delivered in year. – Flex space now comprises 13.2% of office portfolio. – 16 Dufour's Place, W1 launched, 71% of space let or under offer within eight weeks. – New marketing collateral created, including enquiry functionality on property websites.
Priorities for 2021/22	**Unchanged**	**Drive innovation and change**	**Unchanged**
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.	– 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.	– Roll-out further Flex+ space at six buildings. – Identify further opportunities to expand flex portfolio through conversion of existing space and acquisitions.

Priorities for 2020/21

	4 COVID-19 response	5 Deliver and lease the committed schemes	6 Prepare the pipeline
	See more on pages 58 to 67	See more on pages 34 to 36	See more on pages 37 and 38
Key initiatives	– Prioritise the safety and wellbeing of occupiers, suppliers and employees. – Maintain cash flow whilst supporting occupiers who are facing economic hardship. – Provide business continuity for our occupiers by keeping occupied portfolio operational. – Scenario planning and stress testing the Group's resilience. – Monitor acquisition opportunities.	– Complete construction of The Hickman, E1 and Hanover Square, W1, on time and budget. – Maintain programme for the completion of 1 Newman Street & 70/88 Oxford Street, W1. – Maximise pre-letting of the remaining space. – Complete sale of blocks B & C at The Hickman, E1.	– Achieve vacant possession and commence refurbishment of 50 Finsbury Square, EC2. – Secure planning consent for 2 Aldermanbury Square, EC2 and New City Court, SE1. – Formalise the development strategy with key stakeholders at Mount Royal, W1 and submit planning application. – Finalise development plans for Piccadilly Estate, W1, Kingsland & Carrington House, W1 and Minerva House, SE1.
Progress in year	– All buildings open throughout the pandemic on a 'COVID-19 Secure' basis. – Support provided to occupiers on a case-by-case basis. – Frequent scenario planning conducted, balance sheet strength and covenant compliance maintained. – Limited acquisition opportunities to date.	– Hanover Square and The Hickman successfully completed. – 1 Newman Street & 70/88 Oxford Street, W1, scheduled to complete summer 2021, 32% pre-let. – Continued leasing success at our completed schemes, offices two-thirds let, retail more challenging. – Sale of Blocks B&C aborted to unlock development opportunity on Challenger House, E1.	– Repositioning of 50 Finsbury Square, EC2, commenced. – Planning consents submitted for 2 Aldermanbury Square, EC2, French Railways House and 50 Jermyn Street, SW1. – Planning decisions awaited at 2 Aldermanbury Square, EC2 and New City Court, SE1.
Priorities for 2021/22	**Unchanged**	**Unchanged**	**Unchanged**
Key initiatives	– Assist our occupiers to safely return to their workplaces. – Reduce portfolio vacancy. – Reposition portfolio mix and identify accretive acquisitions.	– 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.	– 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.

Our development activities

2020/21 Strategic priorities:

5 Deliver and lease the committed schemes

6 Prepare the pipeline

Operational measures[1]

	2021	2020
(Loss)/profit on cost	**(0.7%)**	14.7%
Ungeared IRR	**6.0%**	9.2%
Yield on cost	**4.8%**	4.8%
Income already secured	**23.2%**	23.4%
BREEAM Excellent (targeted)	**100%**	100%
Committed capital expenditure to come[2]	**£59.8m**	£66.1m

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 occupier 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 occupiers want. Today we have two committed schemes 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.

"During a challenging year we successfully completed two first-class developments and also committed to the sustainable repositioning of 50 Finsbury Square. This exciting commitment will deliver our most technologically advanced building and will deliver on all four pillars of our Sustainability Statement of Intent."

Andrew White
Development Director

We successfully completed two developments during the year and committed to the repositioning of 50 Finsbury Square, EC2. In addition to our two committed schemes, which are progressing well and are 23.2% pre-let, we have a further four schemes in our near-term pipeline, with starts from early 2022. Today, our total development programme remains substantial and provides us with extensive future opportunities to add value.

It has been an active year for the development team. We completed two schemes delivering a profit on cost of 8.8% and, after the commitment to 50 Finsbury Square, we now have two schemes on-site. These committed schemes are set to deliver 250,800 sq ft of high quality sustainable space, both near Crossrail stations and both targeting BREEAM 'Excellent'. Capital expenditure to come at these schemes totals £56.4 million and, at 31 March 2021, the committed development properties were valued at £313.9 million.

Looking forward, our pipeline of future schemes is as rich as ever, with the team busy preparing a further eight schemes set to deliver nearly 1.3 million sq ft across the coming decade.

Two schemes completed in the year

At Hanover Square, W1, following a number of sectional completions, the full development completed in early November, delivering a profit on cost of 7.3%. The pre-let office floors have been handed over to the incoming occupiers, KKR and Glencore, who have commenced their fit-outs and Canali have opened their flagship store on New Bond Street. The scheme provides 221,500 sq ft of new space, comprising 167,500 sq ft of offices, 41,300 sq ft of retail and restaurant space and 12,700 sq ft of residential apartments.

Since completion, our leasing success has continued. We leased a further 9,000 sq ft of office space to Lexington Partners LP for their new London office premises, the 9,350 sq ft restaurant in 20 Hanover Square, W1, to Colonial and we completed the leasing of the final 16,500 sq ft floor in the main office building in May. The remaining 24,300 sq ft of office space across the scheme is now all under offer or under negotiation, with a number of conversations ongoing with prospective occupiers for the remaining eight retail units (28,300 sq ft). All of the six residential apartments have been sold at the full asking price (our share: £16.0 million). The development is owned by the GHS Partnership, our 50:50 joint venture with the Hong Kong Monetary Authority.

At The Hickman, E1, we completed the new 75,300 sq ft Grade A office building in September, delivering a profit on cost of 16.7%. This highly sustainable BREEAM 'Excellent' refurbishment is also our most technologically advanced, utilising both our sesame™ app and digital twin technology to improve the occupier experience and maximise energy performance. Since completion, we have let the top three floors to Four Communications Group Limited (see our leasing activities) and there continues to be good occupier interest in the rest of building.

NEXT-LEVEL SUSTAINABILITY

Occupiers and investors alike are seeking spaces that are highly sustainable, technologically advanced, flexible and provide healthy, productive environments.

Such buildings are increasingly scarce in central London. However, despite the disruption created by COVID-19, we successfully completed The Hickman, E1 and Hanover Square, W1, both of which more than meet these demands.

The Hickman, E1, marked a significant step in the way we approach our developments in terms of sustainability, whilst taking our implementation building technology to the next level.

We pushed the boundaries on our energy efficiency targets for a refurbishment, achieving EPC 'A' and BREEAM 'Excellent' ratings. Furthermore, by retaining 53% of the existing structure, we were able to save 306kg of CO_2/m^2. The building is also designed for longevity, allowing for conversion to a number of different potential uses, reducing the need for future redevelopment.

A wealth of outside space across five different floors, totalling 12% of the total building, enabled us to prioritise biodiversity, both to help cool the building and improve user wellbeing. We have also implemented Digital Twin technology, which as well as documenting more than half a million components of the building, puts information in the hands of the occupier via our sesame™ app. It provides the ability to measure air quality, noise levels, utilisation and energy intensity on a real-time basis. It even allows the users of the space to control the heating and lighting from their phone.

The functionality and flexibility of space, along with these market-leading initiatives, was critical in generating occupier interest and contributed to Four Communications Group letting the upper floors and we have good interest in the remainder.

Hanover Square, W1, provides 221,500 sq ft of Grade A space on an attractive garden square in the heart of Mayfair above the Bond Street Crossrail station. This high quality development is also highly sustainable. It achieved a BREEAM 'Excellent' rating, generates its own solar energy, has a green roof to both cool the building and support biodiversity and is WELL enabled.

Given its quality, the office space has been highly sought after and, after a number of recent lettings, the scheme is now 75% let or under offer and delivered a profit on cost of 7.3%.

Looking forward, we expect the demand for prime space to continue and we are preparing our deep pipeline of future opportunities to meet occupiers' evolving requirements.

Our development activities continued

Two committed schemes – 250,800 sq ft

1 Newman Street & 70/88 Oxford Street, W1

Size	122,700 sq ft
Construction cost	£102.9m
Expected completion date	Q3 2021
BREEAM target	Excellent
Distance to Crossrail station	30 metres

50 Finsbury Square, EC2

Size	128,100 sq ft
Construction cost	£53.6m
Expected completion date	Q4 2022
BREEAM target	Excellent
Distance to Crossrail station	250 metres

Two committed schemes; one due for completion and one commenced in 2021

At 1 Newman Street & 70/88 Oxford Street, W1, construction of the new building is nearly complete with completion expected in the coming weeks. The building will deliver 81,600 sq ft of new offices and 41,100 sq ft of retail space, directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station. The building is now 32.1% pre-let, following the leasing of the upper three floors to Exane in May 2020. We have the basement space under offer and interest in the remaining office floors remains encouraging. However, we expect the leasing of the retail space to be more challenging in the near term, given the impact of COVID-19 on the wider UK retail environment and the opening of the central section of Crossrail being delayed to mid-2022. Given the challenges facing the retail market, we currently expect the scheme to deliver a loss on cost of 10.9%.

In January 2021, we commenced the extensive repositioning of 50 Finsbury Square, EC2. Our 128,100 sq ft major refurbishment 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 main contractor has commenced on-site. The new building will be a sustainability, wellbeing and technology exemplar delivering on all four pillars of our Sustainability Statement of Intent.

In particular, the development will:

- target net zero carbon;
- be the first development to contribute to the Decarbonisation Fund with our Internal Carbon Price of £95 per tonne to be levied on its embodied carbon, estimated at £0.6 million;
- save 60% in operational energy consumption when compared with the existing building;
- be WELL enabled to respond to increasing focus on health and wellbeing from our occupiers with an emphasis on external and internal biodiverse features and access to outside space;
- achieve Wired Score Platinum Certification and be the most tech-enabled building within our portfolio with our sesame™ app and digital twins fully integrated; and
- support local community initiatives, including through our corporate charity partnership with Groundwork London.

See our case study on page 71

We are targeting a profit on cost of 21.1%, with completion of the scheme expected in Q4 2022.

In total, we have £59.8 million of committed capital expenditure, including £56.4 million at our two committed developments.

21%

Estimated profit on cost at 50 Finsbury Square

Four near-term schemes – 909,400 sq ft

2 Aldermanbury Square, EC2

Proposed size	**320,500 sq ft**
Earliest start	**2022**
Opportunity area	**Crossrail**
Distance to Crossrail station	**250 metres**

New City Court, SE1

Proposed size	**386,400 sq ft**
Earliest start	**2023**
Opportunity area	**London Bridge**
Distance to Crossrail station	**n/a**

Minerva House, SE1

Proposed size	**137,700 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	**64,800 sq ft**
Earliest start	**2023**
Opportunity area	**Core West End**
Distance to Crossrail station	**750 metres**

Computer Generated Images.

Four near-term schemes

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

In February 2021, we submitted our planning application for 2 Aldermanbury Square, EC2 (previously City Place House). This office-led 320,500 sq ft redevelopment will substantially increase the size of the building on the site (up from 176,000 sq ft) and will incorporate our sustainability aspirations from the outset, with the aim of delivering a 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 to the Liverpool Street Crossrail station. We are greatly encouraged by the strong occupier interest in the scheme and are currently in negotiations on a significant proportion of the space.

At New City Court, SE1, given the challenging planning environment, we have amended our proposals, lowering the height whilst maintaining area, to materially increase the size of the existing 98,000 sq ft building to 386,400 sq ft and we expect a determination later this year.

At Minerva House, SE1, in Southwark, we are finalising plans for a major refurbishment taking full advantage of its river views. We are already in discussions with Southwark and aim to submit a planning application in the coming quarter.

At French Railways House and 50 Jermyn Street, SW1, we intend to provide a high quality contemporary building in keeping with the surrounding conservation area and heritage assets. Planning was submitted in February 2021.

Subject to planning, these four near-term schemes could together deliver 909,400 sq ft of Grade A space, and have an expected capital expenditure of c.£800 million and an expected ERV of c.£72 million.

40%

Of portfolio in development programme

Our development activities continued

Designing for climate change

Our development activities form a significant part of our carbon footprint and are a key part of our Roadmap to Net Zero. As set out in the Roadmap, we have committed to ensuring that all of our new build developments will be net zero carbon by 2030. This will require extensive collaboration with our supply chain, challenging both the materials we use and how we design and build our pipeline schemes. We are already:

- designing for longevity and adaptability to increase the lifetime of the building;
- challenging the status quo, by reviewing outdated industry norms for building specifications to reduce the quantities of materials required;
- using technology to support us, using Building Information Modelling (BIM) and efficient construction techniques such as prefabrication;
- specifying low carbon, seeking out materials that use less carbon during their manufacture and with minimum transportation emissions;
- using nature based solutions such as green roofs and walls to increase passive cooling; and
- designing with the circular economy in mind looking to specify materials which can be reused or repurposed at the end of the building's life.

We also set an internal carbon price of £95 per tonne of carbon which will be used to form our Decarbonisation Fund. These funds will support the deep retrofitting required to accelerate our transition to net zero, it will also provide the efficient spaces our occupiers want and build further climate resilience into our existing portfolio reducing the risk of stranded assets.

See more on pages 74 to 76

Our pipeline of opportunity

How we are positioned

In addition to our six schemes that are on-site or in our near-term programme, our medium-term pipeline consists of a further four 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 40% of the portfolio and set to provide around 1.5 million sq ft of modern, high quality, sustainable space, well matched to evolving occupier requirements.

Mount Royal, W1

Proposed size	**92,100 sq ft[1]**
Earliest start	**2024**
Opportunity area	**Core West End**
Distance to Crossrail station	**600 metres**

35 Portman Square, W1

Proposed size	**72,800 sq ft[1]**
Earliest start	**2026**
Opportunity area	**Core West End**
Distance to Crossrail station	**550 metres**

Kingsland/Carrington House, W1

Proposed size	**48,800 sq ft**
Earliest start	**2022/23**
Opportunity area	**Prime retail**
Distance to Crossrail station	**550 metres**

Jermyn Street Estate, SW1

Proposed size	**133,200 sq ft[1]**
Earliest start	**2028**
Opportunity area	**Core West End**
Distance to Crossrail station	**1,000 metres**

1. Existing area.

Our leasing activities

2020/21 Strategic priority:

3 Continue to grow our Flex offer

Operational measures

	2021	2020
New lettings and renewals	**£12.9m**	£14.4m
Premium to ERV[1] (market lettings)	**2.4%**	8.8%
Vacancy rate[2]	**13.2%**	2.0%
ERV growth[2]	**(4.0%)**	1.4%
Reversionary potential[2]	**7.8%**	11.7%
Rent collected within seven days[3]	**78.0%**	62.9%

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

Our approach

We consider that a close relationship with our occupiers 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 occupiers 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 occupiers to other buildings within our portfolio.

Our portfolio managers, supported by our occupier services team, administer a portfolio of approximately 297 occupiers, from a diverse range of industries, in 44 buildings across 32 sites. This diversity limits our exposure to any one occupier or sector, with our 20 largest occupiers at 31 March 2021 accounting for 39.3% (2020: 36.4%) of our rent roll.

"Occupier demands are changing and the workplace is evolving to maintain its appeal. Occupiers are looking for space with a greater focus on amenity, space that has health and wellbeing front and centre, space with smarter use of technology and increased flexibility. Our fully fitted flexible spaces tick all these boxes."

Steven Mew
Portfolio Director

Occupier demand for our brand of high quality, sustainable space remained robust, supporting healthy levels of leasing 2.4% ahead of March 2020 ERVs. We have also continued to grow our flexible spaces with the launch of our first innovative Flex+ offering at 16 Dufour's Place, W1, which is already 71% let or under offer only eight weeks after launch.

Despite some of the most challenging trading conditions we have ever faced, and reduced letting activity as occupiers take a wait and see approach, we delivered healthy leasing results across the office portfolio. In particular, we saw continued demand for prime spaces, including at our recently completed developments at The Hickman, E1 and Hanover Square, W1, and for our flexible spaces.

Whilst market lettings were 2.4% ahead of ERV, rental values declined by 4.0% as COVID-19 impacted wider market sentiment. Within this, offices continue to perform better than retail space, with our office rental values increasing by 0.5% compared to a 16.7% fall in retail rental values, as the retail sector was hard hit with most stores closed for a large proportion of the year.

See our markets on page 27

The key leasing highlights for the year included:

- 27 new leases and renewals completed during the year (2020: 46 leases) generating annual rent of £12.9 million (our share: £10.9 million; 2020: £12.7 million), with market lettings 2.4% ahead of ERV;
- flex space now c.13% (266,700 sq ft) of office portfolio, up 22% in the last 12 months, appraising a further 134,100 sq ft;
- 15 rent reviews securing £7.5 million of rent (our share: £6.8 million; 2020: £12.2 million) were settled at an increase of 8.0% over the previous rent and 2.1% ahead of ERV and review date;
- £0.5 million of reversion captured in the year to 31 March 2021 (2020: £3.9 million); and
- total space covered by new lettings, reviews and renewals was 300,200 sq ft (2020: 439,200 sq ft).

However, we did face rent collection challenges during the year (especially from retail occupiers). In addition, the Group's vacancy rate increased to 13.2% (31 March 2020: 2.0%) following the successful delivery of two development schemes, and Group rent roll has decreased by 5.5% to £95.2 million, as we took vacant possession ahead of our committed development at 50 Finsbury Square, EC2.

2.4%
Premium to ERV on market lettings

Strategic Report – Annual review

Our leasing activities continued

We continue to grow our Flex offer

The nature of the office is evolving, occupiers are demanding best-in-class sustainability credentials, space that promotes wellness, meets their brand identity and increasingly space that provides flexibility and high quality services. Today, the majority of demand for smaller units is on a fully fitted basis and we expect this to be the market norm going forward.

As these occupier requirements have developed, so has the selection of spaces that we provide. Our Flex offer provides fully fitted spaces on flexible terms, leased by the floor, not by the desk, providing the occupier with their own front door and ownership of their space. This year we have seen continued demand for these spaces, particularly from occupiers either graduating out of serviced offices or looking for shorter-term solutions given the uncertain economic backdrop. More recently we have launched our new innovative Flex+ offering, providing a suite of additional services to further enhance their overall experience and provide an all-in-one solution.

Flexible space currently accounts for 13.2% of our office portfolio and it is well suited to meet this evolving demand. Our average building size is small at around 60,000 sq ft and 82% of our floors are sub 10,000 sq ft. In addition to targeting investment opportunities that lend themselves to our flexible space products, we are currently appraising a further 134,100 sq ft in the existing portfolio across both our investment and development properties and are excited about the opportunity for future growth.

Continued demand for high quality space

In the investment portfolio, we have also had leasing success at our two recently completed developments.

At Hanover Square, W1, post completion we have completed a further three lettings. Colonial Property Co (Colonial), a New England inspired concept, have taken 9,350 sq ft restaurant space across three floors of dining and social gathering in the historic Grade II* Listed 20 Hanover Square, W1. Colonial agreed a 20-year lease (without break) at an initial minimum rent of £600,000 p.a. (plus a turnover top-up). More recently Lexington Partners LP agreed to occupy the second floor of the offices in 1 Medici Courtyard (9,000 sq ft) on a 15-year lease (with option to break at year 10) paying an annual rent of £1.0 million and we leased the final floor of 18 Hanover Square, the main office building, to a financial services occupier.

At our other recently completed development, The Hickman on Whitechapel Road, E1, we completed a letting to Four Communications Group Limited (Four), the integrated marketing and communications agency. Four will occupy the offices on the fifth, sixth and seventh floors (17,700 sq ft) on ten-year leases (with a break option in the seventh year), paying an annual rent of £1.1 million.

See our development activities on page 35

HASSLE FREE

Flex+ at 16 Dufour's Place, W1

16 Dufour's Place, W1 provides 16,300 sq ft of new extensively refurbished workspaces, fully fitted, fully managed and ready to move straight into. Located in a quiet street just off Broadwick Street in the heart of buzzing Soho and neighbouring Carnaby Street, the building is surrounded by a wide range of retail, bars, restaurants, clubs and much more.

The ground floor features a large co-working space with a variety of areas to facilitate different working requirements, from collaborative areas to a bookable communal meeting room. A generous courtyard to the rear of the building and a shared terrace on the fourth floor will provide occupiers with outside space to relax, socialise and work.

The building has a number of key attractions for occupiers:

1. Exclusively yours – each occupier has their own private floor and own front door, allowing occupiers to brand their way;
2. Thoughtfully designed, fitted and managed – high quality, sustainably designed space;
3. Alive with technology – with super-fast Wi-Fi and IT support, our app sesame™ will give occupiers contactless entry and environmental control amongst other benefits;
4. Flexible lease terms – flexible lease lengths in one monthly bill with a simple, quick sign-up process; and
5. Owned and managed by GPE – delivered by proven workplace experts to provide a quality hassle free all-in-one fully managed solution.

Early leasing has been strong with 71% of the building let or under offer only eight weeks since launch.

See more at www.16dufoursplace.com

Capturing reversion through rent reviews

After successfully capturing a large amount of the available reversion in previous years, we continued to settle a number of the outstanding rent reviews. We settled a further 15 rent reviews (121,700 sq ft), capturing £0.6 million of reversion, 8.0% ahead of the previous passing rent and at a 2.1% premium to ERV at review date.

Significant rent review transactions included:

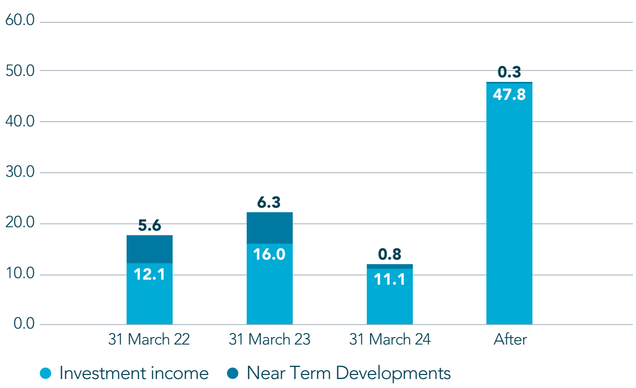
- at Walmar House, 288/300 Regent Street, W1, we settled a rent review with Richemont UK Limited, increasing the annual rent to £2.7 million, an increase of 3.8% on the previous passing rent and 0.6% above ERV at the review date; and
- at 200 Gray's Inn Road, WC1, we settled two rent reviews with Warner Bros Entertainment UK Limited at a combined annual rent of £1.4 million, an increase of 14.9% on the previous passing rent and 3.8% above ERV at review date.

Since 31 March we have completed a further five lettings generating annual rent of £8.0 million (our share: £4.7 million), including a significant West End retail transaction, with market lettings 13.9% ahead of March 2021 ERV. We have a further 17 lettings under offer accounting for £5.5 million p.a. of rent (our share: £4.4 million), together 1.2% ahead of 31 March 2021 ERV.

Expiry profile

At 31 March 2021, 17.7% of the Group's rent roll, including joint ventures, is subject to a break or lease expiry in the next 12 months. Nearly a third of this is from properties in our near-term development pipeline where we will take vacant possession ahead of proposed works. Of the remainder we have identified a number of opportunities where we can improve the income security and with our strong track record of retaining occupiers are confident in doing so.

Rent roll subject to break or expiry[1] %



1. Including share of joint ventures.

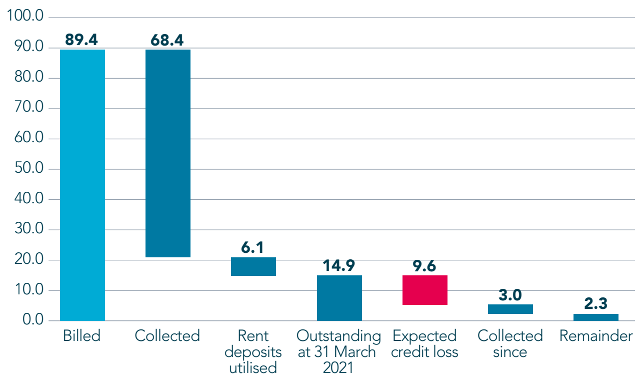
Supporting our occupiers

Our occupiers are important stakeholders in our business and we have implemented measures to help support them through these unprecedented times. We recognise that the retail, leisure and hospitality sectors, 30.4% of our portfolio by rent roll (including office occupiers), have been hardest hit by the economic impact of restrictions on movement resulting in a number of occupiers still being unable to meet their rental commitments.

Accordingly, we have been in discussions with our occupiers who are facing cash flow difficulties to accommodate requests for rental concessions, including monthly payment terms, rent deferrals and in some cases rental holidays. Where possible, we have also drawn on existing occupier rental deposits.

Unsurprisingly, this economic backdrop reduced our rent collection performance. Whilst we saw an improving trend over the financial year, of the £89.4 million of rent billed to 31 March 2021, including joint ventures, we collected 79.4%, or 86.7% after the utilisation of rent deposits, with 70.1% collected from our retail, hospitality and leisure occupiers and 95.4% from the remainder (after deposits). Of the £14.9 million outstanding at 31 March 2021 (including our share of joint ventures), we have provided £9.6 million as an expected credit loss provision.

Rent collection for the year ended 31 March 2021[1] £m



1. Including share of joint ventures.

Looking forward, for the quarter to June 2021, we have so far collected 84.5% of the rent charged including amounts covered by rent deposits; 81.9% excluding deposits which was ahead of all four previous quarters at the equivalent date (including our share of joint ventures).

How we are positioned

Activity in London's occupational office markets has been muted as the pandemic and the necessary health response have closed large parts of the economy over the past year. Whilst overall activity levels remain low, we anticipate that increasing optimism, spurred by the national vaccination campaign, will translate into more normalised transaction levels for the latter half of 2021. Within this we expect current trends to continue, with demand for best space outstripping supply and a greater need for smaller spaces to be fitted. 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 set to widen further.

Whilst we expect the Group's vacancy rate to rise as we complete 1 Newman Street & 70/88 Oxford Street, W1 in the summer, 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 rents remain low at £56.70 per sq ft and 92% of our portfolio is within walking distance of a Crossrail station.

Our investment activities

Operational measures[1]

	2021	2020
Purchases	**£nil**	£nil
Sales	**£16.0m**	£73.3m
Sales – premium/(discount) to book value[2]	**11.7%**	10.0%
Sales – capital value per sq ft	**£2,515**	£1,305
Total investment transactions[3]	**£16.0m**	£73.3m
Net investment[4]	**£(16.0)m**	£(73.3)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 18

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.

"As the current restrictions ease, we fully expect the investment market to come back to life in the second half of 2021. We have the firepower and team to exploit any opportunities as they arise, both on and off market."

Robin Matthews
Investment Director

Investment demand for development sites and value-add opportunities remained high, elevating pricing. As a result we remained disciplined, and made no acquisitions during the year. However, we were pleased to sell the six residential apartments at our recently completed Hanover Square, W1, development, 11.7% ahead of book value.

Sales for the year ended 31 March 2021

	Price[1] £m	Premium to book value %	Price per sq ft £	NIY %
Residential				
Hanover Square, W1	16.0	11.7	2,515	n/a

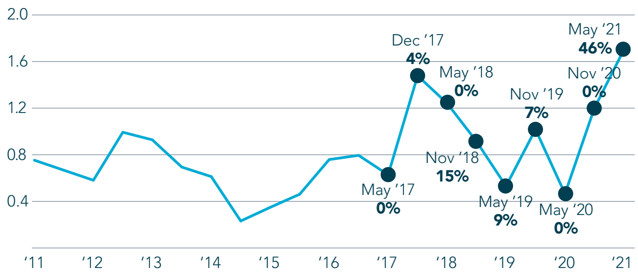
1. Including share of joint ventures.

During the year, shortly after launch, we sold all six residential apartments at Hanover Square, W1, for £32.0 million (our share £16.0 million), 11.7% above the March 2020 book value at an average £2,515 per sq ft.

How we are positioned

We were once again a net seller, taking advantage of supportive investment markets to recycle out of mature assets where our business plans were complete. However, we are constantly reviewing acquisition opportunities, and we currently have £1.7 billion of potential acquisitions under review, predominantly off market.

Value of deals under review £bn



● Percentage of reviewed stock which traded near 'fair value' in preceding 6 months
— Value of deals under review £bn

Source: GPE

Whilst the number of assets under review remains elevated, opportunities providing attractive value continued to be scarce. The sort of assets we typically look to buy, in particular, assets with repositioning and/or development opportunities, continue to be limited at prices that, in our view, fairly reflect their risk adjusted returns. However, we do expect opportunities to emerge in the second half of 2021, with investment volumes recovering as COVID-19 restrictions lift and the market reopens. In addition to our usual requirements, we are actively seeking new buildings for our flex offerings and we 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 impact of COVID-19 lowered property valuations and rental income, reducing our EPRA metrics. However, we remain in an enviable financial position with LTV low at only 18.4%.

Nick Sanderson Chief Financial & Operating Officer

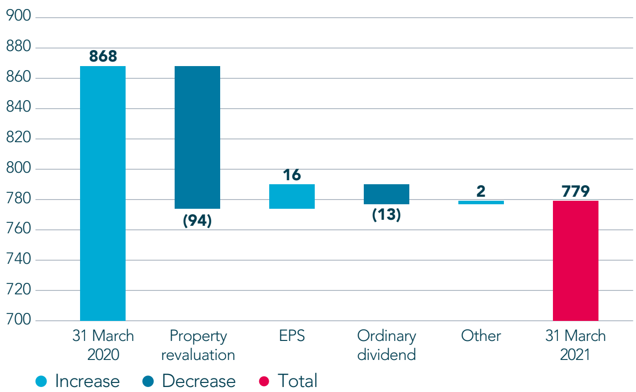
As is usual practice in our sector, we use Alternative Performance Measures (APMs) to help explain the performance of the business. These include quoting a number of measures on a proportionately consolidated basis to include joint ventures, as it best describes how we manage the portfolio, like-for-like 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 pages 177 to 180

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

IFRS NAV and EPRA NTA per share at 31 March 2021 were 779 pence per share, a decrease of 10.3% over the year, largely due to the 8.7% like-for-like valuation decrease in the property portfolio. When combined with ordinary dividends paid of 12.6 pence per share, this delivered a total accounting return of minus 8.8%.

EPRA NTA pence per share



The main drivers of the 89 pence per share decrease in EPRA NTA from 31 March 2020 were:

- the decrease of 94 pence per share arising from the revaluation of the property portfolio;
- EPRA earnings for the year of 16 pence per share enhanced NTA;
- ordinary dividends paid of 13 pence per share reduced NTA; and
- other items increased NTA by 2 pence per share.

At 31 March 2021, the Group's net assets were £1,971.6 million, down from £2,203.1 million at 31 March 2020, with the decrease largely attributable to the decline in property valuation of £157.4 million. EPRA NDV and EPRA NRV were 777 pence and 849 pence at 31 March 2021 respectively, compared to 871 pence and 944 pence at 31 March 2020.

See more about our capital strength on pages 82 and 83

Revenue reduced due to lower rental income

Revenue for the year was £88.5 million, down from £102.5 million on the prior year, driven by no trading property sales for the current year and lower gross rental income which reduced by £7.0 million to £73.8 million. The reduction in gross rental income was largely attributable to achieving vacant possession in June from Bloomberg, ahead of our committed development of 50 Finsbury Square, EC2, and the sale of 24/25 Britton Street, EC1 in the prior year.

Net rental income, after taking account of expected credit losses (see below), lease incentives and ground rents was £62.1 million, down from £79.9 million in the prior year.

Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like gross rental income (including share of joint ventures) decreased by 5.7% or 16.6% including expected credit losses.

Joint venture fee income for the year was £3.7 million, an increase of £1.6 million, resulting from fees earned from letting activity at our recently completed development at Hanover Square, W1.

£2.0bn

Net assets

Our financial results continued

Expected credit loss for unpaid rent

The year has been greatly affected by the economic impact of COVID-19. As a result, a significant number of our occupiers have been unable to meet their rental obligations, particularly in the retail, hospitality and leisure sectors. Accordingly, we have offered assistance to support them through this difficult period including providing rental concessions, monthly payment terms, rent deferrals and in some cases rental holidays. This resulted in significantly lower collection rates across the year. Whilst performance improved quarter by quarter, overall we secured 79.4% of all rents due, or 86.7% including the utilisation of rent deposits. Of the rent outstanding at 31 March 2021, we provided £7.7 million as an expected credit loss in the year, with a further £1.9 million in our joint venture, approximately 65% of the outstanding balances. Looking ahead, given improvements in sentiment and a gradual reopening of the UK economy, it is hoped that the June quarter day collection rate will improve on that of March, albeit it may be some time before collection rates return to more normalised levels.

See more about our approach to rent concessions on page 41

At 25 March 2021, we had 28% of our rent roll on monthly payment terms (25 March 2020: 9%). Since 1 April 2020, nine of our occupiers went into administration, representing 4.0% of our rent roll. At 31 March 2021, we held rent deposits and bank guarantees totalling £17.2 million.

Cost of sales reduced

Cost of sales reduced from £27.7 million to £24.7 million for the year ended 31 March 2021. This reduction was primarily driven by an absence of trading property cost of sales in the current year, offset by an increase in service charge expenses and other property expenses which increased by £2.0 million to £8.2 million. This increase was principally the result of increased costs associated with our leasing initiatives in the joint ventures and greater empty rates given higher levels of portfolio vacancy.

Taken together, net service charge income and other property costs rose to £9.7 million from £8.1 million in the prior year.

Joint venture earnings

EPRA earnings from joint ventures was £9.1 million, down from £11.3 million last year, primarily as a result of an expected credit loss provision in respect of unpaid rents of £1.9 million and increased vacancy offset by strong leasing activity, including at our recently completed development at Hanover Square, W1.

Lower performance related pay

Administration costs were £25.2 million, £3.8 million lower than last year, primarily as a result of reduced provisions for performance related pay, including share-based payments in respect of our LTIP scheme.

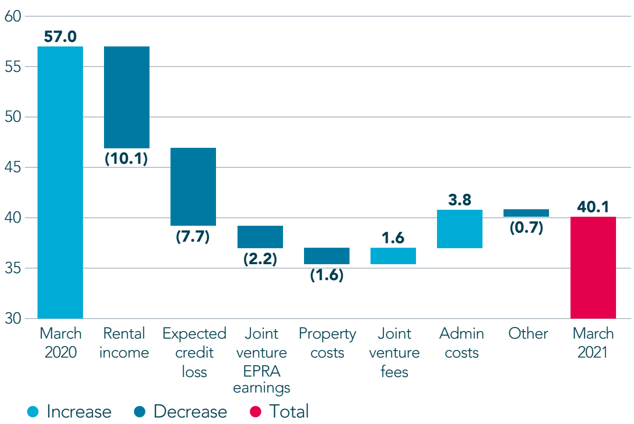
New debt facilities drawn

Gross interest paid on our debt facilities was £12.1 million, £1.8 million higher than the prior year. The increase in interest paid resulted from holding higher than average drawn balances on our Revolving Credit Facility (RCF) as we sought to increase our cash position, given the market disruption from COVID-19, together with drawing on the Group's new £150 million 2.77% private placement notes in November last year. Capitalised interest increased by £0.5 million to £6.3 million as we completed one scheme and committed to another. As a result, the Group had net finance income (including interest receivable) of £0.2 million (2020: £0.8 million).

EPRA earnings

EPRA earnings were £40.1 million, 29.6% lower than last year, predominantly due to lower net rental income and increased expected credit loss provisions made against doubtful debts partially offset by lower administration costs.

EPRA earnings £m



Revaluation declines of the Group's investment properties, together with reduced EPRA earnings led to the Group's reported IFRS loss after tax of £201.9 million (2020: profit of £51.8 million). The basic and diluted loss per share for the year was 79.8 pence, compared to 20.0 pence for 2020. Diluted EPRA EPS was 15.8 pence (2020: 22.0 pence), a decrease of 28.2% and cash EPS was 12.2 pence (2020: 17.9 pence).

During the year, the Group's rent roll reduced from £100.8 million to £95.2 million at 31 March 2021. The reduction was largely attributable to breaks, expiries, surrenders and delinquencies more than offsetting the benefit of new leases and rent reviews in the period. This reduction also contributed to an increased vacancy rate of 13.2% (or 6.6% excluding newly completed developments).

Whilst we anticipate that rent collection rates will improve, we also expect that some of our occupiers will be impacted from reduced government support as lockdown eases and that our void costs may increase depending on the leasing velocity at our completed developments. So taken together, we expect EPRA EPS to decline over the next 12 months.

Results of joint ventures

The Group's net investment in joint ventures decreased to £626.4 million at 31 March 2021, down from £647.0 million in the previous year. The decrease is largely due to an 11.0% valuation decrease in the joint venture property portfolio, offset by an increase in partner loans which were utilised to repay the £80.0 million (our share: £40.0 million) non-recourse debt facility in our Great Victoria Partnership (GVP). Our share of joint venture net rental income was £17.4 million, down 2.8% from last year. This decrease was primarily the result of expected credit loss provisions in respect of unpaid rent of £1.9 million, which was offset by rent commencing at our recently completed development at Hanover Square, W1.

See more about our joint ventures on page 61

Strong financial position maintained; LTV low at 18.4%

The Group's consolidated net debt increased to £477.5 million at 31 March 2021, compared to £349.4 million at 31 March 2020. The increase was largely due to £61.0 million development capital expenditure across the Group and the repayment of the £80.0 million (our share: £40.0 million) debt facility in GVP, which was secured over Mount Royal, W1. As a result, the Group's gearing increased to 24.6% at 31 March 2021 from 16.2% at 31 March 2020.

Including cash balances in joint ventures, total net debt was £451.0 million (2020: £373.3 million), equivalent to a low loan-to-property value of 18.4% (2020: 14.2%). At 31 March 2021, following the repayment of the debt facility in GVP, we have no external debt in any of our joint ventures, compared to 6.4% of our total debt last year. At 31 March 2021, the Group, including its joint ventures, had cash (£38 million) and undrawn committed credit facilities (£405 million) totalling £443 million.

Debt analysis

	March 2021	March 2020
Net debt excluding JVs (£m)	**477.5**	349.4
Net gearing	**24.6%**	16.2%
Total net debt including 50% JV non-recourse debt (£m)	**451.0**	373.3
Loan-to-property value	**18.4%**	14.2%
Interest cover	**n/a**	n/a
Weighted average interest rate	**2.5%**	2.2%
Weighted average cost of debt	**2.7%**	3.0%
% of debt fixed/hedged	**91%**	69%
Cash and undrawn facilities (£m)	**443**	411

The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 2.7%, marginally lower than the prior year. The weighted average interest rate (excluding fees) was 2.5% at the year end, up from 2.2%, as a result of drawing on our new £150 million 2.77% US private placement notes at the end of 2020. Our weighted average drawn debt maturity was 8.1 years at 31 March 2021 (31 March 2020: 5.8 years).

See more about our capital strength on pages 82 and 83

At 31 March 2021, 91% of the Group's total debt was at fixed or hedged rates (2020: 69%). The Group is operating with substantial headroom over its debt covenants. At 31 March 2021, given our low levels of leverage, property values would have to fall by around 56% before covenant breach.

Taxation

The tax credit in the income statement for the year was £0.1 million (2020: £0.2 million) and the effective tax rate on EPRA earnings was 0% (2020: 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 2021.

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 £31.9 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 £4.5 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

£443m

Cash and undrawn facilities

Our financial results continued

Ordinary dividends

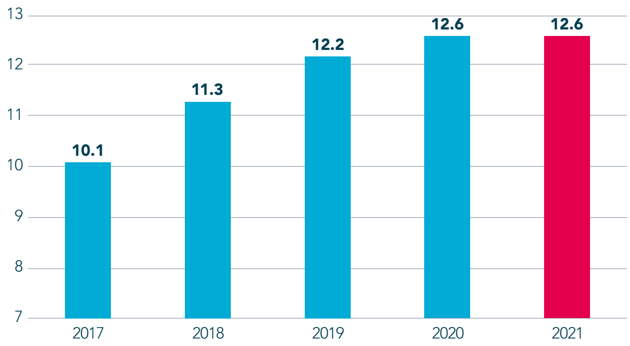
Given the low yielding nature of London real estate, the Group operates a low and progressive ordinary dividend policy, with the aim of maintaining average dividend cover of 1.0x through the cycle. The Board has recommended a final dividend of 7.9 pence per share (2020: 7.9 pence) which will be paid, subject to shareholder approval, on 12 July 2021 to shareholders on the register on 28 May 2021. All of this final dividend will be a REIT PID in respect of the Group's tax exempt property rental business.

See more about our capital strength on pages 82 and 83

In arriving at its recommendation, the Board had regard to wider stakeholder considerations. Within the Group, none of our employees have been furloughed and we have not accessed any UK government COVID-19 funding.

Together with the interim dividend of 4.7 pence, 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 2021**	March 2020
EPRA earnings*	Recurring earnings from core operational activities	**£40.1m**	£57.0m
EPRA EPS*	EPRA earnings divided by the weighted average number of shares	**15.8p**	22.0p
Diluted EPRA EPS*	EPRA earnings divided by the diluted weighted average number of shares	**15.8p**	22.0p
EPRA costs (by portfolio value)*	EPRA costs (including direct vacancy costs) divided by market value of the portfolio	**1.4%**	1.4%
EPRA capital expenditure*	The Group's capital expenditure on the portfolio categorised between acquisitions, development and on the investment portfolio	**£83.3m**	£119.7m
EPRA NTA*	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of goodwill arising as a result of deferred tax and other intangible assets	**£1,971.6m**	£2,203.1m
EPRA NTA per share*	EPRA NTA assets divided by the number of shares at the balance sheet date on a diluted basis	**779p**	868p
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	**£1,968.6m**	£2,211.5m
EPRA NDV per share*	EPRA NDV assets divided by the number of shares at the balance sheet date on a diluted basis	**777p**	871p
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	**£2,150.9m**	£2,208.4m
EPRA NRV per share*	EPRA NRV assets divided by the number of shares at the balance sheet date on a diluted basis	**849p**	944p
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 182	**3.0%**	3.4%
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 182	**3.3%**	3.6%
EPRA vacancy rate	ERV of non-development vacant space as a percentage of ERV of the whole portfolio. See calculation table on page 214	**15.3%**	5.1%

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

Our culture and people

Our people are at the heart of our culture. Our aim is to attract and develop a talented and diverse team and create an environment in which our people can thrive and contribute to the long-term success of GPE.

Operational measures

91%	93%	95%
Employee retention[1] 2020: 87%	Employee engagement index 2020: 95%	Employees who recommend GPE as a great place to work 2020: 94%

1. Stability Index.

Together we thrive

Our progressive culture is built on an entrepreneurial spirit and pragmatic approach, combined with creativity and innovative thinking to deliver compelling results for our stakeholders. We have a strong emphasis on cross-disciplinary teamwork so that we can achieve more together by maximising the specialist skills across our business to drive our purpose and accomplish our strategic priorities. Our highly visible Board of Directors and Senior Management Team play a key role in fostering our open and collaborative culture, ensuring that our values and behaviours are lived throughout the business, and that we are progressive in our thinking and our approach to our people.

Our culture and values are fundamental to how we perform and integral to what makes GPE a great place to work. Our values and behaviours, which we launched in 2019 following a collaborative process whereby everyone at GPE was able to input into their development, are now embedded in our culture and brought to life by our people in everyday discussions, management practices and through our policies and procedures. This is a continuous area of focus as we look to preserve and strengthen our culture for the future.

Further to feedback received in our 2019 pulse survey, through our performance review process, we have strengthened the link between values, behaviours and reward. We have also introduced new modules in our annual employee training programme, which are designed to reinforce and support the development of GPE's values and behaviours.

Our approach

As a relatively small company in people terms (approximately 120 employees) where everyone's contribution counts, it is essential we create an environment in which our people are heard and can contribute to making GPE a great place to work. It is important they feel motivated and supported to achieve their full potential and they are recognised and rewarded for their contribution. We also understand that in order to truly thrive, our people must feel comfortable to be themselves, in an environment that is open-minded and inclusive.

Like many companies, the COVID-19 pandemic has required us to be flexible and respond quickly to the changing way in which we work. Therefore, over the last year, we have focused on the following people priorities to further strengthen and evolve our culture with the changing nature of work, and to further embed our values into our policies and working practices:

- fostering continuous employee engagement and maintaining employee wellbeing;
- evolving our performance and reward structures to drive and incentivise individual performance and commitment to GPE's values and behaviours; and
- building on our inclusive culture with education for our people, decisive action and increased engagement with our external networks and communities.

Our values

Our culture and people continued

"Our values and behaviours have effortlessly become part of our day-to-day language at GPE, enhancing our positive culture and how we work with each other and our stakeholders."

Toby Courtauld
Chief Executive

Employee engagement and wellbeing

We communicate honestly and openly with our people to keep them informed and involved with business activities. We use a number of channels to communicate and engage, including regular face-to-face meetings, all-employee e-mails, our GPE intranet, employee surveys and our Board Engagement Programme.

It is a Board and Senior Management Team priority that there is a two-way dialogue with our people. As outlined on pages 110 and 111, there is a high level of visibility of the Board by employees and vice versa, a benefit of our size and representative of the appetite of all of our Non-Executive Directors to engage with our people.

We believe that in order to deliver our strategy, it is important that every member of our team is fully engaged and motivated. Our employees' wellbeing is fundamental to this and, over the last few years, we have continued to build on our extensive wellbeing programme and activities.

Employee engagement and wellbeing have never been more important than over the last year and throughout the COVID-19 pandemic, we have worked hard to listen to and support the needs of our people.

Maintaining engagement and supporting our people through COVID-19

We responded swiftly at the start of the COVID-19 pandemic with an enforced period of home working to prioritise the safety of our people. Our commitment to health and wellbeing has been at the heart of our approach, underpinned by continuous communication, as well as recognising the importance of staying connected and socialising with colleagues.

Our COVID-19 response was led from the top. To maintain all-company connectedness and to keep everyone up to date with key business activities, our Chief Executive introduced weekly Monday morning video calls which are open to all employees. These meetings provide a platform for the Executive Directors and Senior Management Team, along with members of their respective business areas, to provide updates on their current and upcoming activities and to hear views from across the business. Our Chief Executive also introduced a weekly Friday e-mail, which includes a round up of key activities from the week.

We also launched two groups with specific responsibility for responding to the COVID-19 pandemic and the operational, health and safety and people implications:

- **COVID Response Team**[1] – led by our Chief Financial and Operating Officer, the COVID Response Team's priority is our people's health and wellbeing. It has been responsible for our co-ordinated response within our business and across our portfolio, ensuring that all of our buildings are COVID Secure, that our IT equipment supports remote and hybrid working, and that our people are able to work from home safely and effectively. The team continues to support colleagues in understanding evolving government guidelines with regular communications and virtual drop-in sessions to maintain an open dialogue;
- **GPE@Home Team** – led by the HR Team, the GPE@Home team has evolved over the course of the year to ensure it is representative of different business areas, seniority levels and home circumstances, and is made up of ten employees. The objective of the Group is to build on or adapt our activities to proactively support our people during the pandemic and prolonged periods of home working. The team remains focused on engaging with our people on four key areas, with some notable activities listed below:
  - **Working from home** – our Working from Home Manual has provided detailed guidance on working from home protocols such as reduced meeting times, taking breaks and a meeting-free hour a day. Health and safety, employee wellbeing and IT guidance and support is provided. New policies have been adopted, including to facilitate paid absences for working parents and carers;
  - **Wellbeing** – virtual wellbeing seminars have been delivered and made available on the intranet, with some specifically focused on maintaining good mental health during the pandemic. We have trained 11 Mental Health First Aiders and offer a 24/7 Employee Assistance Helpline;
  - **Training** – we have provided training to all employees and line managers to support the transition to remote working; and
  - **Social activities** – all company virtual events and 'buddy groups' are designed to increase cross-team communication and social interaction. Multiple internal communication channels are also used to share stories and articles.

The GPE@Home Team has now transitioned to the Hybrid|GPE Team as we consider our new ways of working (see page 49) and how we can support our people to return to the office, in line with government guidelines and our hybrid working policy.

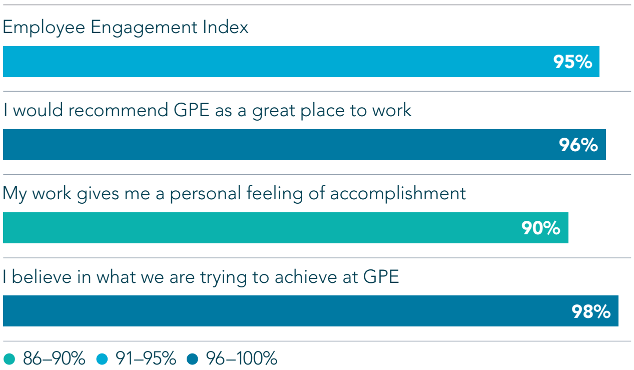
1. The COVID Response Team includes the Chief Financial & Operating Officer, Director of Occupier and Property Services, Sustainability & Social Impact Director, Head of Health and Safety and Head of HR, with others attending as required.

Assessing engagement in July 2020

As we came to the end of the first lockdown, we launched a pulse survey to help us understand how people were feeling after three months of working from home. The survey had a response rate of 91% and we achieved our highest ever Employee Engagement Index (EEI) score of 95%.

We also heard that 97% of respondents had felt supported through the pandemic.

Pulse survey results July 2020



Supporting our people to return to the office

We also sought people's views on their returning to the office when they were permitted to do so. Employees highlighted concerns regarding public transport, school reopenings, childcare challenges and the use of communal areas and amenities. This feedback helped inform the support we put in place for those who needed to return to the office when government guidelines allowed it during the summer of 2020. Overseen by our COVID Response Team, this included:

- independently conducted COVID-19 risk assessments for all employees. These were undertaken by our Occupational Health partners to provide a meaningful assessment based on an individual's personal health and circumstances. 90% of employees signed up for a risk assessment;
- reinduction briefings for all employees to explain returning to the office policies, social distancing procedures, enhanced cleaning regimes, other 'COVID Secure' measures and procedures for reporting any concerns. These sessions were designed to increase confidence and set clear expectations for anyone choosing to return to the office; and
- for everyone who returned to the office, we sought feedback on all aspects of the office, including our desk booking system, cleanliness, IT equipment and communal areas, so that we could then make adjustments in response to the feedback received.

Following the most recent lockdown, twice-weekly lateral flow testing has been introduced for all employees attending our buildings, with testing strongly recommended for visitors.

"The COVID-19 Risk Assessment was extremely helpful in understanding my personal risk profile, and the reinduction briefing sessions gave me confidence the office was opening with everyone's safety and wellbeing at the forefront."

Rebecca Bradley
Head of Property Services

New ways of working

It was clear from the feedback taken in the July 2020 pulse survey that many of our employees were enjoying some of the benefits of working from home, citing increased flexibility in managing their days, using the commute time for other purposes, such as spending time with family and exercising, and improved wellbeing and work-life balance. However, whilst it was evident our people wanted to retain some flexibility, the feedback was balanced and recognised the less positive aspects of working from home (such as excessive screen time and missing face-to-face interactions with colleagues) and the benefits of attending the office for collaboration, creative discussion and socialising with colleagues.

We have taken this feedback into account and continued an open dialogue with our people on this topic as government guidelines have evolved. We are now developing our hybrid working policy, which will introduce more flexibility and the option for more home working whilst seeking to maintain the benefits of office working and preserve our positive and unique culture.

A continued focus on wellbeing

Our employees' wellbeing is fundamental to our high performing and supportive culture. Following a challenging year, we launched a further pulse survey in February 2021 to help us understand how our people were feeling and how comfortable they are to discuss and/or seek support for their mental health and wellbeing. The survey also included a number of questions on health and safety.

The response rate was a record high of 98% and overall engagement remained extremely high at 93%.

97%

Of employees felt supported by GPE during the COVID-19 pandemic

Our culture and people continued

Pulse survey results February 2021

The rich survey results and detailed comments provided are informing both our Wellbeing and Health and Safety strategies over the next year. The headline results indicated an openness around wellbeing and the positive impact of our wellbeing programme, with a need to do more to support our people to feel comfortable raising mental health concerns. We are pleased that 93% of respondents agreed that the business took health and safety seriously.

Following this feedback, the Executive Committee, together with our wellbeing champions, are working to consider how we can further develop our wellbeing programme to meet the evolving needs of our people. This will include enhancing our mechanisms for speaking up about wellbeing and mental health concerns whilst ensuring that our line managers are appropriately trained to have these conversations with confidence.

We will be considering the feedback on health and safety as part of our ongoing health and safety programme, details of which can be found on page 65.

Wellbeing responses

80% of respondents felt comfortable raising wellbeing concerns with their line manager

Social isolation was the most common factor impacting wellbeing, as identified by **43%** of respondents

The GPE wellbeing programme reportedly had a positive impact on **64%** of our respondents

Health and Safety responses

93% of respondents felt the business takes health and safety seriously

91% said they had been given the necessary safety/risk information associated with the work they do

88% felt they had received the necessary health and safety training to do their jobs

Performance and reward

Reward and recognition are fundamental to our high performing culture and have an important role in embedding our values. All employees participate in the Company's annual bonus plan, with a proportion of their reward driven by performance against personal objectives and the balance linked to corporate performance against GPE's financial targets.

Following the launch of our values in 2019, we have been evolving our performance review structure, which informs the personal element of the annual bonus plan, to incorporate our values and behaviours. During the year, we updated our performance review process to further embed our values and behaviours and strengthen the link with reward. It is also essential that our performance and reward structures are appropriate for our size, are competitive and incentivise individual and company performance. As such, we introduced more measurability into the performance review process to recognise and reward outperformance. This process was overseen by the Remuneration Committee and the Executive Committee and was developed in consultation with our employees, reflecting our open and inclusive culture. The new performance review and bonus structure applied from 1 April 2021.

We have a robust annual remuneration review process, whereby the Executive Committee reviews personal bonus recommendations for all employees. In addition, the Executive Committee and Senior Management Team review salary benchmarking against market competitors, bonus eligibility levels, proposed promotions and Long-Term Incentive Plan awards. The outcome of this process is then presented to the Remuneration Committee. This approach ensures that every individual's full remuneration package is reviewed annually by the Executive Committee against internal criteria and external market conditions. This year, the base salary increase for employees for the year commencing 1 April 2021 was 1.5%. Increases above 1.5% were awarded on an exceptional basis to recognise either promotions, an increase in responsibility or a market rate realignment, such that the average increase in base salary for the year commencing 1 April 2021 was 3.3%.

In line with GPE's values and wellbeing strategy and our aspirations to support employees in saving for their future retirement, the Remuneration Committee has approved an increase in the workforce pension contribution rate from 10% to 15% of base salary with effect from 1 June 2021.

All employees have the opportunity to participate in the Company's two-for-one Share Incentive Plan (SIP) which encourages people to become investors in GPE and to share in the Company's financial success. Currently, 74% of employees participate in the scheme.

"Our continuously high response rate is a testament to our open culture, and the extensive feedback we receive from our pulse surveys enables us to understand and respond to what truly matters to our people."

Jonny Miles
HR Manager

Investing in our talent to unlock potential

We invest heavily in our people's development and encourage everyone to pursue opportunities for growth. Our annual training programme is designed to respond to the specific training needs of employees identified through their annual performance reviews and personal development plans (PDPs). We also deliver training courses to reinforce and support the development of our values and behaviours. Every employee has a PDP to focus on their personal development and specific role and career ambitions, with access to funding and support for external qualifications relevant to their role.

It is important to us to have a strong and diverse talent pipeline and we support this through a number of annual activities:

- **Mentoring Programme** – our Senior Management Team mentor selected individuals to assist them with their professional development;
- **Coaching** – professional coaching is available where it is appropriate to support individual development;
- **Lunch and Learn Sessions** – members of the business deliver lunch and learn sessions on their respective business areas. External speakers also present on specific topics to provide specialist knowledge and an external perspective; and
- **Executive Committee Rotating Seats Programme** – we have continued our Executive Committee Rotating Seats Programme whereby two or three members of the Senior Management Team join the Executive Committee for a period which typically lasts for six months.

Each member of our Senior Management Team participates in an annual 360 Feedback review process, which seeks feedback on their annual role-based performance and their demonstration of our values and behaviours. Several members of our Senior Management Team are undertaking coaching qualifications, and a focus for the coming year is to build a stronger feedback culture at all levels of the business.

We have regular succession planning discussions with Heads of Department at our annual remuneration and talent review meetings. The Nomination Committee also oversees a formal talent development and succession planning exercise for senior management as part of its responsibilities.

The Board is similarly committed to developing a strong talent pipeline. Two of our Non-Executive Directors are now mentoring three members of our Senior Management Team as part of our Non-Executive Director Mentoring Programme which was launched in the year.

"We are pleased that female representation in the Senior Management Team (below the Executive Committee) is now at 40%, as inclusion and diversity remain a key priority."

Nick Sanderson
Chief Financial and Operating Officer

Inclusion and diversity

Inclusion is at the heart of our culture, which is grounded in mutual respect and non-discrimination in respect of age, disability, gender, race, religion, sexual orientation or educational background. Respecting others and showing consideration for other opinions helps create an environment where people feel they belong.

Inclusion and diversity remains a key priority. With oversight from the Board and Nomination Committee, we have continued to implement our Inclusion and Diversity strategy which was introduced in 2019. We have worked to evolve our activities to educate our people, take decisive action, generate engagement with our people and help implement our inclusion and diversity initiatives, supported by the appointment of 16 inclusion and diversity champions from across our business. We have also extended our reach further into our community and industry.

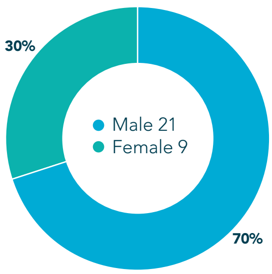
We have made good progress against our inclusion and diversity priorities over the last year, as set out on page 52. Amongst broader achievements, this has included increasing the gender diversity of our Executive Committee and we report below on gender diversity across the business as at 31 March 2021.

Gender Diversity number of people as at 31 March 2021

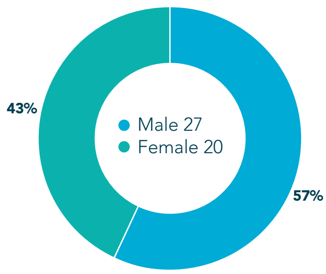
	All Employees	Board	Senior Management	Middle Management
Men	55	5	13	26
Women	61	3	7	14

Executive Committee and Senior Management Team direct reports as at 31 March 2021

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 (for example, personal assistants). As at 31 March 2021, the Executive Committee itself comprised six men and one woman (or seven men and two women including participants in the Executive Committee Rotating Seats Programme).

The Senior Management Team represents the level below the Executive Committee, comprising Directors of 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 Hampton-Alexander reporting purposes, women represent 31% of the Executive Committee and their direct reports, comprising individuals for whom they have direct line management responsibility, excluding administrative or support roles.

Our culture and people continued

Implementation of our Inclusion and Diversity strategy

Progress over the last year:

Priority	Actions
Increasing the diversity of the Board, Executive Committee and Senior Management Team	– The Nomination Committee approved a roadmap to increase the diversity of our Executive Committee. We are delighted to have strengthened our Executive Committee with the appointment of Janine Cole as Sustainability and Social Impact Director reflecting the importance of these areas in our business. – The Nomination Committee has confirmed its intention to appoint at least one director to the Board from an ethnic minority background by 2024 at the latest, in line with the Parker Review. We remain focused on increasing female representation across our combined Executive Committee and their direct reports. – We continued our Executive Committee Rotating Seat Programme, introducing further diversity to the Committee. – We welcomed three female senior hires, namely Anisha Patel as Head of Marketing, Rebecca Bradley as Head of Property Services and Sarah Goodman as Senior Portfolio Manager and we achieved 40% female representation across the Senior Management Team (below the Executive Committee) as at 31 March 2021. – We strengthened our talent, development and mentoring programmes and commenced a new Non-Executive Director mentoring programme to strengthen the development of a diverse pipeline of talent.
Raising awareness across the spectrum of inclusion and diversity areas, utilising national and international days and our internal communication channels	– We celebrated Pride Month, including a talk by Chris Paouros, Strategy and Leadership consultant and LGBTQ+ campaigner. – We ran a two-part Racism Workshop in October 2020. – We launched our Documentary Club, whereby people watch a nominated documentary in their own time and then attend sessions to explore and discuss the key themes. Topics have included the Windrush Scandal, racism in America and the representation of transgender people in the media. – We celebrated International Women's Day by asking members of the Senior Management Team and inclusion and diversity champions to discuss how they support and champion women and challenge gender bias.
Achieving the National Equality Standard Accreditation	– Achieved in April 2021.
Appointing inclusion and diversity champions from within the business to champion and promote initiatives	– We appointed 16 inclusion and diversity champions from across the business. – A member of the Executive Committee or the Senior Management Team sponsored all of our inclusion and diversity events throughout the year.
Mental Health, including Mental Health First Aider training	– 11 Mental Health First Aiders were trained over the course of the year, including two members of the Senior Management Team.
Extending our networks and contributing to the inclusion and diversity efforts across our sector	– We signed up to the 10,000 Black Interns Programme, confirming two paid internships for the Winter 2021 or Summer 2022 programmes. – We signed up to the Real Estate Balance Network and our Chief Executive signed the Real Estate Balance 'CEO Commitments for Diversity'. In August 2020, our Chief Executive took part in a webinar with two other senior property leaders and members of the next generation in Real Estate with an interactive Q&A on the topic of 'Are you ready for the NextGen in real estate?'. – We continued sponsorship of Pathways to Property.
Inclusion and Diversity priorities for 2021/22	Inclusion and diversity continues to be a key priority over the coming year as we seek to build on the foundations we have built through the achievement of the National Equality Standard and our initiatives over the last year. Our three priorities for 2021/22, in addition to further progress against those set out above, are likely to be: – further increasing the diversity of the Board and Executive Committee; – inclusive leadership training; – collecting diversity data for our people to inform the next phase of our Inclusion and Diversity strategy, making it more measurable; and – reviewing our policies to ensure they are in line with our approach to inclusion and diversity.

Supporting our teams to thrive

The composition of our teams is critical to our success in delivering our strategic objectives. Over the year, we have strengthened a number of teams to bring in new skills or deepen the skills of teams so that we can continue to evolve and deliver our strategy, including:

- **Leasing and Marketing** – Anisha Patel joined us as Head of Marketing to evolve our marketing strategy, bringing deep and relevant multi-channel marketing strategy skills to the team. David Korman (Leasing Manager) joined the leasing team to specifically focus on our growing portfolio of flexible workspace;
- **Legal & Company Secretariat** – recognising the increasingly complex regulatory and governance landscape, we have broadened the function with the permanent hire of Darren Lennark as General Counsel and Company Secretary. Darren has a wealth of legal and governance experience developed across numerous sectors. We have also welcomed Leila Gadsden-Chaiboub, Company Secretarial Assistant;
- **Workplace and Innovation** – with innovation at the heart of our business, we are in the process of recruiting an Innovation Manager to support our Director of Workplace and Innovation in the implementation of new technology across the business to support our Innovation Champions;
- **Project Management** – to support the delivery of projects across the portfolio, Martin Quinn has been promoted to Head of Technical Project Delivery and Senior Project Manager;
- **Portfolio Management** – we have recently welcomed Sarah Goodman as a Senior Portfolio Manager with significant experience in the central London retail market, who will initially focus on our assets with high retail value whilst working closely with the Leasing team on our vacant retail units;
- **Occupier and Property Services** – we welcomed Rebecca Bradley as Head of Property Services, who has responsibility for strengthening services delivery across the portfolio, and Andy Jacobs as Senior Occupier Services Manager at The Hickman; and
- **We strengthened the broader team** – with the recruitment of Kathryn Barber (Sustainability Manager), Alicia Harrison (Group Reporting Accountant), Elle McDonald (HR Assistant) and Joanna Priest (Building Surveyor).

Looking ahead, our strong and progressive culture, underpinned by our clear values, will continue to be of the utmost importance in meeting our purpose and strategic priorities. As we continue to evolve and innovate to meet the changing needs of occupiers by broadening our product and service offer to provide more flexibility, embed market-leading technology across our portfolio and operations, whilst ensuring that sustainability touches everything that we do, we will need to consider the make-up of our teams to ensure we have the skill sets, experience and diversity of thought to deliver our business plan and meet the challenges and opportunities of the coming year.

Read more on our outlook in our Chief Executive Statement on pages 23 and 24

"With Sustainability a strategic imperative I was delighted to be given the opportunity to join the Executive Committee, further supporting the integration of our purpose across the business. With our clear focus on social impact and our continuing progress on inclusion and diversity, I am looking forward to supporting and championing our activities both within the business and with our external stakeholders."

Janine Cole
Sustainability & Social Impact Director

The Board

Chairman

Richard Mully
BSc (Hons), MBA
Chairman

Committee memberships:
Chairman of the Nomination Committee

Date appointed to the Board:
December 2016

Date appointed as Chairman:
February 2019

Independent: Yes, on appointment as Chairman

Relevant skills and experience:
Richard 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 is currently Vice Chairman and member of the Supervisory Board of Alstria Office REIT-AG and was formerly 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:
Chairman of Arlington Business Parks Partnership Ltd and Campus Living (a TPG company), Vice Chairman of the Supervisory Board of Alstria Office REIT-AG and Senior Advisor to TPG Real Estate.

Executive Directors

Toby Courtauld
MA, MRICS
Chief Executive

Committee memberships:
Chairman of the Executive Committee and Sustainability Committee

Joint venture directorships:
Director of the GHS Limited Partnership

Date appointed to the Board:
April 2002

Independent: No

Relevant skills and experience:
Toby has nearly three decades of extensive experience in real estate. He joined the Group in April 2002 as Chief Executive and 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 London and Chairman of their Property Committee.

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

Committee memberships:
Member of the Executive Committee and Sustainability Committee; Chairman of the Health & Safety Committee and Community & Charities Committee

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

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.

Non-Executive Directors

Charles Philipps
Senior Independent Director

Committee memberships:
Member of the Audit, Remuneration and Nomination Committees

Date appointed to the Board:
April 2014

Independent: Yes

Relevant skills and experience:
Charles was formerly Chief Executive Officer of MS Amlin plc and a director of NatWest Markets. Charles' financial qualifications and significant commercial and general management experience gained within the banking and insurance industries provide him with a good understanding of different points of view, 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.

Alison Rose
BA (Hons)
Non-Executive Director

Committee memberships:
Member of the Audit, Remuneration and Nomination Committees

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 and member of the Boards of the Institute of International Finance and the Coutts Charitable Foundation.

Nick Hampton
MA (Hons)
Non-Executive Director

Committee memberships:
Chairman of the Audit Committee; Member of the Nomination Committee

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, and prior to this spent 20 years with PepsiCo in a number of financial, commercial and operational roles. Nick's strong financial background and previous various operational and commercial roles, including formerly as Chief Financial Officer and currently as CEO of Tate & Lyle, involving knowledge of risk assessment and management systems, provide a strong basis for his effective performance as the Audit Committee Chair.

Current external commitments:
Chief Executive Officer of Tate & Lyle PLC.

Vicky Jarman
BEng, ACA
Non-Executive Director

Committee memberships:
Member of the Audit, Remuneration and Nomination Committees

Date appointed to the Board:
February 2020

Independent: Yes

Relevant skills and experience:
Vicky is a chartered accountant who qualified at KPMG before spending over ten years with Lazard and Co Ltd working in the Investment Banking team and then as Chief Operating Officer for the London and Middle East operations until 2009. Vicky is currently a Non-Executive Director of Signature Aviation plc and Entain plc. She has previously been a Non-Executive Director and Chairman of the Audit Committees of each of Equiniti Group plc, Hays plc and De La Rue 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 Signature Aviation plc. Vicky is expected to step down as a Non-Executive Director of Signature Aviation from 1 June 2021, subject to completion of the acquisition of that company. Vicky will be joining Melrose Industries plc as a Non-Executive Director with effect from 1 June 2021.

Wendy Becker
BASc, MBA
Non-Executive Director

Committee memberships:
Chairman of the Remuneration Committee; Member of the Nomination Committee

Date appointed to the Board:
February 2017

Independent: Yes

Relevant skills and experience:
Wendy is Chairman of Logitech International S.A. and a Non-Executive Director of Sony Corporation. She is also a member of the Council at the University of Oxford and a number of associated governing bodies. Wendy was formerly a Non-Executive Director of Whitbread PLC and NHS England, Chief Executive of Jack Wills Ltd and a partner of McKinsey & Company Inc. 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 Chairman.

Current external commitments:
Chairman, Logitech International S.A., Non-Executive Director of Sony Corporation and a member of the Council at the University of Oxford and associated governing bodies.

Senior Management Team

Andrew White
BSc (Hons), Dip IPF, MRICS
Development Director

Date joined the Group: Joined the Group in March 2013. Appointed to the Executive Committee in 2015 as Development Director.

Responsibilities: Responsible for the total return of the development portfolio including the successful delivery of all development projects across the Group.

A member of the Group's Executive Committee, the GHS Limited Partnership Operational Committee and a Director of the Great Victoria Partnership.

Marc Wilder
BSc (Hons), MRICS
Leasing Director

Date joined the Group: Joined the Group in June 2005. Appointed to the Executive Committee in 2015 as Leasing Director.

Responsibilities: Responsible for leasing across the Group's investment portfolio and development programme.

A member of the Group's Executive Committee.

Janine Cole
CMIOSH, PIEMA
Sustainability and Social Impact Director

Date joined the Group: Joined the Group in November 1998. Appointed to the Executive Committee in 2021 as Sustainability and Social Impact Director.

Responsibilities: Responsible for sustainability and health and safety across the Group.

A member of the Group's Executive Committee, a Board Director for the Better Buildings Partnership and a member of the British Property Federation, EPRA Sustainability Committee and the Design for Performance Advisory Board.

Robin Matthews
MA (Hons), MSc, MRICS
Investment Director

Date joined the Group: Joined the Group in September 2016 as Investment Director and a member of the Executive Committee.

Responsibilities: Responsible for overseeing the Group's new investment activities.

A member of the Group's Executive Committee.

David O'Sullivan
BSc, CIBSE
Director of Occupier and Property Services

Date joined the Group: Joined the Group in May 2018. Promoted to Director in 2019.

Responsibilities: Responsible for the delivery of Occupier and Property Services across the portfolio.

Helen Hare
BSc (Hons), MRICS
Director of Projects

Date joined the Group: Joined the Group in August 2007. Promoted to Director in 2019.

Responsibilities: Responsible for setting procurement strategy and ensuring capital expenditure on all projects is completed in accordance with individual asset business plans across the Group.

Simon Rowley
BA (Hons), MSc, MRICS
Head of Office Leasing

Date joined the Group: Joined the Group in January 2011. Promoted to Head of Office Leasing in September 2018.

Responsibilities: Responsible for implementing and executing leasing strategies and campaigns across the Group's developments and large-scale refurbishments, including managing the Group's approach to flex space offerings.

Hugh Morgan
BSc (Hons), MRICS
Director of Investment Management

Date joined the Group: Joined the Group in September 2007. Promoted to Director in 2017.

Responsibilities: Responsible for generating and executing asset strategies for existing assets within the Group's portfolio including hold/sell decisions.

A member of the GHS Limited Partnership Operational Committee and a Director of the Great Wigmore Partnership.

Lisa Day
Head of Occupier Services

Date joined the Group: Joined the Group in 2005. Promoted to Head of Occupier Services in November 2019.

Responsibilities: Responsible for the delivery of Occupier Services across the portfolio.

James Pellatt
BSc (Hons), MRICS
Director of Workplace and Innovation

Date joined the Group: Joined the Group in March 2011. Promoted to Director of Workplace and Innovation in 2017.

Responsibilities: Responsible for overseeing the Group's design forums and workplace innovation.

Rachel Aylett
BA (Hons), MA, Assoc CIPD
Head of Human Resources

Date joined the Group: Joined the Group in October 2017. Promoted to Head of Human Resources in September 2018.

Responsibilities: Responsible for human resource management and development across the Group.

Stephen Burrows
BA (Hons), MA, ACA
Director of Financial Reporting and IR

Date joined the Group: Joined the Group in September 2003. Promoted to Director in 2017.

Responsibilities: Responsible for financial reporting, forecasting and investor relations across the Group.

A member of the British Property Federation Technical Accounting Group.

Steven Mew
BSc (Hons), Dip PropInv, MRICS
Portfolio Director

Date joined the Group: Joined the Group in October 2016 as Portfolio Director and a member of the Executive Committee.

Responsibilities: Responsible for driving the performance of the Group's investment portfolio.

A member of the Group's Executive Committee and a Director of the Great Ropemaker Partnership.

Martin Leighton
LLB, ACA, CTA
Director of Corporate Finance

Date joined the Group: Joined the Group in January 2003. Promoted to Director in 2017.

Responsibilities: Responsible for the day-to-day management of all tax affairs, transaction structuring, raising debt finance and interest rate risk management across the Group.

A member of the British Property Federation Finance Committee.

Rebecca Bradley
BSc (Hons), IWFM
Head of Property Services

Date joined the Group: Joined the Group in May 2020 as Head of Property Services.

Responsibilities: Responsible for the delivery of property services across the portfolio.

Darren Lennark
LLB
General Counsel & Company Secretary

Date joined the Group: Joined the Group in September 2019.

Responsibilities: Responsible for driving the legal and corporate governance agendas across the Group. Company Secretary for all joint venture companies.

Alexis George
BSc (Hons)
Head of Health and Safety

Date joined the Group: Joined in March 2020 as Head of Health and Safety.

Responsibilities: Responsible for the strategic and operational delivery of health and safety management across the Group. A member of the Institute of Occupational Safety and Health.

Piers Blewitt
BSc, MRICS
Head of Planning Strategy and Senior Development Manager

Date joined the Group: Joined in July 2003. Promoted to Head of Planning Strategy and Senior Development Manager in April 2020.

Responsibilities: Responsible for the creation of development business plans and their successful delivery.

Steven Rollingson
Head of IT

Date joined the Group: Joined the Group in February 2016. Promoted to Head of IT in April 2019.

Responsibilities: Responsible for strategic and operational aspects of technology across the Group.

Anisha Patel
BA (Hons)
Head of Marketing

Date joined the Group: Joined the Group in June 2020 as Head of Marketing.

Responsibilities: Responsible for the delivery of the Group's marketing strategy and activities.

Martin Quinn
Head of Technical Project Delivery and Senior Project Manager

Date joined the Group: Joined the Group in February 2007. Promoted to Head of Technical Project Delivery and Senior Project Manager in April 2021.

Responsibilities: Responsible for supporting the delivery of projects across the Group, with a particular focus on the technical and programme aspects.

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 culture and people on pages 47 to 57
See more on engaging with our investors on pages 108 and 109

Operational measures

£325k
Raised for COVID-19 Community Fund

£620k
Social value created

+42.0
Occupier satisfaction (net promoter score)

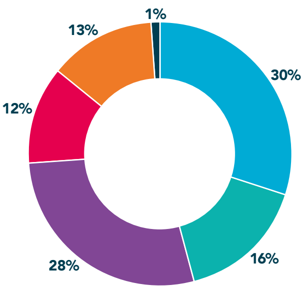
31.8%
Of net assets in joint venture

26 days
Average supplier payment period

Occupiers

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. The knowledge we gain by having a close working relationship with our customers is vital to help us design and deliver spaces in which their businesses can thrive.

GPE occupier mix %



1. 22% in retail units, 8% in offices.

Approach and objectives

The role of the property owner is rapidly evolving as the needs of office occupiers change. Attractive buildings offering exemplary customer service and the provision of high quality amenity space is now a key factor in attracting and retaining talent in a competitive marketplace. To ensure we can deliver and maintain the highest standards, 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. Delivering the right space and an extensive service offer gives businesses the opportunity to attract the best people and increases staff wellbeing and productivity.

Knowledge of the changing needs of our occupiers 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 occupier twice a year and at least one Executive Committee member will meet with our top 20 occupiers annually. These meetings, combined with the independent customer satisfaction surveys we undertake, provide an understanding of how our occupiers' real estate needs are developing and provide valuable insight into the health of the industries in which they operate.

The impact of COVID-19

The past year has required us to navigate the commercial and societal impact of COVID-19, including the need to work from home, implementing social distancing in our buildings, the temporary closure of all but essential retail and the provision of financial support to our occupiers.

See more on page 41

Throughout the pandemic our buildings have remained open and operating on a 'COVID-19 Secure' basis, not least for those critical sectors that have needed to use them. To do so has required extensive collaboration with our occupiers and service partners and, as a result, we have developed much deeper relationships. Through the willingness of our Occupier and Property Services team to focus on the needs of our occupiers, we have learned what true collaboration looks like as we jointly faced each new challenge. Through a process of debate, discussion and deliberation, we have worked to find solutions that work for all parties.

Looking forward, we see this evolution as an opportunity for us to promote a new way of working together, including how we deliver services, the amenities we provide, restructuring rent and service charge payments, decarbonising our business to become net zero carbon by 2030 and supporting local communities and small businesses.

Progress during the year

Throughout the pandemic, we have committed to ensuring our buildings remain open, safe and fully operational. To do this safely, and address the concerns of our occupiers, we implemented a number of new protocols including:

- agreeing rent deferrals and concessions to those occupiers that need it;
- holding regular COVID-19 surgeries with our occupiers, to discuss how their respective businesses are adapting their workplaces and sharing best practice;
- placing our ventilation systems on full fresh air mode, aligned with guidance from the Chartered Institution of Building Services Engineers;
- increasing cleaning regimes, including mobile virucide fogging units, targeting multiple touchpoint areas such as turnstiles, lift buttons, light switches and door handles;
- modifying our common parts with plexiglass screens on reception desks; and
- staggering seating in communal areas and creating one-way orientation routes throughout each building to facilitate social distancing.

We have also issued bespoke ‘Return to the Workplace’ playbooks to all occupiers to assist them in managing their phased repopulation of their offices as lockdowns have eased.

Technology has also helped us to address specific occupier concerns regarding COVID-19 and allowed us to remain in contact despite the majority of their employees working from home. Our update of sesame™, our award winning app, added to existing functionality to allow contactless access to our buildings, real-time air quality data, public transport status updates, maps to public hand sanitiser stations, health and wellness offers, healthy cooking recipes and links to mindfulness podcasts.

Next steps

In the near term, our priority is to help our occupiers return to their offices as we emerge from COVID-19. As part of this initiative, we have installed air quality sensors throughout our portfolio, within common parts and in demised areas, with occupiers’ agreement. The sensors monitor temperature, humidity, air quality including CO_2 levels (internally and externally) and wind speed. The data is shared with occupiers through our sesame™ app which also provides a diverse range of other bespoke services.

COVID-19 has increased occupier focus on sustainability and the health and wellbeing of their employees. Through our Roadmap to Net Zero we have identified that occupier energy consumption accounts for a quarter of our carbon footprint. We are therefore partnering with some of our more energy intensive occupiers 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 occupiers, 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 occupiers 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.

High levels of satisfaction

We commission an annual independent customer satisfaction survey which consists of 16 core questions and is designed to determine what occupiers 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.

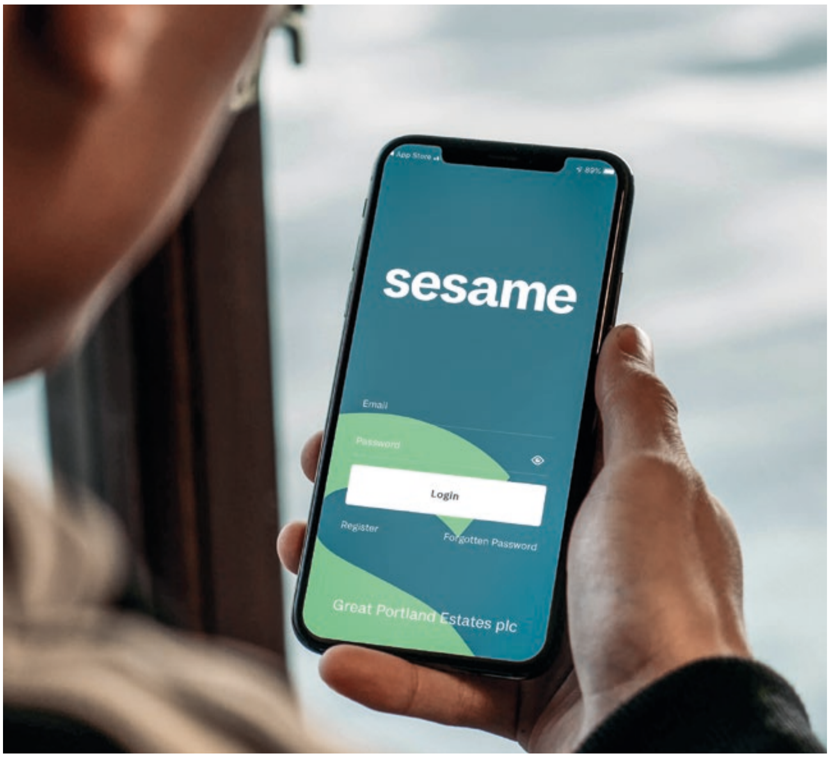
In spite of the pandemic, our NPS has continued to improve, increasing from +25.3 in 2020 to +42.0 in 2021, materially ahead of our peer group which scored -6.1.

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.

Net Promoter Score (NPS)

Source: RealService

Continuous innovation to enhance occupiers' workplace experience



Over the past decade we have consistently looked for opportunities to innovate, to improve our spaces and accommodate changing occupier needs.

To date, our focus on the potential impact of technology and changing workplace trends has enabled us to deliver our Flex space offers, implement our Guiding Principles for Design and roll out our sesame™ app across our portfolio. We have established a track record of being one of the most innovative and open-minded property companies in our sector, which has been recognised in awards for innovation from the British Council for Offices and the UK PropTech Association.

Recently we launched our Workplace and Innovation strategy, built around the vision of 'continuous innovation to enhance occupiers' workplace experience'. Our three-year strategy will focus on four pillars:

Digitising our business…

We intend to digitise traditionally analogue processes, throughout our business, to promote efficiency. In our development portfolio, we are working with our professional teams to evolve how we use Building Information Modelling (BIM) to enable improved measurement of embodied carbon throughout the development process, helping us towards our net zero goal. In our investment portfolio, we will continue to develop digital twins, virtual replicas of our developments, as we complete them. At the recently completed The Hickman, E1, this is already helping us to observe and visualise actual performance and to optimise energy consumption relative to occupation.

…making the best use of technology…

We are active investors in PropTech through our investment in and collaboration with Pi Labs. However, we are taking this one step further and are utilising many of the technologies in which the fund has invested across our business. To date, this includes platforms to help us speed up the leasing of flex and retail spaces, software that helps occupiers visualise and configure space before occupying and continuous improvements in the functionality of sesame™, which can now provide air quality and energy consumption data, live travel information to plan journeys in quiet times and, wherever possible, contactless access to our buildings.

…to manage and use the resulting data…

With the increasing use of technology, there are ever-increasing amounts of data to be stored, measured and analysed to assist our decision making. We have committed to a programme where we will collect and use data to allow us to better understand patterns of workplace occupation and provide feedback to occupiers about how efficiently their space is operating. This insight, combined with machine learning, will help us to continually improve performance and decision making, and assist in helping us to meet our ambitious sustainability goals.

…to continually improve workplaces.

Above all, our strategy is designed to keep us at the forefront of workplace innovation ensuring we anticipate, and deliver the services, spaces and technology modern occupiers demand.

Partners – our joint ventures

Joint ventures are an important part of our business and today they comprise three active partnerships. Our joint ventures are built on long-term relationships with trusted, high quality partners. At 31 March 2021, they made up 24.6% of the portfolio valuation, 31.8% of net assets and 25.2% of rent roll (at 31 March 2020: 25.8%, 29.4% and 19.3% 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.

Progress during the year

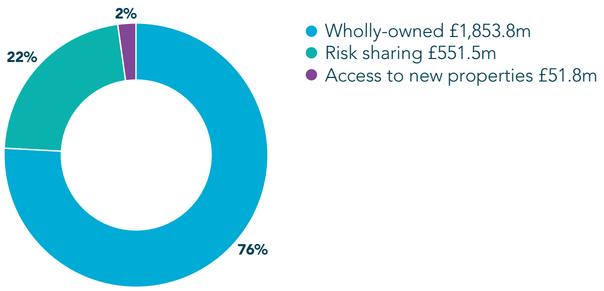
Key decisions made by the respective joint venture boards in the year include:

- in the Great Victoria Partnership (GVP), we repaid the £80.0 million third party-secured loan facility in full;
- in the GHS Limited Partnership (GHS), we agreed lettings to Lexington Partners and Colonial Property Co at our Hanover Square development; and
- in the Great Victoria Partnership (GVP), we continue to collaborate with a number of local stakeholders, including Westminster City Council, to progress the development plans for our Mount Royal, W1, site at the western end of Oxford Street.

Next steps

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

Wholly-owned and joint venture property values
at 31 March 2021



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 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 need 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.

Key activities in the year

With all the boroughs announcing climate emergencies and the Greater London Authority formally adopting the London Plan, sustainability expectations from the London boroughs have substantially increased. Our Roadmap to Net Zero means that we are well prepared to respond to this more challenging environment. A gap analysis has been undertaken to understand the steps we would need to take to reach net zero carbon at each proposed development, in addition to considering broader sustainability matters such as climate resilience and biodiversity net gain. In line with our social value guidelines, we have also continued to work with community groups, supporting air quality and greening projects in Islington and Southwark and employment initiatives through the Young Westminster Foundation.

We have submitted three major planning applications during the year at 2 Aldermanbury Square, EC2, New City Court, SE1 and French Railways House (including 50 Jermyn Street), SW1. This has involved working closely with planning officers through detailed pre-application meetings to refine our proposals, presenting to key local members and stakeholders as well as wider public consultation. Given the pandemic, we have sought to use technology to help engage with local communities prior to the application submissions using dedicated web portals, social media, targeted leafleting and virtual 'town hall' meetings.

Next steps

Over the next 12 months we will be launching consultations for further development projects. 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 regularly meet with officers and elected members 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.

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 want to help address some of London's key social and environmental challenges. This is reflected in our approach to supporting our communities and the charities with which we partner.

We meet regularly with our charity partners, and other community organisations that we work with, to ensure that we continue to focus our support in the areas of greatest need. This is supported by our regular consultation exercises with local community groups, through our development process, to enable us to understand their needs and shape our priorities as a result.

Progress during the year

COVID-19 has heightened awareness of the inequalities in our communities and so the importance of community partnerships has never been greater. The additional funding that we provided to Centrepoint and Groundwork London at the start of the pandemic provided reassurance, supported critical programmes and enabled the charities to adapt quickly to be able to continue to support vulnerable people through their services.

The unrestricted nature of our £25,000 donation to Groundwork London was quickly reallocated to support the COVID-19 relief effort. The majority of the funds were used to establish their 'Rework' white goods refurbishment scheme which kept people in employment and provided 120 white goods to vulnerable migrant and refugee communities.

In further recognition of the devastating impact that the pandemic was having on some of the most vulnerable and disadvantaged people in our communities, we established our COVID-19 Community Fund in May 2020. The Fund was made possible through Board Director bonus reductions and fee waivers, contributions from all other GPE Executive Committee members, as well as from the wider GPE team and GPE matching contributions. In total, over £325,000 was donated to 28 charities to support people in our London communities.

In order to provide greater income stability due to the disruption caused by COVID-19, we have also extended our long-term partnerships with Centrepoint and Groundwork London. These will now run for four years until March 2022.

In line with our Sustainability Statement of Intent commitment to create at least £10 million of social value by 2030, we quantified our social value creation for the first time. In 2020/21, we generated £620,000 through our direct community programmes and business activities.

Creating sustainable relationships

Our Community Strategy 'Creating Sustainable Relationships' aims to ensure that we leave a lasting, positive legacy for our communities and is built around the following four pillars:

Breaking the cycle of youth homelessness

The pandemic has placed a huge strain upon Centrepoint and the young people that they support. Along with making a £25,000 donation to Centrepoint's Emergency Appeal, the GPE team raised over £14,000 and donated over £800 in gifts to Centrepoint's Christmas gift drive. All this was achieved whilst working from home, reflecting the high level of employee engagement with our strategy.

We also extended our partnership to provide pro bono support for Centrepoint's Independent Living Programme, which aims to provide truly affordable housing to enable young people to live independently and move on from supported housing services. Given our expertise as a property developer, we are providing pro bono programme management and risk advisory support to Centrepoint for their flagship modular housing development in Southwark.

> **"On behalf of Centrepoint's Independent Living Programme, we would like to thank GPE for their valued pro bono project management advisory support as we develop one of our flagship property developments in Southwark."**
>
> **Robin McGrenary**
> Independent Living Programme Development Director

Improving air quality and urban greening

Increasing biodiversity and creating greater connections with green spaces and nature is the shared goal of Wild West End, a collaboration of leading London property owners, of which we are a member. Their Value Matrix, a framework to support the delivery of good quality, multi-functional green space, forms the basis of our target to deliver Biodiversity Net Gain (BNG) across our portfolio.

During the year, we joined the Developer Forum for London National Park City, which complements the vision of Wild West End and extends this across the other boroughs in which we operate.

We continued to support Groundwork London. However, due to the pandemic, many of the planned greening and air quality projects needed to be put on hold as the charity redirected their attention to vulnerable communities. The funds ring-fenced for much needed greening and air quality projects, will be distributed during the forthcoming year.

We also donated a further £20,000 to Bankside Open Spaces Trust, an environmental charity working to transform green spaces in SE1. Our donation enabled the charity to bring their team off furlough and allowed them to keep the green spaces that they maintain open, supporting the wellbeing of the local community.

Addressing the skills gap through engagement with education

Partnering with schools, colleges and universities to provide skills and employability initiatives is essential if we are to inspire the workforce of the future and address the construction skills gap.

Whilst we could not host site tours for construction students during 2020, we were still able to reach nearly 450 students across University of Westminster and the UCL through online guest lectures on topics such as sustainability, innovation and technology, using our developments as real-life case studies.

In recognition of the impact of lost schooling on young people, particularly those from disadvantaged backgrounds, we repurposed some of our community budget with a £13,000 donation to employability initiatives through the Young Westminster Foundation and supported the National Literacy Trust in a virtual internship to prepare school leavers from 12 London schools for the world of work.

We continue to support young people by encouraging our supply chain to maximise apprenticeship opportunities at our developments and across our investment portfolio. Our service partners had four apprentices working exclusively in our buildings during 2020.

"Thank you so much for keeping Redcross open. It's been my solace over the past few weeks. I live in a flat locally so consider this to be my little garden that I share with others and where I take my exercise… nature is so therapeutic and, without Redcross, lockdown would have been unbearable for me."

Public Feedback

Mitigating the risk of modern slavery in our portfolio

Due to the nature of our business activities, there is a risk of modern slavery within our supply chains; construction remained one of the most prevalent sectors for modern slavery during 2020.

During the year, Unseen, a modern slavery charity and provider of the Modern Slavery Helpline, provided training to our team on the impact of COVID-19 on their work.

Victims of modern slavery are particularly vulnerable to the impacts of COVID-19, which includes homelessness, mental health trauma and re-exploitation. Therefore, we donated £25,000 to Hestia's Phoenix Project. The pioneering project works with the survivors of modern slavery, offering long-term support, to help them recover and rebuild their lives. Our donation provided the flexibility to allow the charity to respond to client needs during the pandemic, supporting 56 victims and over 60 dependant children.

We also relaunched our Supplier Code of Conduct, which reaffirmed our support of the objectives of the Gangmasters and Labour Abuse Authority's Construction Protocol and our plans to continue our Labour Practice audits at all construction projects over £5 million. The London Living Wage is provided for all service provider employees working at our buildings. At our developments we are working with our construction contractors to support the continued roll-out of the London Living Wage through their supply chains.

Our stakeholder relationships continued

Communities continued

Supporting our communities through our COVID-19 Community Fund

Donations from our COVID-19 Community Fund were allocated by our Community and Charities Committee in alignment with our community strategy. Donations focused on homelessness and other vulnerable groups, mental health and wellbeing, access to green spaces and educational initiatives.

The donations we made supported the immediate response to COVID-19 as well as the longer-term recovery and included:

- ongoing clinical and psychological support to NHS staff due to their experiences of COVID-19 through a £10,000 donation to Guy's and St Thomas' Charity;
- domestic violence charities, Refuge and Women's Aid, both of whom were working tirelessly to sustain provision for the increased demand to their helpline;
- mental health charities CALM, Mates in Mind and local branches of Mind in our key boroughs;
- a £15,000 donation to Leonard Cheshire's London 'Can Do' programme which supports disabled Londoners; and
- a donation to London Wildlife Trust to support the community engagement activity at their Camley Street Nature Reserve when it reopens in 2021. The programme is particularly targeting disadvantaged people considered least likely to engage with nature.

Next steps

As we enter the final year of our existing community strategy and charity partnerships, we will reflect on our learnings, build upon our success and adjust our priorities to ensure that they remain relevant to the growing inequalities exposed by COVID-19.

Aligned with our aim of creating £10 million in social value by 2030, we are shifting our mindset to embed positive social impact in our ways of working. The nature of our unrestricted donations enabled charities to quickly respond to the pandemic. Going forward, we will be measuring the social value of the programmes that we support, looking to deliver improved outcomes for the people who need it most.

We already have high employee engagement in our community programme. However, we will build on this to utilise the skills and expertise of the GPE team, which in turn will deepen their knowledge of the diverse communities within which we are working.

Furthermore, we are embracing new technology platforms to support our community consultations. This programme will enable us to gain a wider range of views, particularly from harder to reach groups, essential for ensuring that we continue to focus on the issues of most importance to London and its communities.

Partners – 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 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.

Progress during the year

We work closely with our supply chain to help us deliver our development programme and the constraints imposed on us all through the global pandemic this year have proven the benefits of our collaborative approach. Throughout the year, we have continued to complete developments whilst keeping our teams safe. By working closely with our supply chain, we continue to improve and deliver on our sustainability targets, whilst also developing our knowledge in this rapidly changing arena.

We have maintained bi-monthly payments for our largest suppliers, and provided support to key contractors to preserve quality, timetable and safety where appropriate. The Group's largest subsidiary is required to report on its payment practices and, for the period to 31 March 2021, we improved our performance with an average payment period of 26 days (2020: 30 days).

Next steps

We are currently in the early 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 ahead of commencing the development early next year.

Providing safe, healthy and secure environments

We are committed to maintaining the highest standards of health and safety across our portfolio and to remaining at the forefront of industry change. Whilst we have always had a proactive attitude towards health and safety, our strategy promotes a collaborative approach with our occupiers, employees and supply chain, to drive continuous improvement.

During the year, considerable focus was given to ensuring our buildings were COVID Secure for our occupiers and where our suppliers and employees needed to undertake works, that they could do so safely. Accordingly, contractor risk assessments were reviewed to incorporate COVID Secure protocols and additional visitor controls implemented. Cleaning and air quality controls were strengthened, with twice weekly COVID testing for employees introduced with testing also strongly recommended for visitors to further support the health and safety of all those using our buildings and head office.

Employee mental health and wellbeing remains a key area of focus. Recognising the potential impact of the pandemic across our workforce, we continued our roll-out of mental health first aider training and wellbeing webinars in addition to home ergonomic work station assessments.

Despite the necessary focus on the unprecedented impact of the COVID-19 pandemic, we were also able to make considerable progress on our goal to go beyond legal compliance in all areas of health and safety. During the year, we refreshed our Health and Safety Committee to ensure there was senior representation from all areas of the business. We improved reporting on asset level compliance, with consultants assigning risk ratings to all assets, allowing us to better pinpoint where proactive health and safety interventions were required.

With the Grenfell Tower Inquiry still in progress, and the legislative changes to be implemented within the Building Safety Bill and Fire Safety Bill, we have proactively commenced our own fire safety review. During this review some issues were identified with insulation, cladding and fire barriers at our residential property, 23 Newman Street. We mobilised the original project team and through collaboration and a proactive approach, we are now undertaking works to remedy the situation at no cost to the residents of the property.

Whilst the Fire Safety Bill focuses on residential buildings, we believe that many of the recommendations are sensible for the commercial sector. Our review will therefore ensure that a golden thread of information on fire safety is available and accessible for every building in our portfolio by the end of the forthcoming financial year, which will include occupier support on fire safety where appropriate.

This year, as part of our internal audit programme, health and safety processes were audited by PwC. Whilst there were no significant areas of concern, some improvements were identified within our contractor management processes. A full review of our contractor management procedures was already underway and therefore PwC's recommendations were incorporated within new processes which are now being rolled out across the business.

To ensure continuous improvement, it is important to understand the impact of our health and safety programme across the business. Therefore, we addressed health and safety in our most recent employee pulse survey. 93% of the GPE team agreed or strongly agreed that the organisation takes health and safety seriously, whilst 88% felt that they had received the necessary health and safety training to do their jobs. Whilst these scores are very positive, we are now working within each team to ensure that where additional focused support is needed, it is provided.

All suppliers are expected to provide evidence of health and safety training for their employees and subcontractors. Where accidents occur, we work with our supply chain to understand where there are opportunities for improvement. During the year, we updated our Supplier Code of Conduct and focus during the next financial year will be to support our supply chain in understanding our changing approach and expectations.

Health and safety incidents by year

	2021	2020	2019
Enforcement notices or fines received	–	–	–
Employees			
Work related fatalities	–	–	–
Reportable injuries/incidents	–	–	–
First aid injuries	–	3	3
Number of days off due to accidents and incidents	–	–	–
At our occupied buildings			
Work related fatalities	–	–	–
Reportable injuries/incidents	–	2	2
First aid injuries	**4**	14	13
At our developments			
Work related fatalities	–	–	–
Reportable injuries/incidents	–	4	1
First aid injuries	**4**	14	6

Engaging with our stakeholders

Building and nurturing stakeholder relationships based on professionalism, fair dealing and integrity is critical to our success. Our extensive engagement efforts help to ensure that the Board can understand, consider and balance broad stakeholder interests when making decisions to deliver long-term sustainable success.

Our stakeholders	How we engage with our stakeholders
Occupiers	We aim to collaborate with our occupiers through close relationships and frequent engagement. In addition to regular day-to-day interaction, we require our portfolio managers to formally meet with every occupier twice a year and at least one Executive Committee member will meet with our top 20 occupiers annually. Furthermore, we commission an annual independent customer satisfaction survey to provide insight into how our occupiers view their buildings and the services we provide.
Partners: suppliers and joint venture partners	We seek sustainable long-term, two-way relationships with our partners, which build mutual trust, through continuous dialogue, to deliver exceptional results. Collaboration with our suppliers is essential to ensure that new ways of working and best practice are cascaded throughout our supply chain.
Communities	We engage with our communities through regular consultation on our developments during the planning process, we are also members of a number of Business Improvement Districts in London and through regular engagement with borough councils, we hear first hand where investment and support is needed. Through our Community Strategy, we work with a number of charity partners who support community groups within our local boroughs to help identify the most in need to provide targeted support.
Local planning authorities	Early stage discussions with local planning authorities and key local stakeholders about our proposals for redevelopment and major refurbishment form an important part of our public engagement strategy. This helps to identify key design and land use issues and allows them to be resolved collaboratively and in good time, to be incorporated into our designs as they evolve.
Our people	Our Values form the basis of our culture and how we thrive as a team. Beyond our collegiate approach, we have a number of initiatives to engage with our people, including our Board Engagement Programme, regular independent employee surveys, GPE@Home and more recently our HybridGPE initiative to ensure we are supporting the wellbeing and health and safety of our teams as they work remotely.
Investors	We maintain an open relationship with our shareholders based on a clear investment case and transparent disclosure. We maintain regular dialogue with shareholders, potential shareholders, debt providers and analysts through a comprehensive investor relations programme.

Details of how the Board engages with our stakeholders and the impact on decision making can be found **on pages 107 to 115**

What were the topics raised?	How did we respond?
– Rent concessions to provide financial support. – Ensuring safety of buildings and health and wellbeing of people and supporting a safe return to the office. – Greater utilisation of services via our sesame™ app. – Swift communication on building issues. – Helping to alleviate concerns about the commute to work and office safety protocols.	– Financial support provided on a case-by-case basis. – All offices open and certified COVID Secure. – Return to the office playbooks issued. – sesame™ functionality updated to include air quality monitoring and contactless entry. – Instant information via push notifications to sesame™. – Greater local transport information via sesame™.
– Prompt payment terms. – COVID-19 implications on development costs and timelines. – Support for site safety. – Greater collaboration to reduce carbon footprint. – Management of third-party secured debt in GVP.	– 26 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. – GVP debt covenant waivers and subsequent repayment.
– Immediate financial response to communities most in need. – Income security for charity partners. – Provision of green spaces during lockdown to support the wellbeing of local communities. – Development activity sensitive to the local environment.	– Deployment of Community Fund. – Extended partnership with Centrepoint and Groundwork London. – Enabled Bankside Open Trust to bring their team off furlough to keep green spaces open. – Community-led initiatives in development projects. – Social Impact strategy under development.
– Provision of high quality sustainable spaces to deliver benefits to the local environment and economy. – Building design that is of appropriate scale and sensitive to its location and the history of the local area. – Continued consultation through the pandemic.	– Proactive engagement in design and development of schemes, with changes made to incorporate feedback. – Planning performance agreements with local authorities. – Use technology to help engage with local communities.
– Communication during working from home. – Health and wellbeing support during remote working and planned return to the office. – Inclusion and diversity throughout GPE. – Performance, reward and benefits.	– Twice weekly all employee updates led by CEO. – Two employee pulse surveys. – Home support including wellbeing programme, health and safety and appointed mental health champions. – Implementation of I&D strategy and initiatives, NES accreditation achieved and I&D Roadmap developed. – Revised performance review process and pension rate.
– The impact of COVID-19 on the demand for our spaces, the economic health of our occupiers and cash collection. – The growing importance of sustainability and health and wellbeing on occupier and investor demand. – Changing occupier requirements including the impact of working from home, technology and design.	– Quarterly trading updates including detailed information on leasing activity and cash collection. – Sustainability capital markets event to set out our Roadmap to Net Zero Carbon. – Our view of the occupier market, and the changing nature of demand, in investor and analyst presentations. – Maintenance of dividend.

Section 172(1) statement

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

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

Our stakeholders

As explained on pages 58 to 67, GPE has identified its key stakeholders as being its: occupiers, suppliers, JV partners, communities, local planning authorities, employees, shareholders and debt capital providers. 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.

COVID-19 has had a wide-reaching impact on many of our stakeholders. The Board has overseen extensive engagement activities during the year to understand and take account of stakeholder views, including to offer appropriate support to those that have needed it in unprecedented circumstances.

See more on pages 17, 41, 47 to 53, 58 to 67, 114 and 115

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 the 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 112 sets out some examples of how the Board has considered s.172(1) matters in its decision making in 2020/21.

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

Key decisions and long-term consequences	A clear vision shaped by our purpose, strategy and strength	**See more on pages 2 and 3**
	How we create value	**See more on pages 18 and 19**
	Impact on decisions	**See more on page 112**
	Chairman's letter	**See more on pages 101 to 103**
	What we did in 2020/21	**See more on pages 114 and 115**
Employees	Our culture and people	**See more on pages 47 to 53**
	Engaging with our stakeholders	**See more on pages 66 and 67**
	Leadership and purpose	**See more on pages 106, 107, 110 and 111**
Fostering business relationships with suppliers, customers and others	Our stakeholder relationships	**See more on pages 58 to 67**
	Leadership and purpose	**See more on page 107**
Community	Our stakeholder relationships	**See more on pages 58 to 67**
	Leadership and purpose	**See more on page 107**
Environment	Our portfolio and sustainability	**See more on pages 74 to 81**
	Our stakeholder relationships	**See more on pages 58 to 67**
High standards of business conduct	Our culture and people	**See more on pages 47 to 53**
	Our stakeholder relationships	**See more on pages 58 to 67**
	Chairman's letter	**See more on pages 101 to 103**
	Anti-bribery and corruption, ethics and whistleblowing	**See more on pages 113 and 130**
Investors	Engaging with our stakeholders	**See more on pages 66 and 67**
	Leadership and purpose	**See more on pages 103 and 107 to 109**
	Our capital strength	**See more on pages 82 and 83**

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 2021 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 9 and 74 to 76** See more about our portfolio and sustainability **on pages 74 to 81**
2. Employees	Our values Diversity policy Inclusion and Diversity strategy Personal Development Plans	**www.gpe.co.uk/about-us/our-purpose-values** **www.gpe.co.uk/our-relationships/our-employees**	See more about our values **on pages 4 and 47** See more about our culture and people **on pages 47 to 53** See more about Inclusion and Diversity **on pages 51 and 52 and pages 120 and 121**
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 113** See more about mitigating the risk of modern slavery **on page 63** See more about partners – our suppliers **on pages 64 and 65**
4. Social	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 58 to 67** See more about communities **on pages 62 to 64** See more about partners – our suppliers **on pages 64 and 65** See more about providing safe, healthy and secure environments **on page 65**
5. Anti-corruption and anti-bribery	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/about-us/governance**	See more about anti-corruption and anti-bribery matters **on page 113** See more about our anti-bribery and corruption, ethics and whistleblowing policies **on page 130**
6. Business model		**www.gpe.co.uk/about-us/our-strategy**	See more about how we create value **on pages 18 and 19**
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 84 to 97**
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 20 and 21** See more about our near-term strategic priorities **on pages 32 and 33**

1. Board oversight of these policies and matters is also covered through 'What we did in 2020/21' on pages 114 and 115.

Our portfolio and sustainability

We only operate in central London and our portfolio has its origins in the West End, which accounts for 68% of our properties. However, we have expanded our locations to encompass the City, Southwark and Midtown.

Operational measures

-8.7%
Movement in property valuation (on a like-for-like basis)

40%
Percentage of portfolio in development programme

100%
Energy purchased on renewable tariffs

0.1%
% of portfolio with EPC rating >E

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 occupiers demand and to develop buildings for the customers of tomorrow.

Improving buildings, and their sustainability performance, is at the heart of how we add value. This requires a development pipeline of raw material, often with poor sustainability credentials, which we can transform into spaces that let well in their local markets, are future-proofed in a rapidly changing world and have regard to the wider environment in which they are located.

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 occupier'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.

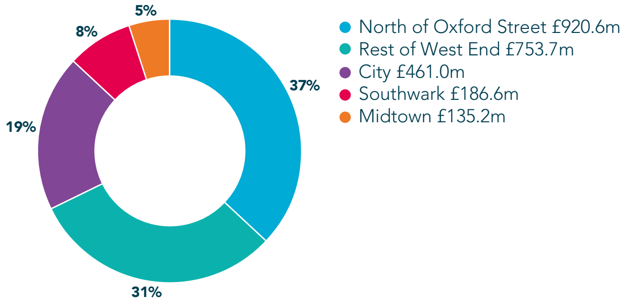
Well located central London portfolio

Our specialist approach requires focus. As a result, we only operate in central London. Whilst our origins lay in the West End, we recognise that central London is growing, and as it grows, new locations will become sought after by occupiers 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 London on page 26

100%
Of the portfolio in central London

Our portfolio by value – 68% in West End[1]

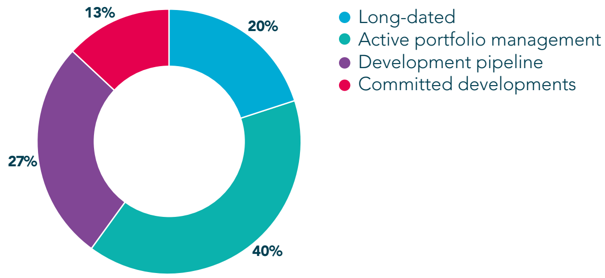


1. Including share of joint ventures.

Significant development programme

We have a track record of successfully reading London's property cycles, purchasing buildings when values are low and selling assets as the cycle peaks. Over the past decade, these acquisitions have helped stock our development programme which today totals 40% of the Group's existing portfolio, including our committed developments.

Our central London portfolio[1] %



1. Including share of joint ventures.

Of the remainder of the portfolio, 40% are buildings where we will add future value through active portfolio management. Typically, these buildings have shorter leases, have greater reversion and have significant repositioning opportunities without the need of redevelopment.

The long-dated assets, representing 20% of the portfolio, are properties that we recently redeveloped and are long let. Given the long-lease terms we have achieved on these buildings, there is typically limited opportunity for us to add further value. As a result, over time, we expect to crystallise the profits we have made through sales.

50 FINSBURY SQ
DESIGNED FOR SUSTAINABILITY AND WELLBEING

Given continued demand for high quality space, and the confidence we have in our products, in December 2020 we committed to the extensive repositioning of 50 Finsbury Square, EC2.

At 50 Finsbury Square we have put sustainability and innovation at the heart of design. The building will be the first of our developments to deliver on all four pillars of 'The Time is Now', our Sustainability Statement of Intent.

See more about 'The Time is Now' on page 75

Whilst in need of updating, the fabric of the 128,100 sq ft building is sound. Therefore we are re-using it, refurbishing the building around its existing structure rather than demolishing and starting again.

The major repositioning will extend the office floor plates within the existing envelope of the building, create a large reception with a concierge as well as an improved retail, leisure and amenity offer.

Adaptability is key to reducing the risk of obsolescence and therefore we have retained the ability to add additional floors (subject to planning), without the need for new foundations or columns as well as the ability to cater for a wide variety of potential future uses, to extend the longevity of the building.

Our reuse and recycle approach will deliver an 80% embodied carbon saving over a ground up redevelopment. Furthermore, we are embracing the circular economy where we can to further reduce our carbon footprint, reusing the glazing throughout and repurposing stone from the existing facade to create a feature wall in the atrium.

50 Finsbury Square will also be our first development to contribute to our newly created Decarbonisation Fund. We anticipate that it will contribute around £600,000 using our internal carbon price of £95 per tonne to offset its residual embodied carbon. The fund will be used to support the retrofitting of energy efficiency projects within our existing portfolio. Powered only by electricity with no fossil fuel based hot water or heating, the building will be highly energy efficient and is targeted to achieve BREEAM 'Excellent' and at least an EPC 'B' rating. Our team are working hard to deliver further carbon savings, with the aim of achieving net zero carbon for the building.

Our social value guidelines will be adopted for the project, seeking to support local apprenticeships and job placements, whilst contributing to a number of community projects, including with our charity partner, Groundwork London, to support air quality initiatives in Islington schools. The building will also be WELL enabled, with the provision of informal and formal workplaces, including a co-working workspace with an integrated café, a roof-top amenity and high levels of greening further providing a healthy and productive environment for our occupiers.

As a market leader in delivering smart buildings, we intend to build on the innovation initiatives we have incorporated into our recently completed developments, we will therefore be creating a digital twin which, when combined with a variety of sensors throughout the space, will allow us to monitor energy usage and provide information and control to our occupiers using our award winning sesame™ app. This technology will support us in reducing the performance gap between how much energy buildings are designed to consume and how much they consume in use.

With market-leading sustainability, technology and health and wellbeing initiatives designed in, early discussions with occupiers have been encouraging well ahead of expected completion in Q4 2022.

Our portfolio and sustainability continued

Portfolio value down 8.7%; driven by declines in retail values

The valuation of our portfolio, including our share of joint ventures, fell over the 12 months by 8.7%, on a like-for-like basis, to £2,457.1 million at 31 March 2021.

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

– retail rental values – in the past 12 months rental values across our retail portfolio were down 16.7% on a like-for-like basis, with our office portfolio rental values increasing by 0.5%, largely driven by our leasing performance;

See more about our markets on pages 25 to 31

– development – the valuation of our committed development properties decreased by 1.6% on a like-for-like basis to £313.9 million during the year recovering in the second half of the year by 6.7%, driven by 1 Newman Street & 70/88 Oxford Street, W1 as it nears completion;

See more about our development activities on pages 34 to 38

– active portfolio management – during another strong year, 42 new leases, rent reviews and renewals were completed, with new lettings 2.4% ahead of ERV, securing £10.9 million (our share) of annual income, supporting the valuation over the year; and

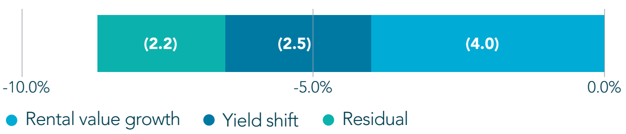
See more about our leasing activities on pages 39 to 41

– higher investment yields – the valuation was marginally reduced by yield movements which increased by 11 basis points (2020: six basis points) during the year (office: +1 basis points; retail: +32 basis points). At 31 March 2021, the portfolio true equivalent yield was 4.6%.

See more about our markets on pages 25 to 31

Including rent from pre-lets and leases currently in rent-free periods, the adjusted initial yield of the investment portfolio at 31 March 2021 was 3.8%, 20 basis points lower since the start of the financial year.

Drivers of valuation growth %



"The downward pressure on the valuation for the year was driven by our retail assets which fell 27.3% in value. However, given limited levels of supply, office values remained robust."

Hugh Morgan
Director of Investment Management

Whilst the overall valuation was down by 8.7% during the year, elements of the portfolio showed greater variation. Our office properties fell by only 1.7% compared to a 27.3% fall in retail values, as weaker retailer sentiment reduced ERVs and softened yields. Furthermore, short leasehold properties (<100 years), which represent 11% of the portfolio, reduced in value by 17.5% compared to a decrease of 7.4% in the rest of the portfolio, as investor demand for shorter leasehold assets reduced.

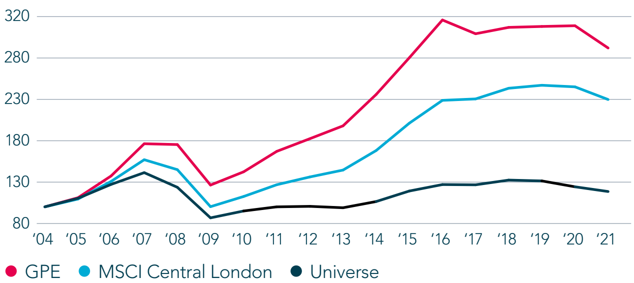
Our joint venture properties fell in value by 11.0% over the year, due to its greater retail weighting. The wholly-owned portfolio fell by 7.9% on a like-for-like basis supported by our committed developments at 1 Newman Street & 70/88 Oxford Street, W1 and 50 Finsbury Square, EC2.

Our relative performance

The Group delivered a total property return (TPR) for the year of minus 5.9%, compared to the central London MSCI quarterly index of minus 3.3%, and a capital return of minus 8.4%, versus minus 6.3% for MSCI. This underperformance results from our greater than benchmark exposure to retail space and properties with shorter lease terms, both of which have suffered greater valuation declines as a result of COVID-19.

Long-term outperformance
Relative returns vs MSCI

Relative capital growth % p.a.[1]



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

Portfolio performance

		Wholly-owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	531.0	–	531.0	21.6	(3.6)
	Retail	95.3	51.8	147.1	6.0	(24.6)
	Residential	4.1	–	4.1	0.2	(8.9)
Rest of West End	Office	250.7	215.0	465.7	18.9	(0.1)
	Retail	167.9	114.8	282.7	11.5	(29.2)
	Residential	5.3	–	5.3	0.2	(7.2)
Total West End		**1,054.3**	**381.6**	**1,435.9**	**58.4**	**(11.5)**
City, Midtown and Southwark	Office	476.4	219.1	695.5	28.3	(5.6)
	Retail	5.4	2.6	8.0	0.3	(20.1)
	Residential	3.8	–	3.8	0.2	(17.3)
Total City, Midtown and Southwark		485.6	221.7	707.3	28.8	(5.8)
Investment property portfolio		**1,539.9**	**603.3**	**2,143.2**	**87.2**	**(9.7)**
Development property		313.9	–	313.9	12.8	(1.6)
Total properties held throughout the year		**1,853.8**	**603.3**	**2,457.1**	**100.0**	**(8.7)**
Acquisitions		–	–	–	–	–
Portfolio valuation		**1,853.8**	**603.3**	**2,457.1**	**100.0**	**(8.7)**

1. GPE share.

Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		682.2	238.3	920.5	681.5	234.9	4.1	920.5	734
Rest of West End		753.7	–	753.7	465.7	282.7	5.3	753.7	570
Total West End		**1,435.9**	**238.3**	**1,674.2**	**1,147.2**	**517.6**	**9.4**	**1,674.2**	**1,304**
City, Midtown and Southwark		707.3	75.6	782.9	766.6	12.5	3.8	782.9	1,329
Total		**2,143.2**	**313.9**	**2,457.1**	**1,913.8**	**530.1**	**13.2**	**2,457.1**	**2,633**
By use:	Office	1,692.2	221.6	1,913.8					
	Retail	437.8	92.3	530.1					
	Residential	13.2	–	13.2					
Total		**2,143.2**	**313.9**	**2,457.1**					
Net internal area sq ft 000's		2,382	251	2,633					

£2.5bn

Portfolio valuation

OUR ROADMAP TO NET ZERO

COMMITTED TO A SUSTAINABLE LONDON

During the year, we created our Roadmap to Net Zero, setting out how we would decarbonise our business to become net zero carbon by 2030. In line with most property companies, the vast majority of our footprint is outside of our direct control. Therefore close, collaborative relationships with our occupiers and supply chain are of critical importance if we are to meet our net zero carbon goals.

Through the analysis of our baseline carbon footprint we estimate that, if we do nothing, our annual carbon footprint is expected to reach around 37,000 tonnes of carbon by 2030. Accordingly, our Roadmap sets out our approach to reaching net zero carbon by 2030:

1. Reduce embodied carbon

The majority of a building's embodied carbon is emitted during construction, that's the carbon required to manufacture and transport building materials to site and the construction process (around 40% of our carbon footprint). It can take 40 years or more to emit the same quantity of emissions during operation. We therefore have a target to reduce our embodied carbon emissions by 40% by 2030, and will ensure all developments are net zero carbon by the same date.

2. Reduce energy intensity

The purchase of energy on green tariffs is no longer enough. We need to improve energy efficiency and reduce consumption. The regulatory landscape is evolving fast. The government has announced its intention that by 2030, the minimum energy efficiency standard will be an EPC 'B' rating. This risks obsolescence for those buildings that do not comply. Therefore, we have set a stretching target to reduce our energy intensity by 40% by 2030, including occupier emissions.

3. Increase renewable energy supply

Buildings will always need some form of heating and cooling. Once the efficiency of these systems has been maximised, we need to ensure that they are powered through renewable energy supplies wherever possible. This means that we need to radically increase our on-site renewable power supplies, with a target to generate 600MWh p.a. across our portfolio by 2030. That's approximately the annual energy consumption of 160 homes.

4. Offset residual emissions

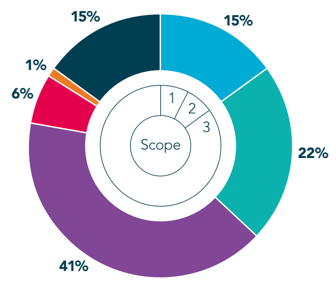
Finally, and as a last resort, from 2030 we will offset our residual carbon emissions. We will look to utilise these offsets in our communities to create a lasting social impact, for example supporting those living in fuel poverty, investing in new local renewable energy projects and developing biodiverse spaces within London.

Decarbonisation Fund

In advance of 2030, we have created a Decarbonisation Fund to accelerate our progress. We will levy an internal carbon price of £95 per tonne against the Scope 1 and 2 operational emissions and against the embodied carbon from our development activities. The funds raised will support the deep retrofitting required to accelerate our transition. It will also provide the efficient spaces our occupiers want and build further climate resilience into our existing portfolio reducing the risk of stranded assets.

If we can move faster we will do so and we believe there are opportunities ahead if we succeed. We are already collaborating across our value chain to combine our expertise and, beyond 2030, we have an ambition to fully decarbonise by 2050.

Baseline carbon footprint year ended 31 March 2019 (%)



1. Covers the life cycle impact of sold buildings.

The Time is Now

In May 2020, we set out the four pillars of our Sustainability Statement of Intent:

- **To decarbonise our business to become net zero by 2030;**
- **To design climate resilient and adaptable spaces;**
- **To create a lasting positive social impact; and**
- **To put health and wellbeing front and centre.**

Decarbonise our business by 2030

In November 2020, we launched our Roadmap to Net Zero, setting out how we plan to decarbonise our business.

As a developer, a significant proportion of our carbon footprint is associated with the embodied carbon associated with our construction and refurbishment activities. The chart above shows our carbon footprint from 2019 with the largest portion attributable to our development activities. Decarbonising our business therefore must start with reducing the embodied carbon of our developments.

This year we set our embodied carbon baseline of 954kg CO_2e per m^2 with a target to reduce this by 40% by 2030. This target is integrated within our ESG-linked RCF and is tested at the design stage (for all developments currently at Stage 2 or beyond) and at practical completion to verify reductions.

See more on our sustainability KPIs on pages 21 and 82 and how it links to remuneration on pages 135 and 149

In order to meet this target, we embed sustainability considerations into the design of our developments from the outset, modelling carbon alongside cost. With many of the tools to truly understand the embodied carbon of buildings still in their relative infancy, industry transformation is still needed.

Therefore, we are supporting behavioural change throughout our supply chain by setting an internal carbon price of £95 per tonne. This is levied on the embodied carbon in our developments, including the carbon associated with the materials, transportation and construction of our developments and refurbishments, as well as our operational Scope 1 & 2 emissions.

Our carbon price is currently one of the highest in the industry, recognising that in order to impact behaviour, the price must be high enough to influence decision making. We are seeing this in action at 50 Finsbury Square, EC2, with the team delivering further embodied carbon savings to reduce the carbon cost payable at practical completion, potentially resulting in our first net zero carbon building.

Maintaining year on year reductions in embodied carbon will only be achieved through the use of new technology, alternative materials and innovative building techniques, whilst implementing principles of the Circular Economy.

Whilst embodied carbon is a significant proportion of our footprint, direct emissions from our buildings account for approximately 15% of our emissions, whilst our occupier emissions (part of our Scope 3) amount to a further 22%. We already purchase 100% of our electricity and gas on renewable tariffs, however, we need to significantly reduce consumption. Therefore, our energy intensity and carbon intensity reduction targets to reduce energy intensity by 40% and carbon intensity by 69% by 2030, includes both our direct consumption and occupier emissions.

During the year, our energy intensity decreased by 14%. However, we believe that the majority of this decrease resulted from reduced building occupancy due to the COVID-19 pandemic and do not consider this to be a fair like-for-like comparison.

In its inaugural year, our internal carbon price has been applied to our Scope 1 and 2 operational energy consumption. For the year ended 31 March 2021, at a cost of £95 per tonne, this contributed £403,000 to our Decarbonisation Fund. The Fund was created to support the deep retrofitting required to our existing portfolio to reduce the risk of stranded assets. This has never been more relevant. 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. Furthermore, they are consulting on implementing an additional step in the process to require a minimum of a 'C' rating by 2027. It will be illegal to lease buildings that do not meet this standard. We estimate that 80%–90% of all buildings in London are currently not compliant and, as a result, significant capital expenditure will be required to bring these assets up to standard.

"The creation of our Decarbonisation Fund coupled with an Internal Carbon Price of £95 per tonne will support our transition to a net zero carbon business and create behavioural change."

Janine Cole
Sustainability and Social Impact Director

100%

Energy purchased on renewable tariffs

We do recognise that there is a performance gap between projected energy performance of buildings at design stage and actual performance in use, and a lack of correlation between EPC ratings and actual building energy consumption. Accordingly, we have been a 'Design for Performance Pioneer' since the programme launched in 2019 with both our forthcoming developments at New City Court, SE1 and 2 Aldermanbury Square, EC2, registered with the scheme. The Design for Performance initiative is an industry funded project, backed by the Better Buildings Partnership to tackle the performance gap between design intent and actual performance of buildings once in operation. In October 2020, the scheme was formally adopted by the Building Research Establishment as a building rating system – NABERS UK.

As a 'Design for Performance Pioneer', we have been able to see first-hand the benefits that the scheme will bring in delivering improved building energy performance through enhanced energy modelling, building handover and commissioning processes across the industry. We will therefore be obtaining NABERS UK ratings for all future developments.

With 22% of our operational carbon footprint within the control of our occupiers, we need to collaborate to reduce energy consumption. In order to do this we need real-time information. Utilising our sesame™ app we are now able to provide live energy consumption data to our occupiers across the portfolio. Our digital twins at 160 Old Street, EC1 and The Hickman, E1, will give more granular information on where, when and how energy is consumed in our buildings, supporting further improved performance.

Whilst energy efficiency is our first priority, we are also seeking opportunities to install on-site renewable and low carbon energy technology, supported by local energy generation solutions, to help further decarbonise our portfolio.

Only once embodied carbon reductions, energy efficiency reductions and renewable energy installations have been addressed will we consider offsetting the residual carbon. Until 2030 our primary offset will be into our Decarbonisation Fund. However, we are currently working with our community partners to establish a community offset scheme to ensure that we support our communities in transitioning to a low carbon economy. As a signatory to the Climate Change Commitment, we have also reported our carbon footprint for the last three years on page 78.

"Through our COVID-19 Community Fund we were able to build new relationships with organisations supporting the most vulnerable. We will build on these during the year to substantially increase the amount of social value we create."

Kathryn Barber
Sustainability Manager

Design climate resilient and adaptable spaces

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.

Having completed our Roadmap to Net Zero, we are now creating a roadmap for each individual asset. These bespoke roadmaps will feed into our business planning to ensure that the right buildings are selected for funding from our Decarbonisation Fund and that interventions to retrofit energy efficiency are timetabled to coincide with lease events. This will support us in identifying and reducing the risk of stranded assets.

As part of our Statement of Intent and included within the targets of our ESG-linked RCF, we have committed to improving biodiversity net gain across our portfolio by 25% 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 as well as improving external air quality and supporting the health and wellbeing of the local community. Through our 'Learning Together programme' we have worked to improve knowledge within the business on how to create and manage biodiverse spaces. During the year we increased biodiversity net gain across our portfolio by 62%. This far exceeded our expectations and was largely due to the impressive work undertaken by our development team at Hanover Square, W1, working with our occupiers KKR and Glencore. Significant gains were also made at The Hickman, E1, where extensive planting has been incorporated on the terraces and courtyard. Whilst this is clear demonstration of our KPIs driving behavioural change within our development projects and the benefits of linking sustainability performance with financial incentives and metrics, we will be resetting our baseline for the forthcoming year to increase the pace of change at our existing assets where more limited progress has been achieved to date.

At 50 Finsbury Square, EC2, considerable progress has been made in integrating climate change resilience into our building design, repurposing and recycling building materials and considering the longevity and adaptability of the building.

See more on page 71

The Better Buildings Partnership Climate Change Commitment requires us to develop a comprehensive climate resilience strategy for our portfolio, these obligations will be addressed in full by March 2022. We are also reporting in line with the Task Force on Climate Related Financial Disclosures framework.

See more on pages 80 and 81

£10m

Social value to be generated by 2030

Creating a lasting positive social impact

Social impact is inextricably linked to environmental impact, as demonstrated by the COVID-19 pandemic, which led to communities placing much greater value on access to green spaces and health and wellbeing than ever before.

Social impact is therefore integrated within our sustainability strategy, recognising that by investing in local initiatives and maximising social value, we create more inclusive and attractive spaces, that are more sustainable in the long term, helping London to thrive.

Having committed to generating £10 million of social value over the next ten years, we engaged the Social Value Portal to measure the progress made using the National Social Value Measurement Framework. They reported that during the year we created £620,000 of social value. Given the unrestricted funding needed by our communities during the pandemic where specific outcomes are more difficult to measure, this is a good foundation for us to build upon.

During the year, we continued to work with the communities close to our buildings. The activities which generated the most social value were those that resulted in tangible employment outcomes. For example, our support of a virtual internship with the National Literacy Trust (see below).

Through our long-standing relationship with Centrepoint, we provided pro bono project management support for their Independent Living Programme in Southwark, which will provide truly affordable housing to allow young people to move on from supported housing services to live independently.

We were also able to assist Bankside Open Spaces Trust, who provide horticultural apprenticeships for vulnerable people who often face significant barriers to employment. Through our help, the apprentices returned to work from furlough, both supporting the health and wellbeing of the apprentices and the communities who heavily relied on the green spaces they maintain during the pandemic. Through our development programme, we are looking at how we can provide longer-term support to Bankside Open Spaces Trust apprentices through our public realm spaces.

During the forthcoming year we will be building on the success of our COVID Community Fund by reviewing our community strategy to increase focus on quantifiable social value, whilst broadening its reach across more diverse groups.

See more about our stakeholder relationships on pages 58 to 69 and our Social Impact Report at www.gpe.co.uk/our-relationships/local-communities

Putting health and wellbeing front and centre

A sustainable building should also contribute to the wellbeing of its occupiers and the local community, supporting healthier, happier and more productive lives. The COVID-19 pandemic has increased the focus on health and wellbeing across our portfolio. All our buildings remained open and we quickly responded to revised guidelines issued on internal air quality. We are responding to the increased focus on health and wellbeing through utilising our sesame™ app to provide information on health and safety protocols, indoor air quality data collected from the sensors installed across our portfolio and touch-free access to our buildings. Additionally, we provide details of local gyms and wellbeing services.

We have continued to evolve our Wellbeing Brief, taking an integrated and inclusive approach to ensure that relevant and applicable health and wellbeing aspects are considered during the design process, considering:

- indoor air and water quality;
- thermal, visual and acoustic comfort;
- biophilia and access to nature; and
- healthy behaviours.

We integrate core requirements from wellbeing accreditation standards such as Fitwel and the WELL Building Standard to ensure that occupiers can obtain full certification for their spaces upon completion of their fit-outs. Through our flex space offer we also integrate wellbeing as standard, creating new outdoor spaces, improving biodiversity, retrofitting cycle and shower facilities and providing access to our sesame™ app. Our health and wellbeing approach is not limited to our buildings. We actively promote initiatives to support the health and wellbeing of our people, local communities and supply chain partners, working to support mental health initiatives and ensure ethical labour practices.

See more about our culture and people on pages 47 to 53

Social value creation in action

Need	Input	Outputs	Outcomes	Social value created
COVID-19 disrupted schooling Young people from disadvantaged backgrounds more likely to leave school without good GCSEs Increase in young people not in education, employment or training	**£30,000** investment from GPE to National Literacy Trust 'Words for Work' programme	Two-week virtual summer school for 15 disadvantaged young people not in education, employment or training Virtual employability support and literacy training One to one mentoring support post programme to support transition to full-time employment	Four young people achieved a job outcome directly related to the programme Remaining 11 participants returned to education to pursue a qualification to support their future aspirations 100% of participants felt that the programme developed their confidence to thrive in workplace	**£76,500** in social value created

Calculations completed using the National Social Value Measurement Framework.

Our portfolio and sustainability continued

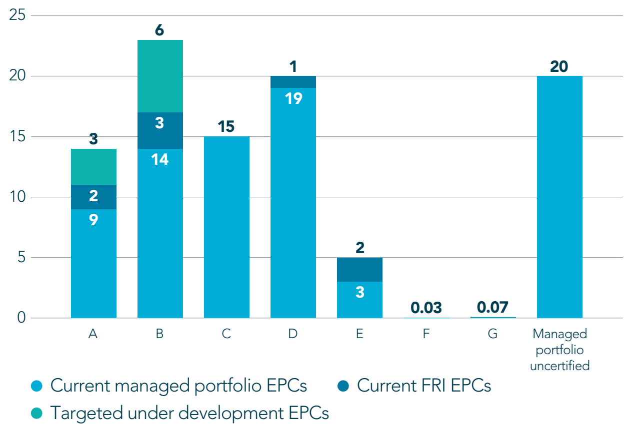
Progress on building certification

Focus on building certifications to demonstrate sustainability credentials continues to grow. With the government announcement that by 2030 the minimum EPC rating will be a 'B' with possible phased implementation of a 'C' rating by 2027, monitoring and managing risk from EPC ratings has never been more relevant.

It is also widely accepted that EPCs have significant limitations as they do not reflect the actual energy performance of buildings. The Real Estate Energy Benchmark (REEB) collated by the Better Buildings Partnership demonstrates the lack of correlation between EPC rating and actual energy performance. We therefore consider the recent government consultation looking to introduce energy performance in use ratings a positive step.

We closely monitor our progress on improving EPC ratings across our portfolio, alongside improvements made on the energy intensity of our buildings. As illustrated in the chart below, less than 0.2% of our rated properties have an EPC rating below an 'E'. Where we have refurbishments or developments on-site, the targeted ratings have been indicated.

EPC ratings: percentage of portfolio (by sq ft) (%)



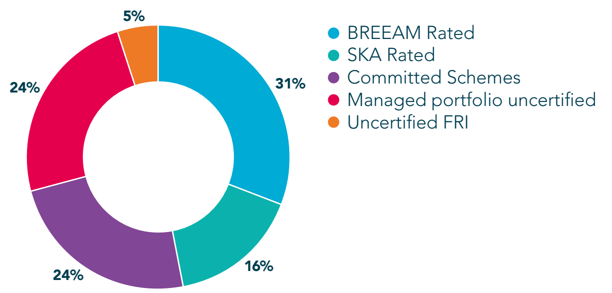
Where EPC certificates have expired, the space may become unrated. We actively manage our unrated space to ensure ratings are updated as refurbishment works complete.

To supplement EPC ratings we use a variety of sustainability certification schemes and use the most appropriate system for the type and scale of the project, including BREEAM, the RICS led SKA Rating system (particularly relevant for smaller scale fit out projects) and residential schemes such as the Code for Sustainable Homes. Today, 31% of our portfolio by area is rated BREEAM 'Very Good' or 'Excellent' with a further 24% currently on-site with BREEAM 'Excellent' targeted.

Through our extensive development programme we are working to significantly improve the environmental performance of our buildings. As a result, we expect to see a significant decrease in the percentage of our portfolio that is not certified by a sustainable buildings rating scheme in the short to medium term.

15% of our portfolio is SKA rated, a rating scheme which is typically used for floor by floor refurbishment as opposed to whole building performance. This is more commonly used for fit out projects and has been instrumental in supporting the delivery of flex space that meets our sustainability requirements.

Percentage of current floor area certified to date (%)

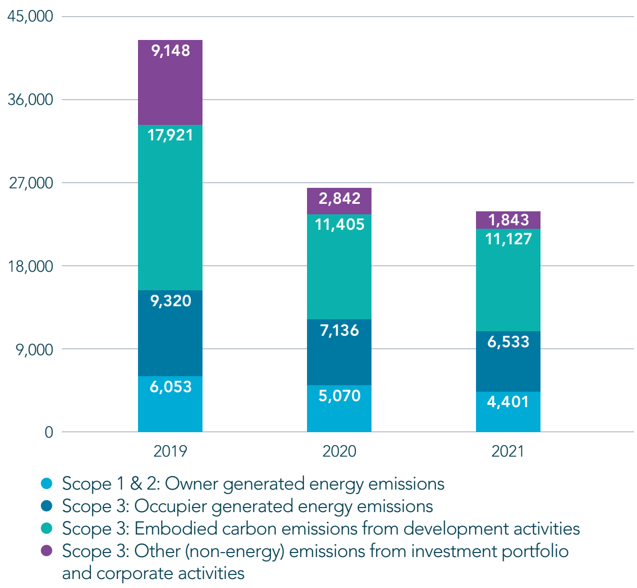


Performance against our carbon footprint

As part of our obligation under the Better Buildings Partnership Climate Change Commitment to disclose progress on our Roadmap to Net Zero, we have set out our total carbon footprint over the past three years below.

The largest contributor to our carbon footprint is the embodied carbon from our development activities. This has reduced, as expected, since 2019 as a number of projects progressed from the product stage (where the majority of emissions are created) to the construction stage and have completed within the year. Non-energy related Scope 3 emissions from our investment portfolio decreased during the reporting period due to fewer property disposals, leading to a reduction in emissions attributable to use of sold products.

Carbon footprint progress: annual carbon emissions (tCO_2e)



For a more detailed breakdown of our carbon footprint, see our Sustainability Data Performance report at **www.gpe.co.uk/sustainability/our-performance**.

Streamlined Energy and Carbon Reporting (SECR)

Our SECR disclosure presents our Greenhouse Gas (GHG) emissions across Scopes 1, 2 and select energy-related Scope 3 metrics, together with an appropriate intensity metric, as required by the SECR regulations.

	2020/21	2019/20
Greenhouse gas emissions		
Scope 1 emissions[D]		
Emissions from combustion of fuel (tCO_2e)	**1,862**	1,817
Emissions from operation of facilities (refrigerant gas) (tCO_2e)	**151**	2
Scope 2 emissions[D]		
Emissions from purchased electricity – location based (tCO_2e)	**2,388**	3,251
Emissions from purchased electricity – market based (tCO_2e)	**0**	0
Scope 3 emissions		
Emissions from purchased electricity sub-metered to occupiers (tCO_2e)[D]	**4,531**	5,160
Emissions from electricity procured directly by occupiers (tCO_2e)	**2,002**	1,976
Embodied carbon emissions from development activities (tCO_2e)	**11,129**	11,405
Other (non-energy) emissions from investment portfolio and corporate activities (tCO_2e)	**1,782**	2,796
Total carbon emissions (tCO_2e)	**23,906**	26,407
Absolute energy-related emissions (tCO_2e)[D]	**8,781**	10,219
Absolute energy-related emissions intensity metric (tCO_2e/m^2)[D]	**0.042**	0.053
Like-for-like energy-related emissions total (tCO_2e)[D]	**8,409**	10,208
Like-for-like energy-related emissions intensity metric (tCO_2e/m^2)[D]	**0.044**	0.053
Energy consumption[D]		
Gas use (kWh)	**10,126,155**	9,884,188
Total electricity purchased and consumed (kWh)	**29,675,749**	32,872,142
Purchased electricity sub-metered to occupiers (kWh)	**19,434,471**	20,152,059
Self-generated renewable electricity (kWh)	**9,295**	0
Absolute energy consumption total (kWh)	**39,811,199**	42,756,330
Absolute energy intensity metric (kWh/m^2)	**190**	222
Like-for-like energy consumption total (kWh)	**38,007,887**	42,704,769
Like-for-like energy intensity metric (kWh/m^2)	**198**	222

1. 2019/20 figures have been re-stated to account for the replacement of some estimated data with actual meter readings.
2. As a business 100% focused on central London, all energy is consumed in the UK.
3. The intensity metrics includes energy-related building emissions (location based) and excludes occupier-procured energy, corporate activities and embodied carbon emissions.

During the year our like-for-like electricity consumption decreased by 12%, due to the lower occupancy of our buildings during COVID-19. All our buildings remained open and operational with a level of occupancy sustained throughout and, in line with CIBSE guidance, we increased the run times of our plant and used 100% fresh air (no re-circulation) to ensure that our buildings provided safe and healthy environments. This meant that reductions in energy consumption during the pandemic were less dramatic that we had expected. The increase in gas consumption is attributable to our Hanover Square development, which completed during the year and passed into our operational control. Maintenance issues in connection with air conditioning systems at four of our properties led to an increase in emissions from refrigerant losses. For the first year we were able to report on-site solar power generation from our photovoltaic panel array at 160 Old Street.

We continued to focus on identifying energy reduction actions through conducting more detailed energy audits at our largest consuming sites and through the trial of digital twin technology at three of our properties. We will use this information to target deep-retrofit opportunities and to provide real-time energy data to our occupiers in line with our Roadmap to Net Zero.

Independent assurance

Deloitte LLP have provided limited independent assurance over the published metrics, identified by 'D', in accordance with the International Standard on Assurance Engagements (ISAE3000). Deloitte's full unqualified assurance statement can be found in our annual Sustainability Performance Data 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 energy, which is sub-metered to occupiers, this is itemised separately under our Scope 3.

Our full Annual Sustainability Performance Data 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.

Task Force on Climate Related Financial Disclosures Framework related disclosures

Our approach to TCFD is set out below. During the forthcoming year we will be setting out our detailed strategy on climate resilience. For more on our approach to risk see pages 84 to 98 and page 105 for Board activities. A more detailed disclosure on our approach is available on our website at **www.gpe.co.uk/sustainability**.

Governance	
Board oversight of climate-related risks and opportunities	The Board holds responsibility for sustainability related matters with particular focus on their impact on business strategy and risk management. The Chief Executive and Sustainability and Social Impact Director provide regular updates to the Board on sustainability related matters including climate risks and opportunities, strategy and performance against targets. The Board and Audit Committee review climate-related risks, including the materiality of climate risks against other business risks as part of our ongoing business risk review. See pages 114 and 115 for significant climate-related Board discussions during the year.
Management's role in assessing and managing climate-related risks and opportunities	The Sustainability Committee meets quarterly and is chaired by the Chief Executive. It provides strategic oversight on climate risk and resilience, reviews progress and development of sustainability strategy and monitors performance including progress in decarbonising our business. The Committee also provides oversight of the Decarbonisation Fund. Our Net Zero Carbon and Portfolio sub-committees provide operational oversight on climate-related issues including the implementation of energy efficiency measures, the use of alternative materials and technological solutions. The Sustainability and Social Impact Director is responsible for the management of climate change related issues.
Strategy	
Climate-related risks and opportunities over short, medium and long term	Short term 1–5 years Rapidly evolving legislation on Minimum Energy Efficiency Standards, the proposed introduction of 'energy in-use' performance ratings and planning requirements impact our business strategy and increase costs. We create value from the refurbishment of sub-standard space, we are therefore well placed to take advantage of changing requirements. Investor and occupier requirements on sustainability performance are increasing, creating a risk of reputational damage where expectations are not met, we work closely with occupiers and investors on climate-related issues. Medium term 5–10 years The number of occupiers seeking net zero carbon space continues to grow, increasing the risk of stranded assets where they do not meet investor and occupier demands. We are addressing this risk through our development and refurbishment programme and also through retrofitting. By 2030 the minimum EPC Rating will be a 'B', with the potential of a minimum 'C' rating by 2027, which will increase the costs of retrofitting our buildings. However, the challenging regulatory environment may increase the quantity of lower rated buildings available at reduced prices for repositioning. Long term 10+ years The speed of market transformation and technological progress will impact our ability to decarbonise. The changing climate is likely to cause increased storm events, high temperatures and increased drought conditions impacting the resilience of our buildings. It will also impact our supply chain.
Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Climate-related risks impact how we develop and manage our buildings and are a key consideration in determining our acquisition and disposal strategy. Our Roadmap to Net Zero sets out how we will decarbonise our business. Our commitments cover our Scope 1, 2 and 3 emissions and are supported by our internal carbon price of £95 per tonne and our Decarbonisation Fund. Below we have illustrated examples of how we are responding to climate-related risks and opportunities throughout the business: Acquisitions –the acquisition of lower rated buildings to reposition and improve their energy efficiency is already a strategic focus. Developments – we design for longevity and adaptability as well as minimising carbon during the construction and operation of the building. The introduction of our internal carbon price at £95 per tonne has allowed us to price carbon within our development appraisals, incentivising reductions. Portfolio management – we are creating energy trajectories for each asset with EPC ratings incorporated within our asset business plans to ensure that energy efficiency improvements stay on track with our business commitments. Our sesame™ app provides real-time energy data to our customers. Financial planning – through our £450 million ESG linked revolving credit facility (RCF), the margin we pay on the facility is subject to adjustment based on our performance against three ESG KPIs. Additionally, performance impacts the remuneration of our Executive Committee and Board Directors, see pages 21 and 82 and our data report at **www.gpe.co.uk/sustainability/our_performance** for our progress against our KPIs. A near-term strategic priority for 2021/22 is to set out our climate resilience strategy, including the further quantification of the financial impact of climate change. We will also be setting out our Sustainable Finance Framework in the forthcoming year.

Strategy continued Resilience of organisation's strategy considering different climate-related scenarios	We have aligned our strategy to a 1.5°C warming scenario, however we have also reviewed a 2 and 4 degree warming scenario. Our strategy is to acquire sub-standard properties, reposition them through lease restructuring, the delivery of flexible space, refurbishment or redevelopment, then operate for income or recycle. Our Sustainability Statement of Intent and Roadmap to Net Zero lay out how we will mitigate climate change and adapt to the effects of climate change, whilst delivering our business strategy. These commitments coupled with our Sustainable Development Brief, Internal Carbon Price and ESG linked RCF support the resilience of our business strategy enabling the decarbonisation of our business whilst responding to both physical and transitional risks of climate change.
Risk management Processes for identifying, assessing and managing climate-related risks and integration of those processes into overall business risk management	Six-monthly, the Board, Audit and Executive Committees review the Group's principal and emerging risks, including climate-related risks. We also undertake materiality reviews of ESG risks. See **www.gpe.co.uk/sustainability/our approach** for our latest materiality review. Operationally, each asset has an Energy Action Plan to identify energy efficiency improvements to improve performance and EPC rating. Sustainability is also considered at the Design Review Panel, the use of ratings such as BREEAM, SKA and NABERS UK further support risk management. We have undertaken climate modelling based on four IPCC projections from a 1.5°C global temperature rise up to 5.4°C. Given that our assets are located within London and that we have aligned our Roadmap to Net Zero to a pathway of 1.5°C, we have identified the following risks. Transitional risks – increasing legislative burden – planning requirements and building energy efficiency ratings; – increasing costs connected with the need to upgrade existing or proposed buildings; – changing occupier and investor expectations; – increased cost of low carbon technology and carbon pricing; and – failure to address climate risks causing reputational damage or environmentally stranded assets. Physical risks In a two degree warming scenario: – increase in annual temperature which could lead to increased cooling demands;. – reduction in precipitation leading to potential water shortages and subsidence within London; and – increased extreme weather events such as high winds, extreme rainfall and high temperatures. In a four degree warming scenario these risks are significantly increased, particularly in the case of increased drought and summer temperature, heatwave duration and extreme rainfall. Our Statement of Intent and Sustainable Development Brief 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.
Metrics and targets Metrics used to assess climate-related risks and opportunities in line with strategy and risk management processes	We track and disclose a variety of climate-related metrics and KPIs to enable our wider stakeholder group to understand our exposure to climate-related risks and opportunities. See our Sustainability Performance Data Report for detailed disclosure **www.gpe.co.uk/sustainability/our_performance**. We use building ratings to support our understanding of transitional risks, see page 78.
Disclosure of Scope 1, 2 and where appropriate Scope 3 and related risks	Detailed reporting of our sustainability performance, including energy consumption and Scope 1, 2 and selected Scope 3 metrics, is included within our Sustainability Performance Data Report, see: **www.gpe.co.uk/sustainability/our_performance**. Our Roadmap to Net Zero sets out our approach to net zero, for reporting on progress in reducing our carbon footprint see page 78. Our emissions data is independently assured by Deloitte LLP and their assurance statement can be found within our Sustainability Performance Data Report at: **www.gpe.co.uk/sustainability/our_performance**.
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See Our Sustainability Statement of Intent and our Roadmap to Net Zero for details on our targets and our Sustainability Performance Data Report for our performance at **www.gpe.co.uk/sustainability/our_performance**. Progress against our KPIs within our ESG linked RCF is reported on pages 21 and 82.

Our capital strength

Our strategy is underpinned by a consistent combination of low financial leverage and capital allocation discipline, demonstrated by our LTV today of 18.4% and the £616 million of surplus equity returned to shareholders in recent years.

Operational measures

	2021	2020
Net gearing	**24.6%**	16.2%
Loan to value (LTV)[1]	**18.4%**	14.2%
Interest cover	**n/a**	n/a
Cash and undrawn facilities[1]	**£443m**	£411m
Weighted average interest rate[1]	**2.5%**	2.2%
EPRA earnings per share	**15.8p**	22.0p

1. Including our share of joint ventures.

Our approach

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.

See more about our approach to risk on pages 84 to 97

"Our long-standing commitments to low financial leverage and disciplined capital allocation have stood us in good stead over the last 12 months. We have implemented further improvements to our capital structure over the course of the year and are currently preparing our Sustainable Finance Framework."

Martin Leighton
Director of Corporate Finance

Focus on sustainable finance

We are always thinking about potential ways to improve our capital structure. As highlighted a year ago, a key recent success for us was the issue of our £450 million sustainability linked revolving credit facility (RCF). As a result of this ground-breaking transaction, we became the first UK-REIT to issue an RCF with a margin linked to our performance against ESG-linked KPIs. We ensured that the three KPIs chosen were challenging, would drive behavioural change both within our business and across our supply chain, are aligned with our ambitious Sustainability Statement of Intent and integrated with our remuneration structure.

The first KPI performance measurement date was 31 March 2021 and our results far exceeded expectations demonstrating the impact of linking sustainability performance to financial metrics. Firstly, our embodied carbon KPI where against a 10% target, we delivered an average reduction of 35% at design stage across our developments 2 Aldermanbury Square and 50 Finsbury Square due to the fantastic efforts of our development team. Secondly, our biodiversity KPI (5% target) where we delivered a 62% net gain, driven in particular by Hanover Square. Finally, our energy intensity reduced by 14% KPI (target 8%), albeit this was affected by lower levels of occupation during the pandemic. To ensure that the KPIs continue to drive behavioural change, we will revisit our targets over the summer.

The sustainable finance market (both globally and in the UK) grew dramatically during 2020, with many transactions, both public and private, from a variety of industries. The real estate sector has played a major role in this very welcome market development, and we expect issuance levels to continue to significantly increase in 2021 and beyond. We are keen to ensure that we remain at the vanguard of this movement and to that end, we are currently working on our Sustainable Finance Framework, which we expect to publish later this year. We will also continue to proactively seek out opportunities to further demonstrate our ongoing commitment to this market whilst maintaining our financial flexibility and strength.

Our balance sheet remains strong. With an LTV ratio of only 18.4% and £443 million of cash and undrawn bank facilities, we are in extremely good shape to fund both our development capex programme and any accretive new opportunities.

Improving debt maturity profile, securing attractive interest rates and increasing flexibility

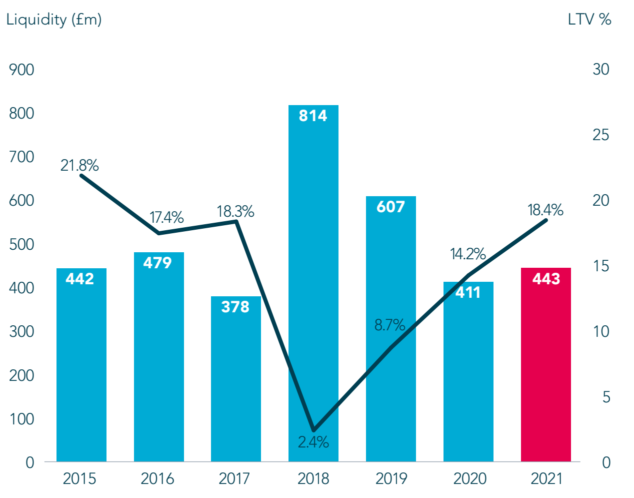
The Group's sources of debt funding are diverse, predominantly unsecured, and include the public, private and bank markets. Our debt providers are key stakeholders in our business and are principally a mix of UK and overseas banks, life insurance companies and pension funds.

Our financing activity this year focused on significantly enhancing our debt maturity profile and securing additional low cost, unsecured funding by way of the issuance of £150 million of new US private placement notes. The transaction was agreed in August 2020 with funds drawn in November 2020, and included 12-year and 15-year maturities (weighted average of 14.5 years) and a weighted average fixed rate coupon of 2.77%. The notes were placed with six investors, including two new lenders to GPE, and have identical financial covenants to our other unsecured debt.

Also, in October 2020 having secured covenant waivers over the summer given rent collection challenges, we repaid the £80 million (our share: £40 million) non-recourse debt facility in our Great Victoria Partnership (GVP) joint venture, which was secured over Mount Royal, W1. This increased the percentage of our debt book which is now borrowed on a flexible unsecured basis, lowered our weighted average interest rate and increased our weighted average debt maturity. Following repayment, we now have no joint venture debt facilities.

Finally, we extended the maturity date of £400 million of our Group revolving credit facility by 12 months to January 2026.

LTV and liquidity (years to March)



Flexible, well laddered debt book and significant committed firepower

At 31 March 2021, we had £443 million of cash and undrawn committed debt facilities, providing very significant liquidity for future opportunities. Our debt book is also very well laddered, with no maturities until 2024. This very attractive maturity profile and our low loan to value ratio of just 18.4%, feel appropriate at a time of market uncertainty.

At 31 March 2021, 92% of our total drawn debt and 52% of our total committed debt was from non-bank sources (March 2020: 69% and 43% respectively), with 91% of our debt book being fixed rate or hedged (March 2020: 69%). Due in part to our very low levels of low cost debt and the treatment of capitalised interest under our Group covenants, our interest cover ratio for the year was not measurable.

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%–40% 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.

See more about our financial results on pages 43 to 46

£443m

Cash and undrawn facilities

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 through 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.

See more details on our operational measures on pages 20 and 21

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 85, 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 and relevant Committees; 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;
- consideration of any emerging risks and opportunities; and
- the Board's ongoing monitoring of these risks.

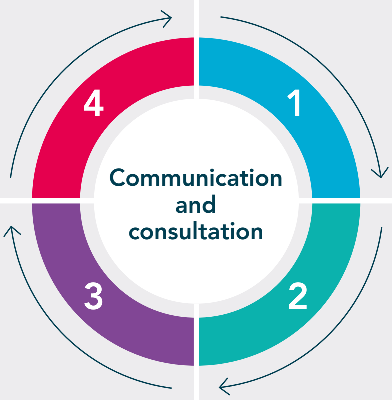
Whilst emerging risks and opportunities are considered as part of this formal six-monthly assessment, the Board spends additional time at scheduled Board meetings on 'blue sky' thinking and consideration of possible emerging risks. The Executive Committee members are tasked to provide a summary at each scheduled Board meeting of the three 'things' concerning and exciting them 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 and evolving working patterns and behaviours.

Risk monitoring, reporting and escalation

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

Risk identification

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



Risk response

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

Risk assessment

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

Board oversight of risk

Board

Nomination Committee | Audit Committee | Remuneration Committee

Executive Committee

Operational Committee oversight

Weekly
- Development management
- Portfolio management
- Investment management
- Financial management
- Occupier services

Quarterly
- Living our values
- Health and Safety
- Development management review
- Portfolio management review
- Sustainability
- Community

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 occupier covenant testing

Business risk

Our approach to risk continued

As reported in last year's Annual Report, the Audit Committee and Board oversaw an in-depth review of GPE's principal risks in 2019/20 which resulted in the re-framing of our principal risk descriptions, the escalation of some risks to 'principal risk' status and the addition of 'Structural retail changes' and 'Pandemic' as new principal risks.

During the year, the uncertainties, disruption and challenges of the COVID-19 pandemic have continued to evolve and impact the global economy, our markets and operations. Activity in our occupational markets has been hampered by COVID-19 and the necessary public health response. The closure of offices and shops and reduced tourism significantly reduced footfall in London, increased occupier failures and limited our ability to collect rent from some occupiers, particularly in the retail, hospitality and leisure sectors. Economic head winds, combined with successive lockdowns, also reduced occupational demand, take-up and property valuations, particularly in the case of secondary offices and retail assets.

The Board and the Audit Committee have overseen the Company's response to the pandemic throughout the year and the actions taken to mitigate its impacts, including to protect the health and wellbeing of our employees and occupiers and to support our stakeholders during this difficult period. Further details, including the work of the COVID Response Group, can be found on pages 41, 48, 58 to 69 and 88 to 89.

The progress of the vaccination programme has raised hopes of a return to normality and improvements in the public health situation continue to allow for a gradual re-opening of the UK economy. Nevertheless, uncertainty remains as to the future trajectory of the pandemic, including the emergence of new strains of the virus, and COVID-19 is likely to have a prolonged impact. The Audit Committee and Board therefore continues to monitor the risks and potential impacts, as well as the opportunities arising from the pandemic, including potential longer-term structural changes in working and retail practices.

The impacts of the pandemic on market conditions, and the potential implications for our business, are explained in more detail in 'Our markets' on pages 25 to 31 and our viability assessment on page 98.

The Board also continues to monitor the risks arising from ongoing uncertainties in relation to the UK's international trade arrangements following Brexit and the potential impacts on the UK economy and London's attractiveness for businesses, tourists and workers.

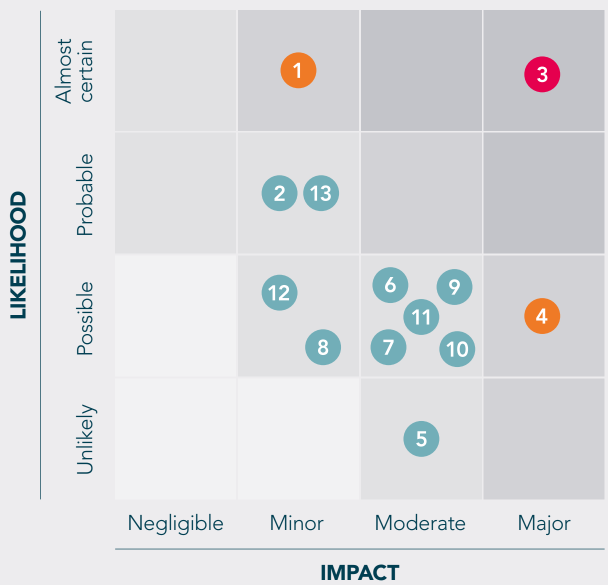
This year, whilst our principal risks remain largely unchanged, we have amended the descriptions of some of our principal risks to reflect how they have evolved over the past 12 months, including the wider impacts of the pandemic and its interconnectivity with multiple risks. Key changes include the following:

– the 'Structural retail changes' risk description has been updated to reflect the accelerated shift of retail sales away from physical stores to online as a result of COVID-19;
– our net risk assessment of 'Climate change and decarbonisation' has reduced, reflecting our progress on net zero carbon during the year;
– the 'Pandemic' risk has been updated to include the risk of longer-term structural changes in working and/or retail practices occurring which could adversely change the level and nature of demand for space in central London;
– the 'London attractiveness' risk now captures the risk of changes in government policies, as a result of COVID-19 and post-Brexit international trading relations, potentially impacting the appeal of London;
– the net risk of a property market dislocation resulting in a breach of our banking covenants has reduced following the prepayment of the non-recourse debt facility in our Great Victoria Partnership joint venture and the diversification of risk through GPE's £150 million USPP issue;

Net risk heatmap

Principal risk

1	Structural retail changes
2	Climate change and decarbonisation
3	Pandemic
4	London attractiveness
5	Impact of property market dislocation on financial leverage and banking covenants
6	Failure to maximise returns from prevailing market conditions
7	Failure to profitably deliver the development programme
8	Challenging planning environment
9	People
10	Meeting occupier needs
11	Poor capital allocation decisions
12	Health and safety
13	Cyber security and infrastructure failure



Risk severity

Medium High Very high **1 Net risk rating** as assessed after existing controls and mitigation

– diversity is considered an important factor in GPE being able to develop and deliver its evolving business plan and meeting customer needs and this has now been reflected in our 'People' risk; and
– the increase in attempted cyber crime during COVID-19, combined with greater reliance on technology and increased vulnerabilities during periods of home working by employees, has led to an increase in the risk of 'Cyber security and infrastructure failure'.

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 88 to 97. 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 86.

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 providing a review of the development programme, occupational markets and key property matters at each scheduled Board meeting;
– the Chief Financial & Operating Officer reporting on Group forecasts, including actual and prospective leverage metrics, the occupier watch list and delinquencies, HR matters, cyber and IT initiatives 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 Audit Committee meetings as appropriate to discuss specific risks either across the business, such as sustainability, health and safety 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 the ongoing disruption 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:

– GPE's response to the pandemic to mitigate risks throughout our business, including in respect of employees, operations, occupiers, suppliers and the development programme. Additional Board meetings and updates have been held during the year to consider our risks and opportunities arising from the pandemic;

See more on pages 16, 17, 41, 47 to 53, 58 to 67, 114 and 115

– the completion of developments at The Hickman, E1 and Hanover Square, W1, the progress of our development at 1 Newman Street & 70/88 Oxford Street, W1 and the approval and commencement of the extensive repositioning of 50 Finsbury Square, EC2;

See more on pages 35, 36, 71 and 112

– the development planning and planning status of our three near-term schemes at 2 Aldermanbury Square, EC2, New City Court, SE1 and Minerva House, SE1;

See more on page 37

– the continued leasing activity across our development portfolio, including lettings achieved at Hanover Square, W1 and The Hickman, E1;

See more on page 40

– continuing to crystallise profits through the sale of all six residential apartments at Hanover Square, W1 for £32.0 million (our share £16.0 million) while continuing to assess our individual asset strategies;

See more on page 42

– enhancing our debt maturity profile and securing additional low cost, unsecured funding by way of the issuance of £150 million of new US private placement notes;

See more on pages 82 and 83

– given our risks of 'Failing to maximise returns from prevailing market conditions' and 'Meeting occupier needs', further developing our flex product, including with the launch of our first innovative Flex+ offering at 16 Dufour's Place, W1 and further implementing market-leading technology solutions across our portfolio, including our sesame™ app. The Board also approved a new three-year Workplace and Innovation strategy;

See more on pages 40 and 60

– progressing our Inclusion and Diversity strategy and related initiatives and approving our roadmap focused on improving diversity at Executive Committee level;

See more on pages 51, 52 and 121

– approving the launch of our Roadmap to Net Zero, setting out how we will decarbonise our business by 2030;

See more on pages 9 and 74 to 76

– implementing our Health and Safety strategy and strengthening our procedures across the portfolio; and

See more on page 65

– continued focus on our cyber governance both at head office and in relation to IT equipment across our portfolio, including the adoption of a new IT strategy.

See more on pages 97 and 130

Our approach to risk continued

How we manage principal risks and uncertainties

Principal risk	Strategic priorities	How we monitor and manage risk
Structural retail changes		
A continued structural shift in the retail industry, accelerated by COVID-19, forces changes to leasing requirements (e.g. turnover rents or shorter lease terms) and/or reduces the demand for, or profitability of retail space in central London. This 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 occupiers to understand their occupational needs with a focus on retaining income, including through appropriate rent concession agreements. – Design Review Panel reviews building design and specification to ensure the scheme can accommodate flexibility of unit sizes appropriate for future retail occupier demand. White box units are created where appropriate to encourage 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 and lobby government to reduce pandemic-driven intervention on rent collection.
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 and potentially the pricing of carbon. Failure to meet the climate challenge could impact our ability to deliver new 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 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 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 established and carbon offsetting strategy approved by the Board. Decarbonisation fund established to support energy efficiency retrofitting in existing buildings. – ESG-linked RCF and the introduction of ESG strategic 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 and to inform our buy, hold and sell decisions.
Pandemic		
COVID-19 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 occupiers' 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. A longer-term structural change in working and/or retail practices could occur as a result of a pandemic which changes the level and nature of demand for space in central London and we are unable to respond appropriately or quickly enough to meet evolving occupier needs.	1 Progress sustainability agenda 2 Drive innovation and change 3 Continue to grow Flex offer 4 COVID-19 response 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Business Continuity Plans and IT Business Continuity Plans in place. – Response Committee established and led by the Chief Financial & Operating Officer to identify risks and concerns to help manage GPE's response to the COVID-19 crisis with weekly reporting to the Executive Committee. – Additional Board calls held during COVID-19 crisis to review GPE's response and mitigations with key updates provided between meetings. – Reviews of government guidelines and emerging practice with risk assessments undertaken as control measures change. – Enhanced stakeholder engagement, particularly with occupiers, contractors, shareholders and employees. – Health and safety plans to support employees, occupiers and contractors through lockdowns and their return to work, and to keep buildings open and 'COVID-19 Secure'. – Health and wellbeing programme implemented to support employees' physical and mental health. – Selection of contractors and suppliers based on creditworthiness.

Net risk movement over the last 12 months	Commentary
No change	Retail space comprises 22% of our portfolio by value. During the year, UK retail has continued to suffer from a combination of lower retail sales and a structural shift, further accelerated by COVID-19, as increasing volumes of sales move online. Central London retail has been more significantly impacted as tourists have been absent and consumers have avoided busy locations during the pandemic, particularly where reliant on public transport. This has impaired our retail rent collection rate and the performance of our retail assets, with rental values falling by 27.3% across the portfolio. 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. We anticipate that the continued progress of the vaccination programme will allow for a gradual reopening of the UK economy, and with it a re-population of city centres, including the return of international tourists and office workers who are crucial to supporting London's retail trade. Our current focus is on leasing the retail space in our developments at Oxford House, 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 and we will continue to be creative in our leasing strategy, including considering alternative uses where appropriate as supported by the government's recent changes to the 'Use Classes' system. We continue to proactively monitor individual asset plans and our exposure to any underperforming retail assets.
Decreased	With the built environment contributing approximately 40% of the UK's carbon footprint and the climate change debate moving from the periphery to now being both a moral and economic imperative, particularly for our occupiers and other stakeholders, we have been further expanding our sustainability commitments and activities. Having announced in 2020 our Sustainability Statement of Intent 'The Time is Now', this year we created our Roadmap to Net Zero, setting out how we will address the first pillar of the statement to decarbonise our business to become net zero carbon by 2030. The mitigating actions we are taking have supported a reduction in our overall net risk assessment for this risk. In early 2020, we incorporated our energy intensity target into our ESG-linked revolving credit facility, along with 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. As a result, the rate of interest we pay on this facility will depend on our performance against these targets. Furthermore, these 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 2020/21 annual targets, as set out on page 21. 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, we are compiling individual asset plans to proactively improve EPC ratings to meet government and broader stakeholder expectations, to assess potential exposures and inform our hold/sell strategies. Furthermore, we expect the sustainability challenge to provide us with potential opportunities to acquire orphaned assets needing a sustainability solution.
No change	During the year, the uncertainties, disruption and challenges of the COVID-19 pandemic have continued to evolve and impact the global economy, our markets and operations. The closure of offices and shops, and reduced tourism, have increased occupier failures, impacted rent collection and reduced occupational demand and property valuations, especially in relation to retail, hospitality and leisure assets. The ongoing vaccination programme and government roadmap to easing lockdown restrictions is currently supporting renewed optimism and market activity, 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 throughout the year. We have engaged extensively with all our stakeholders, including offering financial assistance to our occupiers on a case-by-case basis, extended our community activities, including through the deployment of our Community Fund, and worked hard to ensure the safety and wellbeing of our employees, occupiers and contractors. All our office properties have remained open throughout the year, operating to government guidelines. We have also issued bespoke 'Return to the Workplace' playbooks to all occupiers to assist them in managing their phased repopulation of their offices as the lockdown eases. None of our employees have been furloughed and the Group has no current plans to access any UK government COVID-19 funding.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
London attractiveness		
The appeal of London to occupiers and investors may diminish due to macro-economic conditions (e.g. post-Brexit international trading relationships), reduced appetite to travel to and work in London following COVID-19, changes in government policies adversely impacting London's appeal, 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 could result in a lack of investment and occupier demand leading to decreasing income and asset values.	2 Drive innovation and change 3 Continue to grow Flex offer 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, including to reflect potential impacts regarding COVID-19 and the UK's international trade relationships post-Brexit. – 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, with potential actions identified in the Board strategy review. – The impact of post-Brexit UK, EU and international trading relationships continues 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 reduces asset values and curtails income which could increase GPE's financial leverage and potentially result in our breaching banking covenants.	2 Drive innovation and change 3 Continue to grow Flex offer 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. – 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.
Failure to maximise returns from prevailing market conditions		
We fail to adequately read market conditions and respond accordingly. This could result 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 Continue to grow Flex offer 4 COVID-19 response 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.

Net risk movement over the last 12 months	Commentary
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. The closure of many offices and shops, reduced tourism and a greater reliance on public transport have meant that London has been disproportionately impacted by COVID-19. Whilst activity levels remain low, we fully anticipate that London will be reinvigorated as the world returns to normal. Moreover, improving infrastructure, including extensions of the tube network and the expected opening of Crossrail in 2022, will bring more people within central London's reach. 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 occupiers 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. Its combination of relative value, strong legal system, time zone advantages, international connectivity and a welcoming attitude to global businesses has resulted in London being the number one city for cross border office investment for seven out of the last ten years as measured by Real Capital Analytics. Whilst we continue to monitor for changes in government policies as a result of COVID-19 and the UK's global trading relationships post-Brexit, London has a long history of reinvention and innovation, and we anticipate that as confidence returns, London's economy will bounce back and its magnetism as a global cultural and business centre will be undiminished.
Decreased	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 2021, our property LTV was 18.4%, net gearing was 24.6% and interest cover 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 risk of a property market dislocation resulting in a breach of our banking covenants has reduced following the prepayment of the non-recourse debt facility in our Great Victoria Partnership joint venture and the diversification of risk through GPE's £150 million USPP issue during the year. The Group also has significant financial capacity with liquidity of £443 million, comprising cash of £38 million and undrawn committed facilities of £405 million. In addition, the Group's weighted average interest rate remains low at only 2.5% (falling to 2.0% on a fully drawn basis), with an attractive debt maturity ladder and diverse funding sources, predominantly borrowing on an unsecured basis.
No change	Despite the economic impact and uncertainties arising from COVID-19, the Group has been active in its key markets and has completed two development schemes at Hanover Square, W1 and The Hickman, E1, totalling 296,800 sq ft of prime Grade A space. We also commenced the substantial repositioning of 50 Finsbury Square, EC2 which is due for completion in mid 2022. 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. However, we do expect opportunities to emerge in the second half of 2021 as investment volumes recover, COVID-19 restrictions lift and the market reopens.

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 profitably deliver the development programme		
We fail to translate the development pipeline and current committed schemes into profitable developments through poor development management, 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 occupier needs (including sustainability expectations). This may result in weak leasing performance, reputational damage and reducing property returns.	1 Progress sustainability agenda 2 Drive innovation and change 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. – 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 occupiers 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.
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. – Sustainable building design, including climate change mitigation and adaptation, is considered at an early design stage. All our major developments are subject to a minimum BREEAM rating requirement of 'Very Good' for major refurbishments and 'Excellent' for new build developments.

Net risk movement over the last 12 months	Commentary
No change	We currently have two committed schemes on-site, set to deliver 250,800 sq ft of high quality space, both near Crossrail stations and targeting BREEAM 'Excellent'. These schemes are 23.2% pre-let, with one of the schemes due for completion shortly. Beyond this, the Group is preparing a further eight schemes set to deliver more than 1.3 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. **See more on pages 34 to 38**
Decreased	To successfully deliver our developments, we work closely with both the local authorities and communities to secure planning consents to create great new spaces, helping London to thrive. The London Plan is now policy and includes a number of further challenging requirements. Moreover, our substantial and flexible pipeline of eight uncommitted schemes totals 1.3 million sq ft across four London boroughs, all of which will likely be subject to planning approval requirements. Overall, we consider that the net risk arising from the planning environment has reduced during the year following regulatory and local policy changes, including reforms to the 'Use Classes Order' and a relaxation of affordable housing requirements in some boroughs, and the strengthening of our understanding of the evolving planning landscape and our ability to engage with key planning authorities. 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 value guidelines, 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. During the year, we have continued to work with community groups in the London Bridge area, including Bankside Open Spaces Trust where, with our funding, they were able to bring their parks team back from furlough to maintain green spaces and provide much needed support for local volunteers. Our air quality, urban greening and apprenticeship initiatives will extend to our proposals for New City Court, SE1 to enhance the work already being undertaken by community groups in the area. Our social value guidelines ensure that we monitor the social impact from our development activities to deliver targeted outcomes. Urban greening and biodiversity projects are currently being supported in Islington as part of early engagement for our 50 Finsbury Square, EC2 scheme and were implemented for 1 Newman Street, W1. 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'.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Strategic priorities	How we monitor and manage risk
People		
Failure to attract, develop and retain high quality, suitably experienced individuals means we may not have the necessary capability, diversity or resource levels resulting in the failure to deliver or develop our business plan.	1 Progress sustainability agenda 2 Drive innovation and change 3 Continue to grow Flex offer 4 COVID-19 response 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Regular review is undertaken of the Group's resource requirements and succession planning. – The Group has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance. – Benchmarking of remuneration packages of all employees is undertaken annually to ensure competitive financial and non-financial packages in line with market rates. – Annual personal development planning and ongoing training support for all employees together with focused initiatives to nurture potential successors, including mentoring and coaching programmes. – Clear articulation of GPE values so all existing and prospective employees understand our core beliefs and behaviours. – Board and Nomination Committee oversight of our Inclusion and Diversity strategy and new roadmap to improve the diversity of our Executive Committee. – Health and wellbeing programme implemented to support employees' physical and mental health, including through COVID-19. – Focus on people engagement with regular two-way communication and responsive employee-focused activities.
Meeting occupier 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 occupier needs. This could lead to GPE failing to deliver space and lease terms that occupiers want and/or an inappropriate mix of flex versus traditional space, resulting in poor investment returns, potentially stranded assets and losing occupiers to competitors.	1 Progress sustainability agenda 2 Drive innovation and change 3 Continue to grow Flex offer 4 COVID-19 response 5 Deliver and lease the committed schemes 6 Prepare the pipeline	– Quarterly review of individual property business plans and the market more generally, including review of property IRRs. – Portfolio Management quarterly updates to the Executive Committee with reporting at each scheduled Board meeting. – 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 occupiers to understand their occupational needs and requirements with a focus on retaining income, including through meetings and regular occupier surveys which help us track our Net Promoter Score. Executive Committee members meet with our top 20 occupiers at least once a year. – Our Director of Workplace and Innovation is responsible for keeping the Board up to date on market developments and incorporating innovation in the GPE portfolio. – Board annual strategy review, including market updates received from third parties.
Poor capital allocation decisions		
We make poor decisions regarding the allocation of capital such that we buy, sell, hold or develop the incorrect buildings resulting in inadequate investment returns.	1 Progress sustainability agenda 2 Drive innovation and change 3 Continue to grow Flex offer 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, Development and Leasing quarterly updates to the Executive Committee with reporting at each scheduled Board meeting. – 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	The motivation of our people and maintaining our strong collaborative culture remains fundamental to the delivery of our strategic priorities. During the year, the strength of our values and appeal of our culture was highlighted with our most recent employee pulse survey showing 95% of our people would "recommend GPE as a great place to work". We continue to develop our talent from within and we were delighted to promote Janine Cole to the Executive Committee this year, in addition to making several other internal promotions to the Senior Management Team. Following our achievement of the National Equality Standard accreditation in April 2020, we continue to implement initiatives to progress our Inclusion and Diversity strategy, with valuable participation from our Non-Executive Directors. In November 2020, the Nomination Committee approved our Inclusion and Diversity Roadmap which sets a clear priority to improve the diversity of the Executive Committee. During a challenging year, the physical and mental wellbeing of our people has been a key priority. Accordingly, we took the opportunity to formally review the wellbeing programme, which we launched in 2019, to focus on the physical and mental health, work-life balance and financial wellbeing of our people. We have also 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. Our employee retention remains high at 91% and we continue to focus on growing the breadth, depth and diversity of our talent, providing focused development support where needed.
No change	We have had another busy year of leasing, completing 27 new lettings and securing £12.9 million of rent at a 2.4% premium to March 2020 ERVs, whilst continuing the successful roll-out of our flexible space offering. Over the past 12 months, our flexible office space has increased from 219,600 sq ft to 266,700 sq ft, or 13.2% of our office portfolio, and we are also currently appraising a further 134,100 sq ft of flexible space across the portfolio. This year we also delivered 16,300 sq ft of new Flex+ space at 16 Dufour's Place, W1, which provides occupiers with added service provision as well as communal facilities such as a courtyard and ground floor café. To date the building is already 71% let or under offer. Based on our successes to date at 16 Dufour's Place, we are rolling out our Flex+ offer to a further six buildings to capture the growing demand for this innovative offer in prime locations. We continue to design and innovate in the areas of sustainability, technology, wellbeing and service provision to meet evolving occupier needs. We were very encouraged by this year's independent customer satisfaction survey which updated our understanding of how our occupiers view their buildings and the services we provide. Encouragingly, our Net Promoter Score increased from +25.3 in 2020 to +42.0 in 2021, materially ahead of our peer group average of -6.1.
Increased	Capital allocation risk has increased in view of uncertain and potentially volatile market conditions. With limited availability of attractively priced acquisition opportunities and the depth of opportunity in our existing portfolio, we made no acquisitions in the year. However, taking advantage of strong investor demand, we made sales of £16.0 million in the year. We also committed to the substantial repositioning of 50 Finsbury Square, EC2 which is due for completion in mid-2022.

Our approach to risk continued

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, 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 may increase compliance and development costs and/or risks of non-compliance.	1 Progress sustainability agenda 2 Drive innovation and change 4 COVID-19 response 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 site health and safety checks are undertaken by Executive Committee members, Development and Project Management team members and third parties. – 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. – 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 could lead to business or network disruption within our portfolio or loss of information or occupier data. There is the potential for greater impact on Flex+ occupiers to which we provide increased infrastructure support and high risk occupiers. This may result in litigation, reputational damage, financial or regulatory penalties.	1 Progress sustainability agenda 2 Drive innovation and change 3 Continue to grow Flex offer 4 COVID-19 response 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. Our new three-year IT strategy was 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 Business Continuity 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.

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, considerable focus has been given to ensure that our buildings and development sites have remained 'COVID-19 Secure' for our occupiers, suppliers and employees. Cleaning and air quality processes were strengthened and twice weekly lateral flow testing was introduced for employees, and strongly recommended for visitors, to further support the health and safety of all those using our buildings and head office. Employee mental health and wellbeing remains a key focus. Recognising the potential impact of the pandemic across our workforce, we continued our roll-out of mental health first aider training and wellbeing webinars in addition to home ergonomic work station assessments. During the year we refreshed our Health and Safety Committee to ensure there was senior representation from across all areas of the business. We improved reporting on asset level compliance, with consultants assigning risk ratings to all assets, allowing us to better pinpoint where proactive health and safety interventions were required. With the Grenfell Tower Inquiry still in progress, and the likely legislative changes to be implemented through the Building Safety Bill and Fire Safety Bill, we are actively monitoring developments and are proactively reviewing our own fire safety practices and procedures. The Group had no 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. In our most recent employee pulse survey, 93% of respondents agreed or strongly agreed that the organisation takes health and safety seriously, whilst 88% felt that they had received the necessary health and safety training to do their jobs.
Increased	Cyber security risk has increased due to the rise in attempted cyber crime during COVID-19, combined with greater reliance on technology and increased vulnerabilities during periods of home working by employees. We have continued to invest time and resource into our cyber security measures, both in our head office and across our portfolio. During the year, a red team penetration testing exercise was completed, facilitated by PwC. The results of the exercise were considered by the Audit Committee and a number of recommended actions are now being implemented by management to further improve GPE's defences in certain areas. The Board approved a new three-year IT Strategy in March 2021, which is designed in part to further enhance our IT and cyber controls as we continue to innovate and digitise our business.

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 170.

The Group's future prospects are assessed regularly and at an annual Strategy Review in April. This review is led by the Chief Executive drawing on expertise across the Group. This year it included an assessment of the pandemic's potential impact on the macro-economic environment, 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 a number of business activity responses including development activity, sales and acquisitions.

The key outputs from this process are full forecast financial statements for a five-year 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 April 2021, 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 refinancing of the Group's debt facilities as they fall due, albeit the Group has no debt expiries in the viability period;
- estimated cash collection rates based on an occupier by occupier 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 88 to 97 above):

- **London attractiveness:** we rely on London continuing to attract global capital, businesses and talent from around the world to support demand for our properties, including the impact of post-Brexit trading relationships;
- **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 and a committed development programme which will be delivered over the next three financial years.

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 COVID-19, our assessment of viability was based on 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 office rental values by 28% from March values combined with outward yield shift of 140 basis points. When combined with further retail property value falls, over the three-year period this scenario reduced property values by around 46%. 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 scenarios over the period of the financial forecast and continue to operate with headroom above the financial covenants contained in its various loan arrangements.

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. Under this scenario, before any mitigating actions, in the three-year period rental income would need to fall by around 98% and property values would need to fall by more than 45%.

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 a significant increase 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 2024.

Governance

In this section:

Sahsha Lucak, Occupier Services Manager and Andy Jacobs, Senior Occupier Services Manager at our recently completed Hanover Square, W1 development.

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 Chairman – Board 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 104 to 115**
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 116 and 117**
Composition, succession and evaluation	Sets out the key processes which ensure that the Board and its Committees can operate effectively.	– Nomination Committee report – Composition and independence – This year's Board evaluation **See more about our approach to effectiveness on pages 118 to 124**
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 125 to 133**
Remuneration	Describes the Company's remuneration arrangements in respect of its directors and how these have been implemented in 2020/21.	– Statement by the Remuneration Committee Chair – Remuneration of directors at a glance – Annual report on remuneration – Directors' remuneration policy **See more about our approach to remuneration on pages 134 to 159**

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 2021. 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 pages 148 and 156, we have committed to align the contribution levels of the current Executive Directors with the average workforce contribution rate by the end of 2022, with any new Executive Directors to be aligned on appointment. 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 101 to 159.

Introduction from the Chairman

"During a difficult year, the GPE team has pulled together, adapted, innovated and embraced change and we have taken positive steps to position GPE to capitalise on opportunities that emerge."

Richard Mully Chairman

Dear fellow shareholder

I am delighted to introduce this year's Corporate Governance report for the financial year ended 31 March 2021.

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 have included our response to COVID-19, developing our strategy, stakeholder engagement and wellbeing, enhancing our culture through our purpose and values, developing our Roadmap to Net Zero Carbon, progressing our Inclusion and Diversity strategy and strengthening key risk management, governance and compliance processes. Further details can be found in 'What we did in 2020/21' on pages 114 and 115.

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 100. Details of how the Board has discharged its duty under section 172 of the Companies Act 2006 can be found on pages 68, 112, 114 and 115.

Board composition

As our markets and strategy evolve, so too do the skills and expertise required for our Board. As part of this year's Board effectiveness review, we identified a need to further strengthen the Board's customer service-led expertise and also our technology, digital and data skills. Search processes are currently underway for two additional Non-Executive Directors to enhance our expertise in these key areas, further details of which can be found in the Nomination Committee report on page 120.

Board effectiveness review

Following last year's external Board and Committee evaluation which was facilitated by Dr Tracy Long of Boardroom Review Limited, 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 2019/20 Board evaluation can be found on pages 122 and 123.

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

This year, we have added 'sustainable' to our purpose, such that our purpose is to 'unlock potential, creating sustainable space for London to thrive'. The development and repositioning of properties to create sustainable space for London and to enhance the environment and occupier experience, while reducing our carbon impact, is now a key driver for our business.

The Board has spent time this year considering GPE's immediate and near-term priorities in response to the COVID-19 crisis and stakeholder needs. However, with changing market dynamics, accelerated trends and evolving occupier needs, our strategy has remained a key area of focus. The Board held two strategy review sessions this year to consider how best to position GPE to maximise the opportunities we have to generate long-term sustainable value across our business and to progress further towards achieving our purpose.

As part of these discussions, we challenge our purpose and strategic 'givens' and reflect on occupiers' 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 18, 19, 32 and 33.

We remain confident that London's commercial property market has enduring appeal for occupiers and investors. As London emerges from the crisis, we expect occupiers to be increasingly drawn to best-in-class assets that offer tech-enabled, amenity rich office space with the highest sustainability and wellbeing credentials. This has been evidenced by recent pre-letting interest and GPE's significant development pipeline provides us with plentiful raw material to create prime offices for the future. The Board was pleased to approve the redevelopment of 50 Finsbury Square, EC2 in December 2020, as detailed on page 112.

Introduction from the Chairman continued

Occupier expectations for choice, flexibility and service provision are further accelerating and we have continued to develop and pivot our product offer to appeal to changing customer needs. Building on the expansion of our flexible space offering in recent years, the Board has been very encouraged by the launch of GPE's first fully fitted and managed flexible space building at 16 Dufour's Place, W1 in March 2021, with the roll-out at a further six buildings due to commence shortly. As we respond to occupier needs and seek to increase our income returns, we expect to further grow GPE's fitted and managed offer. The Board continues to actively consider investment opportunities that lend themselves to these products.

The Board has discussed the future of retail at some length. While we expect opportunities to arise in respect of prime retail assets, we continue to monitor individual asset plans and GPE's exposure to any underperforming retail assets.

Driven by our purpose, the Board has also identified sustainability as a differentiator and opportunity area for GPE, including in respect of 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.

As the relationship between owner and occupier evolves, the Board recognises the importance of a customer-led offer, as well as the role of innovation and technology in turning challenges into opportunities. With our clear purpose of unlocking potential, we are innovating across our operations and working with our communities to create sustainable space for London to thrive. The Board was pleased to approve a new three-year Workplace and Innovation strategy this year, which will focus on four pillars across our business: digitising our business; making the best use of technology; managing and using the resulting data; and continually improving workplaces. More information on this strategy can be found on page 60.

We have maintained our commitment to capital allocation and balance sheet discipline and, in November 2020, we completed a new £150 million US private placement of senior unsecured notes. At the same time, we continue to be supportive of the management team in preserving financial firepower to exploit any weaknesses in the market and to scale up in the event of a market downturn.

Stakeholder engagement and support

Building and nurturing strong working relationships with our occupiers, suppliers, JV partners, communities, local planning authorities, employees, shareholders, debt capital providers and other stakeholders is critical to our success 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.

We have engaged extensively with stakeholders during a difficult year for many, and we have sought to offer support, where appropriate, to those that have needed it during these unprecedented times.

The wellbeing of our customers and people has remained a priority, and I am delighted that our progressive culture and clear values have helped to deliver exceptionally strong employee engagement and occupier satisfaction levels. Our latest employee pulse survey in February 2021 showed an Employee Engagement Index score of 93%, reflecting high levels of overall employee engagement. Furthermore, our Net Promoter Score from this year's independent customer satisfaction survey, best translated as the willingness to recommend GPE, increased from +25.3 in 2020 to +42.0, significantly ahead of our peer group. These outcomes are a great credit to the hard work and dedication of the entire GPE team.

As we have sought to identify both short-term impacts and potential longer-term trends arising from the COVID-19 crisis, we have continued in our efforts to listen to our stakeholders in order to better understand their evolving views and to inform our longer-term decision making and strategic planning. Further details of how we engage with our stakeholders are set out on pages 47 to 53, 58 to 68 and 107 to 112.

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

Sustainability is a key priority for GPE. As well as being a moral obligation, it has become an economic and strategic imperative and has now been incorporated into our updated purpose, as explained above.

Sustainability touches everything we do and we continue to integrate ESG considerations into all of our activities. Reflecting the increasing significance of sustainability in our strategic and operational activities, we were delighted this year to support the promotion of Janine Cole to the Executive Committee as Sustainability & Social Impact Director.

During the year, the Board has received reports and updates from our Sustainability & Social Impact Director and has held detailed discussions regarding our sustainability objectives, strategy, risks and opportunities. More recently, this has included the ongoing development of our Climate Change Resilience strategy.

In November 2020, the Board was pleased to approve the launch of our Roadmap to Net Zero, building on our Sustainability Statement of Intent 'The Time is Now' launched in May 2020. Our Roadmap sets out how GPE will deliver the first pillar of our Statement of Intent, namely to decarbonise our business by 2030. As part of this process, the Board also oversaw the establishment of GPE's Internal Carbon Price of £95 per tonne and the Decarbonisation Fund which will be used to finance the reduction of emissions from our buildings, support investment in on-site renewable energy supplies and fund research into low carbon solutions, driving meaningful behavioural change across the business. Further details can be found on page 74. Updates to GPE's Sustainability policy were further approved in March 2021.

Our sustainability capital markets event in March 2021 provided an opportunity for us to discuss sustainability issues with investors and to hear their views on this important area. See page 109 for further details.

Sustainability metrics 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 135 and 143.

We have continued to oversee the delivery of our Community strategy, which has as its cornerstone four themes involving engaging with the community and suppliers:

– breaking the cycle of youth homelessness;
– improving air quality and urban greening;
– addressing the skills gap through engagement with educational initiatives; and
– mitigating the risk of modern slavery in our portfolio.

In May 2020, we were delighted to announce the creation of our COVID-19 Community Fund to support some of the most vulnerable people in our London communities. Through a combination of Board, employee and Company contributions, we were able to raise £325,000, all of which has been distributed to London-based charitable initiatives focused on supporting the COVID-19 response and recovery.

Separately, we donated a further £200,000 to charitable causes through our community and charity budget. We were pleased last year to extend our partnerships with our two charity partners, Centrepoint and Groundwork London, until April 2022 and to increase our annual donation to Centrepoint from £50,000 to £75,000 in April 2020 to support the launch of Centrepoint's emergency funding appeal in response to the COVID-19 crisis.

As we continue to focus on GPE's social impact, and to help us track the progress we make, we have taken steps this year to measure the social value we create. See page 62 for further details.

Our management of risk and opportunities

Consideration of risks is an integral part of how we operate on a daily basis and is part of any transaction appraisal. The Board also formally revisits the level of oversight and the monitoring of risks over a variety of areas including strategy, acquisitions and disposals, capital expenditure on developments, finance, people and sustainability matters twice a year. We also recognise that with risks come opportunities and, therefore, part of our Board oversight is to consider, as part of our regular Board meetings and approval of transactions, our risk appetite and to identify emerging risks and opportunities.

During the year, we specifically considered how we are addressing the risks and opportunities in a number of areas, including in relation to the COVID-19 crisis, the UK's international trade negotiations following Brexit, our flex space offering, sustainability, technology and cyber security, and health and safety.

More broadly, the Board and Audit Committee continued to oversee the implementation and enhancement of GPE's revised risk management framework and processes which were adopted in the prior year. For more on our risks, see 'Our approach to risk' on pages 84 to 97.

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 and which are available on our website at **www.gpe.co.uk/about-us/governance**. This year we have updated our Ethics policy, including to reflect our support of the principles for the UN Declaration of Human Rights and core conventions of the International Labour Organisation.

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 63 and 113.

We seek sustainable long-term, two-way relationships with our supply chain, building mutual trust to deliver exceptional results in a responsible way. We have taken the opportunity to update our Supplier Code of Conduct, which is available on our website at **www.gpe.co.uk/our-relationships/our-suppliers.** This sets out the standards we require of our suppliers to help ensure they operate ethically and responsibly. We aim to treat our suppliers fairly through prompt payment and we improved our payment performance in the year, as described on page 64.

I am delighted that the efforts of our team have been rewarded with our winning a number of awards and recognitions, including Most Innovative Property Business and Most Collaborative Property Business at the UK PropTech Awards 2020. I am also very pleased to report our achieving a gold award in relation to EPRA's 2020 Sustainability Best Practice Recommendations and green five (Development Portfolio) and four (Investment Portfolio) star ratings in relation to GRESB.

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 108 and 109, 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. Regrettably, due to the COVID-19 crisis and the need for social distancing measures, in person engagement was not possible in 2020. Shareholders were instead encouraged to raise any questions of the Board via e-mail ahead of the meeting, each of which I responded to directly. Arrangements regarding our 2021 AGM can be found in our 2021 AGM Notice.

I would like to thank all our of shareholders and other stakeholders for their continued support. During a difficult year, the GPE team has pulled together, adapted, innovated and embraced change and we have taken positive steps to position GPE to capitalise on opportunities that emerge.

Richard Mully
Chairman
19 May 2021

The Board's attendance in 2020/21

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

	Board	Audit Committee	Nomination Committee	Remuneration Committee
		See Committee report on pages 125 to 133	See Committee report on pages 118 to 124	See Committee report on pages 134 to 159
	6 Scheduled meetings[1]	4 Scheduled meetings[2]	5 Scheduled meetings	5 Scheduled meetings[3]
	100% Attendance	100% Attendance	100% Attendance	95% Attendance
Chairman[5]				
Richard Mully	●●●●●●	–	●●●●●	–
Executive Directors[4]				
Toby Courtauld	●●●●●●	–	–	–
Nick Sanderson	●●●●●●	–	–	–
Non-Executive Directors[5]				
Charles Philipps	●●●●●●	●●●●	●●●●●	●●●●●
Wendy Becker[6]	●●●●●●	● –	●●●●●	●●●●●
Nick Hampton	●●●●●●	●●●●	●●●●●	–
Vicky Jarman	●●●●●●	●●●●	●●●●●	●●●●●
Alison Rose[7]	●●●●●●	●●●●	●●●●●	○●●●●

● Board meetings attended ● Committee meetings attended

1. There were six scheduled Board meetings in 2020/21. The Board also held two strategy review sessions and additional meetings to discuss GPE's response to the impacts, risks and opportunities arising from the COVID-19 crisis, to approve the 2020 Annual Report and to consider matters of a time sensitive nature – see Board activities on pages 105, 114 and 115.
2. There were four scheduled Audit Committee meetings in 2020/21. An additional Audit Committee meeting was held on 9 June 2020 to consider the year-end audit and the 2020 Annual Report, prior to its review by the Board, under a revised timetable which was agreed in response to the COVID-19 crisis.
3. There were five scheduled Remuneration Committee meetings in 2020/21. There were two unscheduled Remuneration Committee meetings held at shorter notice during the year.
4. 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.
5. Non-Executive Directors (including the Chairman), where not a member of a Committee, have a standing invitation to attend meetings of that Committee where appropriate.
6. Wendy Becker stepped down from the Audit Committee on 9 June 2020, following the signing of the 2020 Annual Report. Wendy has an open invitation to attend Audit Committee meetings where appropriate.
7. Alison Rose was unable to attend the Remuneration Committee meeting held on 8 April 2020 due to a scheduling conflict with a material business commitment. Alison received papers in advance and was able to provide comments to the Chairman of the meeting.

Board activities

The Board typically meets for scheduled Board meetings six times a year in addition to an annual strategy review session. An additional Board meeting was held in place of the April 2020 strategy review session to discuss the Company's response to the COVID-19 crisis. Further ad hoc meetings were also held in the year to consider management updates and the impacts, risks and opportunities arising from the COVID-19 crisis. The planned April 2020 strategy review session was postponed following the outbreak of the COVID-19 pandemic and the Board subsequently held two strategy review sessions during the year, one in September 2020 and the second in March 2021. The Board also meets as necessary to consider matters of a time-sensitive nature, as it did for example in July 2020 to approve a US debt private placement of senior unsecured notes.

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.

2020/21	July	September	November	January	March/April	May
Purpose, strategy and implementation						
Purpose and strategic review, discussion and setting of business plan	●	○	●	●	●	●
Chief Executive's report including market conditions dashboard, operational parameters, investment market and propositions, 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, finance initiatives, debt and equity markets update and operational matters including health and safety, HR, ESG, IT and occupier watch list	●	●	●	●	○	●
Shareholder analysis and/or investor relations updates	●	○	●	●	●	●
(Board property tours postponed during the period due to COVID-19)	–	–	–	–	–	–
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, occupiers, 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, Ethics, Whistleblowing and Gifts and Hospitality policies	○	●	○	○	●	○
Evaluation						
Board evaluation	○	○	○	●	○	○
Conflicts of interest	●	●	●	●	●	●

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 114 and 115.

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

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

Our purpose, strategy, values and culture

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

The Board sets our strategy and strategic priorities to align with our purpose, which informs our decisions regarding our acquisition, repositioning, operation or sale of properties. In line with our updated purpose, we see sustainability as an economic and strategic imperative. The progression of our sustainability agenda and maximising the opportunities this presents to differentiate our product has become a strategic priority for our business.

Our purpose is underpinned by our values and behaviours, which define who we are and how we act. In 2019, following a Board sponsored and employee-driven initiative, the Board oversaw the launch of 'Together We Thrive', which articulated our purpose, values and the underlying behaviours by which we measure our values to preserve and strengthen our culture for the future. 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, including as 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. Our entrepreneurial, creative, pragmatic and open culture, which places a strong emphasis on cross-disciplinary teamwork, analytical rigour and collaboration to drive results for our stakeholders, has been the key to our success. As we innovate and adapt in a fast-changing market to deliver our sustainability, technology and flexible space ambitions, our culture has never been more important and we must therefore work hard to preserve it. Read more about our culture, values and behaviours on page 47.

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 the Senior Management Team. 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, twice-yearly employee engagement sessions, Board and Committee presentations, property tours and other meetings and engagements throughout the year (see 'Engaging with our employees' on pages 110 and 111 for more details). While in-person meetings have not always been possible during the pandemic, these interactions have largely continued, albeit on a virtual basis;
- '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 inclusion and diversity 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 occupier 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 values-based initiatives are planned or underway to help further drive the right behaviours through our activities. These include:

- 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 our new performance review process which places greater emphasis on 'how' objectives are achieved and which is designed to further distinguish exceptional performance.

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 Chairman 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 (and in 2020 when an in-person AGM was not possible, all shareholders were given the opportunity to raise questions of the Board by e-mail). 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 (when possible), 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.
Occupiers	Board papers include regular updates on occupier engagement activities, including feedback from occupier 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 occupier surveys. External presenters also present to the Board from time to time on occupier trends and market research and developments. While property tours were postponed in the year due to the COVID-19 pandemic, the Board hopes to meet with occupiers where possible when its cycle of property tours resumes.
Communities	Our Community strategy, which is designed to create sustainable relationships with our London communities, is set by the Board with implementation overseen by our Communities and Charities Committee which is chaired by the Chief Financial & Operating Officer. The Board receives regular updates on activities and initiatives, which this year has included the allocation of funds from the COVID-19 Community Fund and the measurement of the social value we create.
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.
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.
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.

We have engaged extensively with stakeholders throughout the pandemic. 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:

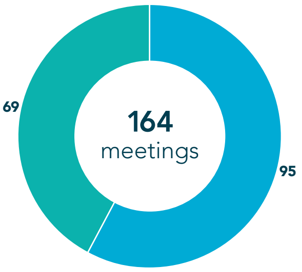
Our stakeholder relationships on pages 58 to 68
Our culture and people on pages 47 to 53
Our approach to risk on pages 84 to 97
Engaging with our investors on pages 108 and 109
Engaging with our employees on pages 110 and 111
Impact of engagement on Board decisions on page 112
What we did in 2020/21 on pages 114 and 115

Leadership and purpose continued

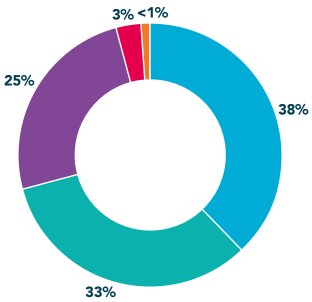
Engaging with our investors

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 2021



See more detail about our largest shareholders on page 162

Sustainability indices 2020/21

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:

GRESB REAL ESTATE

FTSE4Good

ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Europe

CDP DRIVING SUSTAINABLE ECONOMIES

EPRA

What we did in 2020/21

2020

April/May
- Virtual roadshows: London, Holland
- Equity sales force meetings x1

June
- Virtual roadshows: US
- Virtual conference: Morgan Stanley (London)
- Equity sales force meetings x1

July
- Annual General Meeting

September
- Virtual Conferences: BAML (New York), EPRA

November
- Virtual roadshows: London, Netherlands
- Virtual conferences: Goodbody (London)
- Equity sales force meetings × 1

December
- Virtual roadshow: US
- Virtual conference: UBS (London), HSBC (South Africa), JPMC (London)

2021

January
- Virtual conference: Barclays (London)

March
- Conferences: Citi (US), BAML (London)
- Sustainability capital markets event
- Equity sales force meetings x1

200+

Investors met during the year

"Our transition to a virtual IR programme was seamless and did not limit our activity. However, we greatly miss meetings in person and hope to get back to face-to-face meetings later this year."

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

In an unusual year, all of our engagement with our shareholders was conducted from a distance, as COVID-19 prevented physical meetings and international travel. Whilst we missed meeting key investors in person, it did not limit our activity. The Executive Directors and senior management had virtual meetings with shareholders and potential shareholders from more than 200 institutions during the year. This included participating in ten virtual industry conferences, which provide the management team with the ability to meet a large number of investors on a formal and informal basis, six virtual roadshows to meet with investors from London, the US and the Netherlands and we held a sustainability capital markets event in March 2021. We actively seek feedback after every roadshow which is provided to the Board on a regular basis.

A number of common topics were raised during our meetings with shareholders, including:

- our view on the markets in which we operate;
- the impact of COVID-19 on the demand for our spaces, the health of our occupiers and cash collection;
- the growing importance of sustainability on occupier and investor demand;
- the prospects for retail space given structural changes in the sector; and
- changing occupier 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 sustainability 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 virtual roadshows in London, the US, Amsterdam and Paris and attending the Kempen, Goldman Sachs and Morgan Stanley Conferences. We are hopeful that we will be able to return to physical meetings later this year and will be able to hold a capital markets day, in person, in the first quarter of 2022.

Governance

Sustainability capital markets event

In March 2021, given the increasing focus of investors on sustainability issues, we held a virtual sustainability capital markets event to set out the key sustainability issues for our business and how we are responding.

The event covered a range of topics including occupier expectations, embodied carbon, technology, energy intensity and evolving legislation.

8 GPE team members

Eight members of the GPE team took part in the virtual presentation which also incorporated a live Q&A session.

160 participants

We had around 160 participants on the call, with good levels of interaction, and feedback from the event was positive.

Leadership and purpose continued

Engaging with our employees

Being a relatively small company of approximately 120 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 the Board 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 Heads of Department. 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 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. This year's sessions were led by Charles Philipps in July 2020 and by Wendy Becker in March 2021, each of which are described below.

An audience with Charles Philipps

The first of our virtual 'Audience with…' sessions this year was held with Charles Philipps at the end of July 2020, hosted by Robin Matthews, our Investment Director.

Robin opened the session by exploring Charles' career working overseas in banking before returning to the UK to work in the insurance industry and becoming CEO of MS Amlin plc.

Employees were interested to hear about Charles' experience in dealing with crises. Charles discussed the value of disruptive thinking and using a crisis as an opportunity to revisit working practices, to embrace change, to be brave and to innovate.

Charles responded to employee questions about his role as GPE's Senior Independent Director and the wider role of the Board, and reflected on what stood out for him at GPE, including its level of professionalism, dynamism and energy, whatever the circumstances.

Charles discussed how GPE's culture had grown in strength, supported by a continuous focus on GPE's values and wider initiatives around diversity and inclusion, sustainability and stakeholder engagement.

There was an opportunity to share views on some of the key challenges faced by GPE before Charles concluded, responding to questions about his role as Chairman of the Outward Bound Trust and the importance of social impact.

The event was well received and was attended by over 80% of employees.

"A fascinating insight into the role of a Non-Executive Director and a fantastic opportunity to hear and discuss views on some really important subjects."

Adi Gokal
Corporate Finance Manager

In addition to these arrangements, direct Board engagement with employees during the year has included the following:

- presentations made to the Board by the Executive Committee team at scheduled and ad hoc Board meetings;
- Board presentations and Q&A sessions by Heads of Department and other employees on key matters including cyber security, health and safety, sustainability, financing, leasing, investor relations, inclusion and diversity and corporate governance;
- Vicky Jarman attending our virtual all-staff Sustainability event in October 2020 and Richard Mully attending our virtual sustainability capital markets event with employees, shareholders and analysts in March 2021;
- 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. Richard Mully attended our April 2020 Quarterly Review, which was held via video-conference due to the pandemic, to hear employee views and to share the Board's perspectives on events; and
- throughout the year, in response to the implementation of remote working arrangements during the COVID-19 crisis, all employees have been invited to attend a weekly update call every Monday morning, led by our Chief Executive, to discuss key developments and concerns.

Unfortunately, our usual schedule of Board property tours has been postponed during the COVID-19 pandemic. These visits provide the Board with a useful opportunity to discuss matters with members of our Development, Project Management and Occupier and Property Services teams and it is hoped they can be resumed shortly.

While the impact of COVID-19 has presented operational challenges for all businesses, we have adopted a number of initiatives and activities to maintain levels of employee engagement, wellbeing and feedback throughout the pandemic and to ensure we have been able to support our people during this unprecedented period.

See more on pages 47 to 53

An audience with Wendy Becker

The second of our virtual 'Audience with…' sessions was held with Wendy Becker in March 2021, hosted by Darren Lennark, our General Counsel & Company Secretary.

During the session, Wendy discussed the COVID-19 crisis as a catalyst for change. Wendy was able to share the Board's perspective on trends arising from the pandemic, and the impacts and opportunities for the real estate industry and for GPE.

Given Wendy's technology expertise, employees were particularly keen to discuss how technology might impact the industry, future workplace needs and occupier demand, and how GPE could adopt technology to develop its understanding of customers and service provision and gain a competitive advantage.

In a month in which we celebrated International Women's Day, there was an engaging discussion on inclusion and diversity during which Wendy was able to share some of her own experiences and consider feedback regarding the need to further progress GPE's Inclusion and Diversity strategy, including in areas beyond gender diversity. This feedback will be taken forward in the Board's inclusion and diversity discussions.

Wendy also discussed and answered questions regarding her position as Chair of the Remuneration Committee. Topics covered included GPE's principles of remuneration and their consistent adoption across the business, the rationale for recent changes to the directors' remuneration policy, the new annual bonus methodology to apply to all employees from 2021/22 and the wider remuneration environment.

Despite being a 'virtual' session, it proved to be an engaging and interactive event during which employees were able to ask questions and share views across a broad range of topics. The event, which received positive feedback, was attended by over 80% of employees, as well as by the Chairman and other members of the Board.

Board consideration of stakeholder interests and s.172(1) matters

Impact on decisions

Some examples of how the Board has considered stakeholder interests and s.172(1) matters in its decision making in 2020/21 are set out below and in 'What we did in 2020/21' on pages 114 and 115. Further details on our stakeholder engagement, and our response, can also be found on pages 47 to 53 and 58 to 68.

Investment in GPE's flexible space offer

The Board has regard to stakeholder views as an integral part of its strategy discussions. During the year, the Board considered the advancement of GPE's Flex product, supporting the launch of GPE's first fully fitted and managed building at 16 Dufour's Place, the planned roll-out at a further six buildings and further investment in GPE's flexible space offer.

To better understand occupier demands and market trends, the Board received updates from meetings with occupiers, presentations from agents and flexible space operators and feedback from occupier and market surveys. This included direct feedback from occupiers within GPE serviced offices looking to expand into larger flexible space with greater amenities. This feedback supported a need to meet greater occupier demand for increased flexibility and service provision.

The Board considered the benefit to shareholders, who often discuss returns with us, of increasing the proportion of fitted and managed space in the portfolio. It was discussed that the provision of additional amenities and services could allow GPE to generate higher income per sq ft at appropriate buildings and deliver a more balanced total return.

From an employee perspective, it was considered how a model offering increased services would support employee development and progression opportunities with the strengthening of customer service skills and related expertise.

It was concluded, having regard to stakeholder interests, that the further development and roll-out of GPE's Flex operating model was likely to generate long-term value for stakeholders. At the same time, it would provide further opportunity to innovate across our operations and work with our occupiers and communities to create sustainable space for London to thrive.

See more on page 40

Redevelopment of 50 Finsbury Square, EC2

In considering the proposed redevelopment of 50 Finsbury Square, the Board debated the merits of the proposed refurbishment versus alternative business plans, including the sale of the asset. Given the strength of the investment market, the Board discussed whether an immediate sale could generate a faster profit, thereby providing more immediate returns. Against this prospect, the Board considered prospective higher development returns, leasing, rental and yield assumptions, and stakeholder impacts.

The Board considered recent occupier and agent feedback and research on changing workplace needs, which had highlighted strong occupier demand for best-in-class offices in terms of flexibility, amenity, technology, wellbeing and sustainability. 50 Finsbury Square has been designed to deliver in each of these areas and in a prime London location.

In terms of wider benefits, it was discussed that the scheme would significantly reduce operational energy consumption and carbon emissions at the building and deliver on all four pillars of our Sustainability Statement of Intent, while the internal carbon price applied to the embodied carbon output of the scheme would also seed GPE's Decarbonisation Fund. In addition to these benefits for the local area, a contribution via GPE's charity partner, Groundwork London, would also serve to improve air quality for schools within the London Borough of Islington.

The impact for the Group's employees was also considered, noting that the scheme would offer employees both development and innovation opportunities and further drive momentum in the business.

Having weighed up the balance of risks and potential returns, it was concluded that the redevelopment scheme stood to generate potentially higher financial returns than a sale, albeit over a longer period. After taking into account the wider stakeholder interests and benefits, it was decided that investing in the scheme was likely to generate longer-term sustainable value while allowing GPE to exhibit its sustainability, wellbeing and technology credentials.

See more on page 71

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 Organisation. Whilst we do not have a standalone human rights policy, 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, which was updated in March 2021, 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 2020, 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 for the year in relation to human rights, anti-corruption, anti-bribery and fraud matters include our Ethics, Whistleblowing, Gifts and Hospitality, Use of GPE Suppliers, Conflicts of Interest and our Inside Information and Share Dealing policies. All new employees receive one-to-one training on these policies as part of their induction process. A formal compliance statement relating to these policies is required to be signed-off by employees annually with any matters of concern reported to the Audit Committee. There were no significant matters to report to the Audit Committee in relation to these policies in the year ended 31 March 2021. The Audit Committee also reviews our Whistleblowing, Ethics and Gifts and Hospitality policies and processes annually. Our Ethics and Whistleblowing 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 introduced a formal Anti-Money Laundering policy in May 2019 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 recused 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 Chairman 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 Chairman, 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, in times when this is possible, 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, including post-Brexit risks; the transforming world and global megatrends post-COVID; industry themes and developments; the global and UK real estate investment market and real estate investor feedback; the future of the office; the flexible space market and GPE's flexible space offer; property technology; health and safety; climate change and sustainability matters; cyber risk management; 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.

What we did in 2020/21

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 2020. You can read our s.172(1) statement on page 68.

2020

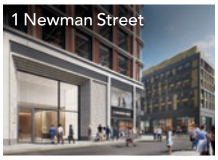
Strategy, governance, risk and opportunity management

April

- Discussion of impacts and response to COVID-19 crisis with external presentations on the macro environment and the UK real estate market
- Review of updated financial forecasts and scenario models
- Discussion of Board evaluation findings and recommendations
- Review of IT, cyber and health and safety governance, risks and controls
- Review of enhanced risk management framework and in-depth review of GPE's principal risks

May

- Review of short-term challenges and longer-term opportunities in the flexible space market
- Approval of a significant pre-letting at 1 Newman Street and 70/88 Oxford Street to Exane SA


1 Newman Street

- Review of activities being undertaken in relation to the development pipeline, including COVID-19 and Brexit considerations
- Discussion of occupier rent collection, arrears and delinquencies and rent collection approach
- Received an update on a recent health and safety incident and a review to enhance procedures
- Approval of GPE's updated risk management framework

June/July


Walmar House

- Approval of a rent review at Walmar House with Richemont

See more on page 41

- Updated on Executive Committee 'Away Day' and discussion of key themes to be addressed as part of the 2020 Strategy Review, including on the changing nature of the office, occupier demands, retail market changes, the shape of the economic recovery, short-term trends and longer-term impacts and opportunities
- Approval of Wendy Becker's proposed appointment to Oxford University Council
- Considered potential opportunities arising from reforms to the 'Use Classes Order'
- Discussion of development sustainability initiatives including initial studies at New City Court and 2 Aldermanbury Square to reduce embodied carbon and increase operational carbon efficiency
- Authorised a new US debt private placement of senior unsecured notes in view of favourable market conditions

See more on page 83

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

April

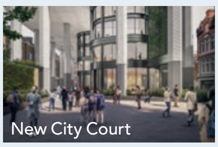
- Consideration of stakeholder engagement and support during COVID-19 crisis including in relation to: revised rental payment arrangements as appropriate; the continued operation of occupied buildings and development sites; maintaining payments to suppliers; employee wellbeing; and supporting our communities through Centrepoint and the creation of the GPE Community Fund

See more on pages 47 to 53 and 58 to 67

- Review of shareholder feedback following the April trading update regarding the risks and impacts of COVID-19 on rent, retail and dividends
- Review of the recommended actions arising from the recent occupier satisfaction survey, including in relation to building functionality, common areas, communications and brand awareness
- Noted feedback from senior management strategy and 'Living Our Values' session, including on strength of culture and exploring new business and marketing opportunities

May

- Discussed prioritising staff morale and wellbeing and planned staff surgeries to obtain employee feedback on returning to the office
- Approval of Sustainability Statement of Intent
- Support given for the launch of a 'Return to the Workplace' playbook to support occupiers and an occupier survey to gain further insight on their preparedness
- Following supplier feedback, authorised support to key development contractors to preserve quality, timetable and safety of programmes
- Update on discussions with stakeholders on planning matters at New City Court


New City Court

- Discussion of achievement of the National Equality Standard and further initiatives to increase diversity

See more on pages 51 and 52

June/July

- Consideration of rent collection update and discussions with occupiers. Approved a revised rent concession approvals process to expedite decision making and occupier support where appropriate
- Review of launch and headline results of employee pulse survey to ascertain employee views on wellbeing and returning to the office. Discussion of feedback regarding agile working for further consideration
- Review of feedback from investor meetings following the year-end results, including on cash collection, the need for flexibility during uncertain market conditions, acquisition opportunities, health and wellbeing and sustainability
- Discussed positive feedback from occupier survey, with the 'Return to the Workplace' playbook, team communication and shared protocols having been well-received. Agreed that feedback to increase bike storage provisions and shower facilities be considered further
- Consideration of reports from institutional shareholder advisory bodies and their voting recommendations in connection with the AGM
- Discussion of feedback from planners regarding the height and massing of the 2 Aldermanbury Square scheme and possible design revisions
- Discussion of feedback from joint venture partners and agreed to a proposed covenant waiver prior to subsequent repayment of the third-party secured debt in GVP
- Discussion of Inclusion and Diversity Roadmap to improve Executive Committee diversity

See more on page 121

- Received an update on the West End retail market

Consideration of stakeholder engagement and

2021

September

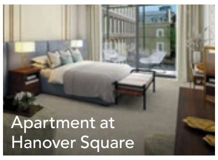
– Discussion of the development of GPE's flexible space product and operating model in response to market trends and occupier demand
– Review of the investment market and potential acquisition opportunities
– Discussion of Brexit preparedness, opportunities and risks, for GPE and for London
– Approval of a proposed surrender and new letting of a property on Regent Street
– Consideration of a 100-day review from GPE's new Head of Health and Safety and ongoing activities to enhance GPE's health and safety culture and processes
– Approval of repayment of the third-party secured debt in GVP

See more on page 45

– Discussion of GPE's climate change risks and mitigations, including development of our Roadmap to Net Zero and carbon offsetting strategy

November

– Consideration of GPE's asset sales and investment strategy
– Discussion of sales agreed on all six residential apartments in our Hanover Square development


Apartment at Hanover Square

– Approval of extension of the Group's Revolving Credit Facility for one year in accordance with its first one-year extension option, extending the availability of a flexible source of debt on agreeable terms
– Considered the outcome of an external health and safety investigation and the finding of no breach of health and safety legislation by GPE, along with GPE internal actions to enhance procedures
– Discussion of cyber security and the results and recommendations following a PwC-facilitated red team penetration testing exercise with management

December/January

– Approval to proceed with the redevelopment of 50 Finsbury Square to deliver a 'best-in-class' development scheme


50 Finsbury Square

See more on pages 71 and 112

– Discussion of key themes, risks and opportunities to be addressed as part of the March 2021 strategy review
– A deep dive presentation into the development of GPE's flexible space operating model, and its opportunities and risks
– A review considering the future of West End retail, big picture themes and short-term trends
– Approval of Vicky Jarman's proposed appointment as a Non-Executive Director of Entain plc
– Consideration of fire safety matters and a review of the portfolio against certain post-Grenfell recommendations

February/March

– Discussion of IT and cyber governance and risk management and approval of a new three-year strategy
– Approval of our new three-year Workplace and Innovation strategy

See more on page 60

– Discussion of sustainability and climate change risks and activities, including the ongoing development of GPE's climate change resilience and health and wellbeing strategies
– Approval of updated Health and Safety Policy Statement
– Approval of a lease surrender and major new letting on Regent Street
– Discussion of Flex+ roll-out, including at 16 Dufour's Place


16 Dufour's Place

See more on page 40

September

– Discussed feedback from occupier 'Return to the Workplace' surgeries held for all portfolio buildings and the resulting commencement of an outreach programme to support the use of the sesame™ app and its contactless entry functionality
– Review of detailed results of July 2020 employee engagement survey and discussion group feedback. Supported actions to be taken in response, including return to the office re-induction training, personal health assessments for all staff and a review of GPE's flexible working policy

See more on page 49

– Update on planning authority and local community engagement regarding development schemes, including feedback on proposed schemes at Piccadilly and Kingsland & Carrington House
– Approved head office changes to support staff wellbeing and confidence in the office
– Discussed partnering with occupiers and suppliers on delivery of carbon commitments
– Approval of GPE's 2020 Modern Slavery Statement

November

– Approval of our Roadmap to Net Zero, internal carbon price and Decarbonisation Fund to support the decarbonisation of the Group. Agreed to hold a sustainability capital markets event in spring 2021 to discuss initiatives with investors and analysts

See more on page 74

– Consideration of feedback in respect of GPE's co-working partnerships and the provision of GPE support
– Discussion of positive progress against targets for the prompt payment of suppliers and opportunities for further improvements
– Updated on the launch and roll-out of version 2 of the sesame™ app to all portfolio buildings
– Consideration of discussions with freeholders in respect of development pipeline buildings
– Approval of the interim dividend

December/January

– Discussion of the progress being made against GPE's Inclusion and Diversity Roadmap
– Review of feedback from meetings with institutional investors during a virtual roadshow in November 2020, including in respect of future working practices, rents, retail, the development pipeline and sustainability matters
– Considered planned actions to strengthen the occupier experience, including improved occupier service manager engagement, service charge process improvements and further actions arising from the 2021 occupier satisfaction survey
– Noted an update on relationships with GPE's JV partners
– Discussion of opportunities to enhance supplier engagement reporting, including in relation to technology advancements in the construction industry

February/March

– Approval of updated Sustainability Policy and governance of GPE's Decarbonisation Fund
– Approval of our new Supplier Code of Conduct governing our supplier relationships

– Discussion of February 2021 employee pulse survey results and actions to enhance mechanisms for speaking up on wellbeing and mental health

See more on page 50

– Discussion of development of GPE's social impact strategy and measuring value
– Updated on the headline results of the recent occupier satisfaction survey

See more on page 59

support in response to the COVID-19 pandemic

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 105 to 115
See biographies of the directors on pages 54 and 55
See the division of responsibilities of the directors on page 117

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 125 to 133
See risk management report on pages 84 to 97

Remuneration Committee

- five 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
- reviews wider workforce pay policies and alignment of incentives with culture
- approves the Directors' remuneration report

See Directors' remuneration report on pages 134 to 159

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 118 to 124

Management Committees

Executive Committee

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

See Strategic Report on pages 1 to 98

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

Community and Charity Committee

- meets four times a year
- oversees the implementation of the Group's community strategy
- ensures that charitable donations made are in accordance with the Group's charitable donations policy

See Strategic Report on pages 1 to 98

The division of responsibilities of the directors

The Board currently comprises the Non-Executive Chairman, two Executive Directors and five independent Non-Executive Directors and is supported by the General Counsel & Company Secretary. The Chairman 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 Chairman. 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 weekly 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 Chairman on matters of corporate governance.

Each year the Schedule of Board Responsibilities and terms of reference for the roles of Chairman, Chief Executive and Senior Independent Director are revisited by the whole Board and are available on the website at **www.gpe.co.uk/about-us/governance**.

Roles and responsibilities of the directors:

Chairman	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 Chairman, 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 the 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 Communities and Charities Committees and has Board responsibility for health and safety.
Senior Independent Director	Charles Philipps	Charles acts as a sounding board for the Chairman, leads the other independent Non-Executive Directors in the performance evaluation of the Chairman 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 Chairman succession process, working closely with the Nomination Committee.
Non-Executive Directors	Wendy Becker Nick Hampton Vicky Jarman Alison Rose	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 and Nick Hampton are responsible for leading the Remuneration Committee and Audit Committee respectively. Each Committee Chair seeks engagement with shareholders, as appropriate, on significant matters relating to their areas of responsibility.

Composition, succession and evaluation

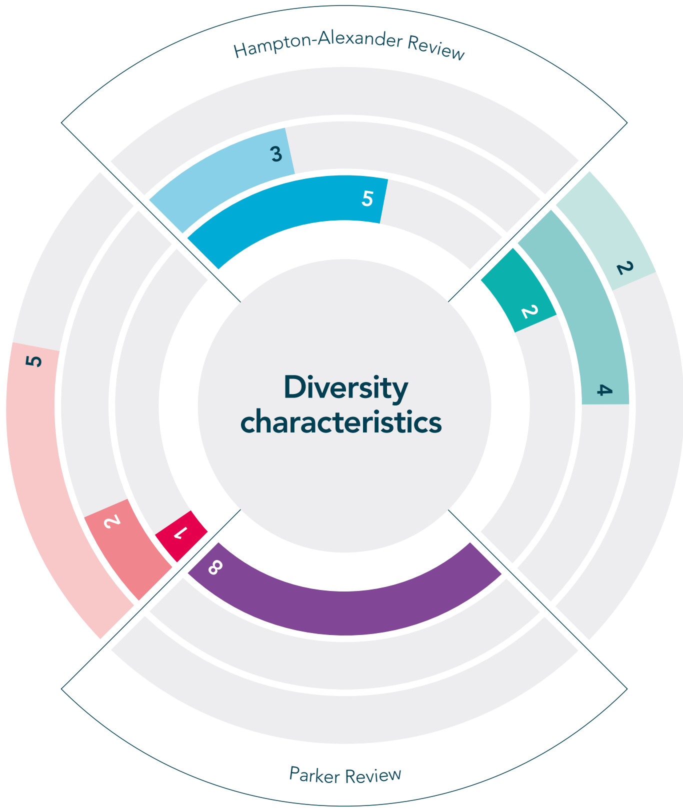
Board composition and diversity

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

The biographical details of the directors can be found on pages 54 and 55 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 at GPE and our Inclusion and Diversity strategy can be found on pages 51 and 52.

Board diversity and tenure



Gender
- Male
- Female

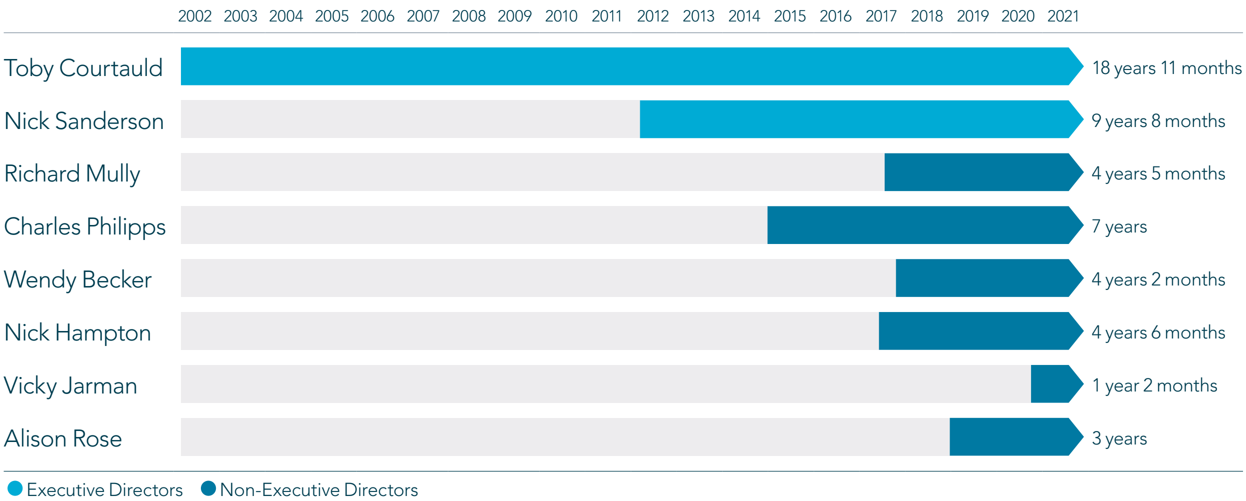
Age
- 45-50
- 51-56
- 57+

Ethnic group
- White

Board balance
- Chairman
- Executive Directors
- Independent Non-Executive Directors

	Support	Meet
Hampton-Alexander Review	✓	✓
Parker Review	✓	

Directors' tenure (as at 31 March 2021)



Nomination Committee

Nomination Committee members and attendance at scheduled meetings in 2020/21

Chairman	
Richard Mully	5/5

Members	
Charles Philipps	5/5
Wendy Becker	5/5
Nick Hampton	5/5
Vicky Jarman	5/5
Alison Rose	5/5

Further details regarding Committee memberships, meetings and attendance can be found on page 104.

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. Throughout the year, the Nomination Committee comprised the Chairman of the Board, Richard Mully, and each of our five independent Non-Executive Directors, namely Charles Philipps, Wendy Becker, Nick Hampton, Vicky Jarman and Alison Rose.

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 and Nick Sanderson were invited to attend Nomination Committee meetings to provide the Committee with updates on human resourcing, inclusion and diversity activities and succession planning and to provide their input into the succession planning process for Non-Executive Directors.

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. Since last year, the Board has carefully considered the appointment of Wendy Becker as a member of the Oxford University Council and the appointments of Vicky Jarman as a Non-Executive Director of Entain plc and, from 1 June 2021, Melrose Industries plc. Vicky has confirmed that she will be stepping down from the board of Signature Aviation plc following completion of that company's acquisition, expected in June 2021. The Board was satisfied that these changes would not impact Wendy 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

"This year our focus has been on Non-Executive Director recruitment, oversight of wider succession planning and the progression of our inclusion and diversity agenda."

Richard Mully Chairman 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 2021. This year our focus has been on Non-Executive Director recruitment, oversight of wider succession planning and the progression of our inclusion and diversity agenda.

Board composition

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.

The impacts of COVID-19 have accelerated a number of trends in our markets. As our strategy evolves and we intensify our focus on customer service and technology, this year's Board evaluation process highlighted the need to strengthen the Board's skills in these key areas.

The Committee unanimously agreed to replace our prior search, for an additional Non-Executive Director with traditional property experience, with searches for two additional Non-Executive Directors to bring a combination of customer service and technology, digital and data expertise. Following confirmation that they would not be conflicted, we appointed Russell Reynolds to help with these searches. Russell Reynolds has no connection with the Company or any individual directors other than to assist with Executive and Non-Executive succession planning and appointment processes. The search processes are ongoing and we hope to announce these further appointments in due course.

Following the appointment of Vicky Jarman to the Board and its Committees in February 2020 and a review of our Board Committee memberships, Wendy Becker stepped down as a member of the Audit Committee with effect from 9 June 2020, following the signing of the 2020 Annual Report and financial statements. Wendy continues to have an open invitation to attend Audit Committee meetings where appropriate.

Succession planning and talent development

During the year, in addition to the Board process described above, we have considered the development plans and succession planning for Executive Directors as well as for members of the Senior Management Team. 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 over different time horizons, retention and succession planning risks, personal development needs and the promotion of inclusion and diversity.

Recognising and developing our top talent is key to ensuring that we have a healthy and diverse pipeline of current and potential future leaders. This year, we were delighted to endorse the promotion of Janine Cole to the Executive Committee as Sustainability & Social Impact Director. Sustainability has been added to our purpose this year and Janine has been instrumental in driving GPE's sustainability and community initiatives. Janine's experience will be invaluable to the Executive Committee given the increasing significance of these areas in our strategy and operations. More recently, Martin Quinn was promoted to Head of Technical Project Delivery and Senior Project Manager to help GPE continue to deliver some of the best schemes in London.

We have further strengthened our senior team through a number of important external hires in the year, including the appointments of Darren Lennark as our General Counsel & Company Secretary, Rebecca Bradley as our Head of Property Services and Anisha Patel as our Head of Marketing.

The Board and Committee remain focused on talent planning and the development of a diverse succession pipeline. Further details on GPE's talent development programme can be found on pages 47 to 53.

Our approach to inclusion and diversity

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, both now and in the future. Our inclusive culture provides a solid foundation for our approach to diversity, both of the Board and the wider business.

The Committee continues to oversee progress against our Inclusion and Diversity strategy which was launched in October 2019. In April 2020, following the implementation of a phased action plan, we were delighted to achieve the externally moderated National Equality Standard accreditation. We have further strengthened our talent development, mentoring and coaching programmes to offer opportunities to colleagues from all backgrounds. We have also continued our Executive Committee Rotating Seats programme, which has been successful in introducing further diversity to our Executive Committee while helping individuals to develop their skills and their careers, supporting our strategy to create a more diverse talent pipeline. We have continued to provide inclusion and diversity training opportunities for all employees and to raise awareness, appointing inclusion and diversity champions from across the business and introducing programmes such as racism workshops and documentary clubs. We have also signed-up to important external initiatives including the 10,000 Black Interns Programme and the Real Estate Balance Network.

While the Nomination Committee continues not to set specific representation targets, our policy on recruitment is that 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, we are pleased to have seen the positive benefits of this approach, with women today representing 37.5% of the Board's composition, in line with the recommendations of the Hampton-Alexander Review. Over the past two financial years, 71% of all internal promotions and new hires into the Senior Management Team and Executive Committee have been women and, as at 31 March 2021, women represented 40% of the Senior Management Team below the Executive Committee. Details regarding GPE's gender diversity can be found on page 51. However, we recognise that we must continue to take steps to address the gender imbalance of our Executive Committee, which now comprises six men and one woman (or seven men and two women including participants in the Executive Committee Rotating Seats programme).

The Nomination Committee approved GPE's Inclusion and Diversity Roadmap in November 2020, developed with the Chief Executive, which set a clear priority to improve the diversity of the Executive Committee. In line with the Roadmap, we were pleased to increase the gender diversity of the Executive Committee during the year. We will go further and, under our Roadmap, we continue to assess the composition and skillset of the Executive Committee against the evolving strategic needs of the business, with a commitment to proactively seek to fill roles with diverse talent.

The development of diverse top talent will play a key role in our Roadmap and increasing ethnic diversity at GPE is an important part of this discussion.

While the Board does not currently have any directors from an ethnic minority background, we intend to meet the Parker Review recommendation for boards of FTSE 250 companies to have at least one director from an ethnic background by 2024 at the latest. We will do this by ensuring that ethnic diversity is a key consideration in Board recruitment and ongoing succession planning processes.

Inclusion and diversity remain high on the agenda as we continue to oversee the many initiatives underway at GPE to build a diverse talent pipeline and strengthen diversity at a senior level and across the organisation. Reflective of the Board's commitment in this area, this year we commenced a new Non-Executive Director mentoring programme for selected members of the GPE team.

Further details regarding progress against our Inclusion and Diversity strategy, and our many related initiatives, can be found on pages 51 and 52.

GPE's Board composition and independence

As at 31 March 2021, the Board comprised the Chairman, two Executive Directors and five Non-Executive Directors. The biographies of all members of the Board outlining the experience they bring to their roles are set out on pages 54 and 55. The roles each of the directors play on the Board are outlined on page 117.

All proposed 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.

Committee 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 122 and 123.

Richard Mully
Chairman of the Nomination Committee
19 May 2021

Composition, succession and evaluation continued

Our 2020/21 Board evaluation process

In accordance with the requirements of the Code, we undertake a review of the effectiveness of the Board's performance and that of its Committees and directors every year, with an external evaluation held at least every three years. Our progress against the actions identified through the 2019/20 external review, facilitated by Dr Tracy Long of Boardroom Review Limited, is set out below:

Progress against 2019/20 Board evaluation actions for 2020/21

Actions	Progress
To consider broadening the Board's property industry experience	In view of evolving occupier needs and GPE's developing strategy, search processes are underway for two additional Non-Executive Directors to increase the Board's operational and customer service-led expertise and technology, digital and data skills.
Further testing and agreeing the Board's strategic priorities and risk appetite as opportunities emerge in a changing market	Board strategy review sessions held in September 2020 and March 2021 to test and agree strategic priorities and risk appetite. External guest speakers invited to attend Board meetings in the year to provide external perspectives and market research.
Continued focus on talent management, executive succession planning and diversity by the Board and Nomination Committee	Ongoing implementation of Inclusion and Diversity strategy and continued oversight of related initiatives. National Equality Standard accreditation achieved in April 2020. Appointment of Janine Cole to Executive Committee in March 2021. Inclusion and Diversity Roadmap developed with plans to increase, in particular, Executive Committee diversity. New Non-Executive Director mentoring programme launched.
Audit Committee to oversee actions identified for the improvement of the risk register	Exercise completed to enhance GPE's risk management framework and related processes, to develop and simplify the Group risk register and to review and reframe GPE's principal and emerging risks, as disclosed in GPE's 2020 Annual Report. Risk appetite/target levels set for each principal risk.
Deepening the Board's insight and understanding of the impact of technology changes across the sector and supply chain	Presentations to the Board by GPE's Director of Workplace & Innovation and adoption of new three-year Workplace & Innovation strategy. Board session held in April 2021 with a panel of external speakers to consider the future of work and the role of technology. Board updates regarding GPE's investment in, and opportunities pursued through, Pi Labs European PropTech venture capital fund whose primary focus is to invest in early stage PropTech start-ups across Europe and the UK that use technology solutions to enhance the real estate value chain.
Reducing repetition in operational papers and presentations to the Board	Agendas, papers and presentations restructured and streamlined to minimise duplication.

An internal Board and Committee effectiveness review was undertaken in 2020/21 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 2021 Board meeting.

The aim of the review was to assess the effectiveness of the Board and individual directors in order to identify any actions to improve how we fulfil our 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 2019/20 evaluation; and
- focused questions on the Board's operation during the pandemic, strategic oversight, the monitoring of GPE's culture and values, stakeholder feedback, succession planning and inclusion and diversity.

The process also considered the effectiveness of individual directors and one-to-one performance feedback was given by the Senior Independent Director to the Chairman and by the Chairman 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 collegiate Board culture with a continued emphasis on collaboration and transparency;
- high levels of engagement from all directors, with a strong approach to strategic development;
- a strong and diverse range of depth and talent providing valuable insights and perspectives;
- constructive discussion with good debate and an appropriate balance of challenge and support in a positive atmosphere;
- well-managed Board and Committee meetings with effective leadership from their respective Chairs, notwithstanding the challenges of COVID-19; and
- advancements made, in particular, in the areas of culture, risk management and sustainability.

2020/21 actions

The review identified some recommendations and opportunities and the key actions for 2020/21 are as follows:

- to broaden the Board's operational, customer service and related technology, digital and data expertise, the processes for which are currently underway;
- allocating additional Board time to strategy development and implementation in view of accelerated trends in a fast-evolving industry and occupier market;
- 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;
- continued focus by the Nomination Committee and Board on talent management, succession planning and Board and Executive Committee diversity;
- 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; and
- maintaining Board connectivity outside of formal meetings during necessary periods of remote working.

Composition, succession and evaluation continued

What we did in 2020/21

2020

April

Board meeting

The Board and Committee memberships were approved

May

Nomination Committee

The Committee discussed Executive Director succession planning processes

The Committee considered Executive Committee talent planning and development.

Richard Mully provided an update on the search process for a new Non-Executive Director with property experience

The Committee discussed progress against the Inclusion and Diversity strategy and the development of a diverse succession pipeline

The Committee reviewed the status of recommendations from the 2019/20 Board evaluation

September

Nomination Committee

The Committee discussed the outputs from the Executive Director succession planning exercise

The Committee received an update on Non-Executive Director succession planning and agreed to revisit the additional skills desired to complement the existing Board following the Board's September strategy review meeting

November

Nomination Committee

The Committee approved the Inclusion and Diversity Roadmap to drive forward the Inclusion and Diversity strategy with particular focus on Executive Committee diversity

The Committee discussed the continuation of the Executive Committee Rotating Seats programme

The Committee discussed senior management talent planning and development

The Committee reviewed and approved the process for the 2020/21 Board and Board Committee evaluation

2021

January

Nomination Committee

The Committee discussed the new Non-Executive Director search criteria

The Committee discussed the findings from a senior management talent development, retention and succession planning review

The Committee received an update on progress being made against the Inclusion and Diversity Roadmap

The Committee approved the promotion of Janine Cole to the Executive Committee and her reporting to Toby Courtauld on sustainability matters

Board meeting

The Board considered the findings from the 2020/21 Board and Board Committee evaluation

February

Nomination Committee

Richard Mully provided the Committee with an update on the Non-Executive Director search process and the Committee approved the appointment of Russell Reynolds to support the searches for two additional Non-Executive Directors

The Committee discussed the findings from the 2020/21 Board and Board Committee evaluation

The Committee reviewed Board Committee memberships and Board training

The Committee approved changes to the Nomination Committee 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 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. This year, the Audit Committee has also 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; and
- review by the Audit Committee of internal audit reports and reports from the external auditor.

Twice a year, the Audit Committee carries out 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 130, 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.

For the 2019/20 year end, the Audit Committee and Board oversaw an in-depth review of the Company's risk management framework and principal risks which identified a number of new principal and emerging risks, reframed some of our principal risk descriptions and further strengthened our risk management framework and processes. Work has continued this year to oversee the implementation of these enhanced processes, as well as to set target risk levels for each principal risk.

During the year, the Board and the Audit Committee have continued to review and monitor the risks, potential impacts and controls associated with both the COVID-19 pandemic and the UK's international trade negotiations following Brexit, including, in each case, in relation to GPE's operations, development delivery, valuations, financial forecasts and business plans. Given the significant and prolonged impact of the ongoing pandemic on the business and the wider economy, 'Pandemic' remains a principal risk for GPE following its addition to the principal risk register in the prior year.

The Board and the Audit Committee have also remained focused on climate change and decarbonisation risks, the steps being taken by GPE to mitigate these risks, including the launch and implementation of our Net Zero Carbon Roadmap, and their potential impacts on our business and operations.

The Group's principal risks relating to pandemic, climate change and decarbonisation, London attractiveness and the impact of property market dislocation on financial leverage and banking covenants have been identified as the risks which could have the greatest potential impact on the Group's viability. The Group's viability statement can be found on page 98.

The Group's principal risks and the processes in place to manage those risks are described in more detail on pages 84 to 97.

Fair, balanced and understandable – a matter for the whole Board

The directors' statement on 'fair, balanced and understandable' is made on page 164. When considering whether the 2021 Annual Report and financial statements are fair, balanced and understandable, and provide information necessary for shareholders to assess the Group's position, performance, business model and strategy, the Board takes into account the following:

- the Chairman and Chief Executive provide input into and agree on the overall messages and tone of the Annual Report at an early stage;
- individual sections of the Annual Report and financial statements are drafted by appropriate senior management, with regular review meetings to ensure consistency of the document as a whole;
- detailed reviews of appropriate draft sections of the Annual Report and financial statements are undertaken by the Executive Directors and other members of the Executive Committee;
- a draft is reviewed by the Audit Committee and the external auditor on a timely basis to allow for sufficient consideration and is discussed with the Chief Financial & Operating Officer and senior management prior to consideration by the Board;
- the Chief Financial & Operating Officer, in his year-end Audit Committee and Board papers, includes a checklist of areas that the Committee and Board should take into consideration (including successes and challenges over the year and looking ahead) when reviewing the fairness, consistency and balance of the final draft of the Annual Report and financial statements, including whether there are any significant omissions of information; and
- the Audit Committee provides advice to the Board on whether, taken as a whole, the Annual Report and financial statements are fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.

The Audit Committee further reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems and the independence and effectiveness of the external auditor.

Audit Committee meetings

Audit Committee members and attendance at scheduled meetings in 2020/21

Chairman	
Nick Hampton	4/4

Members	
Charles Philipps	4/4
Wendy Becker	1/1
Vicky Jarman	4/4
Alison Rose	4/4

Further details regarding Committee memberships, meetings and attendance can be found on page 104.

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 year, the Committee comprised five independent Non-Executive Directors, namely Nick Hampton as Chairman, Charles Philipps, Wendy Becker, Vicky Jarman and Alison Rose. Following Vicky's appointment on 1 February 2020 and a review of the Committee's composition, it was agreed that Wendy Becker would step down from the Committee on 9 June 2020, following the signing of the 2020 Annual Report and financial statements. Following Wendy's cessation as a member, the Committee comprised four independent Non-Executive Directors.

The biographies of the Committee members are set out on pages 54 and 55. Nick Hampton, Charles Philipps, Alison Rose and Vicky Jarman have recent and relevant financial experience and are considered suitably competent in accounting and/or auditing. Combined with Alison Rose and Vicky Jarman's property related experience, 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 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 Chairman 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, 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.

During an unprecedented year, 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 Chairman of the Audit Committee

Dear fellow shareholder

On behalf of the Audit Committee, I am pleased to present my report as Chairman of the Committee for the year ended 31 March 2021. During an unprecedented year, 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 127 and 133, 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 held one additional meeting in June 2020 to consider the year-end audit and the 2020 Annual Report prior to its review by the Board under a revised timetable in response to the COVID-19 crisis.

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. Following the comprehensive process which is outlined in more detail below, as a Committee we are satisfied that the valuation process is sufficiently robust. Following a review of GPE's valuer, the Committee has approved the reappointment of CBRE as GPE's valuer for a further three-year period.

Given the impact of the pandemic on occupiers' ability to meet their rental commitments, particularly in the retail, hospitality and leisure sectors, another key area 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'. Following this work, as described further on page 129, an expected credit loss of £9.6 million, including £1.9 million in respect of our joint ventures, has been made in the Group's accounts at the year end.

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

- the adoption and disclosure of EPRA's three new NAV metrics, being EPRA Net Tangible Assets, EPRA Net Disposal Value and EPRA Net Reinstatement Value;
- accounting for GPE's Decarbonisation Fund established for the purposes of our Roadmap to Net Zero Carbon; and
- a letter from the Conduct Committee of the Financial Reporting Council on its review of the 2020 financial statements.

External audit process

Last year was the first time that a significant element of the external audit process had been performed remotely as a consequence of the COVID-19 pandemic. Notwithstanding this, the Committee, management and Deloitte ensured the delivery of an effective external audit with minimal disruption to the external audit process. With the expectation that this year's audit would again be performed remotely, Deloitte and management discussed with the Committee the key lessons learned from the 2019/20 year-end audit and a number of planning and communication enhancements were agreed and adopted to further improve the effectiveness of this year's process.

Fair, balanced and understandable

The Board as a whole is responsible for determining whether the 2021 Annual Report and financial statements are fair, balanced and understandable. The Audit Committee's role is covered on page 126.

Viability and going concern statements

The Committee considered the viability and going concern statements and their underlying assumptions, including management's work on assessing the potential risks to the business and impacts arising from the COVID-19 pandemic, London attractiveness (including the UK's international trade negotiations following Brexit) 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 84 to 87 and page 125. The Committee spent additional time this year considering GPE's risks and controls in the context of COVID-19 and remote working.

The Committee has discussed the recommendations arising from the Brydon Report and, more recently, 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.

Financial Reporting Council (FRC) review

During the year, the Group received a letter from the Conduct Committee of the FRC concerning its review of the Group's Annual Report and Accounts for the year ended 31 March 2020. The FRC highlighted that the previous presentation of our income statement was not as clear as it could have been.

In response, we have clarified the income statement presentation to remove the duplication of line items and present line items on a gross basis without offsetting. We have also defined and presented additional alternative performance measures in note 8 (on pages 177 to 180). The underlying results have not been amended and this modified presentation has had no effect on operating profit or profit for the year. The review conducted by the FRC was based solely on the Group's published 2020 Annual Report and Accounts and does not provide any assurance that the 2020 Annual Report and Accounts are correct in all material respects.

Accounting and key areas of judgement

Significant matter	Action taken
Valuation of the Group's portfolio The valuation of the Group's property portfolio is a key determinant of the Group's net 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 costs to complete.	The Audit Committee, together with the Chairman of the Board, meet 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 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 meet the valuer and provide the Audit Committee with a summary of their work as part of their 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.
Accounting for non-payment of rent The impact of COVID-19 resulted in a number of the Group's occupiers being unable to meet their rental commitments. Any estimate of the recovery of outstanding amounts is subjective and is based on management's assessment of the likelihood of recovery.	The Portfolio Director, together with the respective Portfolio Managers, review all outstanding rental balances and, using their judgement of the individual occupiers' circumstances, assess the likelihood of recovery. Any amounts assumed to be non-recoverable are provided in the Group's accounts as an expected credit loss. Deloitte meet with the Portfolio Director and review the analysis used to prepare the financial statements and provide the Audit Committee with a summary of their work as part of their report on the half-year and year-end results. The Committee reviewed the work conducted by management, and the review performed by Deloitte. The Committee considered rent collection performance in the year and the assessment of the likelihood of recovery of unpaid rents and concluded that the expected credit loss, as calculated by management, was appropriate for inclusion in the Group's accounts.

Audit, risks and internal controls continued

Internal audit

Our internal audit function provides independent assurance as to the adequacy and effectiveness of the Company's internal controls and risk management systems. Our internal audit function is outsourced to PwC, who report on their findings to the Committee.

In September 2020, the Committee considered a PwC internal audit report on GPE's cyber security and the results of a red team penetration testing exercise. While a number of strengths were identified, a number of actions were also recommended to further improve GPE's defences in certain areas which are now being implemented by management within agreed timescales.

In November 2020, the Committee discussed PwC internal audit reviews of health and safety processes and GPE's flexible space offering. The reviews did not identify any major causes for concern and concluded that the majority of controls in place were operating effectively. Identified improvements to health and safety contractor management processes are now being rolled out across the business, as described on page 65.

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

The Committee reviewed and agreed with PwC the internal audit plan for 2021/22, having regard to the Company's risk management framework. It was concluded that, for the financial year ahead, PwC should carry out an internal audit of:

- core financial processes and controls;
- HR, people (including staff wellbeing) and payroll processes and controls; and
- fraud controls and processes.

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, the internal audit plan for 2021/22 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 2021, payment performance for the Group's largest subsidiary was improved with an average supplier payment period of 26 days (2020: 30 days).

Our anti-bribery and corruption, fraud 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-bribery and corruption and fraud policies as outlined on page 113 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 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. However, it is currently intended that a competitive tender process will be undertaken to coincide with the end of Judith Tacon's five-year tenure as audit partner. It is anticipated that Deloitte's final audit will be in respect of the 2022/23 financial year.

During the year, the Committee has discussed an indicative external audit tender timetable, with the process expected to formally commence in early 2022.

Based on the Committee's recommendation, the Board is proposing that Deloitte be reappointed at this year's AGM.

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 122 and 123.

Nick Hampton
Chairman of the Audit Committee
19 May 2021

The external audit and review of its effectiveness

The Audit Committee advises the Board on the appointment of the external auditor, negotiates and agrees their remuneration for audit and non-audit work, reviews their 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 2020 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 2019/20 audit despite challenging circumstances.

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 during the remote audit process which confirmed that there had remained a good level of interaction and communication between GPE and Deloitte, despite remote working.

The Committee requested that Deloitte continue to provide feedback on how the Company was responding to governance requirements and, in February 2021, 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 have 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 2021 Annual General Meeting. There are no contractual obligations restricting the Company's choice of external auditor.

During the year, the Committee began preparations for the competitive tender process to transition to a new external auditor for 2023/24. This process will formally commence in early 2022.

The Company has complied during the year ended 31 March 2021, 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, are responsible for the annual statutory audit and also provide certain other services which the Audit Committee believes they are best placed to undertake due to their 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 was updated in February 2020 in order to reflect 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.

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 2020/21 sustainability and energy consumption data.

In each case, Deloitte were considered the most appropriate service provider due to their position as auditor and given their 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 175. 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 £82,100 (GPE share: £41,050) (2020: £69,900) and £nil (2020: £nil) respectively. The non-audit fees for the year ended 31 March 2021 as a percentage of the prior three-year average audit fees are 34%, as set out in the table below.

Audit and non-audit fees

	2021 £000	2020 £000	2019 £000
Audit fees	**286**	271	229
Non-audit fees including the interim review	**83**	77	75
Ratio of non-audit fees to audit fees	**34%**	35%	33%
Audit fees of joint ventures (GPE share)	**42**	35	38

In addition to ensuring compliance with the Group's policy in respect of non-audit services, the Committee also receives confirmation from Deloitte that they remain independent and have maintained internal safeguards to ensure their 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 is outsourced to PwC. The Committee approved updates to the Charter in February 2021 to reflect market practice and recommendations in the new Internal Audit Code published by the Chartered Institute of Internal Auditors in 2020.

The Committee reviews and approves the internal audit plan annually for a rolling three-year period which is closely aligned to the review by management and the Committee of the Group's risk management framework. In addition, the Committee Chairman meets with PwC separately to the Committee to discuss planned internal audit activities and the results of internal audit reviews.

The Committee meets annually with PwC without management present to discuss the effectiveness of the internal audit function, and also to seek feedback from PwC on the conduct of members of the GPE team during the internal audit process. The external audit partner also meets separately with PwC at least annually.

In early 2021, the Committee conducted a formal assessment of the effectiveness of internal audit which was facilitated by Corporate Secretariat. Key stakeholders were asked to complete a questionnaire-based assessment which was designed to evaluate internal audit's purpose, objectives and understanding, position, process, relationships and communication, people and performance. The responses were collated on an anonymised basis and the results were shared with the Committee Chairman, internal audit partner and Chief Financial & Operating Officer prior to consideration at the Committee's meeting in February 2021.

The overall assessment concluded that the internal audit function remained effective. It was recognised that internal audit provided informed and appropriate challenge and worked constructively with management to develop suitable responses to audit findings, with recommended actions effectively followed-up and monitored. Areas highlighted for continued focus included further developing employees' understanding of internal audit's purpose following the establishment of the function three years' previously, particularly as the audit universe expanded. Actions were agreed to further develop relationships and engagement levels with the business and to increase the efficiency of the audit planning and management process.

As PwC are engaged by the Group to provide tax compliance advice and other advisory services, consideration is given as to any potential conflict with internal audit before PwC are appointed to any advisory role. The Audit Committee also specifically considers PwC's independence when annually reviewing and approving the internal audit plan to ensure that there are no conflicts in PwC undertaking the proposed internal audit work.

The Committee recognises that, in accordance with the FRC's Revised Ethical Standard 2019, any incoming external auditor must have a 12-month 'cooling in' period during which they are unable to provide any non-audit services to the Group. As such, PwC would need to cease providing internal audit and other services to the Group by 31 March 2022 should they wish to participate in the external audit tender process. The potential need to re-tender internal audit services is therefore being considered in parallel with planning for the external audit tender process.

What we did in relation to the financial year ended 31 March 2021

2020

September

Annual planning meeting

Met with CBRE to receive an update ahead of the half-year valuation

Met with the external auditor, Deloitte, to review:

- the effectiveness and independence of the auditor – see page 131
- significant accounting and key areas of judgement – see page 129
- Deloitte's 2020/21 Audit Plan

Other matters

Considered the findings from PwC's internal audit review of cyber security and a red team penetration exercise, and an update from PwC regarding the Internal Audit Code of Practice

Considered the indicative timetable for the external audit tender process

November

Review of half-year results

Met with CBRE to consider the September 2020 valuation

Met with Deloitte to consider:

- Deloitte's independence
- their review of the September 2020 valuation and the half-year results announcement
- significant accounting and key areas of judgement including going concern – see page 129
- the principal and emerging risks, monitoring of internal controls and risk management processes
- the half-year results announcement
- the relationship between Deloitte and GPE management with feedback provided by Deloitte without management present

Other matters

Update on GPE's supplier payment practices

Formal review of the GPE Finance function, looking at the skills, experience, and composition of the team

Findings from PwC's internal audit reviews, including health and safety and flexible space reviews

2021

February

Internal audit

Met with the internal auditor, PwC, to:

- review latest internal audit update and risk assessment
- agree and approve the 2021/22 internal audit plan
- approve updates to the internal audit charter
- consider and review the effectiveness of internal audit

Year-end planning update

Met with Deloitte to consider/approve:

- significant accounting and key areas of judgement
- proposed changes to disclosures planned for the 2021 Annual Report
- developments in corporate reporting presented by Deloitte
- the FRC Conduct Committee's letter regarding the 2019/20 Annual Report and the Company's response
- the 2020/21 audit plan update
- the 2020/21 audit fee – see page 132

Other matters

Corporate governance update received from the General Counsel & Company Secretary and Deloitte

External audit tender process

Reappointment of valuers

Review of GPE's Ethics, Whistleblowing and Gifts and Hospitality policies – see page 130

Review of the Audit Committee Terms of Reference

Review the Provision of Non-Audit Services policy

Review the Committee's effectiveness

May

Review of year-end results

Met with CBRE to consider the March 2021 valuation – see pages 72 and 73

Met with Deloitte to review:

- Deloitte's audit of the March 2021 valuation – see pages 72 and 73
- significant accounting and key areas of judgement including going concern and viability work – see page 129
- update on Group tax matters
- update on GPE's supplier payment practices
- the principal and emerging risks, monitoring of internal controls and risk management processes – see pages 84 to 97
- the preliminary results announcement and Annual Report
- the relationship between Deloitte and GPE management with feedback provided by Deloitte without management present
- reappointment of the auditor – see page 130

Directors' remuneration report

Remuneration Committee

Remuneration Committee members and attendance at scheduled meetings in 2020/21

Chairman	
Wendy Becker	5/5

Members	
Charles Philipps	5/5
Vicky Jarman	5/5
Alison Rose	4/5

Further details regarding Committee memberships, meetings and attendance can be found on page 104.

Our approach

The key objectives of the Remuneration 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 20, 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, given the exceptional level of uncertainty in real estate values during the COVID-19 crisis, rather than TAR, the Annual Bonus Plan used the inherently equally robust measure of relative TSR. Given the current level of market uncertainty and volatility, TSR will once again be used for 2021/22 in place of TAR.

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 Chairman, the members of the Executive Committee, other senior executives and the General Counsel & Company Secretary. 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 four independent Non-Executive Directors, namely Wendy Becker as Chairman, Charles Philipps, Vicky Jarman and Alison Rose, each of whom served on the Committee throughout the financial year. Non-Executive Directors who are not members of the Committee each have a standing invitation to attend meetings of the Committee as appropriate, save where their own remuneration is under consideration.

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 154.

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 the Chief Financial & Operating Officer and other 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. Rachel Aylett, Head of HR, attends a number of Committee meetings where appropriate to present proposals regarding 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. This year, the Chairman of the Committee led an interactive all-employee event to discuss the 2020 Policy revisions and broader remuneration matters. Groups of employees were also separately consulted on proposed revisions to the methodology for setting objectives and assessing outcomes for the personal element of the annual bonus which will apply to all employees, including Executive Directors, from 2021/22.
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 141 to 149 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 20 and 21, GPE focuses on specific key performance indicators, the achievement of which is driven by our strategic priorities. Notwithstanding the prolonged impact of COVID-19, 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 increasingly important strategic priority for the Group, occupier satisfaction remains critical to our business plans, including the further roll-out of our Flex product, and we believe that our people are fundamental to the success of our business and its long-term sustainable growth.

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 to 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]
Sustainability		✓
Occupier satisfaction		✓
Employee engagement		✓

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 2018 and 2019 LTIP awards.
4. Capital Growth element of TPR.

The Committee regularly reviews pay structures and incentive arrangements to ensure strong alignment between business performance and remuneration arrangements and this will remain an ongoing area of focus as GPE emerges from the COVID-19 crisis.

"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."

Wendy Becker Chairman 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 2021 (the Report). Following our extensive consultation process with our largest shareholders and their representative bodies, our Directors' remuneration policy (the Policy) was approved at the 2020 AGM with over 98% of votes in favour while the 2020 remuneration report was approved with 99% of votes in favour. No changes are proposed to the Policy for 2021/22, which the Committee considers to have operated as intended during the year.

Key COVID-19 context and related decisions

The Committee has given careful consideration to remuneration in the context of the continuing external COVID-19 environment. GPE remains in a strong financial and liquidity position with one of the lowest loan-to-property value ratios in the UK REIT sector and significant investment capacity. We have been well placed to withstand the challenges presented by the pandemic and continue to look to the future with confidence.

The Board approved an interim dividend in the year and has recommended a final dividend to shareholders in line with the prior year. We consider ourselves fortunate that no GPE employees have been furloughed as a result of the crisis, we have not made any redundancies, we have not sought to access any UK government COVID-19 funding and have no current plans to do so.

Notwithstanding GPE's strong position, the Committee made a number of decisions last year in view of the wider global context. Amongst other things, this included a reduction of 2019/20 personal objective outcomes for Executive Directors under the Annual Bonus Plan, the waiving of 20% of Non-Executive Directors fees for a three-month period and the Chairman further waiving his fee increase in respect of 2020/21. Amounts equal to these reductions and waivers were contributed to the GPE COVID-19 Community Fund which was set up to support some of the most vulnerable people in our London communities. All Board base salary and base fee increases were also deferred, and subsequently took effect from 1 July 2020.

As explained in last year's report, due to the COVID-19 crisis, the Committee considered it appropriate to defer setting 2020 LTIP performance targets until after the 2020 AGM. The Committee agreed the applicable targets and grants in July 2020, details of which were announced by the Company at the time and can be found on page 147.

Business outcomes in respect of the year ended 31 March 2021

Against the backdrop of a year dominated by COVID-19 and the associated lockdowns disrupting many business activities across London, we have adapted and collaborated to progress our strategy and deliver robust operational performance. During this period, we have supported our employees, occupiers and communities, successfully delivered two developments, leased space and maintained our financial strength and capital discipline.

In what was an unprecedented year, the like-for-like property valuation across our portfolio was down by 8.7%, driven by a 27.3% reduction in retail values. This in turn led to a reduction in our EPRA NTA and, when combined with a flat dividend for the year, delivered a TAR of minus 8.8%. Over the year, we delivered a TSR of 1.7% and we underperformed the FTSE 350 Real Estate Index by 19.4 percentage points following greater reduced share price performance given the impact of COVID-19 on share prices of London office and retail-focused REITs.

The pandemic has accelerated trends in our key markets and, as patterns of work and shopping evolve, GPE has embraced change and continued to innovate to create space for London to thrive and to meet the evolving demands of our occupiers, people, communities and other stakeholders. During the year, we further broadened our flex product and service offer, which included the launch of our first innovative Flex+ space in Soho. We launched our Roadmap to Net Zero setting out our plan to become a net zero carbon business by 2030, providing us with an opportunity to differentiate our product whilst driving important behavioural change. We also achieved the National Equality Standard and further progressed our Inclusion and Diversity strategy and roadmap.

Moreover, we have maintained our financial strength, with our loan-to-property value ratio being only 18.4%. Our liquidity position remains strong, with £443 million of available cash and undrawn facilities, and we enhanced our debt profile through the successful issue of £150 million unsecured US private placement notes. We have also maintained the payment of our ordinary dividends.

The pandemic has meant that the resilience and adaptability of our business has never mattered more, underpinned by our financial strength, deep stakeholder relationships and our open culture. Our portfolio is well positioned, with 40% of the portfolio in our office focused development programme, and a further 40% in buildings where we can add further value through active portfolio management. We continue to work collaboratively with our occupiers, suppliers, partners and communities, whilst ensuring the ongoing wellbeing and development of our people in line with our values.

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 2021

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 2020/21 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 scale given the uncertainty of real estate values in the midst of the COVID-19 crisis and the potential for highly volatile valuations making such a scale likely to be binary with zero or full vesting.

Under our 2020/21 Annual Bonus Plan, our relative share price performance compared with the FTSE 350 Real Estate Index was below the median of our peer group and the Group's portfolio capital growth is also estimated to have performed below the MSCI Capital Growth Index (we await final confirmation of the results), thereby resulting in a zero payout for these elements.

As envisaged in the Policy and reported last year, new ESG/strategic measures were introduced into the 2020/21 Annual Bonus Plan, with specific sustainability, occupier satisfaction and employee metrics. The Company performed well against each of the three strategic measures, as set out on page 143. The Committee recognised that the sustainability target linked to reduced energy consumption at buildings benefited from lower occupancy during the year due to COVID-19 and, therefore, exercised negative discretion deciding not to pay this element of the bonus, thereby reducing the formulaic outturn on the sustainability element by one third (from 7.5% of salary to 5% of salary).

Similarly, while both Executive Directors performed very well against their personal objectives making a significant contribution to mitigating the impact of COVID-19, the Committee applied a tougher stance to performance assessment than in previous years and awarded the Chief Executive and the Chief Financial & Operating Officer an outturn of 70% and 80% respectively. See pages 144 and 145 for further details.

The formulaic outturn (only adjusted to reduce payouts to remove the element linked to reduced energy consumption), therefore, was felt to be appropriate and was approved without the exercise of further discretion. The 2020/21 annual bonus outturn was therefore 23.83% and 25.33% of the maximum (35.75% and 38% of salary) respectively for the Chief Executive and Chief Financial & Operating Officer.

In accordance with the revised Policy approved at the 2020 AGM, 40% of Executive Director annual bonuses will be deferred into shares for three years through the Company's Deferred Share Bonus Plan. Please refer to page 156 of this Report for further details.

2018 LTIP vesting

Following a period of muted economic growth and geo-political and market uncertainty, the performance under the 2018 LTIP was then significantly impacted by the onset of COVID-19 in early 2020. The economic impact, and associated structural changes, have impaired property values, particularly for retail space. Given our greater than benchmark weighting to retail, and to properties with short lease lengths, we anticipate underperformance against the TPR benchmark for the three-year period to 31 March 2021. This also resulted in a 66 pence per share EPRA NTA decline over the three years, equating to a TAR of minus 3.5% or minus 1.2% p.a. This has resulted in a nil vesting of both the TPR (estimated with final confirmation awaited) and the TAR measures for the Group's three-year 2018 LTIP award.

Against this challenging backdrop, our relative share price performance compared favourably with the FTSE 350 Real Estate Index and we expect a 38.4% vesting of the TSR measure based on the information available as at 31 March 2021.

2021/22 implementation of our Policy

Annual Bonus Plan

The TAR element of the Annual Bonus Plan for 2021/22 will again be replaced with the inherently equally robust measure of relative TSR due to the continued and exceptional level of uncertainty in current real estate values due to the COVID-19 crisis. We expect the Annual Bonus to revert to the usual measures of TAR and performance against the MSCI Capital Growth Index for 2022/23.

Directors' remuneration report continued

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, occupier satisfaction and employee engagement targets, as further detailed on page 149.

The Annual Bonus target ranges will be clearly reported retrospectively following the financial year end.

LTIP award

The 2021 LTIP award will continue to be subject to the two 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 149.

Salaries

For the year commencing 1 April 2021, the average like-for-like salary increase will be 3.3% with all employees receiving the minimum increase of 1.5%. The Committee increased Toby Courtauld and Nick Sanderson's salaries by 1.5% in line with that minimum level.

Wider workforce

As more fully explained on page 139, the Committee applies consistent remuneration principles for employees across the Group and, in addition to considering Executive remuneration, the Committee seeks employee feedback and reviews wider workforce remuneration and related policies across the organisation.

I was pleased to lead a virtual all-employee interactive session this year to discuss with employees the changes made to the Policy in 2020, alongside our remuneration principles and approach and changes to our annual bonus assessment process. The session provided an excellent opportunity to discuss a range of matters with employees.

I am delighted that none of our employees have been furloughed or made redundant as a consequence of the crisis. During these particularly challenging times, our employees have worked incredibly hard in difficult circumstances, and excellent operational progress has been made across many areas. The Committee was therefore pleased to oversee this year's minimum salary increases for employees and to support the payment of employees' personal bonuses for 2020/21 reflecting the performance achieved.

At its meeting in March 2021, the Committee considered the wider workforce pension contribution rate. Taking into consideration GPE's values and wellbeing strategy and its aspirations to support employees in saving for their retirement, it was agreed to increase the wider workforce pension contribution rate from 10% to 15% of base salary with effect from 1 June 2021.

In setting Executive Director remuneration, the Committee carefully considers wider workforce policies and pay to ensure the appropriate alignment of approach and outcomes.

I hope you find this Report clear and informative and I look forward to receiving your support for the resolution approving this Report at the 2021 AGM.

Wendy Becker
Chairman of the Remuneration Committee
19 May 2021

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, 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 and which is subject to an annual external benchmarking review.	Salary	Executive Directors receive a market-competitive base salary reflective of their responsibilities and 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 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.
All employees receive market-competitive benefits, including personal health insurance.	Benefits	Executive Directors receive market-competitive benefits, including personal health insurance. No car allowance is provided.
Those able to influence long-term performance, generate significant sustainable returns or managing major capital budgets 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.
All employees are eligible and encouraged to join the GPE pension scheme to save for their retirement, with employer contributions.	Pension	The Company has committed to align Executive Director and wider workforce contribution levels by the end of 2022.
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. 74% 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.

Employee remuneration and engagement

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 also takes into account pay and conditions across the Group when determining the remuneration of the Executive Directors and other members of senior management, especially when considering the annual salary review. Prior to the annual pay review, the Committee receives a report setting out changes to all employee remuneration levels and proposed discretionary bonus awards. The Committee also discusses GPE's gender pay gap statistics alongside our Inclusion and Diversity strategy and related policies.

During the year the Committee reviewed proposed changes to the methodology for setting personal objectives and determining personal bonus outcomes, which apply throughout the Group. The purpose of the exercise was to introduce greater objectivity and a more formulaic approach to setting and awarding personal bonuses to further increase fairness and consistency while allowing for greater differentiation of personal bonus outcomes to incentivise exceptional performers. The Executive Directors and Head of HR discussed the proposed changes with a number of employee groups with feedback discussed with the Committee. This included a desire to avoid fixed mathematical outcomes and to retain some level of flexibility for managers to determine outturns within set ranges based upon individual performance. The agreed changes, which apply to Executive Committee members and all employees, are also designed to ensure further alignment between remuneration outcomes and an individual's commitment to our values and culture.

This year, the Committee Chair led an all-employee event to discuss the changes to the Policy approved by shareholders at the 2020 AGM. Discussions were also held on a range of matters, including GPE's broader remuneration principles and approach, alignment of pay, the workings of the Committee and the above-mentioned changes to the personal bonus methodology. The session provided an excellent opportunity to hear feedback and views from our employees during an interactive virtual event. Employees were able to submit questions in advance and were also able to raise questions during the session.

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. 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 all-employee share plans and pension scheme.

The Committee was pleased to agree an increase in the majority workforce pension contribution rate from 10% to 15% of base salary with effect from 1 June 2021 to support employees in saving for their retirement in line with GPE's values and employee wellbeing strategy.

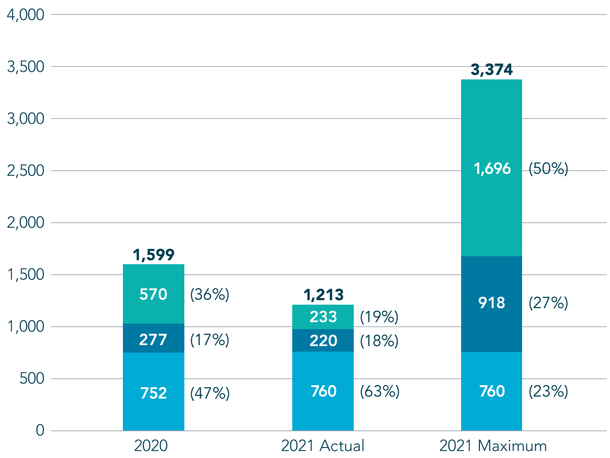
At a glance

Executive Directors' remuneration

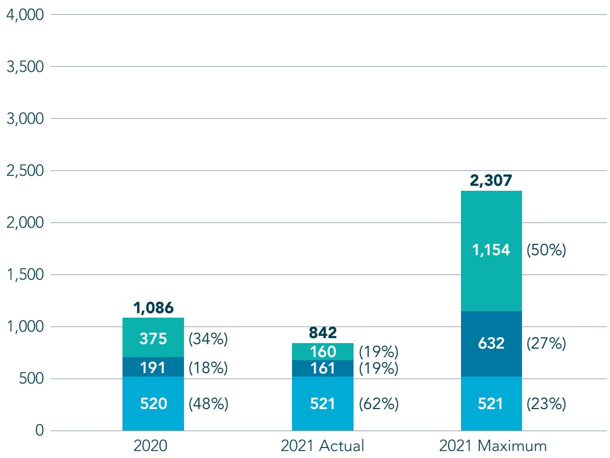
Our at a glance summary sets out all elements of total remuneration paid to our Executive Directors in 2020/21.

Single total remuneration figure £000[1]

Toby Courtauld – Chief Executive



Nick Sanderson – Chief Financial & Operating Officer



● Salary, benefits and pension ● Cash bonus[2] ● LTIP and SIP shares

1. These figures contain estimates, see pages 137, 142 and 146. The 2021 Actual figures include the estimated value of the 2018 LTIP awards expected to vest in June 2021, based on the information available as at 31 March 2021 and calculated using the three-month average share price of £6.64 at 31 March 2021.
2. 40% of the total cash bonus will be deferred into shares for three years under the Deferred Share Bonus Plan.

Remuneration in 2020/21

Measuring performance during the year

Annual Bonus Plan

Bonus Plan Performance measures	Maximum % of salary	Threshold Target	Actual	% of maximum achieved	% of salary achieved
MSCI Capital Growth Index outperformance	52.5%	CGI: +0%	Below Index (Estimated)	0% (Estimated)	0%
TSR	52.5%	Median	26th percentile	0%	0%
ESG/strategic measures:		See page 143	See page 143		
– Sustainability	7.5%			66.7%	5%
– Occupier satisfaction	7.5%			100%	7.5%
– Employee engagement	7.5%			100%	7.5%
Operational excellence	22.5%	See page 143	See pages 144 and 145	Toby Courtauld – 70% Nick Sanderson – 80%	15.75% 18%

2018 LTIP Awards – vesting in June 2021 (estimate included in the year ended 31 March 2021 single figure)

LTIP measure	Target	Actual	% of maximum achieved
TSR – three years to vesting in June 2021	Median to upper quartile	55.7th percentile (Estimated as at 31 March 2021)	38.4%
TAR – three years to 31 March 2021	4%–10% p.a.	minus 1.2% p.a.	0%
TPR – three years to 31 March 2021	Index to Index +1.5% p.a.	Below Index (Estimated)	0%

Information on fixed pay is available on page 142
Information on 2020/21 Annual Bonus outcomes is available on pages 143 to 145
Information on anticipated vesting of 2018 LTIP awards is available on page 146

The Annual Remuneration Report sets out how the Directors' remuneration policy was applied in 2020/21 and how it will be applied for the forthcoming year. It is divided into four sections:

The auditors have reported on specific sections of this Report and stated, where applicable, that in their opinion those sections have been properly prepared. The sections that have been subject to audit are marked with an asterisk (*).

A summary extract of the Policy, which was approved by shareholders at the AGM in July 2020, is included from page 155. The full Policy is available on the Company's website at **www.gpe.co.uk/investors**.

Executive Directors' remuneration for the year ended 31 March 2021

Executive Directors' single figure table*

	Base salary[1]		Benefits		Pension[2]		SIP[3]		Fixed Total		Annual Bonus		LTIP		Variable Total		Total[7,8]	
Executive Directors	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021[4] £000**	2020 £000	**2021[5] £000**	2020[6] £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Toby Courtauld	**612**	603	**26**	28	**122**	121	**4**	4	**764**	756	**220**	277	**229**	566	**449**	843	**1,213**	1,599
Nick Sanderson	**421**	415	**16**	22	**84**	83	**4**	4	**525**	524	**161**	191	**156**	371	**317**	562	**842**	1,086

1. Due to COVID-19, the Executive Director 2020/21 salary increases were deferred to take effect from 1 July 2020 rather than from the start of the financial year. Please refer to the 'Salary' table on page 148 for details of Executive Directors' annual salaries.
2. Toby Courtauld and Nick Sanderson receive a pension allowance of 20% of their basic salary.
3. The value of the matching shares awarded under the SIP are calculated using the share price on the date the shares were purchased.
4. 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.
5. The estimated value of the 2018 LTIP awards expected to vest in June 2021, based on the information available as at 31 March 2021 and calculated at the average share price for the three months to 31 March 2021. The estimated value attributable to share price growth is -£9,460 and -£6,430 for Toby Courtauld and Nick Sanderson respectively. This has been calculated using the difference between the share price at grant of £6.93 and the three-month average share price of £6.64 at 31 March 2021. The awards made in 2018 are subject to a three-year performance period followed by a further two-year holding period. The 2018 LTIP awards will become exercisable on the fifth anniversary of the date of grant.
6. The figures disclosed in the 2020 Annual Report for the 2017 LTIP vesting were based on an estimated share price and an estimated TSR performance outcome of 83%. The actual TSR performance outcome was 63.2% equating to a final overall LTIP outcome of 28.8% and figures are stated using the share price on the third anniversary of the date of grant of £6.41. The 2017 LTIP award remains subject to a two-year holding period and becomes exercisable on the fifth anniversary of the date of grant.
7. The single figure for the total remuneration due to the directors for the year ended 31 March 2021.
8. The aggregate emoluments (being salary/fees, bonus, benefits and cash allowances in lieu of pension) of all directors for the year ended 31 March 2021 was £2,216,000 (2020: £2,270,000).

Taxable benefits

Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. No individual benefit provided has a value which is significant enough to warrant separate disclosure. Executive Directors are not provided with a company car or a company car allowance.

Pensions

Neither of the Executive Directors participate in the Group's defined benefit final salary pension plan, which was closed to new entrants in 2002. The Executive Directors have agreed that their pension contribution rates will be reduced to the average rate available to all employees by the end of the 2022 calendar year. From 1 June 2021, the pension contribution rate available to most employees will be 15%.

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.

Executive Directors' 2021 bonus outcome

The financial, ESG/strategic and Operational Excellence targets for the bonus for the year ended 31 March 2021, 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 performance measures. The Committee recognised that the sustainability target linked to reduced energy consumption at buildings benefited from lower occupancy during the year due to COVID-19 and, therefore, exercised negative discretion to remove this element which resulted in a reduction in the formulaic outturn from 22.5% to 20% of salary for the ESG/strategic 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
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 2021) – 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	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London MSCI Index by 2%	Estimated below Index	0% (Estimated)	£0	£0
Absolute performance (35% weighting)	52.5%	Total Shareholder Return (based on a one-year performance period)	Median	Upper Quartile	26th percentile	0%	£0	£0
ESG/strategic measures (15% weighting):								
Sustainability	7.5%	Reduce energy consumption by 7.5–8.5%[1]; Reduce carbon impact at developments by 9.5–10.5%; and Increase bio-diversity by 4.5–5.5%	All 3 within Target	All 3 above Target	All 3 above Target[1]	66.7%[1]	£30,760	£21,163
Occupier satisfaction	7.5%	Overall Industry Average Net Promoter Score	Between Industry Average and 2 points above	Above Industry Average by 2 points or more	+42.0	100%	£46,144	£31,748
Employee engagement	7.5%	Achieve an Employee Engagement Index (EEI) Score of at least 75%	EEI Score between 75%–85%	EEI Score above 85%	93%	100%	£46,144	£31,748
Operational excellence (15% weighting)	22.5%	Achievement against personal objectives (for the year to 31 March 2021)	Partial achievement of personal objectives	Exceeding personal objectives	See pages 144 and 145	Toby Courtauld 70% Nick Sanderson 80%	£96,903	£76,194
						Total	**£219,951**	**£160,853**

1. The Committee recognised that the sustainability target linked to reduced energy consumption at buildings benefited from lower occupancy during the year due to COVID-19 and, therefore, exercised negative discretion deciding not to pay this element of the bonus, thereby reducing the formulaic outturn on the sustainability element by one third (from 7.5% of salary to 5% of salary).

Governance

Directors' remuneration report continued

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 2020/21 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 and Nick Sanderson 70% and 80% respectively of the full potential bonus for Operational Excellence.

Toby Courtauld

	Weighting	Percentage achieved	Objective	Achievement
Strategy (45%)	**15%**	**10%**	Refine and implement corporate and portfolio strategy in light of changing structural drivers	Presented to the Board and agreed new strategy addressing our operating model, our responses to changing office occupier requirements and structural retail headwinds. Sales strategy agreed. Good progress with developments at Hanover Square, Oxford House, Minerva House, 2 Aldemanbury Square and 50 Finsbury Square. Recognised that further progress needed at New City Court and Mount Royal.
	10%	**6%**	Develop and implement workplace and innovation strategy	New three-year strategy presented and approved. Workplace and Innovation champions established. Greater measurable output including BIM, Digital Twins, portfolio-wide air sensors and sesame™ app roll-out. Flex office strategy progressing well with the launch of the new operating model. Won BCO award for Best Innovation – sesame™. Won two UK PropTech Association Awards: Most Collaborative Property Company and Most Innovative Property Business.
	20%	**14%**	Refine, present and implement sustainability strategy	Transformational year with new strategy approved. Statement of Intent, Roadmap to Net Zero and Decarbonisation Fund each launched. Strong feedback from our sustainability capital markets event. Learning Together programme created and launched. Sustainability topics elevated to Executive Committee through the promotion of Sustainability & Social Impact Director to the Committee. Building market recognition for our leadership on this strategically important topic.
Team culture and behaviour (55%)	**10%**	**7%**	COVID-19 leadership	Maintained operations at all portfolio buildings and development sites during the pandemic, ensuring their strict regulatory compliance throughout. Strong focus on exemplary internal and external communication throughout the pandemic with numerous successful initiatives to ensure the maintenance of employee and customer health and wellbeing. 97% of our employees felt "supported during the pandemic". Highest ever Net Promoter Score achieved (+42.0), as measured by our occupiers.
	40%	**30%**	Team leadership, talent development and championing of values	Consistently rated exceptionally in terms of both employee engagement and customer satisfaction with an engagement score of 93% and a Net Promoter Score of +42.0, both of which are considered industry leading. Strong ratings in all employee pulse surveys. Continued development of the leadership team. Executive Committee strengthened through internal promotion. Development and approval of Inclusion and Diversity strategy and roadmap for the Executive Committee, leading to increased gender diversity of the Committee. A good platform has been created and it is recognised that there is more to be achieved.
	5%	**3%**	Exemplary shareholder engagement	Clear and widespread articulation of the strategy led to consistently good feedback. Shortlisted for a variety of awards this year, although none won.
Final overall assessment		**70%**		Overall performance considered above target but noted that, consistent with the Policy approved by shareholders at the 2020 AGM, performance has been assessed more rigorously and more evidence based. The assessment recognises a harsher scoring mechanism and not a lower level of attainment.

Nick Sanderson

	Weighting	Percentage achieved	Objective	Achievement
Strategy (30%)	**20%**	**16%**	Deliver strategy and business plans including leading operational response to COVID-19 pandemic	Successfully led COVID-19 Response Committee (overseeing people, IT and health and safety matters across the portfolio with all offices remaining operational), with 97% of employees "feeling supported during the pandemic". COVID-19 Community Fund launched and deployed. Dividend maintained with no access to government COVID-19 support and no employees furloughed.
	10%	**8%**	Managing financial strength and gearing	Enhanced debt position with £150m USPP issue, GVP debt covenant waivers, GVP debt repayment and £450m ESG-linked RCF maturity extended. Maintained one of the lowest loan-to-property value ratios in the UK REIT sector with significant investment capacity. Quarterly rent collection rates improved through the year, appropriate application of rent deposits and reprofiling of rents, whilst delinquencies remained relatively low.
Business positioning (20%)	**10%**	**8%**	Embed sustainability into corporate DNA and ensure operational excellence	Launch of Roadmap to Net Zero, Decarbonisation Fund created and new Sustainability sub-committees operational. Successful onboarding of new Head of Health and Safety. New IT strategy launched with increased cyber defence testing and awareness.
	10%	**8%**	Maintain best-in-class shareholder engagement	Managed shareholder engagement, including launch of inaugural sustainability capital markets event and increased trading update frequency. Nominated for various IR awards, including Best in Sector: Real Estate and Best Annual Report in IR Magazine Awards and Best Annual Report (FTSE 250) in IR Society Best Practice Awards. Continued success in sustainability and ESG reporting.
Team culture and behaviour (50%)	**20%**	**17%**	Drive HR initiatives, particularly around working from home environment and inclusion and diversity	GPE@Home team created and delivered enhanced wellbeing programme and mental health training, office reinduction programme and personal risk assessments. Very strong employee engagement – 98% pulse survey participation rate; 95% recommend GPE as a great place to work. National Equality Standard accreditation achieved and Inclusion and Diversity Roadmap being delivered. New performance review rating system launched.
	30%	**23%**	Managing Finance and other central function teams	Significant training and mentoring, evidenced by the promotion of a female colleague to the Group Executive Committee. Adopted proactive approach to coaching other colleagues (including progressing formal coaching qualification) and assisting them to achieve their potential.
Final overall assessment		**80%**		Overall performance considered to be at an exceptional level but noted that, consistent with the Policy approved by shareholders at the 2020 AGM, performance has been assessed more rigorously and more evidence based. The assessment recognises a harsher scoring mechanism and not a lower level of attainment.

Directors' remuneration report continued

Executive Directors' LTIPs

Anticipated vesting of 2018 LTIP awards

The tables below set out the alignment of LTIP awards with Company strategy and the anticipated vesting for those awards in June 2021, 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 142.

Anticipated vesting of LTIP awards granted in the year ended 31 March 2019, vesting in the year ending 31 March 2022, is included in the 2021 single figure.

Key elements of strategy	% of award	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Estimated performance	Estimated vesting level as at 31 March 2021 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	55.7th percentile	38.4%
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. (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.	Below Index	0%
Total (estimated)						**12.8%**

1. Toby Courtauld and Nick Sanderson's 2018 LTIP is due to vest on 3 June 2021. For the TAR and TPR targets, the performance period for the 2018 awards is the three-year period to 31 March 2021. 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 (4 June 2018) 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 2017 LTIP awards

The figures provided in last year's Annual Report for the 2017 LTIP awards were disclosed on an estimated basis. The table below sets out the confirmed vesting of the 2017 LTIP awards that subsequently vested on 6 July 2020. The awards made to the Executive Directors are subject to a five-year vesting period, comprising a three-year performance period, followed by a further two-year holding period.

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 (6 July 2020)
Shareholder value	33.33%	Total Shareholder Return (based on a three-year performance period)	Median	Upper quartile	63.5th percentile	63.2%
Absolute performance	33.33%	Total Accounting Return (based on a three-year performance period)	4% p.a.	10% p.a.	4.2% p.a.	23.2%
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 0.88% p.a.	0%
Total						**28.8%**

Number of shares at the end of the performance period for 2017 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	290,109	28.8	83,551
Nick Sanderson	190,037	28.8	54,730

1. The LTIP awards made in 2017 are subject to a five-year vesting period, comprising a three-year performance period (to 6 July 2020) followed by a further two-year holding period. The shares will become exercisable on the fifth anniversary of the date of award.

Unvested share awards

The following tables provide details of outstanding share awards under the LTIP and the performance measures that apply to the awards. All awards were granted in the form of nil cost options.

Executive Director	Date of grant	Basis of award	Face value of award made £000	Number of shares under award[1,2]	Percentage of award receivable for threshold performance	End of performance period	Performance measures
Toby Courtauld	4 June 2018[3]	300% of salary	1,765	254,848	20%	3 June 2021	TSR – 33.33% TPR – 33.33% TAR Target – 33.33%
	3 June 2019	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%
		Total		**824,826**			
Nick Sanderson	4 June 2018[3]	300% of salary	1,200	173,225	20%	3 June 2021	TSR – 33.33% TPR – 33.33% TAR Target – 33.33%
	3 June 2019	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%
		Total		**565,374**			

1. For the 2018, 2019 and 2020 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 2018 LTIP, this was up to and including 1 June 2018, being £6.93. 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.
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 4 June 2018 LTIP as at 31 March 2021 is 12.8%. This would equate to 32,620 and 22,172 shares vesting for Toby Courtauld and Nick Sanderson respectively.

2018 and 2019 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%	
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 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	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

As outlined on pages 20 and 21, we assess the overall performance of the Company against a small number of key performance indicators which require outperformance on both an absolute and relative basis. These were reflected in the 2020 LTIP measures with a 50% weighting on relative (to other listed real estate companies) TSR and absolute (requiring real growth in our capital value from grant) TAR. Consistent with good practice, the Committee will consider, at the end of the 2020 LTIP three-year performance period, whether the formulaic level of vesting is appropriate and may reduce it if it concludes that it has resulted in a windfall level of gain. The Committee will look at this in the round considering all relevant factors but envisages, in particular, an assessment against the stated KPIs and whether the level of vesting is appropriate in the context of the absolute and relative performance achieved.

Directors' remuneration report continued

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.

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 lays out their holding against the requirement and their beneficial and conditional ownership as at 31 March 2021.

	Beneficial ownership			Conditional ownership[5]				Shareholding requirement met[7,8]	Comparator to 2020
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]	**Total beneficial and conditional ownership as at 31 March 2021**	Total beneficial and conditional ownership as at 31 March 2020		
Toby Courtauld	1,352,120	1,546	**1,353,666**	824,826	83,551	**2,262,043**	1,978,952	1,544% – Yes	1,526%
Nick Sanderson	249,905	1,546	**251,451**	565,374	54,730	**871,555**	675,349	448 % – Yes	409%

1. Excludes SIP shares that are subject to forfeiture.
2. Holdings are calculated based on the share price as at 31 March 2021 of £6.80.
3. Beneficial interests include shares held directly or indirectly by connected persons.
4. No share options were exercised during the year. Between 1 April 2021 and 18 May 2021, Toby Courtauld and Nick Sanderson each acquired 44 Partnership shares and 88 conditional Matching shares respectively under the SIP. In addition, under the SIP, 86 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 2021 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 2022 Annual Report.
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 (53% of shares retained).
7. 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.
8. 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.

Executive Directors' remuneration for the year ending 31 March 2022

Statement of implementation of Directors' remuneration policy for the year ending 31 March 2022

The Policy and its implementation for the Executive Directors for the forthcoming financial year is summarised below. For information on the Chairman and Non-Executive Directors, please refer to page 150.

Salary

Executive Director	**Year ending 31 March 2022 £000**	Year ended 31 March 2021 £000	Base salary increase
Toby Courtauld	**624**	615	1.5%
Nick Sanderson	**430**	423	1.5%

Both Toby Courtauld and Nick Sanderson have received an increase in salary below the average awarded to employees. This increase reflected the minimum increase provided to employees across the Group of 1.5%. 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, with the pension contribution remaining at 20% of base salary for the year ending 31 March 2022. Neither Executive Director participates in the Group's defined final salary pension plan which was closed to new entrants in 2002. The Executive Directors have agreed their pension contribution rates will be aligned with the average rate available to all employees (being 15% of base salary from 1 June 2021) from the end of the 2022 calendar year.

Bonus for the year ending 31 March 2022

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 2022.

Performance measures[1]	Weighting	Description
Capital Growth	35%	Growth of the Company's property portfolio against MSCI's relevant Capital Growth Index for the year to 31 March 2022 with 16.67% of this element payable at Index and 100% for a pre-determined level of outperformance.
Total Shareholder Return	35%	TSR relative to the constituents of the FTSE 350 Real Estate Index (excluding agencies) in the financial year. Again the target range is median (at which point 20% is payable) to upper quartile. In subsequent years, it is envisaged that this measure will revert to TAR (being growth of EPRA NTA plus dividends paid against target range).
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 – 50% of this element will be payable on performance against all three of our ESG-linked RCF targets within pre-defined target ranges and 100% payable for outperformance of all three targets; (ii) Occupier satisfaction – 20% of this element will be payable on achievement of a pre-determined Net Promoter Score level and 100% for outperformance of this level by 2 points; and (iii) Employees – 20% of this element will be payable on achievement of an Employee Engagement Index score of 75% and 100% payable for a pre-determined level of outperformance.
Personal/team performance	15%	The approach to assessing the personal element of the bonus has been further sharpened to focus on a smaller number of key objectives and behaviours. The assessed outturn, and details of their delivery against these objectives, will again be disclosed in next year's report.

1. 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, other than to the extent disclosed above in the case of the ESG/strategic measures, 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 2022

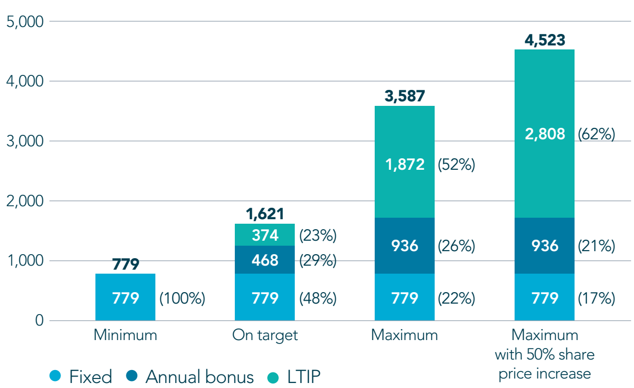
Performance measure over three years	% of award	Vesting level			Start of measurement period
		20%	Straight-line vesting between these points	100%	
TAR	50%	3% p.a.		7% p.a.	1 April prior to grant
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median		Upper quartile	Grant date

The maximum potential award for the 2021 LTIP is 300% of base salary. Practice has been to grant at this level each year. The awards 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 the vesting of the awards after the three-year performance period, the 2021 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.

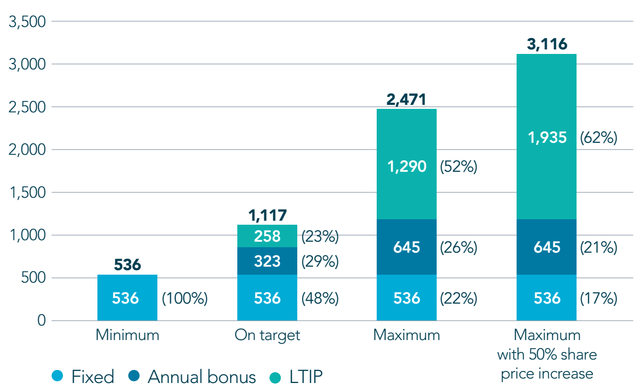
Executive Director remuneration scenario based on performance

The charts below set out the potential remuneration receivable by Executive Directors for minimum, where performance is below threshold for variable awards, on-target and maximum performance (including to show the effect of 50% share price appreciation). Potential reward opportunities are based on the Policy and applied to salaries for the year ending 31 March 2022. It should be noted the projected values exclude the impact of any dividend accrual.

Chief Executive £000



Chief Financial & Operating Officer £000



Chairman and Non-Executive Directors' remuneration

Single figure table annual fees for year ended 31 March 2021*

This section of the Report contains details of how the Policy for the Chairman and Non-Executive Directors was implemented during the financial year ended 31 March 2021.

	Fees[1]		Benefits		Totals	
Name	**2021**	2020	**2021**	2020	**2021**	2020
Richard Mully[2]	**209**	220	**–**	4	**209**	224
Charles Philipps	**76**	78	**–**	–	**76**	78
Wendy Becker[3]	**69**	76	**–**	–	**69**	76
Nick Hampton	**68**	71	**–**	2	**68**	73
Alison Rose	**66**	68	**–**	–	**66**	68
Vicky Jarman[4]	**66**	11	**–**	–	**66**	11
Total	**554**	524	**–**	6	**554**	530

1. In view of COVID-19, the fee increases of the Chairman and Non-Executive Directors were deferred until 1 July 2020. All of the Non-Executive Directors and the Chairman waived 20% of all their fees for a three-month period commencing 1 June 2020, with an amount equal to the waived amounts being contributed to the GPE COVID-19 Community Fund.
2. The Chairman waived his entitlement to receive amounts owing to his 6.4% fee increase for 2020/21 with an amount equal to the waived amount being contributed to the GPE COVID-19 Community Fund. The Chairman will receive his full fee, as increased, for 2021/22.
3. Wendy Becker stepped down from the Audit Committee in June 2020 which is reflected in her fee for the year ended 31 March 2021.
4. Vicky Jarman joined the Board in February 2020.

Shareholdings*

	31 March 2021	31 March 2020
Richard Mully	**26,379**	26,379
Charles Philipps	**4,094**	4,094
Wendy Becker	**8,277**	8,277
Nick Hampton	**2,500**	2,500
Alison Rose	**–**	–
Vicky Jarman	**2,708**	2,708

There were no changes in the shareholdings of the Chairman and Non-Executive Directors in office as at 31 March 2021 between 1 April 2021 and 18 May 2021.

Annual fees for year ending 31 March 2022

The table below sets out the fee rates for the Chairman and Non-Executive Directors for the year ending 31 March 2022, which will remain unchanged from 2020/21. Fee levels for the Chairman and Non-Executive Directors are assessed having regard to individual responsibility and fees paid to Non-Executive Directors in the wider FTSE 250.

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Richard Mully	235,000	–	–	–	–	235,000
Charles Philipps	56,500	10,000	5,000	5,000	3,350	79,850
Wendy Becker	56,500	–	–	12,500	3,350	72,350
Nick Hampton	56,500	–	12,500	–	3,350	72,350
Alison Rose	56,500	–	5,000	5,000	3,350	69,850
Vicky Jarman	56,500	–	5,000	5,000	3,350	69,850

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 2020 to 31 March 2021 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.

	Base salary/Fees	Taxable benefits	Bonus
Name	Change	Change	Change
Average employee[1]	**+5.1%**	**+4.1%**	**-17.5%**
Executive Directors[2]			
Toby Courtauld	**+1.5%**	**-3.6%**	**-20.6%**
Nick Sanderson	**+1.5%**	**-22.7%**	**-15.7%**
Non-Executive Directors[3]			
Richard Mully (Chairman)	**-5.0%**	**-100.0%**	**n/a**
Charles Philipps	**-2.6%**	**–**	**n/a**
Wendy Becker[4]	**-9.2%**	**–**	**n/a**
Nick Hampton	**-4.2%**	**-100.0%**	**n/a**
Alison Rose	**-2.9%**	**–**	**n/a**
Vicky Jarman[5]	**-2.9%**	**–**	**n/a**

1. Based on all employees who have been employed for the full 2019/20 and 2020/21 financial years. Average employee pay has been calculated on a full time equivalent basis.
2. Due to COVID-19, the Executive Director 2020/21 salary increases were deferred to take effect from 1 July 2020 rather than from the start of the financial year.
3. In view of COVID-19, the Chairman and Non-Executive Directors deferred their fees until 1 July 2020. All of the Non-Executive Directors and the Chairman waived 20% of all their fees for a three-month period commencing 1 June 2020. The Chairman also waived his entire fee increase in respect of 2020/21. An amount equal to the waived amounts was contributed to the GPE COVID-19 Community Fund.
4. Wendy Becker stepped down from the Audit Committee from 9 June 2020 following the signing of the 2020 Annual Report.
5. Vicky Jarman joined the Board in February 2020. The numbers above are annualised.

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.

	2012	2013[1]	2014	2015	2016	2017	2018	2019	2020	**2021**
Single figure of total remuneration (£000)	2,910	4,924	3,409	3,689	2,650	1,402	1,174	905	1,599[2]	**1,213**
Bonus payout as % of maximum opportunity	70%	92%	100%	48%	100%	20%	37%	19%	31%	**23.9%**
Long-term incentive vesting rates (as % of maximum opportunity)	100%	95%	86%	81%	58%	33%	10%	0%	28.8%	**12.8%[3]**

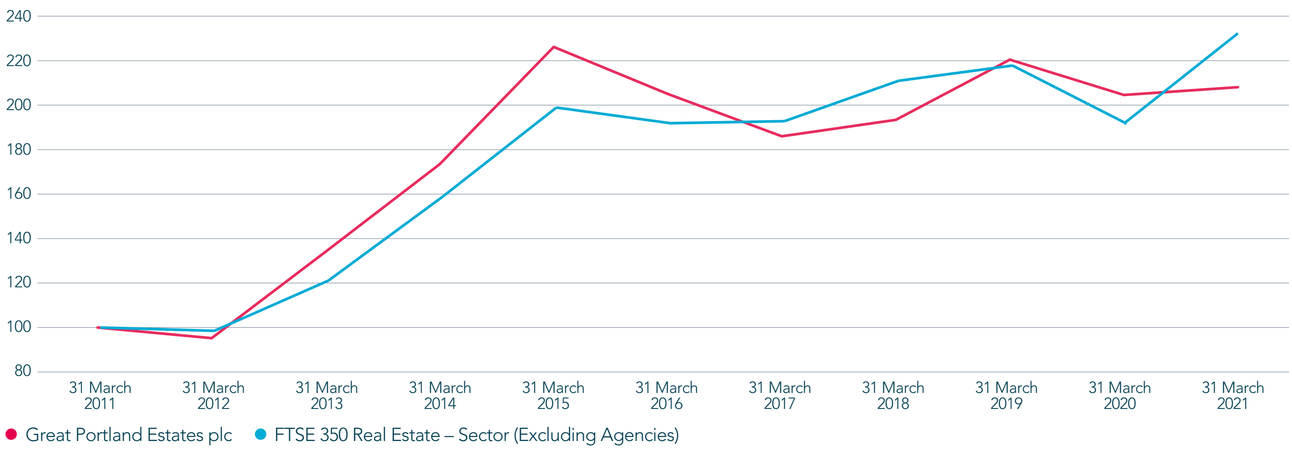
1. Includes a one-off SMP award made in 2010 of 100% of salary.
2. Restated to reflect the actual LTIP performance outcome of 28.8% as referred to in the single figure table on page 142. The figure provided in last year's Annual Report was disclosed on an estimated basis.
3. Based on estimated performance as at 31 March 2021.

Directors’ remuneration report continued

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: Thomson Reuters 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 (116 as at 31 March 2021), 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 2021	Modified Method A	18.6:1	13.8:1	7.0:1
31 March 2020[1]	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 2020 ratios have been updated to reflect the actual vesting outcome of the 2017 LTIP awards at 28.8%.

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 2021. 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, and data for life assurance and long-term illness cover are based on the value of notional premia. No other calculation adjustments or assumptions have been made.
- Chief Executive pay is as per the single total figure of remuneration for 2021, as disclosed on page 142.
- The 2021 ratio will be re-stated in the 2022 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 2021 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	612	46	64	121
Total remuneration (single figure)	1,213	64	87	172

Employee Share Trust

Upon the vesting of share awards, shares used to satisfy awards under the LTIP 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 2021 was 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.

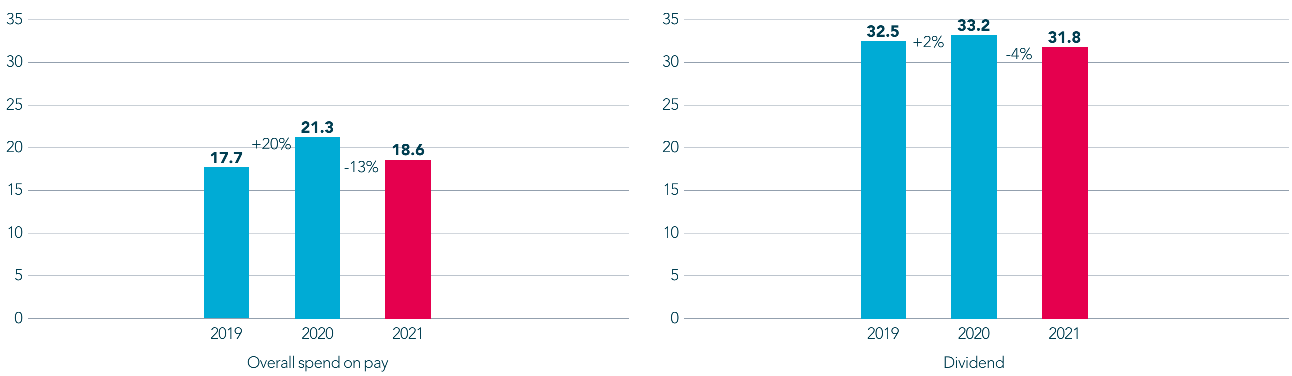
Maximum	As at 31 March 2021[1]
10% dilution in ten years (all plans)	1.65%
5% dilution in ten years (discretionary plans)	1.61%

1. This figure shows the number of shares required to satisfy all outstanding awards as at 31 March 2021 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 2019, 2020 and 2021:

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 2021 were £75,559 which is 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 2020/21 Annual Bonus Plan awards together with IFRS 2 calculations. Fees paid to Aon Hewitt in respect of this were £18,500. Aon Hewitt also provides gender pay gap assistance to the Group and fees paid in relation to this total £7,500; 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 total £54,006.

Statement of voting at the AGM

The following table shows the results of:

– the advisory vote on the Directors' remuneration report at the 24 July 2020 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
2020 Directors' remuneration report	200,451,852 (99.29%)	1,430,207 (0.71%)	937,996
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. Following an extensive shareholder consultation process last year in connection with the changes to the remuneration policy which were approved by shareholders at the 2020 AGM, the Committee has not engaged further with shareholders on remuneration matters during the last 12 months.

Deliberation and process

The Committee ensures it seeks independent advice as appropriate and the Committee also has access to HR and company 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 AGM to be held on 8 July 2021.

Directors' remuneration policy

This section of the Report contains details of the Directors' remuneration policy that governs the Company's remuneration payments to its Directors. The following pages include the main tables from the Policy which was approved by shareholders at the 2020 AGM, held on 24 July 2020. It is the intention that the Policy will apply for a period of three years from the date of approval. The full Policy can be found on our website, at **www.gpe.co.uk/investors**.

The Company's policy is to provide remuneration packages that fairly reward the Executive Directors for the contribution they have made to the business and to ensure that the packages are appropriately competitive to promote the long-term success of the Company. The policy is to align the directors' interests with those of shareholders and to incentivise the directors to meet the Company's financial and strategic priorities by making a significant proportion of remuneration performance related. The Company's strategic objectives are set out in the Strategic Report on pages 1 to 98.

The Committee is satisfied that the Policy is in the best interests of shareholders, does not raise any environmental, social or governance issues and does not promote excessive risk-taking.

Executive Director remuneration

Fixed remuneration			
Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Base salary To provide a market competitive salary which takes into account individual responsibilities and attracts and retains talent in the labour market in which the Executive Director is employed.	Reviewed by the Committee at least annually and assessed having regard to Company performance, individual responsibilities, inflation, as well as salary levels in comparable organisations (particularly within the listed property sector) and taking account of salary policy and annual increases within the rest of the Group.	Base salary increases will be applied in line with the outcome of the review. In the normal course of events, increases in the base salaries will not exceed the average increase for employees. Increases may be made above this level to take account of market alignment to around mid-market levels of comparable organisations (particularly within the listed property sector) and individual circumstances such as: – increase in scope and responsibility; and/or – to reflect the individual's development and performance in the role (e.g. for a new appointment where base salary may be increased over time rather than set directly at the level of the previous incumbent or market level). The Committee is, however, mindful of the need to treat comparisons with caution to avoid an upward ratchet of remuneration levels. The salary maximum will be £650,000 (as increased by RPI from July 2017, currently c.£700,000).	Individual and Company performances are considerations in setting base salary.
Benefits To provide cost-effective benefits that are valued by the recipient and are appropriately competitive.	Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. A company car or company car allowance may be provided although it is not the Company's current practice to provide either to current Executive Directors. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects individual circumstances. Benefits are reviewed annually and their value is not pensionable.	Set at a level which the Committee considers: – appropriately positioned against comparable roles in companies of a similar size and complexity (particularly within the listed property sector); and – provides a sufficient level of benefits based on the role or an individual's circumstances such as relocation. Benefit values vary year on year depending on premiums and, therefore, the maximum value is the cost of the provision of these benefits. However, the aggregate value of contractual and non-contractual benefits received by each Executive Director (based on the value included in the individual's annual P11D tax calculation) shall not exceed £100,000 p.a. (with this maximum increasing annually at the rate of RPI from 1 April 2014).	Not applicable.

Fixed remuneration continued			
Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Pension To provide a framework to save for retirement that is appropriately competitive.	All Executive Directors receive a contribution to their personal pension plan and/or receive a cash equivalent. This cash equivalent is not treated as salary for the purposes of determining bonus or incentive awards.	The contribution is a maximum of 20%. The current Executive Directors as at 1 April 2021 receive a contribution or cash equivalent equal to 20% of base salary. The contribution level for the current Executive Directors will be aligned with the average rate for all employees, by the end of 2022. Any new Executive Directors that are recruited will receive a contribution at no more than the same level as the average all-employee rate (as at the date of recruitment).	Not applicable.

Variable remuneration			
Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Annual Bonus Plan Links reward to the annual performance targets, which are set on or about the beginning of the financial year in line with the Company's strategy. Ensures an alignment between the operation of the Directors' remuneration policy and financial measures whilst also ensuring additional operational measures are targeted to encourage a holistic approach to performance.	The Annual Bonus Plan is reviewed annually at the start of the financial year to ensure bonus opportunity, performance measures and weightings are appropriate and continue to support the Company's strategy. Bonuses are paid in cash and shares. Up to 60% of any bonus will be paid in cash following the end of the financial year. At least 40% of any bonus outcome will be deferred into shares, typically through the new Deferred Share Bonus Plan (the DSBP) and normally for three years. The DSBP was submitted to the 2020 AGM and approved by shareholders for a ten-year period. Subject to clawback and malus provisions in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and the bonus paid was higher than should have been the case. The target bonus is 50% of maximum (i.e. 75% of base salary). Threshold bonus is not more than 30% of base salary with 0% payable if the threshold is not met.	The maximum bonus is 150% of base salary.	At least 70% of the bonus will be linked to key financial measures, with the balance linked to personal or strategic objectives (including ESG factors). At least half of the combined opportunity relating to personal or strategic objectives will be objectively measurable. The performance metrics are set by the Committee each year. The performance period for the Annual Bonus Plan targets is linked to the Company's financial year. The Committee may reduce formulaic bonus outcomes, if it considers them to be inconsistent with the performance of the Company, business or individual during the year. The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not, in the view of the Committee, materially less difficult to satisfy. Further details on the measures for the financial year 2021/22 are set out on page 149.

Performance shares under the Long-Term Incentive Plan (LTIP)			
Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Rewards and retains Executives aligning them with shareholder interests over a longer timeframe. Ensures an alignment between the operation of the Company's remuneration policy and the Company's KPIs of achieving sustained TAR growth, above benchmark total property returns and superior shareholder returns.	The LTIP was approved and adopted by shareholders in July 2010 with an initial ten-year term. It was renewed by shareholders at the 2020 AGM for a further ten-year period. **LTIP** Participants are eligible to receive a conditional annual allocation of shares or nil price options (performance shares). **General terms** Awards may be adjusted to reflect the impact of any variation of share capital. An award may, at the discretion of the Committee, include the right to receive cash or shares on vesting equal in value to the dividends payable on such number of shares subject to the award which vest, for the period between grant and vesting. A two-year holding period will apply to awards following the end of the performance period. Awards will typically be structured as nil cost options exercisable from the end of the holding period. Subject to clawback and malus provisions, for all employees in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and vesting was higher than should have been the case; and malus only where there are sufficiently exceptional circumstances which impact the reputation of the Company. The threshold vesting is 20% of awards with straight-line vesting to 100% for maximum performance. Awards under the LTIP may be adjusted to reflect the impact of any variation of share capital. **Quantum** The Committee reviews the quantum of awards annually.	Up to 300% of salary.	Performance is assessed over not less than a three-year performance period against relevant shareholder value, financial and property related metrics (e.g. TSR or TAR growth). The performance metrics are set by the Committee each year based on the strategic priorities of the business at that time, but no less than 50% will be assessed against a relative measure. The Committee will also have a standard discretion to reduce the formulaic outcome of performance conditions if no longer appropriate in the circumstances (including the performance of the Company, any individual or business). The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Further details on the measures for 2021/22 awards are set out in the Directors' remuneration report on page 149.

Directors' remuneration report continued

All-employee share plans			
Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Encourages Executive Directors and employees to acquire shares in order to increase the alignment of interests with shareholders over the longer term.	The Company operates a Share Incentive Plan (SIP) under which all employees, including Executive Directors, may be awarded free shares and may purchase shares which can be matched on up to a two for one basis. The Company's current practice is to operate partnership and matching shares only. If the shares are held in a trust for at least three years and the employee does not leave the Company during that period, then the matched shares may be retained by the individual subject to some relief against income tax and National Insurance contributions. Dividends are also paid directly to participants on all SIP shares. In 2010, shareholders approved a Save As You Earn Scheme (SAYE) for all employees which is not currently operated but which might be utilised in the future. Under the SAYE, participants (which may include Executive Directors) may make monthly contributions over a savings period linked to the grant of an option with an exercise price which may be at a discount of up to 20% of the market value of the underlying shares at grant. Awards under the SIP and SAYE may be adjusted to reflect the impact of any variation of share capital. The SIP and SAYE were each submitted at the 2020 AGM and approved by shareholders for a further ten-year term.	Under the SIP, maximum participation will be in line with the prevailing maximum limits set by HMRC under the relevant legislation. Under the SAYE, maximum participation will be in line with the prevailing maximum limits set by HMRC under the relevant legislation.	As is typical under HMRC tax-advantaged all-employee plans, there are no performance conditions attached to awards.

Shareholding policy			
Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Executive Directors are expected to accumulate and maintain a holding in shares in the Company equivalent in value to no less than 300% of base salary. A post-cessation shareholding guideline has operated from the approval of this policy at the 2020 AGM. Executive Directors will be expected to retain the lower of actual shares held at cessation and shares equal to 300% of salary for two years post-cessation. This guideline will apply in respect of any vested shares which vest from DSBP and LTIP awards granted after the 2020 AGM (unless the Committee no longer considers it necessary). Shares retained following vesting of LTIP and/or DSBP awards granted after the 2020 AGM will be held in escrow to enable enforcement of post-cessation share ownership guidelines.	Not applicable.	Not applicable.

Non-Executive Director remuneration

Fees

Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Provide an appropriate reward to attract individuals with appropriate knowledge and experience to review and support the implementation of the Company's strategy.	The Chairman and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is determined by the Committee. Non-Executive Directors are paid a base fee and additional fees for membership or chairmanship of Committees and for the role of Senior Independent Director. Fees are usually reviewed annually with changes effective from 1 April. Non-Executive Directors do not participate in any of the Company's incentive arrangements. Other benefits include travel, accommodation and membership subscriptions related to the Company's business. Reasonable business related expenses will be reimbursed (including any tax due thereon).	Fees will be in line with market rates for Non-Executive Directors at FTSE 250 companies. The aggregate maximum will be the limit stated in the Articles of Association, which was increased to £750,000 by shareholders at the 2020 AGM. In the normal course, the Committee would generally consider awarding the Chairman (and the other directors would generally consider awarding the Non-Executive Directors) an annual increase in line with the rate of inflation for staff generally. However, this is not automatic and any decisions will be taken in the round. The 2021/22 fee levels are set out on page 150.	Not applicable.

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 dealing with appointment and rotation every three years, however, 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 Executive Directors' service agreements and their unexpired term, the dates of the Non-Executive Directors' letters of appointment and the date on which the Non-Executive Director is next subject to reappointment or re-election.

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002 (amended 2017)	12
Nick Sanderson	7 June 2011 (amended 2017)	12

Non-Executive	Date of appointment letter	Date when next subject to appointment or re-election
Richard Mully	12 October 2016	8 July 2021
Charles Philipps	10 January 2014	8 July 2021
Wendy Becker	12 January 2017	8 July 2021
Nick Hampton	28 September 2016	8 July 2021
Alison Rose	4 April 2018	8 July 2021
Vicky Jarman	22 January 2020	8 July 2021

Approved by the Board on 19 May 2021 and signed on its behalf by:

Wendy Becker
Chairman of the Remuneration Committee
19 May 2021

Governance

Report of the directors

Strategic Report

The Group's Strategic Report on pages 1 to 98 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 2021.

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 166 to 192. An interim dividend of 4.7 pence per share (2020: 4.7 pence) was paid on 5 January 2021, and the directors propose to pay a final dividend of 7.9 pence per share on 12 July 2021 to shareholders on the register of members as at the close of business on 28 May 2021. This makes a total of 12.6 pence per share (2020: 12.6 pence) for the year ended 31 March 2021.

Directors

Biographical details of the current directors of the Company are shown on pages 54 and 55.

In accordance with the UK Corporate Governance Code, all the directors will retire and will offer themselves for re-election at the forthcoming Annual General Meeting.

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 Market Abuse Regulation, are set out in the Directors' remuneration report on pages 148 and 150. The Directors' remuneration report also sets out details of any changes in those interests between 31 March 2021 and 18 May 2021.

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 current Articles of Association, a director shall retire from office if he or she has been appointed since the previous Annual General Meeting or if it is the third Annual General Meeting following that at which he or she was elected or last re-elected. Notwithstanding the provisions of the current Articles of Association, the Board has agreed that all directors will retire and seek election or re-election at each Annual General Meeting in accordance with the UK Corporate Governance Code.

Changes to the Articles of Association must be approved by the Company's shareholders in accordance with legislation in force from time to time. Shareholders are being asked to approve certain changes to the Company's Articles of Association at the 2021 Annual General Meeting, details of which can be found in the Company's Notice of AGM 2021.

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 99 to 159, 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 Annual General Meeting (AGM) can be found in the Notice of AGM 2021, which will be made available on the Company's website.

Given the evolving nature of the situation, we may need to adapt arrangements as described in the Notice of AGM 2021 to respond to changes in circumstances and government guidelines. Any changes to the AGM arrangements will be communicated to shareholders via 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
Financial instruments	174, 186 to 188
Greenhouse gas emissions, energy consumption and energy efficiency action	78 to 79
Engagement with suppliers, customers and others	58 to 67, 107 to 111
Research and development	35, 38, 40, 59, 60, 71, 76

Disclosures required by the Financial Conduct Authority's Listing Rule 9.8.4R can be found on the following pages:

	Page
Capitalised interest	176, 180, 182
Director waiver of emoluments	150
Waiver of dividends	162

The Directors' responsibilities statement is on page 164 and is incorporated into this Report of the directors by reference.

Report of the directors continued

Significant shareholdings

As at 31 March 2021 and 18 May 2021, 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]
T.Rowe Price Associates, Inc.	33,115,791	13.04	Indirect
Norges Bank Investment Management	33,112,466	13.04	Direct
BlackRock Inc.	13,280,692 5,373,453	5.23 2.11	Indirect Financial instruments
KKR Investment Management LLC	13,579,569	5.35	Indirect
Standard Life Aberdeen plc	10,366,321	4.00	Indirect

1. As at date of notification.

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 2021, the issued share capital of the Company was 253,867,911 (2020: 253,867,911) ordinary shares of 15$\frac{5}{19}$ pence each, all fully paid up and listed on the London Stock Exchange.

At the 2020 AGM, shareholders authorised the Company to make market purchases of up to 38,054,799 ordinary shares of 15$\frac{5}{19}$ pence each, representing 14.99% of the issued share capital of the Company as at 17 June 2020, such authority to expire at the earlier of the conclusion of the 2021 AGM or 1 October 2021. 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 2021.

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 COVID-19 pandemic, are set out in the Strategic Report on pages 1 to 98. 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 43 to 46 and 'Our capital strength' on pages 82 and 83, and in notes 16 and 17 of the financial statements on pages 166 to 192.

The directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance, with particular focus on the significant impact COVID-19 is having on the macro-economic conditions in which the Group is operating. 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 occupier leases. 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. Further information on the assumptions contained in the going concern scenario is on page 170. 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 98.

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 2021

Governance

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 International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, 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 2021

Nick Sanderson
Chief Financial & Operating Officer
19 May 2021

Financial statements

In this section:

The newly created reception space at The Hickman, E1.

Group income statement

For the year ended 31 March 2021

	Notes	2021 £m	2020* £m
Revenue	2	**88.5**	102.5
Cost of sales	3	**(24.7)**	(27.7)
		63.8	74.8
Administration expenses	4	**(25.2)**	(29.0)
Expected credit losses	14	**(7.7)**	(0.1)
Development management losses		**(0.1)**	(0.2)
Operating profit before deficit from property and results of joint ventures		**30.8**	45.5
Deficit from investment property	9	**(156.8)**	(52.6)
Share of results of joint ventures	11	**(76.2)**	57.9
Operating (loss)/profit		**(202.2)**	50.8
Finance income	5	**8.0**	7.3
Finance costs	6	**(7.8)**	(6.5)
(Loss)/profit before tax		**(202.0)**	51.6
Tax	7	**0.1**	0.2
(Loss)/profit for the year		**(201.9)**	51.8
Basic (loss)/earnings per share	8	**(79.8p)**	20.0p
Diluted (loss)/earnings per share	8	**(79.8p)**	20.0p
Basic EPRA earnings per share	8	**15.9p**	22.0p
Diluted EPRA earnings per share	8	**15.8p**	22.0p

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

* As explained further in note 1, the directors have changed the way in which the Group's performance is presented on the face of the income statement. The underlying results have not been amended and this modified presentation has had no effect on operating profit or profit for the year.

Group statement of comprehensive income

For the year ended 31 March 2021

	Notes	2021 £m	2020 £m
(Loss)/profit for the year		**(201.9)**	51.8
Items that will not be reclassified subsequently to profit and loss			
Actuarial gain/(loss) on defined benefit scheme	25	**0.8**	(0.4)
Deferred tax on actuarial gain/(loss) on defined benefit scheme	7	**(0.1)**	–
Total comprehensive (expense)/income for the year		**(201.2)**	51.4

Group balance sheet

At 31 March 2021

	Notes	2021 £m	2020 £m
Non-current assets			
Investment property	9	**1,894.5**	1,987.1
Investment in joint ventures	11	**626.4**	647.0
Property, plant and equipment	12	**6.3**	7.5
Pension asset	25	**0.7**	–
Other investments	13	**1.0**	0.2
		2,528.9	2,641.8
Current assets			
Trade and other receivables	14	**19.5**	16.1
Corporation tax	7	**0.4**	0.5
Cash and cash equivalents		**11.1**	94.9
		31.0	111.5
Total assets		**2,559.9**	2,753.3
Current liabilities			
Trade and other payables	15	**(55.1)**	(60.0)
		(55.1)	(60.0)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(488.6)**	(444.3)
Obligations under head leases	18	**(40.7)**	(40.7)
Obligations under occupational leases	19	**(3.9)**	(4.8)
Pension liabilities	25	**–**	(0.4)
Deferred tax	7	**–**	–
		(533.2)	(490.2)
Total liabilities		**(588.3)**	(550.2)
Net assets		**1,971.6**	2,203.1
Equity			
Share capital	20	**38.7**	38.7
Share premium account		**46.0**	46.0
Capital redemption reserve		**326.7**	326.7
Retained earnings		**1,560.0**	1,792.3
Investment in own shares	21	**0.2**	(0.6)
Total equity		**1,971.6**	2,203.1
Basic net assets per share (diluted)	8	**779p**	868p
EPRA NTA (diluted)	8	**779p**	868p

Approved by the Board on 19 May 2021 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 2021

	Notes	2021 £m	2020 £m
Operating activities			
Operating (loss)/profit		**(202.2)**	50.8
Adjustments for non-cash items	22	**238.5**	(2.4)
Decrease in trading property		**–**	4.9
Increase in receivables		**(3.4)**	(6.4)
(Decrease)/increase in payables		**(6.3)**	4.8
Cash generated from operations		**26.6**	51.7
Interest paid		**(10.3)**	(10.1)
Interest received		**0.2**	0.6
Tax repaid/(paid)		**0.1**	(3.6)
Cash flows from operating activities		**16.6**	38.6
Investing activities			
Distributions from joint ventures		**8.3**	4.6
Funds to joint ventures		**(45.3)**	(56.9)
Purchase of other investments		**(0.8)**	(0.2)
Purchase and development of property		**(60.8)**	(64.6)
Purchase of plant and equipment		**(0.4)**	(0.1)
Sale of properties		**(0.2)**	66.9
Investment in joint ventures		**(10.8)**	(18.0)
Cash flows from investing activities		**(110.0)**	(68.3)
Financing activities			
Revolving credit facility (repaid)/drawn	16	**(105.0)**	149.1
Issue of private placement notes	16	**149.1**	–
Purchase of own shares	21	**–**	(127.8)
Payment of lease obligations		**(2.8)**	(2.8)
Dividends paid	23	**(31.7)**	(33.3)
Cash flows from financing activities		**9.6**	(14.8)
Net decrease in cash and cash equivalents		**(83.8)**	(44.5)
Cash and cash equivalents at 1 April		**94.9**	139.4
Cash and cash equivalents at 31 March		**11.1**	94.9

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	25	**–**	**–**	**–**	**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	21	**–**	**–**	**–**	**–**	**1.5**	**1.5**
Dividends to shareholders	23	**–**	**–**	**–**	**(31.8)**	**–**	**(31.8)**
Transfer to retained earnings	21	**–**	**–**	**–**	**0.7**	**(0.7)**	**–**
Total equity at 31 March 2021		**38.7**	**46.0**	**326.7**	**1,560.0**	**0.2**	**1,971.6**

Group statement of changes in equity

For the year ended 31 March 2020

	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 2019		41.4	46.0	324.0	1,900.0	(1.7)	2,309.7
Adoption of IFRS 16		–	–	–	(0.7)	–	(0.7)
Total equity at 1 April 2019 re-stated		41.4	46.0	324.0	1,899.3	(1.7)	2,309.0
Profit for the year		–	–	–	51.8	–	51.8
Actuarial loss on defined benefit scheme		–	–	–	(0.4)	–	(0.4)
Total comprehensive income for the year		–	–	–	51.4	–	51.4
Employee Long-Term Incentive Plan charge	21	–	–	–	–	2.6	2.6
Dividends to shareholders	23	–	–	–	(33.2)	–	(33.2)
Share buyback	20	(2.7)	–	2.7	(126.7)	–	(126.7)
Transfer to retained earnings	21	–	–	–	1.5	(1.5)	–
Total equity at 31 March 2020		38.7	46.0	326.7	1,792.3	(0.6)	2,203.1

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 217. The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 2021, with particular focus on the significant impact COVID-19 is having on the macro-economic conditions in which the Group is operating. This assessment is for the 12-month period following the date of approval of the accounts and is based on the Group's financial forecasts, including a going concern scenario which included the following key assumptions:

– a 28% decline in the valuation of the property portfolio;
– an 7% fall in rental income; and
– an overall decline of around 37% 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 31% before breach (or 56% from 31 March 2021 values);
  – due to the measurement of its income related bank covenants, in particular the treatment of capitalised interest, for the year ended 31 March 2021, 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 84% before breach (or 87% from 31 March 2021 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 2021.

In early 2021 we corresponded with the Conduct Committee of the Financial Reporting Council (FRC), who highlighted to us that the previous presentation of our income statement was potentially confusing. In response, we have clarified the income statement presentation to remove the duplication of line items and present line items on a gross basis without offsetting. We have also defined and presented additional alternative performance measures in note 8. The underlying results have not been amended and this modified presentation has had no effect on operating profit or profit for the year. The review conducted by the FRC was based solely on the Group's published 2020 report and accounts and does not provide any assurance that the report and accounts are correct in all material respects.

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.

1 Accounting policies continued

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.

In response to changes in the control, or future spread, of COVID-19, the external valuers have highlighted the importance of the valuation date in their reports. It is their view that, as at the valuation date, transaction volumes and other relevant evidence had returned to levels where an adequate quantum of market evidence existed upon which to base opinions of value. Accordingly, the valuations at 31 March 2021 were not subject to 'material valuation uncertainty'.

Key source of estimation uncertainty: expected credit loss

The Group is operating in an environment of heightened economic uncertainty caused by COVID-19 and consequently additional scrutiny and judgement are required when assessing the impact of non-payment of rents and rent concessions as well as the possible need to impair outstanding rental balances. At 31 March 2021, each outstanding occupier balance was reviewed and allocated an estimated likelihood of recovery using a forward look expected credit loss model. Given the heightened levels of economic uncertainty, the focus of the review was on current and forecast financial information, levels of retail footfall and the occupiers' ability to pay rental arrears and, with respect to lease incentives, the likelihood that occupiers will serve out the remainder of the contractual lease term. To the extent balances were considered unrecoverable they have been provided for as an expected credit loss in the income statement. Further information is provided in note 14.

New accounting standards

During the year ended 31 March 2021, the following accounting standards and guidance were adopted by the Group:

– Amendments to References to the Conceptual Framework in IFRS Standards;
– Definition of a Business (Amendments to IFRS 3); and
– Definition of Material (Amendments to IAS 1 and IAS 8).

The adoption of the Standards and Interpretations has not significantly impacted these financial statements and any changes to our accounting policies as a result of their adoption have been reflected in this note.

At the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and have not been applied in these financial statements:

– Annual improvements to IFRS Standards 2018-2020;
– Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2);
– Definition of Accounting Estimates (Amendments to IAS);
– UK-adopted International Accounting Standards; and
– Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).

None of these are expected to have a significant effect on the financial statements of the Group.

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 2021. 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 occupiers, 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 occupier.

Notes forming part of the Group financial statements continued

1 Accounting policies continued

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 payment

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.

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 valuations have been prepared in accordance the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (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.

1 Accounting policies continued

Trading property

Trading property is being developed for sale or being held for sale after development is complete, and is carried at the lower of cost and net realisable value. Revenue is recognised on completion of disposal. Cost includes direct expenditure and capitalised interest. Cost of sales, including costs associated with off-plan residential sales, are expensed to the income statement as incurred.

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.

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.

Notes forming part of the Group financial statements continued

1 Accounting policies continued

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 14 for further information on trade receivables and associated expected credit losses.

2 Revenue

	2021 £m	2020 £m
Gross rental income	**73.8**	80.8
Spreading of lease incentives	**(2.7)**	0.3
Service charge income	**13.7**	12.9
Joint venture fee income	**3.7**	2.1
Trading property revenue	**–**	6.4
	88.5	102.5

The table below sets out the Group's net rental income, please see note 8 for the Group's alternative performance measures:

	2021 £m	2020 £m
Gross rental income	**73.8**	80.8
Credit losses	**(7.7)**	(0.1)
	66.1	80.7
Spreading of lease incentives	**(2.7)**	0.3
Ground rents	**(1.3)**	(1.1)
Net rental income	**62.1**	79.9

3 Cost of sales

	2021 £m	2020 £m
Service charge expenses	**15.2**	14.8
Other property expenses	**8.2**	6.2
Trading property cost of sales	**–**	5.6
Ground rent	**1.3**	1.1
	24.7	27.7

The table below sets out the Group's property costs, please see note 8 for the Group's alternative performance measures:

	2021 £m	2020 £m
Service charge income	**(13.7)**	(12.9)
Service charge expenses	**15.2**	14.8
Other property expenses	**8.2**	6.2
Property costs	**9.7**	8.1

4 Administration expenses

	2021 £m	2020 £m
Employee costs	**17.8**	20.5
Depreciation	**1.6**	1.5
Other head office costs	**5.8**	7.0
	25.2	29.0

Included within employee costs is an accounting charge for the LTIP scheme of £1.5 million (2020: £2.6 million). Employee costs, including those of directors, comprise the following:

	2021 £m	2020 £m
Wages and salaries (including annual bonuses)	**14.9**	15.7
Share-based payments	**1.5**	2.6
Social security costs	**2.0**	2.6
Other pension costs	**1.7**	1.6
	20.1	22.5
Less: recovered through service charges	**(1.5)**	(1.2)
Less: capitalised into development projects	**(0.8)**	(0.8)
	17.8	20.5

Key management compensation

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 134 to 159. 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:

	2021 £m	2020 £m
Wages and salaries (including annual bonuses)	**3.5**	4.0
Share-based payments	**0.5**	0.9
Social security costs	**0.4**	0.6
Other pension costs	**0.4**	0.4
	4.8	5.9

The Group had loans to key management of £nil outstanding at 31 March 2021. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

Employee information

The annual average number of employees of the Group, including directors, was:

	2021 Number	2020 Number
Head office and property management	**124**	114

Auditor's remuneration

	2021 £000	2020 £000
Audit of the Company's annual accounts	**173**	171
Audit of subsidiaries	**113**	100
	286	271
Audit-related assurance services, including the interim review	**83**	77
Total audit and audit-related services	**369**	348
Other services	**–**	–
	369	348

Notes forming part of the Group financial statements continued

5 Finance income

	2021 £m	2020 £m
Interest on balances with joint ventures	**7.8**	6.9
Interest on cash deposits	**0.2**	0.4
	8.0	7.3

6 Finance costs

	2021 £m	2020 £m
Interest on revolving credit facilities	**2.5**	2.3
Interest on private placement notes	**8.4**	6.8
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	**14.1**	12.3
Less: capitalised interest at an average rate of 2.6% (2020: 3.1%)	**(6.3)**	(5.8)
	7.8	6.5

7 Tax

	2021 £m	2020 £m
Current tax		
UK corporation tax – current period	**–**	–
UK corporation tax – prior periods	**–**	(0.2)
Total current tax	**–**	(0.2)
Deferred tax	**(0.1)**	–
Tax credit for the year	**(0.1)**	(0.2)

The effective rate of tax is lower (2020: lower) than the standard rate of tax. The difference arises from the items set out below:

	2021 £m	2020 £m
(Loss)/profit before tax	**(202.0)**	51.6
Tax (credit)/charge on profit at standard rate of 19% (2020: 19%)	**(38.4)**	9.8
REIT tax-exempt rental profits and gains	**(8.6)**	(13.5)
Changes in fair value of properties not subject to tax	**46.0**	2.3
Prior periods' corporation tax	**–**	(0.2)
Other	**0.9**	1.4
Tax credit for the year	**(0.1)**	(0.2)

During the year, £0.1 million (2020: £nil) of deferred tax was debited directly to equity. The Group recognised a net deferred tax asset at 31 March 2021 of £nil (2020: £nil). This consists of deferred tax assets of £0.2 million (2020: £0.1 million) and deferred tax liabilities of £0.2 million (2020: £0.1 million).

Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. As Finance Bill 2021 has yet to be substantively enacted, the government's announced increase in the standard rate of tax on 1 April 2023 (from 19% to 25%) has not been reflected within the Group's accounts. In any event, the announced increase would have no material impact on the Group's deferred tax position.

Movement in deferred tax

	At 1 April 2020 £m	Recognised in the income statement £m	Recognised in equity £m	At 31 March 2021 £m
Net deferred tax asset/(liability) in respect of other temporary differences	–	**0.1**	**(0.1)**	**–**

A further deferred tax asset of £3.5 million (2020: £3.7 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.

7 Tax continued

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 46.

EPRA capital expenditure and EPRA NIY are included in note 9 and EPRA vacancy is set out on page 214.

Earnings per share:

Weighted average number of ordinary shares

	2021 Number of shares	2020 Number of shares
Issued ordinary share capital at 1 April	**253,867,911**	271,365,894
Share buyback	**–**	(11,864,663)
Investment in own shares	**(939,617)**	(1,109,303)
Weighted average number of ordinary shares at 31 March – basic	**252,928,294**	258,391,928

Basic and diluted earnings per share

	(Loss)/ profit after tax 2021 £m	**Number of shares 2021 million**	**(Loss)/ earnings per share 2021 pence**	Profit after tax 2020 £m	Number of shares 2020 million	Earnings per share 2020 pence
Basic	**(201.9)**	**252.9**	**(79.8)**	51.8	258.4	20.0
Dilutive effect of LTIP shares	**–**	**0.2**	**–**	–	0.8	–
Diluted	**(201.9)**	**253.1**	**(79.8)**	51.8	259.2	20.0

Basic and diluted EPRA earnings per share

	(Loss)/ profit after tax 2021 £m	**Number of shares 2021 million**	**(Loss)/ earnings per share 2021 pence**	Profit after tax 2020 £m	Number of shares 2020 million	Earnings per share 2020 pence
Basic	**(201.9)**	**252.9**	**(79.8)**	51.8	258.4	20.0
Deficit from investment property net of tax (note 9)	**156.8**	**–**	**62.0**	52.6	–	20.3
Deficit/(surplus) from joint venture investment property (note 11)	**83.4**	**–**	**33.0**	(46.6)	–	(18.0)
(Profit)/loss on sale of trading property net of tax (note 10)	**–**	**–**	**–**	(0.8)	–	(0.3)
Debt redemption costs from joint ventures (note 11)	**1.9**	**–**	**0.7**	–	–	–
Deferred tax (note 7)	**(0.1)**	**–**	**–**	–	–	–
Basic EPRA earnings	**40.1**	**252.9**	**15.9**	57.0	258.4	22.0
Dilutive effect of LTIP shares (note 21)	**–**	**0.2**	**(0.1)**	–	0.8	–
Diluted EPRA earnings	**40.1**	**253.1**	**15.8**	57.0	259.2	22.0

8 Alternative performance measures and EPRA metrics continued

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 introduced three new 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, replacing the metric EPRA NAV as previously reported. There are no measurement differences between EPRA NTA and NAV for the current or prior year.

Number of ordinary shares

	2021 Number of shares	2020 Number of shares
Issued ordinary share capital	**253,867,911**	253,867,911
Investment in own shares	**(877,335)**	(1,109,303)
Number of shares – basic	**252,990,576**	252,758,608
Dilutive effect of LTIP shares	**203,596**	959,394
Number of shares – diluted	**253,194,172**	253,718,002

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 17)	**–**	**–**	**(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	**779**	**779**	**778**	**850**
Diluted net assets per share	**779**	**779**	**777**	**849**

EPRA net assets per share at 31 March 2020

	IFRS £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m
IFRS basic and diluted net assets	2,203.1	2,203.1	2,203.1	2,203.1
Fair value of financial liabilities (note 17)	–	–	9.8	–
Fair value of financial liabilities in joint ventures (note 11)	–	–	(1.4)	–
Real estate transfer tax	–	–	–	191.5
EPRA net assets	2,203.1	2,203.1	2,211.5	2,394.6

	IFRS	EPRA NTA	EPRA NDV	EPRA NRV
Net assets per share	871	871	875	947
Diluted net assets per share	868	868	871	944

Total Accounting Return (TAR)

	2021 Pence per share	2020 Pence per share
Opening EPRA NTA (A)	**868.0**	853.0
Closing EPRA NTA	**779.0**	868.0
(Decrease)/increase in EPRA NTA	**(89.0)**	15.0
Ordinary dividends paid in the year	**12.6**	12.6
Total return (B)	**(76.4)**	27.6
Total accounting return (B/A)	**(8.8%)**	3.2%

8 Alternative performance measures and EPRA metrics continued

EPRA cost ratio (including share of joint ventures)

	2021 £m	2020 £m
Administration expenses	**25.2**	29.0
Property costs	**9.7**	8.1
Joint venture management fee income	**(3.7)**	(2.1)
Joint venture property and administration costs	**2.1**	1.7
EPRA costs (including direct vacancy costs) (A)	**33.3**	36.7
Direct vacancy costs	**(4.1)**	(3.8)
Joint venture direct vacancy cost	**(0.3)**	(0.4)
EPRA costs (excluding direct vacancy costs) (B)	**28.9**	32.5
Net rental income	**62.1**	79.9
Joint venture net rental income	**17.4**	17.9
Gross rental income (C)	**79.5**	97.8
Portfolio at fair value including joint ventures (D)	**2,457.1**	2,624.1
Cost ratio (including direct vacancy costs) (A/C)	**41.9%**	37.5%
Cost ratio (excluding direct vacancy costs) (B/C)	**36.4%**	33.2%
Cost ratio (by portfolio value) (A/D)	**1.4%**	1.4%

Loan-to-property value and net debt

We consider loan-to-property value, including our share of joint ventures, to be the best measure of the Group's risk from financial leverage. We also present net gearing as it is a key covenant on our loan facilities (see note 17).

	2021 £m	2020 £m
£21.9 million 5⅝% debenture stock 2029	**22.0**	22.0
£450.0 million revolving credit facility	**43.3**	148.1
Private placement notes	**423.3**	274.2
Less: cash balances	**(11.1)**	(94.9)
Net debt excluding joint ventures	**477.5**	349.4
Joint venture bank loans (at share)	**–**	39.9
Less: joint venture cash balances (at share)	**(26.5)**	(16.0)
Net debt including joint ventures (A)	**451.0**	373.3
Group properties at market value	**1,853.8**	1,946.4
Joint venture properties at market value	**603.3**	677.7
Properties at fair value including joint ventures (B)	**2,457.1**	2,624.1
Loan-to-property value (A/B)	**18.4%**	14.2%

Net gearing

	2021 £m	2020 £m
Nominal value of interest-bearing loans and borrowings (see note 16)	**492.1**	447.1
Obligations under occupational leases	**3.9**	4.8
Less: cash balances	**(11.1)**	(94.9)
Adjusted net debt (A)	**484.9**	357.0
Net assets	**1,971.6**	2,203.1
Pension scheme (assets)/liabilities	**(0.7)**	0.4
Adjusted net equity (B)	**1,970.9**	2,203.5
Net gearing (A/B)	**24.6%**	16.2%

Notes forming part of the Group financial statements continued

8 Alternative performance measures and EPRA metrics continued

Cash earnings per share

	Profit after tax 2021 £m	Number of shares 2021 million	Earnings per share 2021 pence	Profit after tax 2020 £m	Number of shares 2020 million	Earnings per share 2020 pence
Diluted EPRA earnings	**40.1**	**253.1**	**15.8**	57.0	259.2	22.0
Capitalised interest	**(6.3)**	**–**	**(2.5)**	(5.8)	–	(2.2)
Capitalised interest in joint ventures	**(2.9)**	**–**	**(1.1)**	(4.4)	–	(1.7)
Spreading of lease incentives	**2.7**	**–**	**1.0**	(0.3)	–	(0.1)
Spreading of lease incentives in joint ventures	**(4.1)**	**–**	**(1.6)**	(2.7)	–	(1.1)
Employee Long-Term Incentive Plan charge	**1.5**	**–**	**0.6**	2.6	–	1.0
Cash earnings per share	**31.0**	**253.1**	**12.2**	46.4	259.2	17.9

9 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2019	733.5	1,081.1	1,814.6
Costs capitalised	11.8	11.8	23.6
Disposals	(56.9)	–	(56.9)
Net valuation deficit on investment property	(22.4)	(23.3)	(45.7)
Book value at 31 March 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**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2019	210.4	–	210.4
Costs capitalised	48.1	–	48.1
Interest capitalised	5.8	–	5.8
Net revaluation deficit on investment property under development	(12.8)	–	(12.8)
Book value at 31 March 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**
Total investment property	**929.8**	**964.7**	**1,894.5**

The book value of investment property includes £40.7 million (2020: £40.7 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £1,853.8 million. The market value of the Group's total property portfolio, including trading properties, was £1,853.8 million (2020: £1,946.4 million). The total portfolio value including joint venture properties of £603.3 million (see note 11) was £2,457.1 million. At 31 March 2021, property with a carrying value of £113.1 million (2020: £112.6 million) was secured under the first mortgage debenture stock (see note 16).

Surplus from investment property

	2021 £m	2020 £m
Net valuation deficit on investment property	**(157.4)**	(58.5)
Profit on sale of investment properties	**0.6**	5.9
	(156.8)	(52.6)

9 Investment property continued

The Group's investment properties, including those held in joint ventures (note 11), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2021. The valuations have been prepared in accordance with the current version of the RICS Valuation – Global Standards (incorporating the International Financial Reporting Standards (IFRS)) and the UK national supplement 2020 (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.

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 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**

Key inputs to the valuation at 31 March 2020

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	75	46 – 92	4.5	4.1 – 6.8
	Retail	77	32 – 147	4.2	3.6 – 6.7
Rest of West End	Office	81	60 – 93	4.8	3.6 – 6.2
	Retail	120	14 – 335	4.1	3.1 – 6.2
City, Midtown and Southwark	Office	56	46 – 64	5.1	4.4 – 5.6
	Retail	77	33 – 111	4.6	4.4 – 4.9

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 £140.4 million, whilst a 25 basis point increase would reduce the fair value by £126.0 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.

At 31 March 2021, the Group had capital commitments of £60.5 million (2020: £57.5 million). For further detail see Our development activities on pages 34 to 38.

9 Investment property continued

EPRA capital expenditure

	2021 £m	2020 £m
Group		
Acquisitions	–	–
Developments	**43.4**	48.1
Interest capitalised	**6.3**	5.8
Investment properties: incremental lettable space	–	–
Investment properties: no incremental lettable space	**17.8**	23.6
Lease incentives	**(2.7)**	0.3
Joint ventures (at share)		
Developments	**11.1**	34.1
Interest capitalised	**2.9**	4.4
Investment properties: incremental lettable space	–	–
Investment properties: no incremental lettable space	**0.4**	0.7
Lease incentives	**4.1**	2.7
Total capital expenditure	**83.3**	119.7
Conversion from accrual to cash basis	**1.7**	(4.4)
Total capital expenditure on a cash basis	**85.0**	115.3

EPRA net initial yield (NIY) and topped-up NIY

	2021 £m	2020 £m
Properties at fair value including joint ventures	**2,457.1**	2,624.1
Less: properties under development including joint ventures	**(313.9)**	(590.3)
Less: residential properties	**(13.2)**	(24.2)
Like-for-like investment property portfolio, proposed and completed developments	**2,130.0**	2,009.6
Plus: estimated purchasers' costs	**155.4**	146.6
Grossed-up completed property portfolio valuation (B)	**2,285.4**	2,156.2
Annualised cash passing rental income[1]	**78.0**	81.5
Net service charge expense including joint ventures	**(2.2)**	(2.4)
Other irrecoverable property costs including joint ventures	**(8.4)**	(6.1)
Annualised net rents (A)	**67.4**	73.0
Plus: rent-free periods and other lease incentives including joint ventures	**8.3**	4.7
Topped-up annualised net rents (C)	**75.7**	77.7
EPRA net initial yield (A/B)	**3.0%**	3.4%
EPRA topped-up initial yield (C/B)	**3.3%**	3.6%

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 Trading property

	2021 £m	2020 £m
At 1 April	–	5.6
Disposals	–	(5.6)
At 31 March	–	–

The Group has developed a large mixed-use scheme at Rathbone Square, W1. Part of the approved scheme consisted of residential units which the Group held for sale. As a result, the residential element of the scheme was classified as trading property. In the prior year, the final residential unit was sold for £5.6 million.

11 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2021 Total £m	2020 Total £m
At 1 April	400.4	246.6	647.0	511.9
Movement on joint venture balances	–	53.1	53.1	63.8
Additions	10.8	–	10.8	18.0
Share of profit of joint ventures	7.2	–	7.2	11.3
Share of revaluation deficit of joint ventures	(84.7)	–	(84.7)	46.6
Share of profit on disposal of joint venture properties	1.3	–	1.3	–
Share of results of joint ventures	(76.2)	–	(76.2)	57.9
Distributions	(8.3)	–	(8.3)	(4.6)
At 31 March	326.7	299.7	626.4	647.0

All of the Group's joint ventures operate solely in the United Kingdom and comprise the following:

	Country of registration	2021 ownership	2020 ownership
The GHS Limited Partnership	Jersey	50%	50%
The Great Capital Partnership (inactive)	United Kingdom	50%	50%
The Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Victoria Partnerships	United Kingdom	50%	50%
The Great Wigmore Partnership (inactive)	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	Other £m	2021 Total £m	2021 At share £m	2020 At share £m
Balance sheets							
Investment property	611.0	502.2	103.7	–	1,216.9	608.5	682.9
Current assets	1.3	5.9	2.6	–	9.8	4.9	3.6
Cash	31.4	10.6	10.9	–	52.9	26.5	16.0
Balances from partners	(224.7)	(301.5)	(73.1)	–	(599.3)	(299.7)	(246.6)
Bank loans	–	–	–	–	–	–	(39.9)
Current liabilities	(3.3)	(11.9)	(1.3)	–	(16.5)	(8.3)	(10.4)
Head lease obligations	–	(10.3)	–	–	(10.3)	(5.2)	(5.2)
Net assets	415.7	195.0	42.8	–	653.5	326.7	400.4

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	Other £m	2021 Total £m	2021 At share £m	2020 At share £m
Income statements							
Net rental income	6.0	23.4	5.3	–	34.7	17.4	17.9
Property and administration costs	(1.7)	(2.0)	(0.6)	0.1	(4.2)	(2.1)	(1.7)
Net finance costs	(4.0)	(6.5)	(1.8)	–	(12.3)	(6.2)	(4.9)
Debt redemption costs	–	–	(3.8)	–	(3.8)	(1.9)	–
Profit/(loss) from joint ventures	0.3	14.9	(0.9)	0.1	14.4	7.2	11.3
Revaluation of investment property	(71.9)	(42.3)	(43.2)	–	(157.4)	(84.7)	46.6
Profit on sale of investment property	2.6	–	–	–	2.6	1.3	–
Share of results of joint ventures	(69.0)	(27.4)	(44.1)	0.1	(140.4)	(76.2)	57.9

During the year, the £80.0 million loan facility in the Great Victoria Partnership was repaid in full. At 31 March 2021, the joint ventures had no debt facilities.

Notes forming part of the Group financial statements continued

11 Investment in joint ventures continued

Transactions during the year between the Group and its joint ventures, which are related parties, are disclosed below:

	2021 £m	2020 £m
Movement on joint venture balances during the year	**(53.1)**	(63.8)
Balances receivable at the year end from joint ventures	**(299.7)**	(246.6)
Interest on balances with partners (see note 5)	**7.8**	6.9
Distributions	**8.3**	4.6
Joint venture fees paid (see note 2)	**3.7**	2.1

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 (2020: £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 £603.3 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 14 for more information on the valuation of investment properties and expected credit losses in joint ventures.

At 31 March 2021, the Group had £nil contingent liabilities arising in its joint ventures (2020: £nil). At 31 March 2021, the Group had capital commitments in respect of its joint ventures of £3.3 million (2020: £13.4 million).

12 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 2019	–	5.6	1.1	6.7
Adoption of IFRS 16	4.9	–	–	4.9
Costs capitalised	–	–	0.1	0.1
At 31 March 2020	4.9	5.6	1.2	11.7
Costs capitalised	**–**	**–**	**0.4**	**0.4**
At 31 March 2021	**4.9**	**5.6**	**1.6**	**12.1**
Depreciation				
At 1 April 2020	0.8	2.4	1.0	4.2
Charge for the year	**0.8**	**0.5**	**0.3**	**1.6**
At 31 March 2021	**1.6**	**2.9**	**1.3**	**5.8**
Carrying amount at 31 March 2020	4.1	3.2	0.2	7.5
Carrying amount at 31 March 2021	**3.3**	**2.7**	**0.3**	**6.3**

13 Other investments

	2021 £m	2020 £m
At 1 April	**0.2**	–
Acquisitions	**0.8**	0.2
At 31 March	**1.0**	0.2

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 2021, the Group had made 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.

14 Trade and other receivables

	2021 £m	2020 £m
Trade receivables	**23.4**	11.8
Expected credit loss allowance	**(7.9)**	(2.2)
	15.5	9.6
Prepayments	**0.8**	1.0
Amounts due on development management contracts	**0.1**	1.4
Other trade receivables	**3.1**	4.1
	19.5	16.1

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the occupier's lease. Trade receivables are provided for based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on an assessment of each individual occupier's circumstance. This assessment reviews the outstanding balances of each individual occupier and makes an assessment of the likelihood of recovery, based on an evaluation of their financial situation. Where the expected credit loss relates to revenue already recognised this has been recognised immediately in the income statement. 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 £14.8 million (2020: £0.6 million) of which £8.7 million (2020: £0.6 million) is over 30 days.

	2021 £m	2020 £m
Movements in expected credit loss allowance		
Balance at the beginning of the year	**(2.2)**	(0.7)
Expected credit loss allowance during the year (see below)	**(9.2)**	(0.1)
Expected credit loss allowance in respect of future years	**0.1**	(2.1)
Amounts written-off as uncollectable	**3.4**	0.7
	(7.9)	(2.2)

COVID-19 has had a significant impact on many of our occupiers and their ability to meet their rental obligations. Accordingly, the expected credit loss allowance during the year is materially higher than in previous periods and comprises:

	Gross 2021 £m	Net of VAT 2021 £m
Expected credit loss allowance during the year		
Group	**9.2**	**7.7**
Joint ventures	**2.3**	**1.9**
	11.5	**9.6**

The expected credit loss for the year represents around 65% 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 £0.6 million and joint venture loss provision by £0.1 million.

See more detail in the Strategic Report on pages 41 and 44.

15 Trade and other payables

	2021 £m	2020 £m
Rents received in advance	**15.1**	19.4
Deposits received on forward sale of residential units	**–**	0.3
Accrued capital expenditure	**18.8**	18.4
Other accruals	**14.7**	8.7
Other payables	**6.5**	13.2
	55.1	60.0

The directors consider that the carrying amount of trade payables approximates their fair value.

16 Interest-bearing loans and borrowings

	2021 £m	2020 £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	**43.3**	148.1
£175.0 million 2.15% private placement notes 2024	**174.6**	174.5
£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	**24.8**	–
£125.0 million 2.77% private placement notes 2035	**124.2**	–
Non-current interest-bearing loans and borrowings	**488.6**	444.3

In January 2021, the Group extended the maturity of £400 million of its £450 million unsecured revolving credit facility (RCF) to January 2026. The headline margin was unchanged at 90.0 basis points over LIBOR (plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years) and the facility can potentially be extended further to January 2027, subject to bank consent.

At 31 March 2021, the nominal value of the Group's interest-bearing loans and borrowing was £492.1 million (2020: £447.1 million) and the Group had £405.0 million (2020: £301.0 million) of undrawn credit facilities.

17 Financial instruments

Categories of financial instrument	Carrying amount 2021 £m	Amounts recognised in income statement 2021 £m	Gain/(loss) to equity 2021 £m	Carrying amount 2020 £m	Amounts recognised in income statement 2020 £m	Gain/(loss) to equity 2020 £m
Other investments	**1.0**	**–**	**–**	0.2	–	–
Assets at fair value	**1.0**	**–**	**–**	0.2	–	–
Balances with partners	**299.7**	**7.8**	**–**	246.6	6.9	–
Trade receivables	**19.1**	**(7.7)**	**–**	15.6	(0.1)	–
Cash and cash equivalents	**11.1**	**0.2**	**–**	94.9	0.4	–
Loans and receivables	**329.9**	**0.3**	**–**	357.1	7.2	–
Trade and other payables	**(3.0)**	**–**	**–**	(11.2)	–	–
Interest-bearing loans and borrowings	**(488.6)**	**(5.8)**	**–**	(444.3)	(4.5)	–
Obligations under occupational leases	**(3.9)**	**(0.1)**	**–**	(4.8)	(0.1)	–
Obligations under finance leases	**(40.7)**	**(1.9)**	**–**	(40.7)	(1.9)	–
Liabilities at amortised cost	**(536.2)**	**(7.8)**	**–**	(501.0)	(6.5)	–
Total financial instruments	**(205.3)**	**(7.5)**	**–**	(143.7)	0.7	–

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 occupiers 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 occupier base, with no one occupier 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 occupiers' financial status, prospects for the reopening of the economy and the sector in which the occupier 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 14 of the financial statements. The directors believe that there is no further expected credit loss required in excess of that provided.

17 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 10–40% (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 2021 actuals
Group		
Net gearing (see note 8)	**<125%**	**24.6%**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**3.67x**
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 £405.0 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 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**

At 31 March 2020	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	32.7	1.2	1.2	3.7	26.6
£450.0 million revolving credit facility	148.1	162.4	2.5	2.6	157.3	–
Private placement notes	274.2	312.8	5.9	5.9	189.5	111.5
	444.3	507.9	9.6	9.7	350.5	138.1

Notes forming part of the Group financial statements continued

17 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 2021, 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 2021 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Increase of 100 basis points	**(0.5)**	(1.5)	**(0.5)**	(1.5)
Increase of 50 basis points	**(0.2)**	(0.8)	**(0.2)**	(0.8)
Decrease of 25 basis points	**n/a**	0.4	**n/a**	0.4
Decrease of 50 basis points	**n/a**	0.8	**n/a**	0.8

Fair value of interest-bearing loans and borrowings

	Book value 2021 £m	**Fair value 2021 £m**	Book value 2020 £m	Fair value 2020 £m
Items not carried at fair value				
£21.9 million 5⅝% debenture stock 2029	**22.0**	**27.0**	22.0	28.6
£450.0 million revolving credit facility	**43.3**	**43.3**	148.1	148.1
Private placement notes	**423.3**	**421.3**	274.2	257.8
	488.6	**491.6**	444.3	434.5

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.

18 Head lease obligations

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

	Minimum lease payments 2021 £m	**Impact of discounting 2021 £m**	**Present value of minimum lease payments 2021 £m**	Minimum lease payments 2020 £m	Interest 2020 £m	Present value of minimum lease payments 2020 £m
Less than one year	**1.9**	**(1.9)**	**–**	1.9	(1.9)	–
Between two and five years	**9.5**	**(9.4)**	**0.1**	9.5	(9.4)	0.1
More than five years	**191.1**	**(150.5)**	**40.6**	193.0	(152.4)	40.6
	202.5	**(161.8)**	**40.7**	204.4	(163.7)	40.7

19 Occupational lease obligations

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

	Minimum lease payments 2021 £m	Impact of discounting 2021 £m	Present value of minimum lease payments 2021 £m	Minimum lease payments 2020 £m	Impact of discounting 2020 £m	Present value of minimum lease payments 2020 £m
Less than one year	**1.0**	**(0.1)**	**0.9**	1.0	(0.1)	0.9
Between two and five years	**3.1**	**(0.1)**	**3.0**	4.1	(0.2)	3.9
More than five years	**–**	**–**	**–**	–	–	–
	4.1	**(0.2)**	**3.9**	5.1	(0.3)	4.8

20 Share capital

	2021 Number	2021 £m	2020 Number	2020 £m
Allotted, called up and fully paid ordinary shares of 15 5⁄19 pence				
At 1 April	**253,867,911**	**38.7**	271,365,894	41.4
Share buyback	**–**	**–**	(17,497,983)	(2.7)
At 31 March	**253,867,911**	**38.7**	253,867,911	38.7

During the prior year, the Company bought 17,497,983 shares at an average price of £7.24 per share including costs. At 31 March 2021, the Company had 253,867,911 ordinary shares with a nominal value of 15 5⁄19 pence each.

21 Investment in own shares

	2021 £m	2020 £m
At 1 April	**0.6**	1.7
Employee Long-Term Incentive Plan charge	**(1.5)**	(2.6)
Transfer to retained earnings	**0.7**	1.5
At 31 March	**(0.2)**	0.6

The investment in the Company's own shares is held at cost and comprises 877,335 shares (2020: 1,109,303 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, 231,968 shares (2020: nil shares) were awarded to directors and senior employees in respect of the 2017 LTIP award and no additional shares were acquired by the Trust (2020: nil shares). The fair value of shares awarded and outstanding at 31 March 2021 was £7.9 million (2020: £7.3 million).

22 Notes to the Group statement of cash flows

Reconciliation of financing liabilities

	1 April 2020 £m	New obligations £m	Inflows/ (outflows) £m	Fair value changes £m	Other £m	31 March 2021 £m
Long-term 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**

	1 April 2019 £m	New obligations £m	Inflows/ (outflows) £m	Fair value changes £m	Other £m	31 March 2020 £m
Long-term borrowings	296.0	–	149.1	–	(0.8)	444.3
Obligations under leases	40.7	5.6	(2.8)	–	2.0	45.5
	336.7	5.6	146.3	–	1.2	489.8

22 Notes to the Group statement of cash flows continued

Adjustment for non-cash items

	2021 £m	2020 £m
Deficit from investment property	**156.8**	52.6
Employee Long-Term Incentive Plan charge	**1.5**	2.6
Spreading of lease incentives	**2.7**	(0.3)
Share of results of joint ventures	**76.2**	(57.9)
Depreciation	**1.6**	1.5
Other	**(0.3)**	(0.9)
Adjustments for non-cash items	**238.5**	(2.4)

23 Dividends

	2021 £m	2020 £m
Dividends paid		
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**	–
Interim dividend for the year ended 31 March 2020 of 4.7 pence per share	**–**	11.9
Final dividend for the year ended 31 March 2019 of 7.9 pence per share	**–**	21.3
	31.8	33.2

A final dividend of 7.9 pence per share was approved by the Board on 19 May 2021 and, subject to shareholder approval, will be paid on 12 July 2021 to shareholders on the register on 28 May 2021. The dividend is not recognised as a liability at 31 March 2021. The 2020 final dividend and the 2021 interim dividend are included within the Group statement of changes in equity.

24 Lease obligations

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

	2021 £m	2020 £m
The Group as a lessor		
Less than one year	**62.7**	71.0
Between two and five years	**121.6**	154.4
More than five years	**51.7**	63.7
	236.0	289.1

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2021 was 3.3 years (2020: 3.6 years). All investment properties, except those under development, generated rental income and no contingent rents were recognised in the year (2020: £nil).

25 Employee benefits

The Group operates a UK-funded approved defined contribution plan. The Group's contribution for the year was £0.9 million (2020: £0.8 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:

	2021 %	2020 %
Discount rate	**2.20**	2.30
Expected rate of salary increases	**4.20**	3.50
RPI inflation	**3.20**	2.50
Rate of future pension increases	**5.00**	5.00

25 Employee benefits continued

Life expectancy assumptions at age 65:

	2021 Years	2020 Years
Retiring today age 65	**24**	24
Retiring in 25 years (age 40 today)	**27**	26

The amount recognised in the balance sheet in respect of the Plan is as follows:

	2021 £m	2020 £m
Present value of unfunded obligations	**(39.1)**	(35.9)
Fair value of the Plan assets	**39.8**	35.5
Pension asset/(deficit)	**0.7**	(0.4)

Amounts recognised as administration expenses in the income statement are as follows:

	2021 £m	2020 £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:

	2021 £m	2020 £m
Defined benefit obligation at 1 April	**35.9**	36.6
Service cost	**0.3**	0.3
Interest cost	**0.8**	0.9
Effect of changes in demographic assumptions	**(0.2)**	–
Effect of changes in financial assumptions	**2.6**	(0.4)
Effect of experience adjustments	**0.5**	–
Benefits paid	**(0.8)**	(1.5)
Present value of defined benefit obligation at 31 March	**39.1**	35.9

Changes to the fair value of the Plan assets are as follows:

	2021 £m	2020 £m
Fair value of the Plan assets at 1 April	**35.5**	36.6
Interest income	**0.8**	0.9
Actuarial (loss)/gain	**3.7**	(0.8)
Employer contributions	**0.6**	0.3
Benefits paid	**(0.8)**	(1.5)
Fair value of the Plan assets at 31 March	**39.8**	35.5

Net pension (asset)/liability	**(0.7)**	0.4

The amount recognised immediately in the Group statement of comprehensive income was £0.8 million (2020: £0.4 million loss).

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:

	2021 £m	2020 £m
Cash	**0.1**	0.1
Equities	**16.6**	14.3
Bonds	**23.1**	21.1
	39.8	35.5

25 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:

	2021 £m	2020 £m
Discount rate -0.25%	**41.0**	37.7
Discount rate +0.25%	**37.4**	34.2
RPI inflation -0.25%	**38.3**	35.1
RPI inflation +0.25%	**40.0**	36.7
Post-retirement mortality assumption – one year age rating	**40.9**	37.6

The Group expects to contribute £0.5 million to the Plan in the year ending 31 March 2022. The expected total benefit payments for the year ending 31 March 2022 is £0.8 million, with £5.3 million expected to be paid over the next five years. A funding plan has been agreed committing the Group to cash combinations 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.

26 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital

The nominal value of the Company's issued share capital, comprising 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's and of the Parent Company's affairs as at 31 March 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and Parent Company balance sheets;
- the Group and Parent Company statements of changes in equity;
- the Group cash flow statement; and
- the related notes 1 to 26 for the Group financial statements and i to vi for the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. 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 the non-audit services prohibited by the FRC's Ethical Standard were not provided 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 matters that we identified in the current year were: – Valuation of the property portfolio; and – Expected credit losses on rent receivables. Within this report, key audit matters are identified as follows: ! Newly identified – Similar level of risk ^ Increased level of risk v Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £27.0 million 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, loss before tax and net assets are covered by auditing these entities.
Significant changes in our approach	Due to the impact that Covid-19 has had on the rental market, we have identified a key audit matter in relation to expected credit losses on rent receivables.

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 HY20 and FY20 scenarios 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 £2,457.1 million (2020: £2,624.1 million), including its share of joint venture properties, as at 31 March 2021. 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. Covid-19 further increased judgement in relation to the following key valuation themes: – Long term income and the flight towards quality and security of income; – Rent holidays and non-payment of rents; – Vacant space and short-term lease expiries; and – Retail and leisure space. Please see key source of estimation uncertainty and accounting policy on pages 171 and 172, notes 9 and 11 to the financial statements and discussion in the report of the Audit Committee on page 129.

Financial statements

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 specifically challenged them on the key assumptions applied in the valuations with reference to the specific impact as at 31 March 2021 of Covid-19. 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 2021.

5.2. Expected credit losses of rent receivables !

Key audit matter description	Covid-19 has continued to impact the UK economy during the 2021 financial year, with the majority of the UK being under lockdown or restrictions being in place for a significant proportion of the year. This has put significant pressure on the Group's tenants and their ability to pay their rental obligations. The Group has entered into a number of discussions with tenants to negotiate payment plans and the recovery of billed rent as well as to discuss possible rent concessions. This has increased the uncertainty relating to the recoverability of any rents not paid. For rents already billed, not yet received and for which there is no lease modification agreed, in line with IFRS 9 Financial Instruments, Management has made an assessment of the lifetime expected credit losses. Each outstanding occupier balance was reviewed and allocated an estimated likelihood of recovery. To the extent balances were considered unrecoverable, Management has recorded an expected credit loss. Pre Covid-19 the Group's rent collection rate was c.99% within seven working days of invoice; this has decreased to an average of c.83% over the last year. As a result there is £23.4 million of rent receivables outstanding at year-end (2020: £11.8 million) and an expected credit loss of £9.2 million (2020: £0.1 million) has been recognised. The auditing of this estimate has required increased audit effort for 2021. Please see the key source of estimation uncertainty and accounting policy for expected credit losses on pages 171 and note 14 to the financial statements and discussion in the report of the Audit Committee on page 129.
How the scope of our audit responded to the key audit matter	Our procedures in relation to the expected credit losses of rent receivables included 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 these processes relating to the expected credit loss estimate. This involved understanding the process to analyse the population on a tenant by tenant basis. **Expected credit loss calculation** We obtained the expected credit loss model and assessed the mathematical accuracy of the model. We tested the calculation by agreeing a sample of tenant expected credit loss calculations to supporting evidence and performed procedures to assess the completeness of the expected credit loss estimate. We considered contradictory evidence in the market in assessing the reasonableness of Management's recoverability assumptions. **Disclosures** We assessed the appropriateness of disclosures made in the Financial Statements and considered if the specific disclosures in relation to the estimate are considered reasonable.
Key observations	We consider the assumptions applied by the Group and the determination of the expected credit loss on rent receivables at 31 March 2021 to be reasonable.

6. Our application of materiality

6.1 Materiality

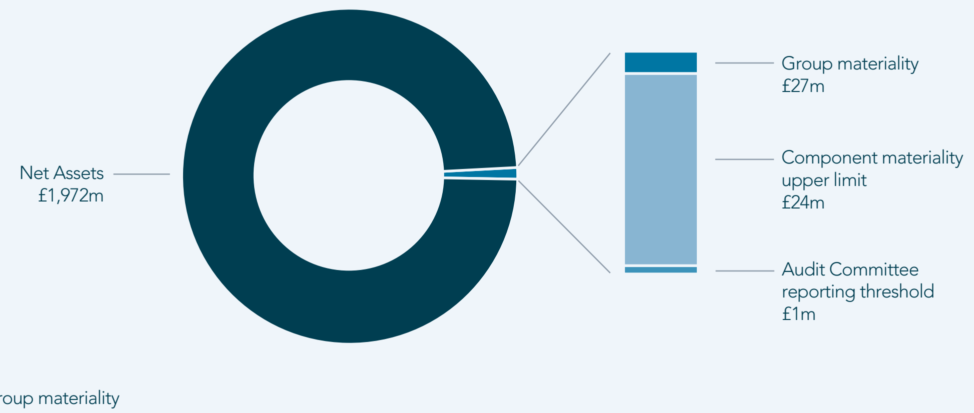
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our 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	£27.0 million (2020: £30.0 million)	£19.1 million (2020: £20.5 million)
Basis for determining materiality	We determined materiality for the Group based on approximately 1% of net assets (2020: approximately 1% of net assets).	We determined materiality for the Parent Company based on 3% of net assets (2020: 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 £1.9 million (2020: £2.7 million) based on 5% (2020: 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% (2020: 70%) of Group materiality	70% (2020: 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 the impact of Covid-19 on the 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 (2020: £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 £4,000 to £24 million (2020: £1,000 to £27 million). Those entities not subject to an underlying statutory audit are audited based on component materiality. Our audit scope covers 100% (2020: 100%) of the Group's revenue and loss before tax and 100% (2020: 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 matters.

Where we identified control deficiencies in relation to the property valuation process and 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 these areas.

Due to the planned upgrade of the IT system, we did not plan to rely on the IT controls in the business, however we were assisted by our IT specialists to assess the general IT control environment.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit 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.

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 framework 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 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, internal audit reports and 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 163;
- 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 98;
- the directors' statement on fair, balanced and understandable set out on page 164;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 84;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 125; and
- the section describing the work of the Audit Committee set out on pages 127 to 133.

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 at the annual general meeting 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 18 years, covering the years ending 31 March 2004 to 31 March 2021.

15.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Tacon (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 May 2021

Company balance sheet

At 31 March 2021

	Notes	2021 £m	2020* £m
Non-current assets			
Fixed asset investments	iii	**1,219.5**	1,219.5
Amounts owed by subsidiary undertakings		**444.5**	436.6
Amounts owed by joint ventures		**299.7**	252.1
		1,963.7	1,908.2
Current assets			
Other debtors		**0.1**	1.0
Deferred tax	vi	**0.2**	–
Cash at bank and short-term deposits		**15.1**	95.0
		15.4	96.0
Total assets		**1,979.1**	2,004.2
Current liabilities	iv	**(852.5)**	(876.0)
Non-current liabilities			
Interest-bearing loans and borrowings	v	**(488.6)**	(444.3)
		(488.6)	(444.3)
Total liabilities		**(1,341.1)**	(1,320.3)
Net assets		**638.0**	683.9
Capital and reserves			
Share capital	20	**38.7**	38.7
Share premium account		**46.0**	46.0
Capital redemption reserve	20	**326.7**	326.7
Retained earnings		**226.4**	273.1
Investment in own shares	21	**0.2**	(0.6)
Shareholders' funds		**638.0**	683.9

* The prior year balance sheet has been re-presented, please see note (i) for detail.

Notes: The loss within the Company financial statements was £15.6 million (2020: £0.9 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 2021 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 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	23	**–**	**–**	**–**	**(31.8)**	**–**	**(31.8)**
Employee Long-Term Incentive Plan charge	21	**–**	**–**	**–**	**–**	**1.5**	**1.5**
Transfer to retained earnings	21	**–**	**–**	**–**	**0.7**	**(0.7)**	**–**
Total equity at 31 March 2021		**38.7**	**46.0**	**326.7**	**226.4**	**0.2**	**638.0**

At 31 March 2021, the Company had realised profits available for distribution in excess of £200 million.

Company statement of changes in equity

For the year ended 31 March 2020

	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 2019		41.4	46.0	324.0	432.4	(1.7)	842.1
Loss for the year and total comprehensive expense		–	–	–	(0.9)	–	(0.9)
Share buyback	20	(2.7)	–	2.7	(126.7)	–	(126.7)
Dividends to shareholders	23	–	–	–	(33.2)	–	(33.2)
Employee Long-Term Incentive Plan charge	21	–	–	–	–	2.6	2.6
Transfer to retained earnings		–	–	–	1.5	(1.5)	–
Total equity at 31 March 2020		38.7	46.0	326.7	273.1	(0.6)	683.9

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 217. 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.

Representation of prior year balance sheet

It has been identified that amounts owed by subsidiary and joint venture undertakings totalling £688.7 million had previously been presented within current assets, but should have been presented within non-current assets. Although the amounts are repayable on demand, there was no expectation that they will be fully recovered within 12 months and, therefore, they did not meet the criteria to be classified as current assets. The prior year balance sheet has been represented to show these balances within non-current assets. There has been no impact on overall net assets.

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 170 to 174.

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 190 to 192.

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 £15.6 million (2020: £0.9 million). The employees of the Company are the directors and the Company Secretary. Full disclosure of the directors' remuneration can be found on pages 134 to 159.

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 2020	**0.2**	**1,219.3**	**1,219.5**
Additions	–	–	–
31 March 2021	**0.2**	**1,219.3**	**1,219.5**

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 2021 was £1,219.5 million (2020: £1,219.5 million).

The subsidiaries of the Company at 31 March 2021 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
Great Portland Estates Capital (Jersey) Limited	Finance company	Portman Square Properties Holdings Limited	Property investment
GPE (Brook Street) Limited	Property investment	GPE Pension Trustee Limited	Property investment
GPE (GHS) Limited	Property investment	G.P.E. (Marcol House) Limited	Property investment
The Great Star Partnership Limited	Property investment	G.P.E. (Rathbone Place 1) Limited	Property investment
G.P.E. Construction Limited	Construction	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
73/77 Oxford Street 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
G.P.E. (Newman Street) Limited	Property investment	The City Place House Partnership (G.P.) Limited	Property investment
The Rathbone Place Limited Partnership*	Property investment	The City Tower Partnership (G.P.) Limited	Property investment
Rathbone Square No.1 Limited	Property investment	Rathbone Square No.2 Limited	Property investment
GWP Duke Street Limited	Property investment	GWP Grays Yard 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
The Great Wigmore Partnership (G.P.) Limited	Property investment	Great Capital Partnership (G.P.) Limited	Property investment
Great Ropemaker Partnership (G.P.) 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 Wigmore Property Limited	Property investment	The Great Wigmore Partnership	Property investment
The Great Capital Partnership	Property investment	Great Capital Property 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
GHS (GP) Limited	Property investment	GPE (Hanover Square) Limited	Property investment
The GHS Limited Partnership	Property investment	GHS (Nominee) Limited	Property investment
14 Brook Street Management Company 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: Great Portland Estates Capital (Jersey) Limited which is registered at 47 Esplanade, St Helier, Jersey JE1 0BD; 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 Great Portland Estates Group.

iv Current liabilities

	2021 £m	2020 £m
Amounts owed to subsidiary undertakings	**845.1**	864.3
Amounts owed to joint ventures	**–**	5.5
Other taxes and social security costs	**0.1**	–
Other creditors	**1.7**	1.6
Accruals	**5.6**	4.6
	852.5	876.0

v Interest-bearing loans and borrowings

	2021 £m	2020 £m
Bank loans	**43.3**	148.2
Debentures	**22.0**	22.0
Private placement notes	**423.3**	274.1
	488.6	444.3

At 31 March 2021, property with a carrying value of £113.1 million (2020: £112.6 million) was secured under the first mortgage debenture stock. Further details of the Company's loans and borrowings can be found on notes 16 and 17 of the Group accounts.

vi Deferred tax

	1 April 2020 £m	Recognised in the income statement £m	Recognised in equity £m	31 March 2021 £m
Net deferred tax asset/(liability) in respect of other temporary differences	–	**0.2**	**–**	**0.2**
	–	**0.2**	**–**	**0.2**

A further deferred tax asset of £1.6 million (2020: £nil) relating to revenue losses and contingent share awards was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

Other information

In this section:

Collaborative workspace at 16 Dufour's Place.

Five-year record

Based on the Group financial statements for the years ended 31 March

Balance sheet

	2017 £m	2018 £m	2019 £m	2020 £m	**2021 £m**
Property portfolio	2,351.9	2,305.2	2,025.0	1,987.1	**1,894.5**
Joint ventures	480.8	423.7	511.9	647.0	**626.4**
Trading property	246.7	19.5	5.6	–	**–**
Loans and borrowings	(537.7)	(347.1)	(296.0)	(444.3)	**(488.6)**
Other assets/(liabilities)	196.7	(34.4)	63.2	13.3	**(60.7)**
Net assets	**2,738.4**	**2,366.9**	**2,309.7**	**2,203.1**	**1,971.6**

Financed by

	£m	£m	£m	£m	**£m**
Issued share capital	43.0	43.0	41.4	38.7	**38.7**
Reserves	2,695.4	2,323.9	2,268.3	2,164.4	**1,932.9**
Total equity	**2,738.4**	**2,366.9**	**2,309.7**	**2,203.1**	**1,971.6**

Net assets per share	**796p**	**840p**	**851p**	**868p**	**779p**
EPRA NTA	**799p**	**845p**	**853p**	**868p**	**779p**

Income statement[1]

	£m	£m	£m	£m	**£m**
Revenue	122.1	387.2	112.7	102.5	**88.5**
Cost of sales	(45.2)	(289.8)	(49.7)	(27.7)	**(24.7)**
	76.9	97.4	63.0	74.8	**63.8**
Administration expenses	(20.1)	(24.1)	(25.1)	(29.0)	**(25.2)**
Estimated credit loss	(0.2)	(0.3)	(0.3)	(0.1)	**(7.7)**
Development management losses	–	–	(0.3)	(0.2)	**(0.1)**
Operating profit before deficit from property and results of joint ventures	56.6	73.0	37.3	45.5	**30.8**
(Deficit)/surplus on investment property	(136.9)	35.5	7.3	(52.6)	**(156.8)**
Share of results of joint ventures	(57.2)	41.2	10.0	57.9	**(76.2)**
Operating (loss)/profit	**(137.5)**	**149.7**	**54.6**	**50.8**	**(202.2)**
Finance income	9.0	9.8	8.3	7.3	**8.0**
Finance costs	(9.2)	(11.2)	(8.1)	(6.5)	**(7.8)**
Fair value movement on convertible bond	10.1	8.5	1.3	–	–
Fair value movement on derivatives	38.9	(5.4)	–	–	–
Non-recurring items	(51.5)	(74.7)	–	–	–
(Loss)/profit before tax	**(140.2)**	**76.7**	**56.1**	**51.6**	**(202.0)**
Tax	0.8	(6.4)	(6.6)	0.2	**0.1**
(Loss)/profit for the year	**(139.4)**	**70.3**	**49.5**	**51.8**	**(201.9)**

(Loss)/earnings per share – basic	**(40.8)p**	**21.5p**	**17.9p**	**20.0p**	**(79.8)p**
(Loss)/earnings per share – diluted	**(40.8)p**	**18.2p**	**17.1p**	**20.0p**	**(79.8)p**
EPRA earnings per share – diluted	**17.3p**	**20.4p**	**19.4p**	**22.0p**	**15.8p**
Dividend per share	**10.1p**	**11.3p**	**12.2p**	**12.6p**	**12.6p**

1. The directors have changed the way in which the Group's performance is presented on the face of the income statement. The underlying results have not been amended and this modified presentation has had no effect on operating profit or profit for the year, see more on page 170.

Our properties and occupiers

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	1	Rest of West End	FH/LH	7,120,500	221,500
100%	The Piccadilly Buildings	2	Rest of West End	LH	14,357,400	187,800
100%	1 Newman Street & 70/88 Oxford Street	3	Noho	FH	–	122,700
£100 million – £200 million						
100%	Wells & More	4	Noho	FH	5,718,400	123,100
100%	City Tower	5	City	LH	7,637,200	140,800
100%	Elsley House	6	Noho	FH	4,764,500	65,000
50%	200 & 214 Gray's Inn Road	7	Midtown	LH	5,981,700	287,900
100%	Kent House	8	Noho	FH	4,223,400	59,200
£75 million – £100 million						
100%	Walmar House	9	Noho	LH	4,450,000	56,500
50%	160 Old Street	10	City	FH	4,137,400	161,900
100%	2 Aldermanbury Square (previously known as City Place House)	11	City	LH	2,606,700	176,000
100%	50 Finsbury Square	12	City	FH	–	128,100

Our properties and occupiers continued

In value order (GPE share)

Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£50 million – £75 million						
100%	35 Portman Square	13	Noho	LH	5,156,100	72,800
100%	Minerva House	14	Southwark	FH	4,269,700	105,900
100%	New City Court, 14/20 St Thomas Street	15	Southwark	FH	1,731,600	98,000
100%	The Hickman	16	City	FH	553,400	75,300
100%	Carrington House, 126/130 Regent Street		Rest of West End	LH	3,323,900	31,000
50%	Mount Royal, 508/540 Oxford Street	17	Noho	LH	3,588,000	92,100
£30 million – £50 million						
100%	Woolyard		Southwark	FH	1,480,500	46,800
100%	Orchard Court		Noho	LH	1,800,200	47,900
100%	48/54 Broadwick Street and 16 Dufour's Place		Rest of West End	FH	323,900	24,500
100%	Pollen House		Rest of West End	LH	1,122,500	21,300
£10 million – £30 million						
100%	31/34 Alfred Place		Noho	LH	2,206,900	42,700
100%	Challenger House		City	FH	1,412,500	59,200
100%	6/10 Market Place		Noho	FH	879,200	18,400
50%	103/113 Regent Street		Rest of West End	LH	2,125,000	56,900
50%	Elm Yard	18	Midtown	FH	1,125,800	49,400
100%	95/96 New Bond Street		Rest of West End	LH	1,250,000	9,600
100%	Kingsland House, 122/124 Regent Street		Rest of West End	LH	1,067,300	8,700

In value order (GPE share)

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft

Below £10 million

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	6 Brook Street	Rest of West End	LH	290,400	3,600
100%	Poland Street	Rest of West End	FH	173,100	5,000
100%	183/190 Tottenham Court Road	Noho	LH	114,200	12,000
100%	23/24 Newman Street	Noho	LH	237,900	25,100
100%	The Hickman B&C site	City	FH	–	–

FH = Freehold or Virtual Freehold.
LH = Leasehold.

Top ten occupiers

	Occupier	Use	Rent roll (our share) £m	% of rent roll (our share)
1	Kohlberg Kravis Roberts LLP	Office	3.3	3.5
2	Glencore UK Limited	Office	3.1	3.3
3	Turner Broadcasting	Office	3.0	3.1
4	New Look	Office	2.7	2.8
5	Richemont UK Limited	Office	2.7	2.8
6	Winckworth Sherwood LLP	Office	2.5	2.7
7	Carlton Communications Limited	Office	2.4	2.5
8	Superdry	Retail	2.1	2.2
9	ITN Limited	Office	1.8	1.9
10	Dennis Publishing Limited	Office	1.6	1.7
	Total		**25.2**	**26.5**

Portfolio statistics at 31 March 2021

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	24.2	0.4	24.6	–	–	–	24.6
		Retail	5.4	(0.9)	4.5	3.6	(0.2)	3.4	7.9
	Rest of West End	Office	11.9	(0.1)	11.8	6.4	–	6.4	18.2
		Retail	10.0	(0.9)	9.1	2.8	(0.3)	2.5	11.6
	Total West End		**51.5**	**(1.5)**	**50.0**	**12.8**	**(0.5)**	**12.3**	**62.3**
	City, Midtown and Southwark	Office	18.2	8.3	26.5	11.1	1.0	12.1	38.6
		Retail	1.5	0.2	1.7	0.1	–	0.1	1.8
	Total City, Midtown and Southwark		**19.7**	**8.5**	**28.2**	**11.2**	**1.0**	**12.2**	**40.4**
Total let portfolio			**71.2**	**7.0**	**78.2**	**24.0**	**0.5**	**24.5**	**102.7**
Voids					13.0			6.2	19.2
Premises under refurbishment and development					22.8			0.7	23.5
Total portfolio					**114.0**			**31.4**	**145.4**

EPRA vacancy

	Wholly-owned £m	Joint ventures £m	Total £m	Void %
Investment void	13.0	6.2	19.2	13.2
Premises under refurbishment	2.3	0.7	3.0	2.1
EPRA vacancy rate	15.3	6.9	22.2	15.3
Premises under development	20.5	–	20.5	14.1
Total void	**35.8**	**6.9**	**42.7**	**29.4**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Void %	Rent roll secure for five years %	Weighted average lease length Years	Void %
London	North of Oxford Street	Office	36.6	3.9	5.3	–	–	–
		Retail	43.4	4.7	8.4	34.4	3.4	21.1
	Rest of West End	Office	3.4	1.9	23.0	100.0	17.0	27.1
		Retail	29.6	2.8	0.9	100.0	6.9	45.9
	Total West End		**28.3**	**3.3**	**9.3**	**81.6**	**11.0**	**30.9**
	City, Midtown and Southwark	Office	7.7	2.2	15.3	32.6	5.6	1.9
		Retail	100.0	16.4	–	73.3	10.2	28.4
	Total City, Midtown and Southwark		**14.9**	**3.3**	**14.8**	**33.1**	**5.6**	**2.2**
Total portfolio			**24.6**	**3.3**	**11.4**	**59.0**	**8.5**	**19.5**

Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	71.8	77.4	–	–	4.2	4.5	–	–
		Retail	59.5	66.7	91.9	92.6	4.2	4.6	4.7	4.9
	Rest of West End	Office	77.7	81.2	115.4	113.8	3.9	4.8	–	3.7
		Retail	105.8	95.0	91.5	105.5	4.4	4.4	1.3	3.5
	Total West End		**76.3**	**75.3**	**102.2**	**102.4**	**4.1**	**4.6**	**1.0**	**3.8**
	City, Midtown and Southwark	Office	37.9	56.5	46.1	50.1	3.1	5.3	4.8	4.9
		Retail	21.8	28.4	47.2	39.6	2.0	5.2	4.1	4.9
	Total City, Midtown and Southwark		**35.9**	**52.7**	**46.1**	**49.9**	**3.1**	**5.3**	**4.7**	**4.9**
Total portfolio			**58.1**	**64.7**	**65.2**	**72.3**	**3.8**	**4.8**	**2.4**	**4.2**

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.

Flex
Individual fitted out, ready to occupy floors, let on flexible terms.

Flex+
Flex with added levels of service and shared amenity.

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.

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

Net assets per share or Net Asset Value (NAV)
Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Glossary continued

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.

Portfolio Internal Rate of Return (IRR)
The rate of return that if used as a discount rate and applied to the projected cash flows from the portfolio would result in a net present value of zero.

Property Income Distributions (PIDs)
Dividends from profits of the Group's tax-exempt property rental business.

REIT
UK Real Estate Investment Trust.

Rent Roll
The annual contracted rental income.

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

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

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Tel: 0371 664 0300
E-mail: shareholderenquiries@linkgroup.co.uk

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am–5.30pm, Monday to Friday excluding public holidays in England and Wales.

If you are calling from overseas please dial +44 371 664 0300.

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.

Payment of dividends

If you would like your dividends/interest paid directly into your bank or building society account, you should write to Link Asset Services, including details of your nominated account. Although this will enable your dividend/interest to be paid directly into your account, your tax voucher will still be sent to your registered address.

Tax consequences of REIT status

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

Share dealing service

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

Online dealing – **www.linksharedeal.com**

Telephone dealing – 0371 664 0445

Calls are charged at the standard geographical rate and will vary by provider. Lines are open between 8.00am–4.30pm Monday to Friday.

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

Registered office
33 Cavendish Square
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Tel: 020 7647 3000
Registered number: 596137

Financial calendar

2021

27 May
Ex-dividend date for 2020/21 final dividend

28 May
Registration qualifying date for 2020/21 final dividend

8 July
Annual General Meeting

12 July
2020/21 final dividend payable

18 November
Announcement of 2021/22 interim results

25 November
Ex-dividend date for 2021/22 interim dividend (provisional)[1]

26 November
Registration qualifying date for 2021/22 interim dividend (provisional)[1]

2022

5 January
2021/22 interim dividend payable (provisional)[1]

18 May
Announcement of 2021/22 full-year results (provisional)[1, 2]

1. Provisional dates will be confirmed in the half-year results announcement 2021.
2. The timetable for the potential final dividend will be confirmed in the 2022 Annual Report.

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