Press Release

14 November 2012

Half year results

The Directors of Great Portland Estates plc announce the results for the Group for the six months ended 30 September 2012.

Highlights:

- Portfolio valuation up 4.0%[1] since 31 March 2012 (developments: 6.7%[1])
- 12 month Total Property Return of 12.8% outperforming IPD's central London benchmark of 9.6% driven by capital return of 9.6% vs 5.1% for IPD central London (West End offices capital return of 13.2% vs 6.6% for IPD)
- Rental value growth of 2.0%[1] (2.4% West End offices, 2.7% West End retail), with an acceleration in the second quarter (1.1% vs 0.9% in the first quarter)

- EPRA[2] NAV per share up 5.2% to 424 pence
- Net assets of £1,304.8 million up 5.4% from 31 March 2012
- EPRA[2] profit before tax of £8.9 million, down 14.4% on 2011, up 27.1% over the preceding six months. EPRA[2] earnings per share of 2.9 pence
- After revaluation surplus, reported profit before tax of £76.7 million (2011: £79.1 million)
- Interim dividend per share of 3.3 pence, an increase of 3.1%

- New property acquisitions totalling £159.0 million completed since March 2012, 100% West End
- Disposals of £136.8 million (our share) during the half year at a 5.4% surplus to book value
- Sale of 37.5% interest in 100 Bishopsgate Partnership at June 2012 book value, with retained 12.5% interest subject to 'put' and 'call' arrangements

- Five development schemes (651,600 sq ft) on site, expected profit on cost of 42.5%, 47.0% pre-let, encouraging tenant interest in much of the balance. Completions through to spring 2014, timed to coincide with market supply shortages
- Significant further development potential with 16 uncommitted schemes, covering 1.6 million sq ft, all with flexible start dates. 2.3 million sq ft total development programme covering 53% of existing portfolio

- 45 new leases signed securing annual income of £5.9 million (our share: £4.5 million) covering 102,700 sq ft, with market lettings at 6.8% ahead of the valuers' rental values
- £5.0 million of lettings under offer (our share: £3.3 million) at 1.3% above March 2012 rental values
- EPRA[2] vacancy level reduced to 2.4% from 3.3% at March 2012. Average office rent of only £36.12 sq ft and reversionary potential of 11.3%

- Gearing remains conservative at 52.6%, significant cash and undrawn committed facilities of £264 million and weighted average interest rate low at 3.6%
- Pro forma[3] loan to property value of 35.1% and weighted average drawn debt maturity of 7.5 years. 62% of drawn debt from non-bank sources
- Placing of up to 31.25 million new ordinary shares announced to take advantage of increased acquisition opportunities in central London - see separate announcement

[1] On a like for like basis and including share of joint ventures
[2] In accordance with EPRA guidance
[3] Pro forma for sales completed since period end

Toby Courtauld, Chief Executive, said:

"We are pleased to report a strong start to this financial year, and another period of outperformance of the London commercial property market; we have delivered material surpluses from our development programme, further attractive acquisitions in the West End, profitable disposals and numerous lettings ahead of market rates.

Conditions in our central London market remain supportive. Although the rate of leasing was below the long run average around the time of the Olympics, we are witnessing a solid pick-up in demand from prospective occupiers, particularly in the West End. In the investment market, London continues to attract the lion's share of international capital flowing into Europe and the demand for assets today outweighs the supply by more than four times, with much of this demand focused on long-let and 'trophy' properties. Since the summer, we have identified an increasing number of interesting acquisition opportunities, predominantly liquid lot-size, complex properties let off low rents in the West End and which are difficult to debt finance. We expect to identify further such opportunities in the coming months.

Within this context, we maintain our confident outlook; our portfolio, 100% in central London, is rich with asset management and development opportunity and is well positioned for further growth; our conservative gearing and low cost firepower, expected to be supplemented by the placing announced this morning, will enable us to deliver on our existing growth plans and exploit new opportunities as we find them."

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The results presentation will be broadcast live and a conference call facility will be available to listen to the presentation at 9.30am today on: www.gpe.co.uk

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Half Year Results

Our market

Introduction

Although the global market backdrop remains dominated by concerns around Eurozone vulnerabilities and the outlook for economic growth, increased central bank policy stimulus and co-ordination appears to be providing some support to capital markets. Moreover, London and its property markets have continued to perform relatively well against this uncertain backdrop and particularly relative to the rest of the UK.

Business activity across London's diversified economy continues to grow, and with resilient tenant demand and constrained development activity, our recent experience continues to support the argument that occupational markets will favour landlords delivering good quality office space over the medium term, with the West End expected to perform more strongly than the City over the next few years. In the investment market, demand continues to be strong, particularly from overseas investors attracted by London consolidating its status as a world capital and the positive prospects for its property markets.

London's position as a true global city was enhanced further by the events of the summer, particularly the Olympic Games. While this resulted in a brief slowdown in activity in London's property markets throughout the period, we continued to see encouraging levels of tenant demand in our supply constrained occupational market (including several pre-let enquiries on our development properties). Since the quiet summer period, we have seen a marked increase in the number of interesting investment opportunities coming to the market.

Occupational Markets

Conditions in our occupational markets remain consistent with those that we outlined with our final results in May 2012: namely, the market, particularly in the core of the West End, is underpinned by low levels of current and forecast availability combined with long run average levels of demand.

On the supply side, we estimate that central London development completions will total 2.4 million sq ft in 2012, an increase on 2011 but around 48% below the 10-year average partly due to the continued scarcity of speculative debt finance. As a result, occupiers seeking to move to better premises or relocate into central London, particularly the West End, are in many instances seeing rental levels increase.

Looking ahead, the medium-term rental outlook remains positive, particularly for well-located West End office properties, absent a further significant deterioration in economic conditions. The consensus of market commentators continues to point to healthy rental growth in both the West End and the City office markets over the medium term, particularly once sustainable economic growth resumes. We would concur with this view.

West End

Over the last six months, West End office take-up was 1.48 million sq ft, below the preceding six months and the 10 year six-month average. However, availability has continued to decline over this same period to 5.1 million sq ft and vacancy rates remain low at 3.9%, with the vacancy rate for new or recently refurbished grade A space estimated by CBRE to be only 1.3% of total stock.

Across the West End, CBRE has reported that prime rental values rose marginally over the last six months, with the strongest performance in the sub-markets of North of Oxford Street and Soho. We believe that the West End will continue to benefit from its diversified occupier base, including the current healthy demand from the business services and technology, media and telecoms (TMT) sectors.

The West End retail market (comprising 22.7% of our West End portfolio by value) has continued its strong performance, with occupational demand continuing to outweigh supply. Demand for retail units in our prime West End retail locations of Oxford Street, Regent Street, Piccadilly and Bond Street remains robust. In particular, we are

seeing a continued trend of certain retailers seeking multiple representation on Oxford Street and also strong appetite from retailers to participate in the regeneration of the south end of Regent Street.

City, Midtown and Southwark

The persistent weakness in the financial and banking markets continues to impact activity in the City office market, although the level of demand for sub-10,000 sq ft space requirements and from the insurance market appears relatively healthy. Over the last six months, City office take-up was 1.9 million sq ft, marginally above the preceding six months but below the 10 year six-month average of 2.3 million sq ft. Although higher than in the West End, the City office vacancy rate of 7.3% at 30 September remains low compared to the long run average and CBRE has reported that prime City rental values were flat over the last six months.

The Midtown and Southwark markets continue to offer an attractive rental outlook based on low vacancy levels and constrained supply, combined with the tenant attractions of relative affordability and improving transport infrastructure.

Our investment markets

Investment activity continues to be robust and there remains a material surfeit of buyers over sellers of commercial property across central London (estimated at £20.5 billion of equity demand versus £4.7 billion of assets on the market to sell at November 2012). The market continues to attract a diverse group of investors, with overseas buyers increasingly active, representing more than 75% of deal activity in the period.

Whilst headline turnover figures are healthy, investors are becoming increasingly discerning; well-let properties in prime locations in the West End, in particular trophy retail properties, are attracting strong interest from a variety of sources (including owner occupiers and UK institutions); meanwhile, poorer quality or overpriced assets are failing to sell. Since the summer, there has been an increase in West End office investments for sale, typically of more complex, smaller lot size properties, and which are unlikely to appeal to the overseas or institutional buyer. In addition, given that debt remains scarce for the non-institutional buyer, we expect to be able to exploit this market opportunity through identifying assets for us to reposition.

Overall we expect that investment demand will continue to outweigh supply and that the strong positive yield gap to ten year Gilts will also support prime West End property yields at current levels, at least in the near term.

Lead indicators

We monitor numerous lead indicators to help identify key trends in our market place:

Selected Lead Indicators	Trends in period March – September 2012
Property Capital Values	
Equity prices	Up
Bond prices	Up
Volume new property lending by major UK and European banks	Down
Transaction volumes in central London direct real estate investment markets	Up
Direction of pricing on IPD based derivative contracts	Down
Rental Values	
UK GDP growth	Up
West End London retail sales	Down
Business confidence levels in the central London economy	Up
UK output from the financial and business services sector	Neutral
Employment levels in London’s finance and business services sector	Up

Since the spring of 2012, the majority of property capital indicators have stabilised, as the continued global market uncertainty has been partly offset by increased central bank monetary stimulus and a perceived reduction in Eurozone tail-risk. Moreover, the central London property investment market is anticipated to continue to benefit from its relative safe-haven status. The rental value indicators have remained balanced and we expect that rental values for sensibly priced, well located buildings in central London will continue to increase in the medium term, absent a further significant deterioration in economic conditions.

To view the accompanying graphics, please paste the below link into your web browser

Our business

Our business is accompanied by graphics (see Appendix 1)

Investment management

We have had another busy period of successful capital recycling, buying into properties laden with potential and selling properties at healthy surpluses, where we had either completed our business plans or were able to monetise our expected refurbishment profits.

During the course of the first half, we committed £159.0 million to new acquisitions through two transactions. These purchases were of adjoining properties, let off low rents in a prime West End location, with significant angles to exploit. In June, we acquired the head leasehold interests in French Railways House and 50 Jermyn Street, SW1 for £39.0 million. The purchase price reflected a capital value of £782 per sq ft and an attractive net initial yield of 5.1% which we expect to be able to grow to around 7% over the next 24 months as a result of focused asset management. In July, we purchased The Jermyn Street Estate, SW1 from The Great Capital Partnership ("GCP") for £120.0 million (or £60.0 million for the half share GPE did not already own). The Jermyn Street Estate, W1 comprises the leasehold interests in Foxglove House, Dudley House, Egyptian House, Empire House and 54/56 Jermyn Street, which together provide 133,000 sq ft of retail and office space. The price equated to a net initial yield of 3.7%, a net reversionary yield of 6.0% and a capital value of £902 per sq ft. There are significant asset management opportunities to exploit in the near term, with longer term redevelopment potential enhanced through including the adjoining French Railways House and 50 Jermyn Street.

We have also continued to recycle capital with sales of £136.8 million (our share) in the period at a 5.4% premium to book value, taking advantage of strong investor demand.

In May, we sold Buchanan House, WC2 for £20.5 million, reflecting a premium of 2.5% to the 31 March 2012 book value and a net initial yield to the purchaser of 2.1%. In September, GCP sold £112.6 million of property on Regent Street at a combined surplus of 8.3% to the 31 March 2012 book value. Regent Arcade House, W1 a 64,660 sq ft office property, was sold for £48.0 million, 6.5% ahead of the March 2012 book value. On sale, one of the six floors was vacant, with two further floors due to be vacated in the next six months. GCP also exchanged contracts for the sale of 100 Regent Street, W1 for £64.6 million. The Grade II Listed building, located on the corner of Regent Street and Glasshouse Street, totals 52,200 sq ft of office and retail space. The sale price was 9.5% ahead of March 2012 book value and reflected a net initial yield of 3.7%, with all the office leases expiring in September 2014. GCP has agreed an overage provision with the purchaser should the property be sold in the first two years. The sale of 100 Regent Street exchanged in September 2012 and completed in October.

Since the period end, we have sold down and restructured our interests in the 100 Bishopsgate Partnership, our 50:50 joint venture with Brookfield. We sold a 37.5% interest to Brookfield for £47.2 million in cash, with payment in three equal instalments of £15.74 million in October 2012, in October 2013 and in April 2014 respectively. The sale price equated to 30 June 2012 book value, pro forma for subsequent capital expenditure to the sale completion date, and GPE will receive interest at a rate of 5.5% on the deferred payments.

GPE has retained a 12.5% interest in the 100 Bishopsgate Partnership, subject to put and call arrangements with

Brookfield. GPE is able to 'put' its remaining interest onto Brookfield in October 2014 at £15.74 million, and Brookfield is able to 'call' for GPE to sell to a third party investor only, and only in the event that Brookfield simultaneously sells a 37.5% holding, therefore giving that investor the chance to own 50% of the 100 Bishopsgate Partnership. Under the call option, the transfer price is the higher of £15.74 million, the actual transfer price agreed between Brookfield and the third party or the market value of GPE's holding at the time of the transfer. Brookfield continues to be the Development Manager and will provide 100% of the funding for the 100 Bishopsgate Partnership until October 2014, with GPE reimbursing Brookfield if we continue to hold a 12.5% interest beyond that date.

We have around £100 million (our share) of properties in the market to sell.

Joint ventures

Our seven joint ventures continued to perform well during an active period of development and refurbishment activity across a number of properties, combined with the significant sales detailed above. We categorise the joint ventures into three types:

- access to new properties (13.1% of GPE's net property value). The relevant joint ventures here are GCP with Capital & Counties Properties PLC, The Great Victoria Partnership ("GVP") with Liverpool Victoria Friendly Society, The Great Star Partnership ("GSP") with Starwood Capital and The Great Wigmore Partnership ("GWP") with Scottish Widows;

- risk sharing on development projects and/or large lot size properties (8.4% of GPE's net property value). The key joint ventures here are the 100 Bishopsgate Partnership with Brookfield and the Great Ropemaker Partnership ("GRP") with BP Pension Fund; and

- bank work out arrangements (7.2% of GPE's net property value) with Hypothekenbank Frankfurt in relation to our 33 Margaret Street and Newman Street developments.

Overall our joint ventures represent a significant proportion of the Group's business. At 30 September 2012, they made up 28.7% of the portfolio valuation, 36.7% of net assets and 21.6% of rent roll (at 30 September 2011: 34.8%, 39.6% and 33.4% respectively). However, in the near term, we expect that these proportions will reduce given:

- the joint venture with Hypothekenbank Frankfurt is expected to terminate on payment of the profit share arrangement following practical completion of 33 Margaret Street, W1;

- following the most recent disposals, GCP now holds one remaining asset which is currently in the market for sale and accordingly we expect that this joint venture will cease on successful completion of this sale; and

- the sell down and restructuring of our interests in the 100 Bishopsgate Partnership as detailed above. Looking ahead, our remaining 12.5% interest will be classified as a fixed asset investment.

Development management

With the successful completion of our development at 160 Great Portland Street, W1 (fully pre-let) in May 2012, delivering a profit on cost of 42.4%, we now have five committed schemes on site – three in the West End, one in Southwark and one in the City. Our committed schemes are now 47.0% pre-let. In addition, we have three schemes that could start in the next 12 months, and a further two in 2014. Beyond that, our pipeline includes a further 11 uncommitted projects giving us a total programme of 2.3 million sq ft, covering 53% of GPE's existing portfolio. Taken together, our committed capital expenditure at 30 September 2012 totalled £83.7 million, subsequently reduced to £62.5 million following the sell down of our interests in the 100 Bishopsgate Partnership.

Completed schemes
In May, our development at 160 Great Portland Street, W1 was successfully completed and handed over to the pre-let tenant Double Negative Limited, delivering a profit on cost of 42.4%.

Schemes on site

At 33 Margaret Street, W1 construction work will complete shortly prior to Savills taking occupation in early 2013. Having acquired this site in November 2009 for only £10 million and restructured the incumbent debt facilities on the property, the successful pre-letting and development of this scheme has to date delivered a profit on cost of 79% and ungeared IRR of 65% to the Group.

At our prime 111,200 sq ft mixed use development scheme at Wigmore Street, W1 construction work is progressing well and practical completion is set for June 2013.

Construction work is also progressing well at our 47% pre-let office development at 240 Blackfriars Road, SE1 with completion expected by March 2014.

In July 2012, we commenced work at City Tower, EC2 our grade A office refurbishment scheme owned in our GSP joint venture. At Walmar House, W1, our mixed use refurbishment on Regent Street, we have stripped out the property and the refurbishment has commenced.

Project preparation and pipeline

We are making good progress on the proposals for the major mixed use development scheme at our 2.3 acre freehold West End site at Rathbone Place, W1 and we expect to submit our planning application during the first half of 2013. At 100 Bishopsgate, EC2, enabling works completed during the summer and in October we restructured our interests in the 100 Bishopsgate Partnership as detailed above. We also continue to prepare 20 St James's Street, SW1 and Fetter Lane, EC4 for potential starts over the next 12 months.

Asset management

Following our record leasing activity last year, our asset management team has continued to deliver strong results since March 2012, including:

- 45 new leases were agreed during the first half (2011: 35 leases), generating annual rent of £5.9 million (our share: £4.5 million; 2011: £8.0 million);
- 95.5% of all tenancies by area, with lease breaks or expiries in the twelve months to 30 September 2012, were retained, re-let, under offer or under refurbishment;
- currently a further 20 lettings are under offer accounting for £5.0 million per annum in rent (our share: £3.3 million);
- five rent reviews of £2.9 million (our share: £1.8 million; 2011: £0.8 million) were settled during the half year, some 10.5% ahead of ERV at the rent review date; and
- total space covered by new lettings, reviews and renewals during the first half was 133,300 sq ft (2011: 217,500 sq ft).

We have continued to secure additional rental income at Mount Royal, 508/540 Oxford Street, W1, our prime 88,400 sq ft retail holding. Following the re-letting of the space previously occupied by Barratt Priceless (at a Zone A rent of £369 per sq ft) to the international shoe retailer Geox in February 2012 at Zone A rent of more than £500 per sq ft, we have successfully executed several rent reviews in the period. We have also re-let three adjoining retail units totalling 14,857 sq ft on new 10 year leases to Top Shop and Wallis at a combined annual rent of £2.5 million, 41% above the passing rent and 4% ahead of the June 2012 ERV, and improving the tenant mix across this holding.

These asset management successes reduced our low EPRA vacancy rate to 2.4% at 30 September 2012, compared to 3.3% at 31 March 2012. Leasing activity was encouraging with 23 market lettings in the first half at rents 6.8% ahead of the valuer's March 2012 estimates. The further 22 smaller lettings, 24.9% of total lettings by value, were below the March 2012 ERV because they were short term leases to allow the Group the flexibility for future redevelopment.

In the twelve months to 30 September 2012, 107 leases covering around 277,300 sq ft of space with a rental value of £8.5 million were subject to lease expiry or tenant break. After stripping out the 27.9% where we are refurbishing the space or need vacant possession to enable development, tenants were retained for 47.9% of this space by area, and by the end of September, we had leased or put under offer a further 19.7%, leaving only 4.5% to transact.

Valuation

Valuation is accompanied by graphics (see Appendix 2)

The valuation of the Group's properties as at 30 September 2012, including our share of gross assets in joint venture, was £2,161.1 million, up 4.0% or £76.0 million on a like-for-like basis, net of capital expenditure, since 31 March 2012. Wholly-owned properties were valued at £1,540.8 million and the Group had seven joint ventures which owned properties valued at £620.3 million (our share) at 30 September 2012.

The second quarter saw a like-for-like valuation increase of 0.7%, compared to 3.1% recorded in the first quarter.

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

- Rental value growth – Since the start of the financial year, rental values have grown 2.0%. Office rental values have increased by 1.9%, with retail rental values rising by 2.6%. Growth in rental values was stronger in the second quarter at 1.1% compared to 0.9% growth in the first quarter;
- Intensive asset management – During the period, 50 new leases, rent reviews and renewals were completed securing £6.3 million (our share) of annual income and reducing voids which supported valuation growth over the period;
- Development properties – Growth of 6.7% increased their valuation to £363.2 million; and
- Favourable yield shift – Equivalent yields contracted by 6 basis points over the six month period from 5.26% to 5.20% on a like-for-like basis (2011: 2 basis points), as investor appetite remained strong.

Including rent from leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 30 September 2012 was 3.9%, 20 basis points lower than at the start of the financial year. The "topped up" initial yield of the core investment portfolio, excluding developments and land held for redevelopment, is 4.5%.

Our Rest of West End portfolio produced the strongest performance by geographic sector over the first half, increasing in value by 6.0% on a like-for-like basis. City, Midtown and Southwark assets saw a 0.5% uplift in values and the North of Oxford Street properties grew by 3.1%. Our joint venture properties rose in value by 4.2% compared to a 3.6% rise for the wholly-owned portfolio over the half year on a like-for-like basis.

The Group delivered a total property return ("TPR") for the six months of 5.9%, compared to the central London IPD benchmark of 4.3%.

Our financial results

Our financial results are accompanied by graphics (see Appendix 3)

The Group's financial results reflect the successful execution of our strategic priorities and a robust central London investment market. Our recent acquisitions and capital recycling initiatives, combined with our proactive asset management and development programme, have boosted the key balance sheet values compared to six months earlier.

Net asset value
EPRA net assets per share (NAV) at 30 September 2012 was 424 pence per share, an increase of 5.2% over the last six months, largely due to the rise in value of the property portfolio. At 30 September 2012, the Group's net assets were £1,304.8 million, up from £1,238.3 million at 31 March 2012.

The main factors behind the 21 pence per share increase in NAV since 31 March 2012 were:

- the rise of 25 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 7 pence;

- profit on property disposals added 1 pence per share to NAV;

- EPRA earnings for the period of 3 pence per share enhanced NAV;

- the final dividend of 5 pence per share paid in July 2012 reduced NAV; and

- other movements reduced NAV by 3 pence per share, including the final provision for potential future payments to Hypothekenbank Frankfurt (previously Eurohypo) under the profit share agreement at 33 Margaret Street of 1 pence per share.

At 30 September 2012, the Hypothekenbank Frankfurt profit share provision was £25.5 million (representing the maximum potential future payment), compared to £22.0 million at 31 March 2012. It is anticipated that this payment will be made towards the end of 2012 following the practical completion of 33 Margaret Street, at which point the joint venture arrangements with Hypothekenbank Frankfurt will terminate.

Triple net assets per share (NNNAV) was 411 pence per share at 30 September 2012 compared to 395 pence per share at 31 March 2012 (up 4.1%). At the period end, the difference between NAV and NNNAV was the negative mark to market of debt and derivatives of 13 pence, mainly arising from the Group's 2029 debenture, private placement notes and hedging derivatives. There was no net movement in deferred tax provisions during the period.

Income statement and earnings per share
As we have consistently highlighted since the Preliminary Results in May 2011, the income statement is witnessing the short-term consequences of our increased investment into our development and refurbishment projects from which we expect materially higher total returns than the properties they will replace. As anticipated, the large surrender premium receipts in 2011 have also not been repeated in this financial period. As a result, EPRA profit before tax at £8.9 million was 14.4% lower than for the same period last year and 27.1% higher than for the six months ending 31 March 2012.

Leasing activity remains healthy and rental income from wholly owned properties and joint venture fees for the period were £26.5 million and £3.8 million respectively, generating a combined income of £30.3 million, up 13.1% on last year. This increase resulted from solid asset management activity, our accretive purchases (including our two purchase transactions from GCP in the last 12 months) and the commencement in May 2012 of Double Negative's lease at 160 Great Portland Street, offset by the £4.7 million receipt of the remainder of Telewest lease surrender in the prior period. Increased joint venture fees resulted from property sales by GCP and our development activities at

240 Blackfriars Road for GRP. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 3.6% on the prior period.

Property expenses in the period were £3.4 million (2011: £3.8 million). This reduction is due to lower void costs on properties being held vacant ahead of development or refurbishment. Administration costs were £11.5 million, an increase of £1.5 million on last year, predominantly due to higher provisions for performance related bonuses and share-based incentive schemes.

EPRA profit from joint ventures was £3.0 million, down £0.7 million on last year. The decline predominantly results from a £3.6 million reduction in net rental income from GCP following property sales, offset by an increase of £2.3 million due to the purchase of 200 & 214 Gray's Inn Road by GRP in October 2011.

Underlying net finance costs were higher at £9.5 million (2011: £6.3 million) due to the increased Group net debt position following acquisitions and investment in our development programme and an increased proportion of the Group's debt now represented by seven and ten year private placement notes.

Revaluation gains and EPRA profits enabled the Group to report an accounting profit after tax of £76.7 million (2011: £79.1 million). Basic EPS for the six months was 24.8 pence, compared to 25.6 pence for 2011.

EPRA earnings per share were 2.9 pence (2011: 3.4 pence), 14.7% lower than last year and in line with our expectations.

Results of joint ventures

The Group's net investment in joint ventures was £479.5 million, down from £538.2 million at 31 March 2012, largely due to GCP property sales, offset by valuation increases of 4.2% and capital expenditure on Wigmore Street, 240 Blackfriars Road and 33 Margaret Street.

Our share of joint venture net rental income was £10.6 million, down from £11.8 million for the same period last year, predominantly as a result of reduced rental income following property sales by GCP as described above. The underlying joint venture profits are stated after charging £3.8 million of GPE management fees (2011: £2.1 million).

Our share of non-recourse net debt in the joint ventures fell to £127.7 million at 30 September 2012 from £187.8 million at 31 March 2012 due to reduced bank debt in GCP, partly offset by the increased debt in GVP following the successful refinancing in July as detailed below.

Financial resources and capital management

Group consolidated net debt was £686.9 million at 30 September 2012, up from £499.1 million at 31 March 2012 as a consequence of acquisitions and capital expenditure on committed developments, partly mitigated by disposals and operational cash flow. Group net gearing rose to 52.6% at 30 September 2012 from 40.3% at 31 March 2012 as higher debt levels prevailed over the portfolio valuation rise. Interest cover was 2.2x for the year ended 30 September 2012 (31 March 2012: 2.0x).

Including the non-recourse debt in the joint ventures, total net debt was £814.6 million (31 March 2012: £686.9 million) equivalent to a loan to value ratio of 37.7% at 30 September 2012 (31 March 2012: 34.2%). Pro forma for property sales completed since 30 September 2012 (including the sale by GCP of 100 Regent Street and the sell down of our interests at 100 Bishopsgate), total net debt (including joint ventures and deducting £31.5 million of deferred consideration from the 100 Bishopsgate selldown) was £735.1 million, equivalent to a loan to value of 35.1%. Following these sales, the proportion of the Group's total net debt represented by our share of joint venture net debt was 13.0%, compared to 27.3% at 31 March 2012.

In the period we have continued to be successful in our debt financing activities. On 30 May 2012, we drew down on £127.7 million of seven and ten year debt finance raised through our second private placement note issue. The notes have a weighted average fixed sterling interest rate of 4.6% and the funds were immediately used to reduce amounts

drawn on the Group's revolving credit facilities. In July, our GVP joint venture completed a new £80.0 million (our share: £40.0 million) ten year, non-recourse debt facility provided by a Canadian insurance company. The loan is secured on GVP's interest at Mount Royal, Oxford Street, W1 (representing a loan to value of approximately 48%), bears a fixed interest rate of 3.7% for the full term of the loan and there is no scheduled amortisation. The funds were used to repay the existing £56.7 million of bank debt (bearing interest at 5.5%) in GVP, with the balance distributed to the partners.

Since March 2012, following completion of our purchases from GCP in April and in July, and other sales by the joint venture, the non-recourse bank debt in GCP has been paid down from £225.0 million to £72.9 million (our share: £36.5 million) at 30 September 2012. This reduced in October to £9.6 million (our share: £4.8 million) on completion of the 100 Regent Street sale. This small residual balance will be paid down at the earlier of March 2013 or on completion of the sale of the remaining property held by GCP.

As a result of these activities, and pro forma for property sales completed since 30 September 2012, the Group has no significant near-term debt maturities, with the next material maturity being in our GSP joint venture in July 2015. Our pro forma weighted average drawn debt maturity is 7.5 years and our sources of debt funding remain diverse, with 62% of drawn debt from non-bank sources. At 30 September 2012, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £263.6 million.

The Group's weighted average cost of debt, including fees and joint venture debt, for the period was 4.3%, a decrease of 20 basis points compared to the year to 31 March 2012. The weighted average interest rate (excluding fees) reduced to 3.6% at the period end (31 March 2012: 4.1%) following our refinancing activities and increased drawings on our attractively priced floating rate revolving credit facilities.

At 30 September 2012, 69% of the Group's total debt (including non-recourse joint venture debt) was at fixed or hedged rates (31 March 2012: 69%). However, a significant proportion of hedged debt is subject to capped arrangements and as a result, we are benefiting from low floating rates on around 52% of our total debt.

The Group, including its joint ventures, is operating with substantial headroom over its debt covenants. The financial covenants on all the unsecured private placement notes are identical to those on our £350 million and £150 million unsecured revolving credit facilities which mature in November 2015 and February 2017 respectively.

Cash collection and tenant delinquencies

The quarterly cash collection profile has continued to be strong throughout 2012. We secured 99% of rent within seven working days following the September quarter day, compared with the March and June quarters earlier this year at 98% and 99% respectively. Tenants on monthly payment terms represent around 3.7% of our rent roll (30 September 2011: 5.8%). Two of our tenants went into administration in the period, accounting for only 0.06% of total rent roll; however, we are vigilant and continue to monitor the financial position of our tenants.

Taxation

The tax charge in the income statement for the half year is £nil (2011: £nil) as a result of the tax free nature of much of the Group's income and other allowances being available to set against non-REIT profits. The low level of underlying taxable profits for the half year meant the Group's underlying effective tax rate was 0% (2011: 0%).

Dividend

The Board has declared an interim dividend of 3.3 pence per share (2011: 3.2 pence) which will be paid in January 2013. 1.0 pence per share of this interim dividend will be a REIT Property Income Distribution (PID) in respect of the Group's tax exempt property rental business. Further information on the tax treatment of dividends can be found on the Group's website at www.gpe.co.uk/investors/reits/.

Outlook

We are pleased to report a strong start to this financial year, and another period of outperformance of the London commercial property market; we have delivered material surpluses from our development programme, further attractive acquisitions in the West End, profitable disposals and numerous lettings ahead of market rates.

Conditions in our central London market remain supportive. Although the rate of leasing was below the long run average around the time of the Olympics, we are witnessing a solid pick-up in demand from prospective occupiers, particularly in the West End. In the investment market, London continues to attract the lion's share of international capital flowing into Europe and the demand for assets today outweighs the supply by more than four times, with much of this demand focused on long-let and 'trophy' properties. Since the summer, we have identified an increasing number of interesting acquisition opportunities, predominantly liquid lot-size, complex properties let off low rents in the West End and which are difficult to finance. We expect to identify further such opportunities in the coming months.

Within this context, we maintain our confident outlook; our portfolio, 100% in central London, is rich with asset management and development opportunity and is well positioned for further growth; our conservative gearing and low cost firepower, expected to be supplemented by the placing announced this morning, will enable us to deliver on our existing growth plans and exploit new opportunities as we find them

Group income statement

For the six months ended 30 September 2012

Year to 31 March 2012 Audited £m		Notes	**Six months to 30 September 2012 Unaudited £m**	Six months to 30 September 2011 Unaudited £m
57.9	Total revenue	2	**33.4**	29.9
46.4	Net rental income	3	**26.5**	24.7
5.6	Joint venture fee income	9	**3.8**	2.1
52.0	Rental and joint venture fee income		**30.3**	26.8
(6.3)	Property expenses	4	**(3.4)**	(3.8)
45.7	**Net rental and related income**		**26.9**	23.0
(19.9)	Administrative expenses		**(11.5)**	(10.0)
25.8	**Operating profit before surplus on investment property and results of joint ventures**		**15.4**	13.0
97.2	Surplus from investment property	8	**49.1**	44.8
50.0	Share of results of joint ventures	9	**28.7**	22.7
173.0	**Operating profit before financing costs**		**93.2**	80.5
(16.3)	Net finance costs	5	**(16.5)**	(0.6)
(1.5)	Charge on 2010 cancellation of derivatives		**–**	(0.8)
155.2	**Profit before tax**		**76.7**	79.1
–	Tax	6	**–**	–
155.2	**Profit for the period**		**76.7**	79.1
50.2p	**Basic and diluted earnings per share**	7	**24.8p**	25.6p
5.6p	**EPRA earnings per share**	7	**2.9p**	3.4p

All results are derived from continuing operations in the United Kingdom.

Group statement of comprehensive income

For the six months ended 30 September 2012

Year ended 31 March 2012 Audited £m		**Six months to 30 September 2012 Unaudited £m**	Six months to 30 September 2011 Unaudited £m
2.1	Fair value movements on derivatives taken to equity in joint ventures	**0.1**	0.5
–	Accounting charge on cancellation of derivatives in joint ventures	**2.9**	–
1.5	Charge on 2010 cancellation of derivatives	**–**	0.8
0.4	Actuarial deficit on defined benefit scheme	**(0.3)**	(0.3)
4.0	Net gain recognised directly in equity	**2.7**	1.0
155.2	Profit for the period	**76.7**	79.1
159.2	**Total comprehensive income for the period**	**79.4**	80.1

Group balance sheet

At 30 September 2012

As at 31 March 2012 Audited £m		Notes	**As at 30 September 2012 Unaudited £m**	As at 30 September 2011 Unaudited £m
	Non-current assets			
1,366.0	Investment property	8	**1,581.3**	1,217.8
538.2	Investment in joint ventures	9	**479.5**	462.9
0.9	Plant and equipment	10	**0.8**	1.1
0.4	Pension asset		**0.2**	–
1,905.5			**2,061.8**	1,681.8
	Current assets			
54.2	Trade and other receivables	11	**19.8**	20.4
4.0	Cash and cash equivalents		**6.8**	5.1
58.2			**26.6**	25.5
1,963.7	**Total assets**		**2,088.4**	1,707.3
	Current liabilities			
186.7	Trade and other payables	12	**37.4**	31.7
186.7			**37.4**	31.7
	Non-current liabilities			
507.4	Interest-bearing loans and borrowings	13	**705.7**	478.6
31.3	Obligations under finance leases		**40.5**	28.5
–	Pension liability		–	0.6
538.7			**746.2**	507.7
725.4	**Total liabilities**		**783.6**	539.4
1,238.3	**Net assets**		**1,304.8**	1,167.9
	Equity			
39.1	Share capital	14	**39.1**	39.1
218.1	Share premium		**218.1**	218.1
16.4	Capital redemption reserve		**16.4**	16.4
–	Hedging reserve		–	(0.7)
976.2	Retained earnings		**1,037.3**	907.7
(11.5)	Investment in own shares	15	**(6.1)**	(12.7)
1,238.3	**Total equity**		**1,304.8**	1,167.9
402p	**Net assets per share**	7	**421p**	379p
403p	**EPRA net assets per share**	7	**424p**	378p

Group statement of cash flows

For the six months ended 30 September 2012

Year to 31 March 2012 Audited £m		Notes	**Six months to 30 September 2012 Unaudited £m**	Six months to 30 September 2011 Unaudited £m
	Operating activities			
173.0	Operating profit before financing costs		**93.2**	80.5
(145.1)	Adjustments for non-cash items	16	**(76.7)**	(66.0)
7.8	(Increase)/decrease in receivables		**(3.0)**	(1.7)
0.2	Increase/(decrease) in payables		**2.4**	(2.6)
35.9	**Cash generated by operations**		**15.9**	10.2
(0.1)	Tax paid		**–**	(0.1)
(19.4)	Interest paid		**(11.9)**	(6.8)
16.4	**Cash flows from operating activities**		**4.0**	3.3
	Investing activities			
43.8	Distributions from joint ventures		**108.4**	31.0
(159.2)	Purchase and development of property		**(327.3)**	(138.9)
(0.1)	Purchase of fixed assets		**(0.1)**	(0.1)
61.4	Sale of properties		**58.1**	27.8
(54.1)	**Cash flows used in investing activities**		**(160.9)**	(80.2)
	Financing activities			
(7.0)	Borrowings drawn/(repaid)		**63.0**	(33.0)
158.9	Draw down of private placement notes		**127.0**	158.9
(2.7)	Purchase of derivatives		**–**	(2.7)
(74.7)	Funds to joint ventures		**(14.2)**	(18.8)
(10.9)	Purchase of shares for employee share plans		**–**	(10.9)
(24.9)	Equity dividends paid		**(16.1)**	(14.5)
38.7	**Cash flows generated from financing activities**		**159.7**	79.0
1.0	Net increase in cash and cash equivalents		**2.8**	2.1
3.0	Cash and cash equivalents at 1 April		**4.0**	3.0
4.0	**Cash and cash equivalents at balance sheet date**		**6.8**	5.1

Group statement of changes in equity

For the six months ended 30 September 2012 (unaudited)

	Share Capital £m	Share Premium £m	Capital redemption reserve £m	Retained Earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2012	**39.1**	**218.1**	**16.4**	**976.2**	**(11.5)**	**1,238.3**
Profit for the period	–	–	–	**76.7**	–	**76.7**
Fair value movements on derivatives taken to equity in joint ventures	–	–	–	**0.1**	–	**0.1**
Accounting charge on cancellation of derivatives in joint ventures	–	–	–	**2.9**	–	**2.9**
Actuarial deficit on defined benefit scheme	–	–	–	**(0.3)**	–	**(0.3)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	**3.1**	**3.1**
Transfer to retained earnings	–	–	–	**(2.3)**	**2.3**	–
Dividends	–	–	–	**(16.0)**	–	**(16.0)**
Total equity at 30 September 2012	**39.1**	**218.1**	**16.4**	**1,037.3**	**(6.1)**	**1,304.8**

Group statement of changes in equity

For the six months ended 30 September 2011 (unaudited)

	Share Capital £m	Share Premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained Earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2011	39.1	218.1	(1.5)	16.4	844.6	(4.0)	1,112.7
Profit for the period	–	–	–	–	79.1	–	79.1
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	0.5	–	0.5
Charge on 2010 cancellation of derivatives	–	–	0.8	–	–	–	0.8
Actuarial deficit on defined benefit scheme	–	–	–	–	(0.3)	–	(0.3)
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	–	1.8	1.8
Purchase of shares for employee share plans	–	–	–	–	–	(10.9)	(10.9)
Transfer to retained earnings	–	–	–	–	(0.4)	0.4	–
Dividends	–	–	–	–	(15.8)	–	(15.8)
Total equity at 30 September 2011	39.1	218.1	(0.7)	16.4	907.7	(12.7)	1,167.9

Group statement of changes in equity

For the year ended 31 March 2012 (audited)

	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2011	39.1	218.1	(1.5)	16.4	844.6	(4.0)	1,112.7
Profit for the year	–	–	–	–	155.2	–	155.2
Charge on 2010 cancellation of derivatives	–	–	1.5	–	–	–	1.5
Actuarial deficit on defined benefit scheme	–	–	–	–	0.4	–	0.4
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	2.1	–	2.1
Purchase of shares for employee share plans	–	–	–	–	–	(10.9)	(10.9)
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	–	3.0	3.0
Dividends to shareholders	–	–	–	–	(25.7)	–	(25.7)
Transfer to retained earnings	–	–	–	–	(0.4)	0.4	–
Total equity at 31 March 2012	39.1	218.1	–	16.4	976.2	(11.5)	1,238.3

Notes forming part of the half year results

1 Basis of preparation

The financial information contained in this report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The full financial statements for the year ended 31 March 2012 were prepared under IFRS and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006, and, together with an unqualified audit report in accordance with section 495 of the Companies Act 2006 which did not draw attention to any matters by way of emphasis, have been delivered to the Registrar of Companies.

The annual financial statements of Great Portland Estates plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The Group has only one reportable operating segment as disclosed in the Groups latest annual audited financial statements. The same accounting policies, presentations and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements. The Group's performance is not subject to seasonal fluctuations.

Going concern

Details of the market in which the Group operates, together with factors likely to affect its future development and performance, are set out in the "Our market" and "Our business" sections of this report. The financial position of the Group, its liquidity position and borrowing facilities are described in "Our financial results" and in the notes of the half year results.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half year results.

2 Total revenue

Year to 31 March 2012 £m		**Six months to 30 September 2012 £m**	Six months to 30 September 2011 £m
40.3	Gross rental income	**24.4**	19.5
0.9	Amortisation of capitalised lease incentives	**2.1**	0.6
5.3	Surrender premium net of capitalised lease incentives	**–**	4.7
5.8	Service charge income	**3.1**	3.0
5.6	Joint venture fee income	**3.8**	2.1
57.9		**33.4**	29.9

3 Net rental income

Year to 31 March 2012 £m		**Six months to 30 September 2012 £m**	Six months to 30 September 2011 £m
40.3	Gross rental income	**24.4**	19.5
0.9	Amortisation of capitalised lease incentives	**2.1**	0.6
(0.1)	Ground rents payable	**–**	(0.1)
41.1	Rental income before surrender premium	**26.5**	20.0
5.3	Surrender premium net of capitalised lease incentives	**–**	4.7
46.4		**26.5**	24.7

4 Property expenses

Year to 31 March 2012 £m		**Six months to 30 September 2012 £m**	Six months to 30 September 2011 £m
(5.8)	Service charge income	**(3.1)**	(3.0)
6.9	Service charge expenses	**4.1**	4.0
5.2	Other property expenses	**2.4**	2.8
6.3		**3.4**	3.8

5 Net finance costs

Year to 31 March 2012 £m		**Six months to 30 September 2012 £m**	Six months to 30 September 2011 £m
6.0	Interest on bank overdrafts and loans	**4.1**	2.3
4.9	Interest on private placement notes	**5.3**	1.6
8.1	Interest on debentures	**4.0**	4.1
1.3	Interest on obligations under finance leases	**0.9**	0.6
20.3	Gross finance costs	**14.3**	8.6
(1.1)	Less: capitalised interest at an average interest cost of 4.5%	**(1.0)**	(0.6)
19.2		**13.3**	8.0
(5.1)	Interest income on joint venture balances	**(3.8)**	(1.7)
2.2	Fair value movement on derivatives	**7.0**	(5.7)
16.3		**16.5**	0.6

6 Tax

Year to 31 March 2012 £m		**Six months to 30 September 2012 £m**	Six months to 30 September 2011 £m
	Current tax		
–	UK corporation tax	–	–
–	Total current tax	**–**	–
–	**Deferred tax**	**–**	–
–	Tax charge for the period	–	–

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

Year to 31 March 2012 £m		**Six months to 30 September 2012 £m**	Six months to 30 September 2011 £m
155.2	Profit before tax	**76.7**	79.1
40.4	Tax charge on profit at standard rate of 24% (2011: 26%)	**18.4**	20.6
(31.7)	Non-taxable revaluation surplus	**(17.7)**	(16.1)
(11.6)	REIT tax-exempt rental income and gains	**(4.2)**	(4.8)
2.9	Other	**3.5**	0.3
–	Tax charge for the period	-	–

During the period £nil (2011: £nil) of deferred tax was credited directly to equity in respect of the Group's pension fund and share incentive plan. The Group's deferred tax at 30 September 2012 is £nil (2011: £nil). This consists of a deferred tax liability of £0.1 million (2011: £nil) arising from the Group's pension surplus and share incentive plan and a deferred tax asset of £0.1 million (2011: £nil) in respect of capital allowances, contingent share awards and other short-term timing differences.

6 Tax (continued)

A deferred tax asset of £8.2 million (2011: £8.4 million), mainly relating to tax losses carried forward at 30 September 2012 and contingent share awards, was not recognised because it is uncertain whether future taxable profits against which these losses can be offset will arise.

As a REIT, the Group is broadly exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax.

7 Earnings and net assets per share

EPRA earnings and net assets per share are calculated in accordance with the guidance issued by the European Public Real Estate Association (EPRA).

Weighted average number of ordinary shares

Year to 31 March 2012 No. of shares		**Six months to 30 September 2012 No. of shares**	Six months to 30 September 2011 No. of shares
312,676,149	Issued ordinary share capital at 1 April	**312,676,149**	312,676,149
(3,869,635)	Investment in own shares	**(4,045,425)**	(3,318,349)
308,806,514	Basic and diluted weighted average number of ordinary shares	**308,630,724**	309,357,800

Basic, diluted and EPRA earnings per share

Year to 31 March 2012 Earnings per share pence		**Six months to 30 September 2012 Profit after tax £m**	**Six months to 30 September 2012 Earnings per share pence**	Six months to 30 September 2011 Profit after tax £m	Six months to 30 September 2011 Earnings per share pence
50.2	Basic and diluted	**76.7**	**24.8**	79.1	25.6
(31.5)	Surplus from investment property	**(49.1)**	**(15.9)**	(44.8)	(14.5)
(14.9)	Surplus from joint venture property	**(30.5)**	**(9.8)**	(20.0)	(6.4)
0.7	Movement in fair value of derivatives	**7.0**	**2.3**	(5.7)	(1.8)
–	Debt break costs in joint ventures	**0.3**	**0.1**	–	–
0.6	Movement in fair value of derivatives in joint ventures	**1.6**	**0.5**	1.0	0.3
–	Accounting charge on cancellation of derivatives in joint ventures	**2.9**	**0.9**	–	–
0.5	Charge on 2010 cancellation of derivatives	–	–	0.8	0.2
5.6	EPRA earnings	**8.9**	**2.9**	10.4	3.4

Net assets per share

31 March 2012 Net assets per share pence		**30 September 2012 Net assets £m**	**30 September 2012 No. of shares million**	**30 September 2012 Net assets per share pence**	30 September 2011 Net assets £m	30 September 2011 No. of shares million	30 September 2011 Net assets per share pence
402	Basic and diluted	**1,304.8**	**309.7**	**421**	1,167.9	308.3	379
(7)	Fair value of financial liabilities	**(30.7)**	–	**(10)**	(11.9)	–	(4)
395	Diluted triple net assets	**1,274.1**	**309.7**	**411**	1,156.0	308.3	375
6	Fair value of financial liabilities	**30.7**	–	**10**	11.9	–	4
–	Fair value of derivatives	**6.5**	–	**2**	(8.4)	–	(3)
2	Fair value of derivatives in joint ventures	**2.5**	–	**1**	6.3	–	2
403	EPRA net assets	**1,313.8**	**309.7**	**424**	1,165.8	308.3	378

8 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2012	**890.4**	**355.3**	**1,245.7**
Acquisitions	–	**173.2**	**173.2**
Costs capitalised	**4.7**	**1.4**	**6.1**
Disposals	**(20.0)**	–	**(20.0)**
Transfer from investment property under development	**86.8**	–	**86.8**
Net valuation surplus	**37.7**	**9.0**	**46.7**
Book value at 30 September 2012	**999.6**	**538.9**	**1,538.5**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2012	**82.9**	**37.4**	**120.3**
Costs capitalised	**3.1**	**2.8**	**5.9**
Interest capitalised	**0.8**	**0.2**	**1.0**
Transfer to investment property	**(86.8)**	–	**(86.8)**
Net valuation surplus	–	**2.4**	**2.4**
Book value at 30 September 2012	–	**42.8**	**42.8**
Book value of total investment property at 30 September 2012	**999.6**	**581.7**	**1,581.3**

	30 September 2012 £m	30 September 2011 £m
Net valuation surplus on investment property	**49.1**	44.9
Loss on sale of investment properties	–	(0.1)
Surplus from investment property	**49.1**	44.8

The investment and properties under development were valued on the basis of Fair Value by CBRE, external valuers, as at 30 September 2012 in accordance with the seventh edition of the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuation has been primarily derived using comparable recent market transactions on arm's length terms. CBRE have advised us that the total fees paid to CBRE by the Group represent less than five per cent of their total revenue in any year. The book value of investment properties includes £40.5 million (2011: £28.5 million) in respect of the present value of future ground rents net of these amounts the market value of the investment properties is £1,540.8 million. During the period the Group capitalised £0.7 million of employee costs in respect of its development team into investment properties under development. At 30 September 2012 the Group had capital commitments of £53.7 million (2011: £15.2 million).

9 Investment in joint ventures

	Equity £m	Balances with partners £m	Total £m
At 1 April 2012	**406.0**	**132.2**	**538.2**
Movement on joint venture balances	–	**18.0**	**18.0**
Share of (loss)/profit of joint ventures	**(1.8)**	–	**(1.8)**
Share of profit on disposal of joint venture properties	**3.8**	–	**3.8**
Share of revaluation surplus of joint ventures	**22.9**	**3.8**	**26.7**
Share of results of joint ventures	**24.9**	**3.8**	**28.7**
Fair value movements on derivatives taken to equity	**0.1**	–	**0.1**
Accounting charge on cancellation of derivatives	**2.9**		**2.9**
Distributions	**(108.4)**	–	**(108.4)**
At 30 September 2012	**325.5**	**154.0**	**479.5**

9 Investment in joint ventures (continued)

The investments in joint ventures are all resident in the United Kingdom and comprise the following:

Ownership 31 March 2012		**Ownership 30 September 2012**	Ownership 30 September 2011
50%	The 100 Bishopsgate Partnership	50%	50%
100%	G.P.E. (Marcol House) Limited*	100%	100%
50%	The Great Capital Partnership	50%	50%
50%	The Great Ropemaker Partnership	50%	50%
50%	The Great Star Partnership	50%	50%
50%	The Great Victoria Partnerships	50%	50%
50%	The Great Wigmore Partnership	50%	50%

* G.P.E. (Marcol House) Limited is a joint venture with Hypothekenbank Frankfurt (previously Eurohypo). Hypothekenbank Frankfurt has a profit share agreement dependent on the success of the two development schemes held by G.P.E. (Marcol House) Limited. Hypothekenbank Frankfurt is able to exert influence over the development strategy for the buildings and because these are the only assets held by the entity this influence extends over the whole of the entity's operations. As a result of this arrangement GPE and Hypothekenbank Frankfurt are considered to have joint control over the business of the entity although GPE has a 100% equity interest. Therefore in accordance with IAS31 G.P.E. (Marcol House) Limited has been treated as a joint venture.

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

31 March 2012 £m		**30 September 2012 £m**	30 September 2011 £m
116.3	Movement on joint venture balances during the period	**21.8**	24.0
(132.2)	Balances (receivable)/outstanding at the period end from joint ventures	**(154.0)**	(39.9)
43.8	Distributions	**108.4**	31.0
5.6	Fee income	**3.8**	2.1
150.0	Property purchases from joint ventures by the Group	**120.0**	–

The non-recourse loans of the joint ventures at 30 September 2012 are set out below:

Joint venture debt facilities:	Nominal value £m	Maturity	Fixed/Floating	Interest rate
The Great Capital Partnership	**72.9**	March 2013	Floating	LIBOR+ 0.75-1.15%
The Great Ropemaker Partnership	**73.0**	November 2018	Floating	LIBOR+ 2.25-2.70%
The Great Star Partnership	**77.6**	July 2015	Floating	LIBOR +1.90%
The Great Victoria Partnership	**80.0**	July 2022	Fixed	3.74%
Total	**303.5**			

The Great Victoria Partnership entered into a new £80 million secured facility on 17 July 2012. The facility attracts a fixed interest rate of 3.74% and expires in 2022.

The Great Capital Partnership ('GCP') has two interest rate swaps with a notional principal amount of £58.3 million. The interest rate swaps expire coterminously with the bank loan in 2013. The weighted average contracted fixed interest rate for the interest rate swaps at 30 September 2012 was 0.9%. The Great Star Partnership has an interest rate swap with a fixed interest rate of 1.0% and a notional principal amount £38.8 million and an interest rate cap at 4.0% with a notional principal amount £38.8 million. The interest rate swap and cap expire coterminously with the bank loan in 2015. The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the loan in 2018. At 30 September 2012 the negative fair value of these derivatives was £5.0 million (our share: £2.5 million), (2011: our share £9.0 million). During the period GCP exchanged on the sale of one of its investment properties for £64.6 million (our share: £32.3 million) with the transaction completing in October 2012. The disposal was recognised during the period. The majority of the proceeds of this sale were used to pay down debt in the joint venture. After the sale the balance on the loan was £9.6 million.

The investment properties include £20.5 million (2011: £28.4 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 £620.3 million. At 30 September 2012 the Group's share of joint venture capital commitments was £51.7 million (2011: £68.9 million).

75% of the Group's investment in The 100 Bishopsgate Partnership, with a book value of £47.2 million, was considered held for sale at 30 September 2012. This holding was subsequently sold in October 2012 (see note 19). The asset was available for immediate sale in its present condition and the disposal was considered highly probable of completing within 12 months of the balance sheet date.

9 Investment in joint ventures (continued)

Summarised balance sheets

31 March 2012 Total £m		The 100 Bishopsgate Partnership £m	G.P.E. (Marcol House) Limited £m	Great Capital Partnership £m	Great Ropemaker Partnership £m	Great Star Partnership £m	Great Victoria Partnerships £m	Great Wigmore Partnership £m	**30 September 2012 Total £m**	30 September 2011 Total £m
698.9	Investment property	**69.2**	**155.2**	**48.5**	**121.4**	**83.7**	**98.9**	**63.9**	**640.8**	663.7
104.9	Current assets	**0.8**	**0.3**	**33.1**	**0.6**	**1.5**	**0.8**	**0.8**	**37.9**	10.1
(132.2)	Balances (from)/to partners	**(38.6)**	**(127.7)**	**96.5**	**(61.7)**	**(16.7)**	**5.5**	**(11.3)**	**(154.0)**	(39.9)
27.5	Cash	**0.4**	**11.0**	**2.4**	**3.7**	**3.0**	**1.7**	**0.6**	**22.8**	22.5
(215.3)	Bank loans	–	–	**(36.4)**	**(36.0)**	**(38.5)**	**(39.6)**	–	**(150.5)**	(179.5)
(5.4)	Derivatives	–	–	–	**(2.3)**	**(0.2)**	–	–	**(2.5)**	(6.3)
(46.3)	Current liabilities	**(3.2)**	**(28.3)**	**(2.9)**	**(5.9)**	**(3.9)**	**(2.6)**	**(1.7)**	**(48.5)**	(19.2)
(26.1)	Finance leases	**(4.2)**	–	**(0.1)**	**(5.2)**	**(11.0)**	–	–	**(20.5)**	(28.4)
406.0	Net assets	**24.4**	**10.5**	**141.1**	**14.6**	**17.9**	**64.7**	**52.3**	**325.5**	423.0

Summarised income statements

31 March 2012 Total £m		The 100 Bishopsgate Partnership £m	G.P.E. (Marcol House) Limited £m	Great Capital Partnership £m	Great Ropemaker Partnership £m	Great Star Partnership £m	Great Victoria Partnerships £m	Great Wigmore Partnership £m	**30 September 2012 Total £m**	30 September 2011 Total £m
24.4	Net rental income	**0.1**	**0.2**	**2.6**	**2.9**	**2.3**	**2.4**	**0.1**	**10.6**	11.8
(4.9)	Property and administration costs	**(0.5)**	**(0.1)**	**(0.3)**	**(0.3)**	**(0.3)**	**(0.5)**	**0.3**	**(1.7)**	(1.9)
(13.8)	Net finance costs	–	**(0.3)**	**(1.2)**	**(2.2)**	**(1.4)**	**(0.8)**	–	**(5.9)**	(6.2)
–	Debt break costs	–	–	–	–	–	**(0.3)**	–	**(0.3)**	–
(1.7)	Movement in fair value of derivatives	–	–	–	**(1.4)**	**(0.2)**	–	–	**(1.6)**	(1.0)
–	Accounting charge on cancellation of derivatives	–	–	**(2.9)**	–	–	–	–	**(2.9)**	–
4.0	Share of (loss)/profit of joint ventures	**(0.4)**	**(0.2)**	**(1.8)**	**(1.0)**	**0.4**	**0.8**	**0.4**	**(1.8)**	2.7
(4.1)	Revaluation of investment property	–	**5.4**	**4.8**	**4.8**	**1.7**	**0.9**	**5.3**	**22.9**	13.6
13.6	Profit on sale of investment property	–	**0.1**	**3.7**	–	–	–	–	**3.8**	3.0
13.5	Share of results of joint ventures	**(0.4)**	**5.3**	**6.7**	**3.8**	**2.1**	**1.7**	**5.7**	**24.9**	19.3

10 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2012	**2.0**	**1.4**	**3.4**
Costs capitalised	–	**0.1**	**0.1**
At 30 September 2012	**2.0**	**1.5**	**3.5**
Depreciation			
At 1 April 2012	**1.3**	**1.2**	**2.5**
Charge for the period	**0.1**	**0.1**	**0.2**
At 30 September 2012	**1.4**	**1.3**	**2.7**
Carrying amount at 31 March 2012	0.7	0.2	0.9
Carrying amount at 30 September 2012	**0.6**	**0.2**	**0.8**

11 Trade and other receivables

31 March 2012 £m		**30 September 2012 £m**	30 September 2011 £m
4.0	Trade receivables	**7.5**	6.7
(0.3)	Allowance for doubtful debts	**(0.4)**	(0.1)
3.7		**7.1**	6.6
0.8	Prepayments and accrued income	**2.1**	2.3
44.9	Other trade receivables	**5.1**	2.8
4.8	Derivatives – due in more than one year	**5.5**	8.7
54.2		**19.8**	20.4

12 Trade and other payables

31 March 2012 £m		**30 September 2012 £m**	30 September 2011 £m
12.9	Trade payables	**16.2**	11.8
173.8	Non-trade payables and accrued expenses	**21.2**	19.9
186.7		**37.4**	31.7

13 Interest-bearing loans and borrowings

31 March 2012 £m	**Non-current liabilities**	**30 September 2012 £m**	30 September 2011 £m
	Secured		
144.2	£142.9 million 5.625% debenture stock 2029	**144.2**	144.2
	Unsecured		
200.1	Bank loans	**263.6**	175.2
29.8	£30.0 million 5.09% private placement notes 2018	**29.8**	29.8
80.6	$130.0 million 4.81% private placement notes 2018	**80.7**	80.7
48.4	$78.0 million 5.37% private placement notes 2021	**48.4**	48.4
–	$160.0 million 4.20% private placement notes 2019	**101.6**	–
–	$40.0 million 4.82% private placement notes 2022	**25.4**	–
	Non-current liabilities at fair value		
4.3	Derivatives	**12.0**	0.3
507.4		**705.7**	478.6

13 Interest-bearing loans and borrowings (continued)

The Group has two floating rate revolving credit facilities of £350.0 million and £150.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR, based on gearing, and expires in 2015. The £150.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 175–250 basis points above LIBOR, based on gearing, and expires in 2017. At 30 September 2012 the Group had £234.0 million (2011: £223.0 million) of undrawn committed credit facilities.

The Group issued US dollar notes totalling £127.7 million through private placement in May 2012; £102.2 million of the notes mature in 2019 and £25.5 million in 2022. The notes are unsecured and the financial covenants on the notes are consistent with those of the Group's revolving credit facilities.

At 30 September 2012, properties with a carrying value of £267.5 million (2011: £299.2 million) were secured under the Group's debenture stock.

The following table details the notional principal amounts and remaining terms of interest rate derivatives outstanding at 30 September:

	Average contracted fixed interest rate		Notional principal amount		Fair value Asset/(liability)	
Cash flow hedges	**2012 %**	2011 %	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Interest rate swaps						
Between one and two years	**1.87%**	1.87%	**11.0**	**11.0**	**(0.1)**	**(0.3)**
Interest rate floor						
Between one and two years	**2.53%**	2.53%	**159.7**	**159.7**	**5.5**	**6.1**
	2.49%	2.49%	**170.7**	**170.7**	**5.4**	**5.8**

The following table details the notional principal amounts and remaining terms of exchange rate derivatives outstanding at 30 September:

	Average exchange rate		Foreign currency		Notional principal amount		Fair value Asset/(liability)	
Cash flow hedge - cross currency swap	**2012 rate**	2011 rate	**2012 US$m**	2011 US$m	**2012 £m**	2011 £m	**2012 £m**	2011 £m
In excess of five years	**1.585**	1.604	**408.0**	208.0	**257.4**	129.7	**(11.9)**	2.6

The Group operates solely in the United Kingdom, and all of its operating profits and net assets are sterling denominated. It entered into cross currency swaps in order to ensure the US dollar liability streams generated from the US dollar private placement notes were fully hedged into sterling for the life of the transactions. Through entering into the cross currency swap the Group has created synthetic sterling fixed rate liabilities totalling £257.4 million.

Fair value of financial liabilities

31 March 2012 Book value £m	31 March 2012 Fair value £m		**30 September 2012 Book value £m**	**30 September 2012 Fair value £m**	30 September 2011 Book value £m	30 September 2011 Fair value £m
503.1	522.7	Non-current liabilities at amortised cost	**693.7**	**724.4**	478.3	490.2
4.3	4.3	Non-current assets held at fair value	**(5.5)**	**(5.5)**	(8.7)	(8.7)
(4.8)	(4.8)	Non-current liabilities held at fair value	**12.0**	**12.0**	0.3	0.3
502.6	522.2		**700.2**	**730.9**	469.9	481.8

The fair values of the Group's listed long-term borrowings have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 7 Financial Instruments: Disclosures. The fair values of the Group's outstanding notes, interest rate swap and interest rate floor have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. The fair value of the Group's cross currency swaps has been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 7.

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.

14 Share capital

Year to 31 March 2012 Number	Year to 31 March 2012 £m		**Six months to 30 September 2012 Number**	**Six months to 30 September 2012 £m**	Six months to 30 September 2011 Number	Six months to 30 September 2011 £m
		Allotted, called up and fully paid				
312,676,149	39.1	At the beginning and end of the period	**312,676,149**	**39.1**	312,676,149	39.1

15 Investment in own shares

Year to 31 March 2012 £m		**Six months to 30 September 2012 £m**	Six months to 30 September 2011 £m
4.0	At the beginning of the period	**11.5**	4.0
(3.0)	Employee Long-Term Incentive Plan and Share Matching Plan charge	**(3.1)**	(1.8)
10.9	Purchase of shares for employee share plans	**–**	10.9
(0.4)	Transfer to retained earnings	**(2.3)**	(0.4)
11.5	At the end of the period	**6.1**	12.7

The investment in the Company's own shares is held at cost and comprises 2,939,035 shares (2011: 4,420,926 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the period 1,481,891 shares (2011: 554,198 shares) were awarded to directors and senior employees in respect of the 2009 LTIP award. The fair value of shares awarded and outstanding at 30 September 2012 was £15.5 million (2011: £11.0 million).

16 Adjustment for non-cash movements in the cash flow statement

Year to 31 March 2012 £m		**Six months to 30 September 2012 £m**	Six months to 30 September 2011 £m
(97.2)	Surplus from investment property	**(49.1)**	(44.8)
3.0	Employee Long-Term Incentive and Share Matching Plan charge	**3.1**	1.8
(0.9)	Amortisation of capitalised lease incentives	**(2.1)**	(0.6)
(50.0)	Share of results from joint ventures	**(28.7)**	(22.7)
–	Other items	**0.1**	0.3
(145.1)	Adjustments for non-cash items	**(76.7)**	(66.0)

17 Dividends

The proposed interim dividend of 3.3 pence per share (2011: 3.2 pence per share) was approved by the Board on 14 November 2012 and is payable on 2 January 2013 to shareholders on the register on 23 November 2012. The dividend is not recognised as a liability in the half year report. The final dividend from the year ended 31 March 2012 of £16.0 million was paid on 10 July 2012 and is included within the Group Statement of Changes in Equity.

18 Operating leases

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

31 March 2012 £m		**30 September 2012 £m**	30 September 2011 £m
	The Group as a lessor		
43.8	Less than one year	**47.1**	41.4
111.2	Between one and five years	**123.0**	106.6
95.4	More than five years	**165.3**	90.5
250.4		**335.4**	238.5

The Group leases its investment properties under operating leases. The weighted average length of lease at 30 September 2012 was 6.2 years (2011: 5.4 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the period (2011: £nil).

19 Post balance sheet event

In October 2012, the Group sold a 37.5% interest in The 100 Bishopsgate Partnership, its 50:50 joint venture with Brookfield Properties Corporation ("BPO") to BPO, at book value, for £47.2 million in cash. £15.74 million was paid on completion in November, with equal further payments of £15.74 million in October 2013 and April 2014. The Group will receive interest at a rate of 5.5% on the deferred payments, and will retain 12.5% of the Partnership.

The Group's remaining 12.5% holding is the subject of 'put and call' options, with the Group able to 'put' its remaining holding onto BPO in October 2014 at £15.74 million, and BPO able to 'call' for the Group to sell to a third party investor only, and only in the event that BPO simultaneously sells a 37.5% holding, therefore giving that investor the chance to own 50% of the Partnership. Under the call option, the transfer price is the higher of £15.74 million, the actual transfer price agreed between BPO and the third party or the market value of GPE's holding at the time of the transfer.

Directors’ responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’;

(b) the half-yearly report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the half-yearly report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By the order of the Board

Toby Courtauld
Chief Executive
14 November 2012

Nick Sanderson
Finance Director
14 November 2012

Independent review report to Great Portland Estates plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2012 which comprises the group income statement, the group statement of comprehensive income, the group balance sheet, the group statement of cash flows, the group statement of changes in equity and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
14 November 2012

Directors and shareholders' information

Directors

Martin Scicluna
Chairman, Non-Executive

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Neil Thompson
Portfolio Director

Charles Irby
Senior Independent Director

Elizabeth Holden
Non-Executive Director

Jonathan Nicholls
Non-Executive Director

Jonathan Short
Non-Executive Director

Shareholders' information

Financial calendar	**2012**
Ex-dividend date for interim dividend	21 November
Registration qualifying date for interim dividend	23 November
	2013
Interim dividend payable	2 January
Announcement of full year results	22 May*
Circulation of Annual Report and Accounts 2012	1 June*
Annual General Meeting	4 July*
Final dividend payable	9 July*

*Provisional.

Shareholder enquiries
All enquiries relating to holdings of shares, bonds or debentures in Great Portland Estates, 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:
Capita Registrars
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300 (from within the UK calls cost 10p per minute plus network extras, lines are open 8.30 am – 5.30 pm Monday to Friday). If you are calling from overseas please dial +44 208 639 3399.

Website
The Company has a corporate website which holds, amongst other information, a copy of our latest annual report and accounts, a list of properties held by the Group and press announcements released over the last 12 months. The site can be found on www.gpe.co.uk

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

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

Share dealing service
An online and telephone dealing service is available for UK shareholders through Capita Deal. For further information on this service, or to buy and sell shares, please contact:

Online dealing - www.capitadeal.com

Telephone dealing – 0871 664 0364 (calls cost 10p per minute plus network extras).

Glossary

Earnings per share (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA adjustments
Standard calculation methods for adjusted EPS and NAV as set out by the European Public Real Estate Association (EPRA) in their Best Practice and Policy Recommendations.

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

Estimated rental value (ERV)
The market rental value of lettable space as estimated by the Company's valuers at each balance sheet date.

Fair value
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 purchaser's costs.

IPD
The Investment Property Databank Limited (IPD) is a company that produces an independent benchmark of property returns.

IPD central London
An index, compiled by IPD, of the central and inner London properties in their monthly and quarterly valued universes.

Like-for-like portfolio
Properties that have been held for the whole of the period of account.

Loan to value (LTV)
Total third party debt (including our share of joint ventures) expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

Net assets per share or net asset value (NAV)
Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Net gearing
Total borrowings less short-term deposits and cash as a percentage of adjusted equity shareholders' funds.

Net initial yield
Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchaser's costs.

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

Property Income Distributions (PIDs)
Dividends from profits of the Group's tax-exempt property rental business.

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.

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

Return on capital employed (ROCE)
Return on capital employed is measured as profit before financing costs plus revaluation surplus on development property divided by the opening gross capital.

Return on shareholders' equity
The growth in the adjusted diluted net assets per share plus dividends per share for the period expressed as a percentage of the adjusted net assets per share at the beginning of the period.

Reversionary or under-rented
The percentage by which ERV exceeds rents passing, together with the estimated rental value of vacant space.

Reversionary yield
The anticipated yield, which the initial yield will rise to once the rent reaches the ERV.

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.

Triple net asset value (NNNAV)
NAV adjusted to include the fair value of the Group's financial liabilities on a diluted basis.

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

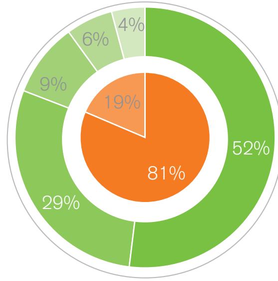
Weighted average unexpired lease term (WAULT)
The weighted average unexpired lease term expressed in years.

Appendix 1

Portfolio characteristics[1]

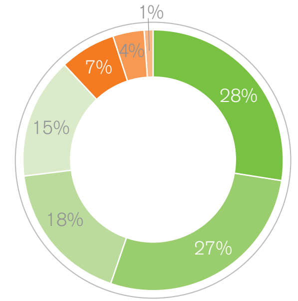
Our locations
- North of Oxford Street £1,118.8m
- Rest of West End £622.7m
- City £196.8m
- Midtown £127.3m
- Southwark £95.5m

Business mix
- Office £1,751.0m
- Retail £410.1m



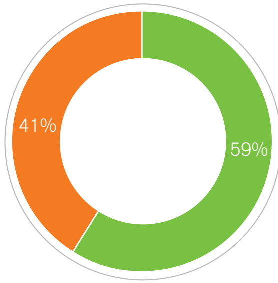
GPE tenant mix[1]

- Retailers and leisure
- Technology, media and telecoms
- Banking and finance
- Corporates
- Professional
- Government
- Other



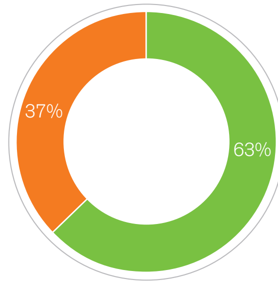
Joint venture business – contribution to the Group

Gross property assets[2]



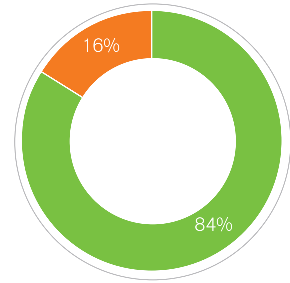
- Wholly-owned £1,540.8 million
- Joint ventures £1,085.3 million

Net assets[1]



- Wholly-owned £825.3 million
- Joint ventures £479.5 million

Net debt[1]



- Wholly-owned £686.9 million
- Joint ventures £127.7 million

1 GPE share.

2 100% values at 30 September 2012.

Appendix 1

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	29.4	2.1	31.5	1.3	0.1	1.4	32.9
		Retail	3.7	(0.1)	3.6	5.1	0.8	5.9	9.5
	Rest of West End	Office	13.6	3.1	16.7	0.4	0.5	0.9	17.6
		Retail	7.0	1.5	8.5	1.2	0.2	1.4	9.9
	Total West End		**53.7**	**6.6**	**60.3**	**8.0**	**1.6**	**9.6**	**69.9**
	City, Midtown and Southwark	Office	7.9	0.1	8.0	9.2	0.8	10.0	18.0
		Retail	0.9	(0.1)	0.8	–	–	–	0.8
	Total City, Midtown and Southwark		**8.8**	**–**	**8.8**	**9.2**	**0.8**	**10.0**	**18.8**
Total let portfolio			**62.5**	**6.6**	**69.1**	**17.2**	**2.4**	**19.6**	**88.7**
Voids					1.9			1.0	2.9
Premises under development/refurbishment					9.3			18.7	28.0
Total portfolio					**80.3**			**39.3**	**119.6**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	EPRA vacancy %	Rent roll secure for five years %	Weighted average lease length Years	EPRA vacancy %
London	North of Oxford Street	Office	41.0	7.6	0.5	–	3.1	4.9
		Retail	40.2	5.3	–	85.2	9.1	–
	Rest of West End	Office	6.6	2.1	1.2	60.8	7.3	15.7
		Retail	35.4	5.1	7.1	100.0	14.5	–
	Total West End		**31.5**	**5.8**	**1.9**	**74.6**	**9.0**	**3.7**
	City, Midtown and Southwark	Office	85.6	8.0	5.1	38.2	5.1	1.1
		Retail	98.1	11.0	–	–	–	–
	Total City, Midtown and Southwark		**86.8**	**8.2**	**4.9**	**38.2**	**5.1**	**1.1**
Total let portfolio			**39.3**	**6.2**	**2.3**	**54.9**	**6.7**	**2.6**

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	37	41	26	49	3.2	5.1	4.2	4.6
		Retail	29	28	98	105	3.7	5.2	5.5	5.0
	Rest of West End	Office	39	51	13	30	2.2	4.7	1.9	5.1
		Retail	57	66	46	55	2.5	4.4	4.4	4.9
	Total West End		**38**	**45**	**53**	**59**	**2.9**	**5.0**	**4.8**	**5.0**
	City, Midtown and Southwark	Office	35	35	36	40	3.9	5.9	6.3	6.7
		Retail	55	47	–	30	5.7	5.4	–	–
	Total City, Midtown and Southwark		**36**	**36**	**36**	**39**	**4.0**	**5.8**	**6.3**	**6.7**
Total portfolio			**38**	**43**	**42**	**46**	**3.1**	**5.1**	**5.5**	**5.7**

Appendix 1

The Group views effective risk management as integral to the delivery of superior returns to shareholders. Principal risks and uncertainties facing the business and the processes through which the Company aims to manage those risks are:

Risk and impact	Mitigation
Market risk	
Central London real estate market underperforms other UK property sectors leading to poor relative financial results	Research into the economy and the investment and occupational markets is evaluated as part of the Group's annual strategy process covering the key areas of investment, development and asset management and updated regularly throughout the year.
Economic recovery falters resulting in worse than expected performance of the business given decline in economic output	Regular economic updates are received and scenario planning is undertaken for different economic cycles. 47% of income from committed developments secured.
Investment	
Not sufficiently capitalising on market investment opportunities through difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and mistimed recycling of capital	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans with Joint Venture partners.
Asset Management	
Failure to maximise income from investment properties through poor management of voids, mispricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments. The Group has a diverse tenant base with its ten largest tenants representing only 33% of rent roll.

Appendix 1

Risk and impact	Mitigation
Development	
Poor development returns relating to: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – level of speculative development; – contractor availability and insolvency risk; – a building being inappropriate to tenant demand; – quality and benchmarks of the completed buildings; – construction and procurement delays; and – poor development management	See market risk above. 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. 47% of income from committed developments secured. Due diligence is undertaken of the financial stability of demolition and main contractors prior to awarding of contracts. Working with agents, potential occupiers' needs and aspirations are identified during the planning application and design stages. All our major developments are subject to BREEAM ratings with a target to achieve a rating of "Very Good" on major refurbishments and "Excellent" on new build properties. Pro-active liaison with existing tenants before and during the development process. Selection of contractors and suppliers based on track record of delivery and credit worthiness. In-house project management team closely monitors construction and manage contractors to ensure adequate resourcing to meet programme. Regular review of the prospective performance of individual assets and their business plans with Joint Venture partners. Post completion reviews undertaken on all developments to identify best practice and areas for improvement.
Level of development undertaken as a percentage of the portfolio leads to underperformance against KPIs	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed when pre-lets obtained and/or market supply considered to be sufficiently constrained.
Financial risks	
Limited availability of further capital constrains the growth of the business	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.
Adverse market movements negatively impact on debt covenants through increased interest rates or a fall in capital values	Regular review of current and forecast debt levels and financing ratios. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives.
Inappropriate capital structure results in suboptimal NAV per share growth	Regular review of current and forecast debt and gearing levels and financing ratios.

Appendix 1

Risk and impact	Mitigation
People	
Correct level, mix and retention of people to execute our Business Plan. Strategic priorities not achieved because of inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements and succession planning. The Company has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and identification of training needs.
Regulatory	
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base, reduces flexibility and may influence potential investor and occupier interest in buildings	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies. Environmental Policy Committee meets at least quarterly to consider strategy in respect of environmental legislation.
Health and safety incidents Loss of or injury to employees, contractors or tenants and resultant reputational damage	The Company has dedicated Health & Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health & Safety areas including employee, contractor and tenant safety. On developments, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors which includes a health & safety assessment. Contractor's responses to accidents and near misses are actively monitored and followed up by our Project Managers and Head of Sustainability.

Appendix 2

Portfolio performance to 30 September 2012

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	643.6	57.0	700.6	32.4%	3.6%
	Retail	82.1	88.1	170.2	7.9%	1.3%
Rest of West End	Office	321.7	15.0	336.7	15.6%	6.8%
	Retail	99.2	19.5	118.7	5.5%	3.6%
Total West End		1,146.6	179.6	1,326.2	61.4%	4.1%
City, Midtown and Southwark	Office	171.0	119.2	290.2	13.4%	0.4%
	Retail	14.2	–	14.2	0.7%	2.3%
Total City, Midtown and Southwark		185.2	119.2	304.4	14.1%	0.5%
Investment property portfolio		1,331.8	298.8	1,630.6	75.5%	3.4%
Development property		41.7	321.5	363.2	16.8%	6.7%
Total properties held throughout the period		**1,373.5**	**620.3**	**1,993.8**	**92.3%**	**4.0%**
Acquisitions		167.3	–	167.3	7.7%	2.1%
Total property portfolio		**1,540.8**	**620.3**	**2,161.1**	**100.0%**	**3.8%**

Portfolio characteristics as at 30 September 2012

	Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Total £m	Net internal area sq ft 000's
North of Oxford Street	870.8	248.0	1,118.8	906.9	211.9	1,118.8	1,476
Rest of West End	622.7	–	622.7	439.2	183.5	622.7	669
Total West End	**1,493.5**	**248.0**	**1,741.5**	**1,346.1**	**395.4**	**1,741.5**	**2,145**
City, Midtown and Southwark	304.4	115.2	419.6	404.9	14.7	419.6	1,201
Total	**1,797.9**	**363.2**	**2,161.1**	**1,751.0**	**410.1**	**2,161.1**	**3,346**

		Investment properties £m	Development properties £m	Total property portfolio £m
By use:	Office	1,429.9	321.1	1,751.0
	Retail	368.0	42.1	410.1
Total		**1,797.9**	**363.2**	**2,161.1**
Net internal area sq ft 000's		2,694	652	3,346

Appendix 3

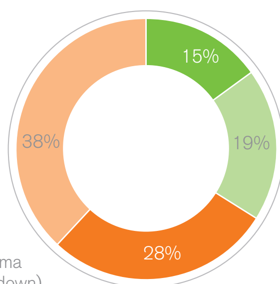
Debt analysis

	Sept 2012 £m	March 2012 £m
Net debt excluding JVs	**686.9**	499.1
Net gearing	**52.6%**	40.3%
Total net debt including 50% JV non-recourse debt	**814.6**	686.9
Loan-to-property value	**37.7%**	34.2%
Total net gearing	**62.4%**	55.5%
Interest cover	**2.2x**	2.0x
Weighted average cost of debt	**4.3%**	4.5%
% of debt fixed/hedged	**69%**	69%
Cash and undrawn facilities	**264**	328

Diversified sources of debt funding

Secured
- JV bank and non-bank debt
- Debenture bonds

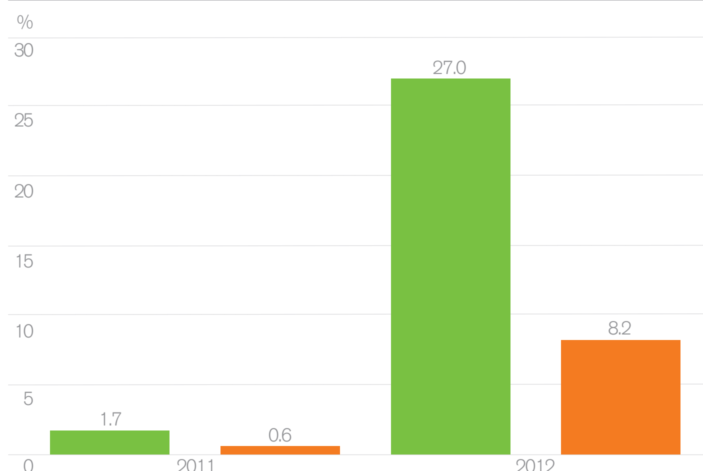
Unsecured
- Group revolving bank facilities
- Private placement notes



Based on drawn position at 30 September 2012 (pro forma for sale of 100 Regent Street and 100 Bishopsgate sell down).

Appendix 3

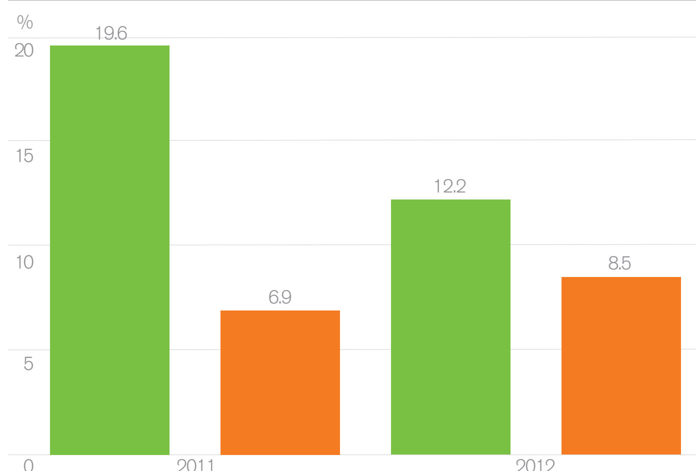
Total Shareholder Return (TSR)*



Commentary

The TSR of the Group was 27.0% for the year compared to 8.2% for the FTSE 350 Real Estate (excluding agencies).

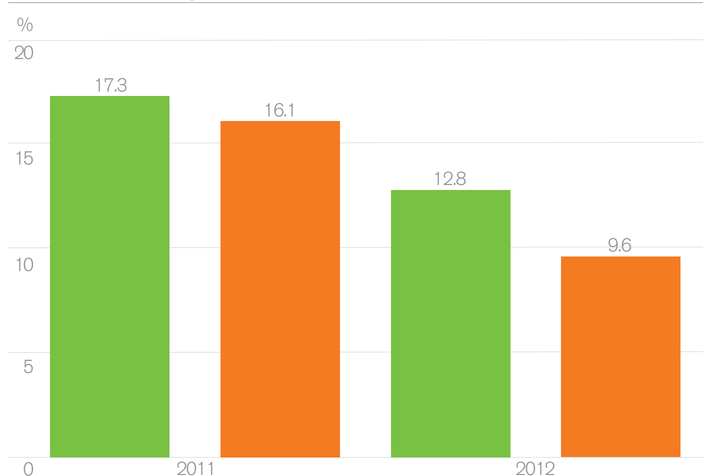
EPRA net assets per share growth*



Commentary

EPRA net assets per share increased by 12.2% over the year as property values grew and the Group benefited from the impact of its successful asset management activity and returns from its near-term development programme.

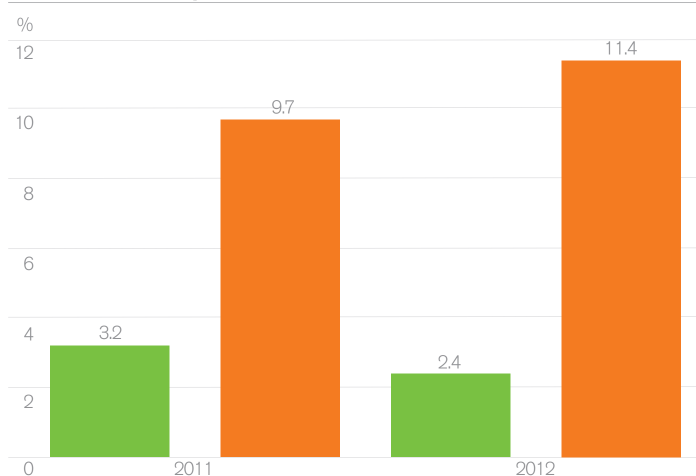
Total Property Return (TPR)*



Commentary

The Group generated a portfolio TPR of 12.8% in the year whereas the benchmark produced a total return of 9.6% resulting in an absolute outperformance of 3.2 percentage points and a relative outperformance of 3.0 percentage points.

EPRA vacancy*



Commentary

EPRA vacancy is designed to show how effective the Group is at letting available space in the portfolio.

The Group's vacancy rate was 2.4% compared to the benchmark of 11.4% resulting in an outperformance of 9.0 percentage points.

GPE Benchmark

*Year to September