Press Release

GREAT PORTLAND ESTATES

14 November 2019

Unlocking potential - development and leasing successes driving strong operational performance

The Directors of Great Portland Estates plc announce the results for the Group for the six months ended 30 September 2019. Highlights[1] include:

Valuation up 0.8%[2], driven by committed developments and rental value growth

- Portfolio valuation up 0.8%[2] (developments: up 6.0%[2])
- Rental value growth of 1.0%[2] (+1.4% offices, -0.2% retail); yield compression of 1 bp
- Total property return of 2.7%, with capital return of 1.0% v MSCI Central London (quarterly index) of 0.2%
- Rental value growth guidance range for the financial year maintained at minus 2.0% to +1.5%; potential to outperform if business friendly outcome to current political uncertainties

Solid financial performance; interim dividend up 9.3%

- EPRA[3] NAV per share of 868 pence, up 1.8% over six months
- EPRA[3] earnings of £28.1 million, up 11.1% on H1 2018. EPRA[3] EPS of 10.6 pence, up 17.8%
- After revaluation surplus, IFRS profit after tax of £44.1 million (2018: £33.7 million)
- Total accounting return[4] of 2.7% over six months; interim dividend per share of 4.7 pence, up 9.3%

Strong leasing, 9.4% ahead of ERV; flexible space offering grown, leasing 35% ahead of ERV

- £9.9 million let, 220,100 sq ft, market lettings 9.4% above March 2019 ERV
- Flex space now c.10% of office portfolio, including a new partnership at City Place House; 35% > ERV so far, appraising further 153,000 sq ft
- 23 rent reviews secured £11.7 million p.a., 20.9% ahead of passing rent, 0.6% ahead of ERV at review date
- £3.6 million reversion captured since March 2019; further reversionary potential of 7.8% (£8.3 million)
- Vacancy rate down to 2.3% (31 March 2019: 4.8%); average office rent of £56.00 per sq ft; 79% of retail (28% of portfolio by value) in prime West End locations[5]
- Like-for-like rent roll up 5.6% to £106.0 million, with total potential future growth of 45% to £153.3 million[6]
- Q3 started well; £2.2 million p.a. of lettings completed since 1 October, market lettings in line with September 2019 ERV; £8.1 million of lettings under offer, 5.4% ahead of September 2019 ERV

Excellent progress on committed schemes, 48% pre-let or under offer

- Three committed schemes (414,900 sq ft) progressing well, 18.9% forecast profit on cost, 48% pre-let (including flagship store on New Bond Street) or under offer with good levels of occupier interest
- Exceptional and flexible development pipeline of 10 schemes (1.4 million sq ft), currently income producing, with 3.0 years average lease length, 12.1% reversionary (existing use)
- Total programme covering 54% of existing portfolio

Rock solid financial position; £200 million share buyback successfully completed

- Property loan-to-value[4] of 13.3%, weighted average interest rate of 2.6%, weighted average debt maturity of 6.4 years, cash/undrawn committed facilities of £434 million (including £450 million RCF extended to 2024)
- Share buyback of £200 million completed; 27.8 million shares purchased at average share price of £7.20

Market leading sustainability, innovating and promoting from within; strong and creative culture

- Five-star GRESB rating for fourth consecutive year; participation in Better Buildings Partnerships Climate Change Commitment, aligned with our strategy and ambitious carbon targets
- Market leading app rolled out across entire portfolio; encouraging uptake
- Promoting internal talent, realigning operating structure for higher service provision and broadening Inclusion & Diversity and Community programmes

[1] All values include share of joint ventures unless otherwise stated [2] On a like-for-like basis [3] In accordance with EPRA guidance
[4] We prepare our financial statements using IFRS, however we also use a number of adjusted measures in assessing and managing the performance of the business. These include like-for-like figures to aid in the comparability of the underlying business and proportionately consolidated measures, which represent the Group's gross share of joint ventures rather than the net equity accounted presentation included in the IFRS financial statements. These metrics have been disclosed as management review and monitor performance of the business on this basis. We have also included a number of measures defined by EPRA, which are designed to enhance transparency and comparability across the European Real Estate sector, see note 8 to the financial statements. [5] Oxford Street, Bond Street, Regent Street & Piccadilly [6] Excludes development pipeline potential

Toby Courtauld, Chief Executive, said:

"I am pleased to report another period of strong operational activity with healthy leasing ahead of ERV, the continued successful rollout of our flexible space offering, the completion of our share buyback programme and excellent progress at our three committed developments.

Our second half has started well, despite elevated levels of macro-economic and political uncertainty. Occupier interest today remains robust in a market where high quality space is scarce and we have delivered lettings totalling £2.2 million of rent with a further £8.1 million under offer at a 5.4% premium to September 2019 ERVs. Whilst activity in our investment market has slowed, for the international investor, London continues to provide appealing value relative to other global cities.

Although we expect continued political and possibly macro-economic turbulence, GPE is in great shape and ready to take advantage of any market weakness: We are attracting occupiers to our brand of high quality, sensibly-priced sustainable space; we are innovating across our portfolio of well-located properties which is let off low rents with further reversionary potential; our exceptional development pipeline provides us with nearly 1.4 million sq ft of value creating opportunities meaning we have no immediate need to buy; yet, with our modest gearing, we retain significant and low cost financial capacity; and our collaborative culture and focus on developing our experienced and talented team will enable us to maximise the opportunity we have to generate long-term value across our business".

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The results presentation will be broadcast live at 9.00am today on:

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

A conference call facility will be available to listen to the presentation at 9.00am today on the following numbers:

UK: 0808 109 0700 (freephone)
International: +44 (0) 20 3003 2666

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Half Year Results

Our market

Introduction

London's commercial real estate markets have again trended broadly flat over the period, lacking clear direction as political and economic uncertainty persisted due to continued negotiations regarding the UK's future relationship with the EU and the prospect of another UK general election. These conditions continued to impact business and consumer confidence over the summer, with PMI surveys further deteriorating as the perceived likelihood of a "no deal" outcome increased. Despite the uncertain environment, activity in London's occupational markets remained resilient, with rental growth in a number of subsectors, although transaction levels in investment markets slowed as vendors have been less willing to bring assets to the market.

For the remainder of the financial year, absent any significant change arising from the forthcoming general election or an adverse outcome with the EU, we expect capital values and rental levels to continue their sideways trajectory. However, whilst the near-term economic and political outlook continues to be challenging to predict, over the long term we believe London's attraction remains undiminished; it will remain a truly global city, adapting to prevailing market conditions and continuing to attract a diverse range of businesses and investors as Europe's business capital.

Subdued economic growth

Momentum in the global economy remained muted in the period as tensions around US-China trade intensified, global manufacturing output slowed and geopolitical tensions resurfaced. Closer to home, UK employment growth slowed and the economy shrunk by 0.2% in the quarter to June, although UK GDP returned to growth of 0.3% in the quarter to September 2019. This subdued environment was reflected in the most recent Deloitte UK CFO survey undertaken in September, which showed a further deterioration in business confidence, with only 7% of CFOs believing now is a good time to take greater risk (down from 9% at March) as Brexit and weak UK demand remain the biggest perceived threats over the next twelve months. As a result, UK GDP forecasts have decreased marginally over the period with Oxford Economics forecasting annual GDP growth over the next three years of 1.5%, down from 1.7% in March. However, London's forecast outperformance has been maintained with annual GDP growth of 1.8% forecast over the next three years.

Occupational markets remain robust

Our occupational markets were active over the six months to 30 September 2019, with businesses continuing to commit to London despite the uncertain backdrop. Central London office take-up was 6.5 million sq ft, very marginally behind the preceding six months and the ten-year average of 6.6 million sq ft. CBRE estimate that central London active demand at September totalled 8.5 million sq ft. Central London availability reduced over the six months to 12.7 million sq ft at 30 September 2019 (13.0 million sq ft at March) and below the ten-year average of 14.3 million sq ft. Moreover, the proportion of the available space that is either newly completed or under construction totalled only 3.6 million sq ft, the lowest since 2000. This low supply of high quality office space has helped support rental values and pre-letting activity across our markets, with tenant incentives (including rent frees) remaining largely unchanged.

In the central London office market as a whole, development completions in the six months to 30 September 2019 were 3.5 million sq ft, with the overall vacancy rate remaining low at 4.0%. However, in the core of the West End, the focus of our committed development activities, completions totalled only 16,500 sq ft in the six month period. This supply shortage has meant that occupiers continue to secure space well in advance of building completion, with 59.3% of the 11.6 million sq ft of space under construction already pre-let or under offer. Looking ahead, the speculative development pipeline continues to be modest. In central London, we estimate that 21.9 million sq ft of new speculative space could be delivered by December 2023, of which only 1.6 million sq ft is in the West End core, equating to only 0.6% of core stock per annum.

West End occupational market

Over the six months to 30 September 2019, West End office take-up was 2.0 million sq ft, down 11.6% on the preceding six months and marginally below the 10 year average, albeit current availability of 3.5 million sq ft is 1.3 million sq ft (or 27.0%) below the ten-year average. Vacancy rates remain low at 2.9% at 30 September 2019, with Grade A vacancy estimated by CBRE to be only 1.8%. CBRE reported that prime office rental values increased over the last six months by £2.50 per sq ft to £110.00 per sq ft, with rent frees one month lower at 23 months on a ten-year lease.

The UK retail environment continues to be challenging due to the combination of lower consumer spending and a structural shift to on-line sales. Whilst London retail continues to outperform the wider UK, we have seen downward pressure on retailers' occupancy costs, which has both impacted rents and demand for larger retail units. However, there are areas of strength. During the period, we successfully commenced the leasing of the retail element of our Hanover Square development on New Bond Street at rents ahead of ERV, and our retail rental values were largely unchanged over the period.

Vacancy on Oxford Street, Regent Street and Bond Street has risen to 7.7%, 8.6% and 7.5% respectively, with prime Zone A rents on Oxford Street and Bond Street £850 per sq ft and £2,200 per sq ft respectively.

City, Midtown and Southbank occupational markets
Over the six months to 30 September 2019, City office take up of 2.9 million sq ft increased by 2.4% on the prior six months and remains ahead of the ten-year average of 2.7 million sq ft. Availability reduced to 5.4 million sq ft (from 5.9 million sq ft at 31 March 2019), with the amount of space under offer at 1.8 million sq ft, 38.8% ahead of the 10-year average. The City vacancy rate was greater than that of the West End at 4.8%, although Grade A vacancy was estimated by CBRE to be 3.3%, down from 3.6% at March. CBRE also reported that City prime rental values increased marginally to £72.00 per sq ft, up £1.00 per sq ft from March 2019, with rent free periods on a ten-year lease unchanged at 24 months.

Take-up in Midtown and Southbank was 0.8 million sq ft, down from 1.6 million sq ft on the preceding six months. Prime office rental values increased by £2.50 per sq ft to £82.50 and £67.50 per sq ft for Midtown and Southbank respectively. Rent frees also remains broadly unchanged at 22- 24 months on average on a ten-year lease.

Less active investment markets
Investment market activity slowed to £4.0 billion in the period, down from £7.4 billion in the preceding six months as a combination of a lack of supply and increased political uncertainty subdued investment volumes. London's attractiveness to international capital was maintained, driven by relative value to other global cities, the low value of Sterling and London's safe haven status. However, heightened levels of uncertainty have resulted in a number of overseas investors waiting for further clarity before committing, meaning that they comprised only 46% of transactions in the quarter to September 2019.

We reported in May 2019 that we estimated £31.8 billion of equity capital was seeking to invest in commercial property across central London compared to only £3.5 billion of stock on the market available to buy. Today we estimate that there is currently £3.6 billion of stock on the market available to buy, whilst the weight of money seeking to invest has increased to £32.8 billion. With levels of equity demand at elevated levels and debt still available for prime quality assets and sponsors, investment yields for office properties remain unchanged. At 30 September 2019, prime office yields were 3.75% and 4.00% in the West End and City respectively, according to CBRE. Over the period retail yields softened, with CBRE reporting that retail yields moved out to 3.00% for Regent Street and Oxford Street, while Bond Street was unchanged at 2.25%.

Poor visibility on market outlook continues
Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last six months, our property capital value indicators are largely unchanged and continue to provide limited market visibility. Investment activity in the central London commercial property market remains healthy and the real yield spread over gilt yields continues to be supportive. Prime yields are currently trending flat, although it is possible that there is some yield contraction in the event of greater political clarity. We do not expect significant rental value movements in the very near-term and, given the rental performance of the portfolio in the first half of the year, our rental value growth range for the financial year to 31 March 2020 is unchanged at minus 2.0% to +1.5% (see Portfolio Management below).

Our business

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

With our clear purpose of unlocking potential, we are innovating across our operations, preparing our pipeline of future opportunity, developing our talent and working with our communities to create space for London to thrive.

Portfolio management

During the six months to 30 September 2019, we continued our strong leasing activity, letting ahead of ERV while continuing to capture the reversion across the portfolio. Key highlights include:

- 29 new leases were signed during the first half (2018: 37 leases), generating annual rent of £9.9 million (our share: £8.4 million; 2018: £6.6 million), market lettings 9.4% above March 2019 ERVs;
- 23 rent reviews securing £11.7 million p.a. (our share: £10.8 million; 2018: £6.1 million) of rent were settled during the half year, representing an annualised increase of £2.0 million p.a., or 20.9% above the previous passing rent and 0.6% above the ERV at the review date;
- total space covered by new lettings, reviews and renewals during the first half was 358,200 sq ft (2018: 243,400 sq ft);
- £3.8 million of reversion was captured (our share) in the six months to 30 September 2019, with a further reversionary potential of £8.3 million of which 85% is available in the next 18 months;
- 92% (by area) of the 62 leases with breaks or expiries in the twelve months to 30 September 2019 were retained, re-let, or are under offer or under refurbishment, leaving only 8% still to transact; and
- following the successful leasing period, the Group's vacancy rate has decreased to 2.3% at 30 September 2019 (31 March 2019: 4.8%) and Group rent roll has increased by 5.6% to £106.0 million (31 March 2019: £100.4 million).

Key leasing transactions

The table below summarises our leasing transactions in the period:

Leasing Transactions	Three months ended 30 September 2019	Six months ended 30 September 2019	Six months ended 30 September 2018
New leases and renewals completed			
Number	17	29	37
GPE share of rent p.a.	£6.0 million	£8.4 million	£6.6 million
Area (sq ft)	178,400	220,100	135,400
Rent per sq ft (including retail)	£78	£76	£62
Rent reviews settled			
Number	16	23	17
GPE share of rent p.a.	£8.7 million	£10.8 million	£6.1 million
Area (sq ft)	107,600	138,100	108,000
Rent per sq ft (including retail)	£87	£85	£71

Note: Includes joint ventures at share

Notable transactions during the six months included:

- at 160 Old Street, EC1, the recently redeveloped building is now fully let following the letting of the two remaining office floors, (to HRS and SenSat), and the final two retail units. Together these totalled 15,200 sq ft of space for a combined rent of £1.1 million (our share: £0.6 million), 10.4% above March 2019 ERV;
- at 24/25 Britton Street EC1, we completed a reversionary lease with Kurt Geiger, extending their existing lease to January 2035, securing a 15 year term (no breaks), and increasing their passing rent by £0.25 million (+10%);

- after the success of our co-working arrangement with Runway East at New City Court, SE1, we have expanded the roll out of our space flexible offering. At City Place House, EC2, we entered into an 82,000 sq ft flexible office partnership arrangement with Knotel. Knotel is a flexible workspace provider and will operate the space until the building's redevelopment in December 2021 and together we will share the revenue generated from the businesses in occupation. Opening of the space will be phased between December 2019 and January 2020 and the space is already 72% pre-let;
- at Wells & More, 45 Mortimer Street, W1, we settled eight rent reviews with New Look, capturing reversion of £0.5 million, and increasing the combined annual rent to £4.3 million, an increase of 14% on the previous passing rent;
- at 95/96 New Bond Street, W1, we settled a rent review with Victorinox Retail (UK) Limited (£550 psf Zone A), increasing the annual rent by £0.4 million to £1.25 million, an increase of 42% on the previous rent; and
- at Carrington House, 126/130 Regent Street, W1, we settled a rent review with Russell & Bromley Limited increasing the annual rent to £1.0 million, an increase of 103% on the previous passing rent and 30% above ERV at the review date.

At 30 September 2019, the average rent across our office portfolio was £56.00 per sq ft, up from £55.20 per sq ft at 31 March 2019.

Since 30 September 2019, our leasing momentum has continued:

- we have completed 7 new leases generating £2.2 million (our share: £2.2 million) of annual rent (19,800 sq ft), with market lettings 1.4% above March 2019 ERVs; and
- a further 90,800 sq ft of space is currently under offer which would deliver approximately £8.1 million p.a. in rent (our share: £8.1 million), with market lettings 8.1% above March 2019 ERVs and 5.4% above September 2019 ERV.

Innovating with our flexible space offering and market leading App

Our leasing track record demonstrates that for many businesses securing high quality, well located space for longer-term occupation is vital. However, we recognise that a growing number of businesses, particularly SMEs, are seeking more flexible office space to meet their needs. Our recent arrangement with Knotel has further extended our commitment to flexible office space, which now stands at more than 200,000 sq ft or around 10% of our office portfolio. Today, our flexible offerings include the following:

Type of space	Completed (sq ft)	Let or pre-let (%)	Committed (sq ft)	Appraising (sq ft)	Total (sq ft)
Flex	48,600	100%	17,900	137,000	219,800
Flex+	-	-	16,300		
Partnerships	130,700	81%	-	16,000	146,700
Total	**179,300**	**86%**	**34,200**	**153,000**	**366,500**

We have also extended our flex offerings with the commitment to 16,300 sq ft of new flex+ space at Dufours Place, W1. Our new flex+ space further enhances our current flex product and provides occupiers with added service provision as well as communal facilities such as a courtyard and ground floor café. In total, we are currently appraising a further 153,000 sq ft of flexible space.

In November 2019, we completed the roll out of our new App, further enhancing the level of service we are delivering to our occupiers. Depending on the building, the App enables automated access and environmental control, creates a community platform and provides a number of other services delivered by our concierge manager including on-site dry cleaning services, online shopping delivery and personal package drop-off and collection.

Development management

Today our development programme represents 54% of the portfolio, providing both near-term development uplifts from our committed schemes (19%) and extensive future opportunities from our development pipeline (35%). During the period, we continued to make good progress on our three on-site committed schemes, which will deliver 414,900 sq ft of high-quality space, all targeting BREEAM 'Excellent' and all near Crossrail stations. Together the committed schemes are expected to generate a profit on cost of 18.9% (£123.3 million), of which only 27.4% has been recognised to date. Beyond this, the team continues to prepare the further ten schemes with prospective deliveries into the 2020s and beyond.

Three committed schemes all to benefit from Crossrail; all BREEAM 'Excellent'
At Hanover Square, W1, construction is advancing well with the exterior of the building largely complete. The scheme will deliver 221,100 sq ft of new space, comprising 167,100 sq ft of offices, 41,800 sq ft of retail and restaurant space and 12,200 sq ft of residential apartments. Following the pre-let of 111,400 sq ft of offices in 18 Hanover Square to KKR and Glencore, interest in the remaining 55,700 sq ft of office space across the scheme continues to be strong. Furthermore, following the recent launch of the marketing for the New Bond Street retail space, we let the 5,000 sq ft corner unit to Canali at rents ahead of the March 2019 ERV, with encouraging interest in the remaining space. In total, the scheme is now 53% let and, when complete in Q3 2020, it is expected to deliver a profit on cost of 21.9%.

At Oxford House, 76 Oxford Street, W1, construction of the new building is progressing well with the core now complete to level six. The building will deliver 81,200 sq ft of new offices and 37,900 sq ft of retail space directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station and completion is targeted for Q2 2021, with an expected profit on cost of 17.3%. Occupier interest for the office space has been strong, given the quality of the building and the continued lack of new-build office supply in the core of the West End. As a result, the entirety of the office space is now under offer. Retail demand has been modest given the building is not planned to complete until 2021 and the more challenging macro backdrop for UK retail. However, early discussions are encouraging.

At The Hickman, E1, the building topped out in October 2019 and we expect to deliver the new 74,700 sq ft Grade A office and retail building in Q1 2020. The Hickman will be our most intelligent building to date. We are pioneering an integrated building App which will deliver real-time data on occupancy, energy consumption, air quality, light and temperature to us and our occupiers, allowing us to better understand how the building is operating and being utilised. Occupier interest in the building is encouraging and we are currently finalising terms with a partner to work with us to deliver a co-working offer for the basement, ground and first floors (together 16,000 sq ft). We are anticipating a profit on cost of 10.7% with average office rents across the building of around £51.55 per sq ft.

At 30 September 2019, the three committed development properties were valued at £506.8 million and required £99.8 million (both our share) of capital expenditure to complete.

Substantial development pipeline
Beyond our three committed schemes, we have a substantial and flexible pipeline of ten uncommitted schemes. These schemes include a number of exciting projects including City Place House, EC2, located 200m from the Moorgate Crossrail station where we are working on plans to maximise the potential of the site by significantly increasing the size of the building to 320,000 sq ft. Initial discussions with the City of London have been encouraging and the project has a proposed start date of 2022. Close by at 50 Finsbury Square, EC2, we have submitted a planning application for a major refurbishment ahead of vacant possession next year. The major refurbishment will see the office floor plates extended within the existing frame of the building and the addition of a roof pavilion and terrace. Finally at New City Court, SE1 in the London Bridge Quarter, we have submitted a planning application to materially increase the size of the existing 98,000 sq ft building to more than 370,000 sq ft and should hear whether our application is successful in the new year.

Our potential development programme totals 1.3 million sq ft today, with the potential to increase this to more than 1.8 million sq ft post development. These schemes cover 54% of GPE's existing portfolio and will provide the bedrock of our development activities into the 2020s.

Investment management

During the quarter, we completed £9.2 million of residential sales, including the last remaining unit at Rathbone Square, W1 for £5.6 million, in line with the March 2019 book value. However, given the strength of the investment market, attractive opportunities to buy were limited and we made no acquisitions.

We have now been a net seller for the past six and half financial years, taking advantage of supportive markets to crystallise surpluses where our business plans were complete. We currently have approximately £60 million of property in the market for sale and are reviewing a further £120 million for potential disposal. However, we continue to explore acquisition opportunities, and over the past six months we have reviewed over £1.0 billion of potential acquisitions. Whilst the number of assets we are reviewing remains high, opportunities providing attractive value remain scarce. Assets with a near-term development opportunity, the sort of assets that we typically look to buy, have seen strong demand and pricing has been robust with only 7% of the assets we reviewed trading within 10% of our view of fair value. Notwithstanding the lack of opportunities, we have no need to buy. Any potential purchase needs to outperform the assets we already own, and with our existing portfolio stacked with opportunity, the hurdle is high.

Sustainability and community

During the period, we committed to the ground breaking Climate Change Commitment launched by members of the Better Buildings Partnership. The commitment is designed to tackle the growing risks of climate change through the delivery of net zero carbon real estate portfolios.

The Commitment aligns with our strategy to transition to a net zero carbon business and requires us to:

- disclose our progress towards our net zero carbon pathway, including whole building performance and occupier activities;
- publicly disclose the energy performance of our portfolio; and
- develop a comprehensive climate change resilience strategy for our portfolio.

This builds on our revised energy and carbon targets that we announced earlier in the year, namely:

- to achieve a 40% reduction in energy intensity and at least a 69% reduction in carbon intensity across our portfolio by 2030;
- for all new build developments completed from 2030 to be net zero carbon; and
- to set out our approach and timescale during this financial year to become a net zero carbon business.

We also delivered a continued strong performance across a number of leading sustainability and ESG indices, including a five star rating in the Global Real Estate Sustainability Benchmark (“GRESB”) for the fourth consecutive year and a Gold Award, for the sixth consecutive year, for reporting in accordance with EPRA’s European Sustainability Best Practice Recommendations (sBPR).

In order to create space for London to thrive, we have a responsibility to ensure that we have a long lasting positive impact on the communities in which we work. During the period, the GPE team took part in our second annual Community Day, which included helping improve local community gardens and upcycling furniture with Groundwork London in a number of their community projects. We also held a charity bike ride through the Cotswolds to raise money for both Groundwork London and Centrepoint, and together with a number of our suppliers, raised £48,500. Since the commencement of our charity partnership with Centrepoint 18 months ago, we have raised £250,000.

Promoting from within and our strong culture

Our culture and people are fundamental to how we perform, and we have further enhanced our senior management team with four recent promotions: Janine Cole to Director of Sustainability and Community; Helen Hare to Director of Project Management; David O'Sullivan to Director of Occupier & Property Services; and Lisa Day to Head of Occupier Services. These promotions reflect their demonstrated successful leadership of their respective teams, combined with the strategic and operational importance of the functions that they lead. We have also realigned the operating structure of our Occupier & Property Services team to support our increasing focus on customer experience and higher service provision.

During the period, we launched our Inclusion & Diversity strategy at an event for all employees, with participation from Richard Mully (Chairman) and Alison Rose (Non-Executive Director). We are also delighted with the results from our most recent employee engagement survey (October 2019), in which 94% of our team would recommend GPE as 'a great place to work', up from 89% in our previous survey in June 2017.

Valuation

Valuation is accompanied by graphics (see Appendix 2)
The valuation of the Group's properties was £2,645.0 million as at 30 September 2019, reflecting a valuation increase of 0.8% on a like-for-like basis since 31 March 2019. At 30 September 2019, the wholly-owned portfolio was valued at £2,008.4 million and the Group had three active joint ventures which owned properties valued at £636.6 million (our share) by CBRE.

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 increased by 1.0% on a like-for-like basis, with our office portfolio increasing by 1.4%, largely driven by our leasing performance, and our retail portfolio marginally down 0.2%;
- strong portfolio management – during the period, 52 new leases, rent reviews and renewals were completed, securing £19.2 million (our share) of annual income which helped to support the valuation. At 30 September 2019, the portfolio was 7.8% reversionary;
- good construction progress and pre-lettings at our development properties – the valuation of our committed development properties increased by 6.0% to £506.8 million (our share); and
- yields largely unchanged – equivalent yields reduced very marginally by 1 basis point over the period. At 30 September 2019, the portfolio true equivalent yield was 4.6%.

Including rent from pre-lets and leases currently in rent free periods, the topped up initial yield of the investment portfolio at 30 September 2019 was 4.2%, unchanged from the start of the financial year.

Whilst the overall valuation increased by 0.8% during the six months on a like-for-like basis, elements of the portfolio continued to show greater variation. We continued to see office portfolio values outperform retail with our office properties increasing by 1.3% compared to a 0.6% fall in retail values, as weaker retailer sentiment reduced ERVs. Furthermore, short leasehold properties (<100 years), which represent 18% of the portfolio, reduced in value by 2.0% compared to an increase of 1.5% in the rest of the portfolio, as investor demand for shorter leasehold assets reduced.

Our joint venture properties increased in value by 4.1% in the six months, driven by our letting successes at our recently completed 160 Old Street, EC1 development and further pre-let activity at Hanover Square, W1, while the wholly owned portfolio was marginally down by 0.2% on a like-for-like basis.

The Group delivered a total property return (TPR) for the six months to 30 September 2019 of 2.7% (2018: 2.2%), compared to the Central London MSCI quarterly benchmark of 1.8%, and a capital return of 1.0% (versus 0.2% for MSCI). This relative outperformance resulted from the strong returns on our development properties.

Our financial results

Our financial results are accompanied by graphics (see Appendix 3)
We prepare our financial statements using IFRS, however we also use a number of adjusted measures in assessing and managing the performance of the business. These include like-for-like figures to aid in the comparability of the underlying business as they exclude the impact of investment property additions and disposals and proportionately consolidated measures which includes the Group's gross share of the joint ventures. These metrics have been presented as management review and monitor the performance of the business on this basis.

We calculate net assets and earnings per share in accordance with the Best Practice Recommendations issued by the European Public Real Estate Association (EPRA). The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe enhancing the transparency and coherence of the sector. We consider these metrics to be the most appropriate method of reporting the value and performance of the business and relevant reconciliations to the IFRS numbers are included in note 8 to the accounts.

EPRA NAV growth of 1.8%
EPRA net assets per share (NAV) at 30 September 2019 was 868 pence per share, an increase of 1.8% over the last six months, largely due to the 0.8% like-for-like increase in value of the property portfolio along with the positive impact of our share buyback. The main drivers of the 15 pence per share increase in NAV from 31 March 2019 were:

- the increase of 6 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties increased NAV by around 10 pence;
- EPRA earnings for the period of 11 pence per share enhanced NAV;
- the final dividend of 8 pence per share reduced NAV;
- our share buyback programme enhanced NAV by 7 pence per share; and
- other movements, including pension adjustments, reduced NAV by 1 pence per share.

EPRA NAV growth of 1.8%, combined with the payment of last year's final dividend of 7.9 pence per share, delivered a total accounting return for the six months to 30 September 2019 of 2.7% (2018: 1.3%).

At 30 September 2019, the Group's net assets were £2,244.2 million, down from £2,309.7 million at 31 March 2019, with the decrease largely attributable to our share buyback programme. EPRA triple net assets per share (NNNAV) was 861 pence at 30 September 2019 compared to 850 pence at 31 March 2019 (up 1.3%). At the period end, the difference between NAV and NNNAV was the impact of the mark to market of debt of 7 pence per share, mainly arising from the Group's debenture and private placement notes.

EPRA EPS growth of 17.8%
EPRA earnings were £28.1 million, 11.1% higher than for the same period last year, predominantly due to reduced property costs as well as increased profits from our joint ventures.

Net rental income from wholly-owned properties was £39.5 million, down £0.5 million or 1.3% on last year, principally as a result of property sales in the prior year. Joint venture fees were £1.3 million, down £1.2 million on last year due to lower levels of transaction activity, as the investment properties in our joint ventures are now fully let. Taken together, rental income from wholly-owned properties and joint venture fees totalled £40.8 million, down 4.0% on the prior period. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 8.7% on the prior period.

Property costs reduced by £1.6 million to £4.5 million, principally due to reduced vacancy expenses and lower costs associated with our leasing initiatives in joint ventures. Administration costs were £13.7 million, an increase of £0.9 million, primarily as a result of increased provisions for performance related pay.

EPRA profits from joint ventures (excluding fair value movements) were £5.4 million, up from £2.5 million last year predominantly due to increased rental income from 160 Old Street, EC1 which is now fully let.

Gross interest paid on our debt facilities was £4.9 million, down £0.5 million on the prior period. The reduction in interest paid was due to the Group's £150 million convertible bond maturing in the latter part of the prior period. We capitalised interest of £2.9 million (2018: £1.9 million), a £1.0 million increase reflecting our increased wholly-owned development exposure when compared to the prior period. As a result, the Group had underlying net finance income (including interest receivable on joint ventures balances) of £0.5 million (2018: £0.7 million charge).

Revaluation movements together with increased EPRA earnings resulted in an IFRS profit after tax of £44.1 million (2018: £33.7 million). The basic earnings per share for the period was 16.7 pence, compared to 12.0 pence for 2018. The diluted earnings per share for the period was 16.7 pence, compared to 11.1 pence per share for 2018. Diluted EPRA earnings per share was 10.6 pence (2018: 9.0 pence), an increase of 17.8%, and cash earnings per share was similar to last year at 8.3 pence.

Results of joint ventures

The Group's net investment in joint ventures was £597.4 million, an increase from £511.9 million at 31 March 2019, due to a 4.1% like-for-like increase in value of the property portfolio and an increase in partner loan contributions to fund the Hanover Square development and repay the third party bank debt in GRP. Our share of joint venture net rental income was £8.7 million, up from £6.9 million last year as a result of successful leasing activity at our completed development at 160 Old Street, EC1. The underlying joint venture profits are stated after charging £1.3 million of GPE management fees (2018: £2.5 million) with the reduction attributable to reduced leasing activity given the joint venture investment properties are 100% let.

Overall, our three active joint ventures represent an important proportion of the Group's business. At 30 September 2019, joint ventures represented 24.1% of the portfolio valuation, 26.6% of net assets and 18.5% of rent roll (31 March 2019: 22.8%, 22.2% and 19.2% respectively).

Strong financial position with continued active balance sheet management and extending maturities

At September 2019, Group consolidated net debt was £322.7 million, up from £156.6 million at 31 March 2019 (30 September 2018: £116.3 million). The increase was largely due to amounts committed on the Group's share buyback of £86.0 million as well as the on-going development capital expenditure across the Group of £45.4 million in the six months. Group gearing increased to 14.7% at 30 September 2019 (31 March 2019: 6.8%) due to higher levels of on-balance sheet debt more than offsetting the increase in the portfolio value. Including the non-recourse debt in the joint ventures, total net debt was £351.8 million (31 March 2019: £224.0 million) equivalent to a loan to property value of 13.3% (31 March 2019: 8.7%). The proportion of the Group's total net debt represented by our share of joint venture net debt was 8.3% at 30 September 2019. At the end of the period, the Group, including our share of joint ventures, had cash and undrawn committed credit facilities of £434 million. In October 2019, we obtained bank consent to extend the maturity date of our flexible, low cost £450 million revolving credit facility by a further 12 months to October 2024.

The Group's weighted average cost of debt, including fees and joint venture debt, for the period was 3.3%, 10 basis points higher than at 31 March 2019 due to the maturity of the Group's convertible bond in the prior year. The weighted average interest rate (excluding fees) at the period end was 2.6%, down from 2.7% at 31 March 2019. At 30 September 2019, 84% of the Group's total drawn debt (including non-recourse joint venture debt) was provided on an unsecured basis (31 March 2019: 72%) and 89% was from non-bank sources (31 March 2019: 88%).

At 30 September 2019, 89% of the Group's total drawn debt (including non-recourse joint ventures) was at fixed or hedged rates (31 March 2019: 100%). Our weighted average drawn debt maturity was 6.4 years at 30 September 2019 (31 March 2019: 6.4 years).

Maintaining balance sheet discipline; £200 million on market share buyback completed

Over the last 12 months, we completed our £200 million return of surplus equity to shareholders through our share buyback programme. At 30 September 2019, we had repurchased and cancelled 22.6 million shares (£160.8 million including costs) with the £200 million programme completing on 13 November 2019. In total, we purchased 27.8 million shares at an average price of £7.20 per share (or £7.25 per share, £201.5 million including costs).

99% rent collection and robust tenant base

The quarterly cash collection performance has continued to be strong throughout 2019. We secured 98.9% of rent due within seven working days following the September quarter day, compared with 99.2% and 98.3% at March and June respectively earlier this year. Tenants on monthly payment terms represent around 7.9% of our rent roll (30 September 2018: 5.6%). One of our retail occupiers (Arcadia) at Mount Royal, W1 entered into a Company Voluntary Arrangement during the six months to reduce their rental payments by 30% until 2022, a reduction of £0.4 million per annum (our share) or 0.4% of rent roll. We also had one delinquency in the period representing less than 0.1% of rent roll. We continue to remain vigilant, regularly monitoring the financial position of our occupiers. In addition, we have further protection from any tenant defaults with £26 million of rent deposits and bank guarantees, representing around 21% of rent roll (including 100% of joint ventures).

Taxation
The tax charge in the income statement for the half year was £0.3 million (2018: £6.7 million) and the effective tax rate on EPRA earnings was 1% (2018: 0%). The majority of the Group's income is tax-free as a result of its REIT status. The tax charge for the period resulted from prior period adjustments in respect of items which fall outside our REIT ring-fence.

In general, 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 but is otherwise subject to corporation tax. In particular, the Group is subject to corporation tax in respect of (i) any profits arising from trading properties and (ii) any gains arising on the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years.

Additionally, during August 2019, HMRC published new guidance which states that it considers that the REIT exemption also does not extend to profits arising from the sale of investment properties which are undergoing a major redevelopment at the time of sale. The Group will continue to consider the potential effect of this guidance on any recent and future sales by the Group.

Dividends
The Board has declared an interim ordinary dividend of 4.7 pence per share (2018: 4.3 pence) which will be paid on 2 January 2020. All of this dividend will be a REIT Property Income Distribution (PID) in respect of the Group's tax-exempt property rental business.

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

The principal risks and uncertainties facing the Group for the remaining six months of the financial year remain those detailed on pages 74 to 88 of the 2019 Annual Report with no significant changes: market risk including relative underperformance of the Central London real estate market, weakening macro-economic environment for property investment and uncertainty surrounding the UK's exit from the EU; investment management risk; portfolio management risk; development management risk; financial risk including liquidity, interest rate and exchange rate risks and inappropriate capital structure; people risk; regulatory risk; and the risk of business interruption. The Board is closely monitoring the UK government's progress in resolving its exit from the EU, including any impact from the forthcoming general election. As a result, the Group's forecasts and business plans continue to be prepared under a variety of market scenarios, including to reflect different scenarios for our future relations with the EU.

Investor and analyst event
We will be holding an investor and analyst event on 13 February 2020. Further details will be provided nearer the time.

Condensed group income statement

For the six months ended 30 September 2019

Year to 31 March 2019 Audited £m		Notes	**Six months to 30 September 2019 Unaudited £m**	Six months to 30 September 2018 Unaudited £m
112.4	Total revenue	2	**54.4**	50.8
80.3	Net rental income	3	**39.5**	40.0
3.8	Joint venture fee income	11	**1.3**	2.5
84.1	Rental and joint venture fee income		**40.8**	42.5
(11.9)	Property expenses	4	**(4.5)**	(6.1)
72.2	**Net rental and related income**		**36.3**	36.4
(25.1)	Administrative expenses		**(13.7)**	(12.8)
–	Development management revenue		**–**	0.1
(0.3)	Development management costs		**(0.1)**	(0.2)
(0.3)	Development management losses		**(0.1)**	(0.1)
14.4	Trading property revenue		**6.5**	1.9
(23.9)	Trading property cost of sales		**(5.9)**	(10.2)
(9.5)	Profit/(loss) on sale of trading property		**0.6**	(8.3)
37.3	**Operating profit before (deficit)/surplus on property and results of joint ventures**		**23.1**	15.2
7.3	(Deficit)/surplus from investment property	9	**(8.3)**	17.7
10.0	Share of results of joint ventures	11	**29.1**	6.8
54.6	**Operating profit**		**43.9**	39.7
8.3	Finance income	5	**3.5**	3.7
(8.1)	Finance costs	6	**(3.0)**	(4.4)
1.3	Fair value movement on convertible bond		**–**	1.4
56.1	**Profit before tax**		**44.4**	40.4
(6.6)	Tax	7	**(0.3)**	(6.7)
49.5	**Profit for the period**		**44.1**	33.7

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

17.9p	**Basic earnings per share**	8	**16.7p**	12.0p
17.1p	**Diluted earnings per share**	8	**16.7p**	11.1p
19.5p	**EPRA EPS**	8	**10.6p**	9.0p

Condensed group statement of comprehensive income

For the six months ended 30 September 2019

Year ended 31 March 2019 Audited £m		**Six months to 30 September 2019 Unaudited £m**	Six months to 30 September 2018 Unaudited £m
49.5	Profit for the period	**44.1**	33.7
	Items that will not be reclassified subsequently to profit and loss:		
(0.9)	Actuarial (loss)/gain on defined benefit scheme	**(2.4)**	0.9
0.2	Deferred tax on actuarial (loss)/gain on defined benefit scheme	**–**	(0.2)
48.8	**Total comprehensive income for the period**	**41.7**	34.4

Condensed group balance sheet

At 30 September 2019

As at 31 March 2019 Audited £m		Notes	**As at 30 September 2019 Unaudited £m**	As at 30 September 2018 Unaudited £m
	Non-current assets			
2,025.0	Investment property	9	**2,049.1**	2,088.5
511.9	Investment in joint ventures	11	**597.4**	484.4
4.0	Property, plant and equipment	12	**8.2**	4.3
–	Pension asset		**–**	1.7
2,540.9			**2,654.7**	2,578.9
	Current assets			
5.6	Trading property	10	**–**	17.7
10.9	Trade and other receivables	13	**13.5**	16.2
139.4	Cash and cash equivalents		**12.4**	179.6
155.9			**25.9**	213.5
2,696.8	**Total assets**		**2,680.6**	2,792.4
	Current liabilities			
(47.1)	Trade and other payables	14	**(52.9)**	(65.5)
(3.3)	Corporation tax		**–**	(8.5)
(50.4)			**(52.9)**	(74.0)
	Non-current liabilities			
(296.0)	Interest-bearing loans and borrowings	15	**(335.1)**	(295.9)
(40.7)	Obligations under head leases	17	**(40.7)**	(40.8)
–	Obligations under occupational leases	18	**(5.2)**	–
–	Pension liability		**(2.5)**	–
–	Deferred tax	7	**–**	(0.3)
(336.7)			**(383.5)**	(337.0)
(387.1)	**Total liabilities**		**(436.4)**	(411.0)
2,309.7	**Net assets**		**2,244.2**	2,381.4
	Equity			
41.4	Share capital	16	**39.5**	43.0
46.0	Share premium account		**46.0**	46.0
324.0	Capital redemption reserve		**325.9**	322.4
1,900.0	Retained earnings		**1,835.2**	1,972.4
(1.7)	Investment in own shares	19	**(2.4)**	(2.4)
2,309.7	**Total equity**		**2,244.2**	2,381.4
851p	**Net assets per share**	8	**866p**	845p
853p	**EPRA NAV**	8	**868p**	849p

Condensed group statement of cash flows

For the six months ended 30 September 2019

Year to 31 March 2019 Audited £m		Notes	**Six months to 30 September 2019 Unaudited £m**	Six months to 30 September 2018 Unaudited £m
	Operating activities			
54.6	Operating profit		**43.9**	39.7
(13.7)	Adjustments for non-cash items	20	**(20.6)**	(22.8)
13.4	Decrease in trading property		**5.6**	1.3
2.2	(Increase)/decrease in receivables		**(3.8)**	(1.6)
(13.5)	Increase/(decrease) in payables		**4.3**	(9.7)
43.0	**Cash generated by operations**		**29.4**	6.9
(12.3)	Interest paid		**(4.7)**	(5.0)
1.3	Interest received		**0.6**	0.5
(5.0)	Tax paid		**(3.6)**	–
27.0	**Cash inflow from operating activities**		**21.7**	2.4
	Investing activities			
10.1	Distributions from joint ventures		**1.7**	6.5
(35.6)	Funds to joint ventures		**(49.0)**	(25.0)
(47.6)	Purchase and development of property		**(31.8)**	(30.9)
(0.1)	Purchase of plant and equipment		**–**	(0.1)
342.1	Sale of properties		**3.9**	270.1
(45.6)	Investment in joint ventures		**(6.0)**	(32.1)
223.3	Cash (outflow)/inflow from investing activities		**(81.2)**	188.5
	Financing activities			
–	Revolving credit facility drawn		**40.0**	–
99.7	Issue of private placement notes		**–**	99.6
–	Payment of lease obligations		**(1.4)**	–
(149.6)	Repayment of convertible bond		**–**	(136.9)
(73.7)	Purchase of own shares		**(85.9)**	–
(306.0)	Amounts paid in respect of B share scheme		**–**	(306.0)
(32.7)	Dividends paid		**(20.2)**	(19.4)
(462.3)	**Cash outflow from financing activities**		**(67.5)**	(362.7)
(212.0)	Net decrease in cash and cash equivalents		**(127.0)**	(171.8)
351.4	Cash and cash equivalents at 1 April		**139.4**	351.4
139.4	Cash and cash equivalents at balance sheet date		**12.4**	179.6

Condensed group statement of changes in equity

For the six months ended 30 September 2019 (unaudited)

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2019	**41.4**	**46.0**	**324.0**	**1,900.0**	**(1.7)**	**2,309.7**
Adoption of IFRS 16	**–**	**–**	**–**	**(0.7)**	**–**	**(0.7)**
Total equity at 1 April 2019 restated	**41.4**	**46.0**	**324.0**	**1,899.3**	**(1.7)**	**2,309.0**
Profit for the period	**–**	**–**	**–**	**44.1**	**–**	**44.1**
Actuarial loss on defined benefit scheme	**–**	**–**	**–**	**(2.4)**	**–**	**(2.4)**
Deferred tax on actuarial loss on defined benefit scheme	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**41.7**	**–**	**41.7**
Employee Long-Term Incentive Plan charge	**–**	**–**	**–**	**–**	**0.8**	**0.8**
Share buyback	**(1.9)**	**–**	**1.9**	**(86.0)**	**–**	**(86.0)**
Transfer to retained earnings	**–**	**–**	**–**	**1.5**	**(1.5)**	**–**
Dividends to shareholders	**–**	**–**	**–**	**(21.3)**	**–**	**(21.3)**
Total equity at 30 September 2019	**39.5**	**46.0**	**325.9**	**1,835.2**	**(2.4)**	**2,244.2**

Condensed group statement of changes in equity

For the six months ended 30 September 2018 (unaudited)

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2018	43.0	46.0	322.4	1,957.9	(2.4)	2,366.9
Profit for the period	–	–	–	33.7	–	33.7
Actuarial gain on defined benefit scheme	–	–	–	0.9	–	0.9
Deferred tax on actuarial gain on defined benefit scheme	–	–	–	(0.2)	–	(0.2)
Total comprehensive income for the period	–	–	–	34.4	–	34.4
Employee Long-Term Incentive Plan charge	–	–	–	–	0.6	0.6
Transfer to retained earnings	–	–	–	0.6	(0.6)	–
Dividends to shareholders	–	–	–	(20.5)	–	(20.5)
Total equity at 30 September 2018	43.0	46.0	322.4	1,972.4	(2.4)	2,381.4

Condensed group statement of changes in equity

For the year ended 31 March 2019 (audited)

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2018	43.0	46.0	322.4	1,957.9	(2.4)	2,366.9
Profit for the year	–	–	–	49.5	–	49.5
Actuarial loss on defined benefit scheme	–	–	–	(0.9)	–	(0.9)
Deferred tax on actuarial loss on defined benefit scheme	–	–	–	0.2	–	0.2
Total comprehensive income for the year	–	–	–	48.8	–	48.8
Employee Long-Term Incentive Plan charge	–	–	–	–	1.3	1.3
Share buyback	(1.6)	–	1.6	(74.8)	–	(74.8)
Transfer to retained earnings	–	–	–	0.6	(0.6)	–
Dividends to shareholders	–	–	–	(32.5)	–	(32.5)
Total equity at 31 March 2019	41.4	46.0	324.0	1,900.0	(1.7)	2,309.7

Condensed notes forming part of the half year results

1 Basis of preparation

The information for the year ended 31 March 2019 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The annual financial statements of Great Portland Estates plc 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. The accounting policies and methods of computation applied are consistent with those applied in the Group's latest annual audited financial statements other than the accounting policy for leases which has been amended for the adoption of IFRS 16. The nature of the Significant Judgements and Key Sources of Estimation Uncertainty applied in the condensed financial statements have remained consistent with those applied in the Group's latest annual audited financial statements.

This is the Group's first set of financial statements where IFRS 16 Leases has been applied. There have been no retrospective adjustments made to the prior year figures. The impact on the six month results on adoption of this standard is set out below:

- IFRS 16 replaces IAS 17 Leases and requires all operating leases in excess of one year, where the Group is the lessee, to be included on the Group's balance sheet, and recognise a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset is assessed for impairment annually (incorporating any onerous lease assessments) and amortised on a straight-line basis, with the lease liability being amortised using the effective interest method. The accounting for lessors does not significantly change. The Group's only significant lease commitments relates to its head office.

- The Group has applied IFRS 16 using the modified retrospective approach and has not restated comparative information. The transition date of initial application of IFRS 16 for the Group is 1 April 2019. The Group recognised a right of use asset of £4.9 million in property, plant and equipment (note 12) and a lease liability of £5.6 million (note 18) at the transition date. The impact at transition date on the opening retained earnings is £0.7 million.

- The impact on the consolidated income statement for the period ended 30 September 2019 is a £0.1 million decrease in administration expenses and a £0.1 million increase in finance costs. In the Group statement of cash flows the depreciation of the right of use assets of £0.4 million is included in operating activities and the repayment of the lease liability of £0.5 million is included in financing activities improving operational cash flows.

- In the prior year, operating lease commitments were disclosed under IAS 17 with undiscounted non-cancellable future lease payments of £6.1 million at 31 March 2019. After discounting the future lease payments under IFRS 16, the liability reduced to £5.6 million.

The Group's accounting policies under IFRS 16 are as follows:

Leases, the Group as a lessor
Rent receivable is recognised in the income statement on a straight-line basis over the term of the lease. In the event that a lease incentive is granted to a lessee, such incentives are recognised as an asset, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease.

Leases – the Group as lessee
Where the Group is a lessee, a right of use asset and lease liability are recognised at the outset of the lease. The lease liability is initially measured at the present value of the lease payments based on the Group's expectations of the likelihood of the lease term. The lease liability is subsequently adjusted to reflect an imputed finance charge, payments made to the lessor and any lease modifications.

The right of use asset is initially measured at cost, which comprises the amount of the lease liability, direct costs incurred, less any lease incentives received by the Group. The Group has two categories of right of use assets: those in respect of head leases related to its leasehold properties and an occupational lease for its head office. The right of use asset in respect of head leases is classified as investment property and is added to the carrying value of the leasehold investment property. The right of use asset in respect of its occupational leases is classified as property, plant and equipment and is subsequently depreciated over the length of the lease.

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 2019 £m		**Six months to 30 September 2019 £m**	Six months to 30 September 2018 £m
82.9	Gross rental income	**39.5**	41.4
(1.6)	Spreading of lease incentives	**0.5**	(1.0)
12.9	Service charge income	**6.6**	5.9
3.8	Joint venture fee income	**1.3**	2.5
14.4	Trading property revenue	**6.5**	1.9
–	Development management revenue	**–**	0.1
112.4		**54.4**	50.8

3 Net rental income

Year to 31 March 2019 £m		**Six months to 30 September 2019 £m**	Six months to 30 September 2018 £m
82.9	Gross rental income	**39.5**	41.4
(1.6)	Spreading of lease incentives	**0.5**	(1.0)
(1.0)	Ground rent	**(0.5)**	(0.4)
80.3		**39.5**	40.0

4 Property expenses

Year to 31 March 2019 £m		**Six months to 30 September 2019 £m**	Six months to 30 September 2018 £m
(12.9)	Service charge income	**(6.6)**	(5.9)
15.1	Service charge expenses	**7.4**	7.6
9.7	Other property expenses	**3.7**	4.4
11.9		**4.5**	6.1

5 Finance income

Year to 31 March 2019 £m		**Six months to 30 September 2019 £m**	Six months to 30 September 2018 £m
7.1	Interest income on joint venture balances	**3.1**	3.3
1.2	Interest on cash deposits	**0.4**	0.4
8.3		**3.5**	3.7

6 Finance costs

Year to 31 March 2019 £m		Six months to 30 September 2019 £m	Six months to 30 September 2018 £m
3.0	Interest on revolving credit facilities	**0.9**	1.2
6.2	Interest on private placement notes	**3.4**	2.9
1.2	Interest on debenture stock	**0.6**	0.7
0.6	Interest on convertible bond	**–**	0.6
1.9	Interest on obligations under head leases	**0.9**	0.9
–	Interest on obligations under occupational leases	**0.1**	–
12.9	Gross finance costs	**5.9**	6.3
(4.8)	Less: capitalised interest at an average interest cost of 3.3% (2018: 3.2%)	**(2.9)**	(1.9)
8.1		**3.0**	4.4

7 Tax

Year to 31 March 2019 £m		Six months to 30 September 2019 £m	Six months to 30 September 2018 £m
	Current tax		
8.1	UK corporation tax – current period	**–**	8.4
0.1	UK corporation tax – prior periods	**0.3**	–
8.2	Total current tax	**0.3**	8.4
(1.6)	**Deferred tax**	**–**	(1.7)
6.6	Tax charge for the period	**0.3**	6.7

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 2019 £m		Six months to 30 September 2019 £m	Six months to 30 September 2018 £m
56.1	Profit before tax	**44.4**	40.4
10.7	Tax charge on profit at standard rate of 19% (2018: 19%)	**8.4**	7.7
(1.4)	Changes in the fair value of properties not subject to tax	**(2.9)**	(3.1)
(0.2)	Changes in the fair value of financial instruments not subject to tax	**–**	(0.2)
(9.8)	REIT tax-exempt rental income and gains	**(6.2)**	(4.9)
2.8	Gains in respect of £150 million 1.00% convertible bonds 2018	**–**	2.8
6.8	Gains in respect of sales of investment properties subject to tax	**–**	6.3
0.1	Prior periods' corporation tax	**0.3**	–
(2.4)	Other	**0.7**	(1.9)
6.6	Tax charge for the period	**0.3**	6.7

7 Tax (continued)

The Group's deferred tax assets and liabilities have been calculated using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the liability is settled or the asset is realised.

During the period £nil (2018: £0.2 million) of deferred tax was debited directly to equity. The Group recognised a net deferred tax asset at 30 September 2019 of £nil (2018: a liability of £0.3 million). This consists of deferred tax assets of £0.1 million (2018: £nil) and deferred tax liabilities of £0.1 million (2018: £0.3 million).

Movement in deferred tax:

	At 1 April 2019 £m	**Recognised in the income statement £m**	**Recognised in equity £m**	**At 30 September 2019 £m**
Net deferred tax asset/(liability) in respect of other temporary differences	–	**–**	**–**	**–**

A further deferred tax asset of £2.8 million (2018: £2.3 million), mainly relating to revenue losses, contingent share awards and the pension liability, was not recognised because it is uncertain whether future taxable profit will arise against which this asset can be utilised.

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

Additionally, during August 2019, HMRC published new guidance which states that it considers that the REIT exemption also does not extend to profits arising from the sale of investment properties which are undergoing a major redevelopment at the time of sale. The Group will continue to consider the potential effect of this guidance on any recent and future sales by the Group.

In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (including a minimum distribution test) must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Corporation Tax Act 2010.

8 Performance measures and EPRA metrics

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

Weighted average number of ordinary shares

Year to 31 March 2019 No. of shares		**Six months to 30 September 2019 No. of shares**	Six months to 30 September 2018 No. of shares
281,663,675	Issued ordinary share capital at 1 April	**271,365,894**	281,663,675
(4,608,662)	Share buyback	**(6,200,391)**	–
(1,122,294)	Investment in own shares	**(1,109,303)**	(1,141,451)
275,932,719	Weighted average number of ordinary shares - basic	**264,056,200**	280,522,224

Basic and diluted earnings per share

Year to 31 March 2019 Profit per share pence		**Six months to 30 September 2019 Profit after tax £m**	**Six months to 30 September 2019 No. of shares million**	**Six months to 30 September 2019 Earnings per share pence**	Six months to 30 September 2018 Profit after tax £m	Six months to 30 September 2018 No. of shares million	Six months to 30 September 2018 Earnings per share pence
17.9	Basic	**44.1**	**264.1**	**16.7**	33.7	280.5	12.0
(0.8)	Dilutive effect of LTIP shares	**–**	**0.5**	**–**	–	0.3	–
–	Dilutive effect of convertible bond	**–**	**–**	**–**	(0.7)	17.5	(0.9)
17.1	Diluted	**44.1**	**264.6**	**16.7**	33.0	298.3	11.1

EPRA Earnings per share

Year to 31 March 2019 earnings per share pence		**Six months to 30 September 2019 Profit after tax £m**	**Six months to 30 September 2019 No. of shares million**	**Six months to 30 September 2019 Earnings per share pence**	Six months to 30 September 2018 Profit after tax £m	Six months to 30 September 2018 No. of shares million	Six months to 30 September 2018 Earnings per share pence
17.9	Basic	**44.1**	**264.1**	**16.7**	33.7	280.5	12.0
(0.5)	Deficit/(surplus) from investment property (net of tax)	**8.3**	–	**3.1**	(11.9)	–	(4.2)
(1.2)	Surplus from joint venture investment property	**(23.7)**	–	**(9.0)**	(4.3)	–	(1.5)
0.4	Movement in fair value of convertible bond (net of tax)	**–**	**–**	**–**	1.2	–	0.4
3.5	(Profit)/loss on sale of trading property	**(0.6)**	**–**	**(0.2)**	8.3	–	2.9
(0.6)	Deferred taxation	**–**	**–**	**–**	(1.7)	–	(0.6)
19.5	Basic EPRA earnings	**28.1**	**264.1**	**10.6**	25.3	280.5	9.0
(0.1)	Dilutive effect of LTIP shares	**–**	**0.5**	**–**	–	0.3	–
19.4	Diluted EPRA earnings	**28.1**	**264.6**	**10.6**	25.3	280.8	9.0

8 Performance measures and EPRA metrics (continued)

EPRA Net assets per share

31 March 2019 Net assets per share pence		**30 September 2019 Net assets £m**	**30 September 2019 No. of shares million**	**30 September 2019 Net assets per share pence**	30 September 2018 Net assets £m	30 September 2018 No. of shares million	30 September 2018 Net assets per share pence
851	Basic	**2,244.2**	**259.1**	**866**	2,381.4	281.7	845
4	Investment in own shares	**–**	**(1.1)**	**4**	–	(1.1)	4
(2)	Dilutive effect of LTIP shares	**–**	**0.5**	**(2)**	–	0.3	(1)
853	Diluted net assets	**2,244.2**	**258.5**	**868**	2,381.4	280.9	848
–	Surplus on revaluation of trading property	**–**	**–**	**–**	1.2	–	1
–	Fair value of derivatives in joint ventures	**–**	**–**	**–**	0.3	–	–
–	Deferred tax	**–**	**–**	**–**	0.3	–	–
853	EPRA NAV	**2,244.2**	**258.5**	**868**	2,383.2	280.9	849
(3)	Fair value of financial liabilities	**(17.2)**	**–**	**(7)**	(2.1)	–	(1)
–	Fair value of financial liabilities in joint ventures	**(1.0)**	**–**	**–**	(1.1)	–	(1)
–	Fair value of derivatives in joint ventures	**–**	**–**	**–**	(0.3)	–	–
–	Tax arising on sale of trading properties	**–**	**–**	**–**	(0.2)	–	–
–	Deferred tax	**–**	**–**	**–**	(0.3)	–	–
850	EPRA NNNAV	**2,226.0**	**258.5**	**861**	2,379.2	280.9	847

Total Accounting return

31 March 2019 per share pence		**30 September 2019 per share pence**	30 September 2018 per share pence
845.0	Opening EPRA NAV (A)	**853.0**	845.0
853.0	Closing EPRA NAV	**868.0**	849.0
8.0	Increase in EPRA NAV	**15.0**	4.0
11.6	Ordinary dividend paid in period	**7.9**	7.3
19.6	Total return (B)	**22.9**	11.3
2.3%	Total return % (B/A)	**2.7%**	1.3%

8 Performance measures and EPRA metrics (continued)

Cash earnings per share

Year to 31 March 2019 Earnings per share pence		**Six months to 30 September 2019 Profit after tax £m**	**Six months to 30 September 2019 No. of shares million**	**Six months to 30 September 2019 Earnings per share pence**	Six months to 30 September 2018 Profit after tax £m	Six months to 30 September 2018 No. of shares million	Six months to 30 September 2018 Earnings per share pence
19.4	Diluted EPRA earnings	**28.1**	**264.6**	**10.6**	25.3	280.8	9.0
(1.7)	Capitalised interest	**(2.9)**	**–**	**(1.1)**	(1.9)	–	(0.7)
(1.3)	Capitalised interest in joint ventures	**(2.1)**	**–**	**(0.8)**	(1.6)	–	(0.5)
0.6	Spreading of tenant lease incentives	**(0.5)**	**–**	**(0.2)**	1.0	–	0.3
(0.4)	Spreading of tenant lease incentives in joint ventures	**(1.5)**	**–**	**(0.5)**	–	–	–
0.5	Employee Long Term Incentive Plan charge	**0.8**	**–**	**0.3**	0.6	–	0.2
17.1	Cash earnings per share	**21.9**	**264.6**	**8.3**	23.4	280.8	8.3

Net debt and loan-to-property value

31 March 2019 £m		**30 September 2019 £m**	30 September 2018 £m
22.0	£142.9 million 5.625% debenture stock 2029	**22.0**	22.0
–	£450.0 million revolving credit facility	**39.1**	–
274.0	Private placement notes	**274.0**	273.9
(139.4)	Less: cash and cash equivalents	**(12.4)**	(179.6)
156.6	Net debt excluding joint ventures	**322.7**	116.3
84.8	Joint venture interest bearing loans and borrowings (at share)	**39.9**	84.7
(17.4)	Joint venture cash and cash equivalents (at share)	**(10.8)**	(51.4)
224.0	Net debt including joint ventures (A)	**351.8**	149.6
1,989.9	Group properties at market value (at share)	**2,008.4**	2,066.6
589.1	Joint venture properties at market value (at share)	**636.6**	529.1
2,579.0	Property portfolio at market value including joint ventures (B)	**2,645.0**	2,595.7
8.7%	Loan-to-property value (A/B)	**13.3%**	5.8%

9 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2019	**733.5**	**1,081.1**	**1,814.6**
Costs capitalised	**11.0**	**3.7**	**14.7**
Disposals	**(3.7)**	**–**	**(3.7)**
Net valuation deficit	**(2.8)**	**(5.7)**	**(8.5)**
Book value at 30 September 2019	**738.0**	**1,079.1**	**1,817.1**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2019	**210.4**	**–**	**210.4**
Costs capitalised	**18.7**	**–**	**18.7**
Interest capitalised	**2.9**	**–**	**2.9**
Book value at 30 September 2019	**232.0**	**–**	**232.0**
Book value of total investment property at 30 September 2019	**970.0**	**1,079.1**	**2,049.1**

Surplus from investment property

Year to 31 March 2019 £m		**Six months to 30 September 2019 £m**	Six months to 30 September 2018 £m
3.6	Net valuation (deficit)/surplus on investment property	**(8.5)**	12.0
3.7	Profit on sale of investment properties	**0.2**	5.7
7.3	**(Deficit)/surplus from investment property**	**(8.3)**	17.7

The Group's investment properties, including those held in joint ventures (note 11), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 30 September 2019. The valuations have been prepared in accordance with the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.. 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.

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

A decrease in the capitalisation yield by 25 basis points would result in an increase in the fair value of the Group's investment property (including joint ventures) by around £152.8 million, whilst a 25 basis point increase would reduce the fair value by around £136.9 million. There are interrelationships between these inputs as they are determined by market conditions, and the valuation movement in any one period depends on the balance between them.

9 Investment property (continued)

Key inputs to the valuation (by building)

		ERV		True equivalent yield	
		Average £ per sq ft	**Range £ per sq ft**	**Average %**	**Range %**
North of Oxford Street	Office	**75**	**46 – 88**	**4.5**	**6.2 – 3.9**
	Retail	**81**	**34 – 157**	**4.1**	**5.9 – 3.6**
Rest of West End	Office	**77**	**43 – 93**	**4.6**	**5.7 – 3.6**
	Retail	**119**	**9 – 335**	**4.0**	**5.3 – 3.1**
City, Midtown and Southwark	Office	**55**	**46 – 64**	**4.5**	**5.6 – 4.4**
	Retail	**73**	**33 – 100**	**4.0**	**4.7 – 4.4**

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and a decrease in rental values will reduce the valuation of a property. However, the relationship between capitalisation yields and the property valuation is negative; therefore, an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. There are interrelationships between these inputs as they are determined by market conditions and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease) valuation movements can be amplified whereas if they move in the same direction they may offset reducing the overall net valuation movement.

The book value of investment properties includes £40.7 million (2018: £40.8 million) in respect of the present value of future ground rents. Net of these amounts, the market value of the investment properties was £2,008.4 million. During the period, the Group capitalised £0.4 million (2018: £0.3 million) of employee costs in respect of its development team into investment properties under development. At 30 September 2019, the Group had capital commitments of £73.9 million (2018: £104.4 million).

10 Trading property

31 March 2019 £m		**30 September 2019 £m**	30 September 2018 £m
19.5	At beginning of the period	**5.6**	19.5
(13.9)	Disposals	**(5.6)**	(1.8)
5.6	At the end of the period	**–**	17.7

The Group has developed a large mixed-use scheme at Rathbone Square, W1. Part of the approved scheme consisted of residential units, which the Group held for sale. As a result, the residential element of the scheme was held as trading property. The final residential unit was sold for £5.6 million in the six months to 30 September 2019.

11 Investment in joint ventures

	Equity £m	Balances with partners £m	Total £m
At 1 April 2019	**329.1**	**182.8**	**511.9**
Movement on joint venture balances	**–**	**52.1**	**52.1**
Additions	**6.0**	**–**	**6.0**
Share of profit of joint ventures	**5.4**	**–**	**5.4**
Share of revaluation surplus of joint ventures	**23.7**	**–**	**23.7**
Profit on sale of investment property	**–**	**–**	**–**
Share of results of joint ventures	**29.1**	**–**	**29.1**
Distributions	**(1.7)**	**–**	**(1.7)**
At 30 September 2019	**362.5**	**234.9**	**597.4**

The investments in joint ventures comprise the following:

Ownership 31 March 2019		Country of Incorporation/registration	Ownership 30 September 2019	Ownership 30 September 2018
50%	The GHS Limited Partnership	Jersey	**50%**	50%
50%	The Great Capital Partnership (dormant)	United Kingdom	**50%**	50%
50%	The Great Ropemaker Partnership	United Kingdom	**50%**	50%
50%	The Great Victoria Partnerships	United Kingdom	**50%**	50%
50%	The Great Wigmore Partnership (dormant)	United Kingdom	**50%**	50%

The non-recourse loans of the joint ventures at 30 September 2019 are set out below:

Joint venture debt facilities	Nominal value £m	Maturity	Fixed/Floating	Interest rate
The Great Victoria Partnership	**80.0**	July 2022	Fixed	3.74%

At 30 September 2019, the Great Victoria Partnership loan had a fair value of £82.8 million (2018: £82.2 million). All interest-bearing loans are in sterling. During the period, the £90.0 million loan facility in the Great Ropemaker Partnership was repaid in full. At 30 September 2019, the joint ventures had £nil undrawn facilities (2018: £nil).

The investment properties include £5.2 million (2018: £5.2 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £636.6 million. At 30 September 2019, the Group's share of joint venture capital commitments was £25.9 million (2018: £101.7 million).

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

31 March 2019 £m		30 September 2019 £m	30 September 2018 £m
(42.7)	Movement on joint venture balances during the period	**(52.1)**	(28.3)
(182.8)	Balances receivable at the period end from joint ventures	**(234.9)**	(168.4)
10.1	Distributions	**1.7**	6.5
3.8	Fee income	**1.3**	2.5

The joint venture balances bear interest as follows: the GHS Limited Partnership at 5.3% p.a. on balances at inception and 4.0% on any subsequent balances and the Great Ropemaker Partnership at 2.0% p.a.

The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's length transactions.

11 Investment in joint ventures (continued)

Summarised balance sheets

31 March 2019 At share £m		The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	Other £m	30 September 2019 Total £m	30 September 2019 At share £m	30 September 2018 At share £m
594.3	Investment property	**549.4**	**545.6**	**188.5**	**–**	**1,283.5**	**641.8**	534.3
2.4	Current assets	**1.1**	**2.1**	**0.8**	**–**	**4.0**	**2.0**	1.5
17.4	Cash and cash equivalents	**3.6**	**10.3**	**7.6**	**0.1**	**21.6**	**10.8**	51.4
(182.8)	Balances (from)/to partners	**(188.0)**	**(292.7)**	**10.9**	**–**	**(469.8)**	**(234.9)**	(168.4)
(84.8)	Interest bearing loans and borrowings	**–**	**–**	**(79.8)**	**–**	**(79.8)**	**(39.9)**	(84.7)
(0.4)	Derivatives	**–**	**–**	**–**	**–**	**–**	**–**	(0.3)
(11.8)	Current liabilities	**(9.0)**	**(10.8)**	**(4.2)**	**(0.1)**	**(24.1)**	**(12.1)**	(12.6)
(5.2)	Obligations under head leases	**–**	**(10.3)**	**–**	**–**	**(10.3)**	**(5.2)**	(5.2)
329.1	Net assets	**357.1**	**244.2**	**123.8**	**–**	**725.1**	**362.5**	316.0

Summarised income statements

31 March 2019 At share £m		The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	Other £m	30 September 2019 Total £m	30 September 2019 At share £m	30 September 2018 At share £m
15.7	Net rental income	**–**	**11.8**	**5.7**	**–**	**17.5**	**8.7**	6.9
(2.4)	Property and administration costs	**(0.3)**	**(0.9)**	**(0.3)**	**(0.1)**	**(1.6)**	**(0.8)**	(1.2)
(6.6)	Net finance costs	**0.1**	**(3.6)**	**(1.5)**	**–**	**(5.0)**	**(2.5)**	(3.2)
(0.1)	Movement in fair value of derivatives	**–**	**–**	**–**	**–**	**–**	**–**	–
6.6	Share of profit of joint ventures	**(0.2)**	**7.3**	**3.9**	**(0.1)**	**10.9**	**5.4**	2.5
3.5	Revaluation of investment property	**55.9**	**2.3**	**(10.8)**	**–**	**47.4**	**23.7**	4.3
(0.1)	Profit on sale of investment property	**–**	**–**	**–**	**–**	**–**	**–**	–
10.0	Share of results of joint ventures	**55.7**	**9.6**	**(6.9)**	**(0.1)**	**58.3**	**29.1**	6.8

12 Property, plant and equipment

	Right of use asset for occupational leases £m	Leasehold improvements £m	Fixtures and fittings/other £m	Total £m
Cost or valuation				
At 1 April 2019	–	5.6	1.1	6.7
Adoption of IFRS 16	**4.9**	**–**	**–**	**4.9**
Additions	**–**	**–**	**–**	**–**
At 30 September 2019	**4.9**	**5.6**	**1.1**	**11.6**
Depreciation				
At 1 April 2019	–	1.8	0.9	2.7
Charge for the period	**0.4**	**0.2**	**0.1**	**0.7**
At 30 September 2019	**0.4**	**2.0**	**1.0**	**3.4**
Carrying amount at 30 September 2019	**4.5**	**3.6**	**0.1**	**8.2**
Carrying amount at 31 March 2019	–	3.8	0.2	4.0

13 Trade and other receivables

31 March 2019 £m		**30 September 2019 £m**	30 September 2018 £m
3.6	Trade receivables	**7.8**	6.1
(0.7)	Expected credit loss allowance	**(0.7)**	(0.6)
2.9		**7.1**	5.5
0.6	Prepayments and accrued income	**1.6**	2.4
1.4	Amounts due on development management contracts	**1.4**	1.4
6.0	Other trade receivables	**3.4**	6.9
10.9		**13.5**	16.2

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the occupier's lease. Trade receivables are provided for based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on the individual occupiers' circumstance.

14 Trade and other payables

31 March 2019 £m		**30 September 2019 £m**	30 September 2018 £m
19.7	Rents received in advance	**20.5**	21.9
1.9	Deposits received on forward sale of residential units	**1.0**	1.9
25.5	Non-trade payables and accrued expenses	**31.4**	41.7
47.1		**52.9**	65.5

15 Interest-bearing loans and borrowings

31 March 2019 £m		30 September 2019 £m	30 September 2018 £m
	Non-current liabilities at amortised cost		
	Secured		
22.0	£142.9 million 5.625% debenture stock 2029	**22.0**	22.0
	Unsecured		
–	£450.0 million revolving credit facility	**39.1**	–
174.4	£175.0 million 2.15% private placement notes 2024	**174.3**	174.3
39.8	£40.0 million 2.70% private placement notes 2028	**39.9**	39.8
29.9	£30.0 million 2.79% private placement notes 2030	**29.9**	29.9
29.9	£30.0 million 2.93% private placement notes 2033	**29.9**	29.9
296.0		**335.1**	295.9

At 30 September 2019, the Group had a floating rate £450.0 million revolving credit facility. The facility is unsecured, attracts a floating rate based on a headline margin of 92.5 basis points over LIBOR and expires in 2024 following a term extension approved in October 2019. The term may be extended by a further year at GPE's request, subject to bank consent. At 30 September 2019, the Group had £411.0 million (2018: £451.0 million) of undrawn committed credit facilities.

At 30 September 2019, properties with a carrying value of £111.9 million (2018: £96.8 million) were secured under the Group's debenture stock.

Fair value of financial liabilities

31 March 2019 Book value £m	31 March 2019 Fair value £m	**Items not carried at fair value**	30 September 2019 Book value £m	30 September 2019 Fair value £m	30 September 2018 Book value £m	30 September 2018 Fair value £m
22.0	27.3	£142.9 million 5.625% debenture stock 2029	**22.0**	**28.6**	22.0	26.6
274.0	275.9	Private placement notes	**274.0**	**284.6**	273.9	271.4
–	–	Bank loans and overdrafts	**39.1**	**39.1**	–	–
296.0	303.2		**335.1**	**352.3**	295.9	298.0

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

16 Share capital

Year to 31 March 2019 Number	Year to 31 March 2019 £m		Six months to 30 September 2019 Number	Six months to 30 September 2019 £m	Six months to 30 September 2018 Number	Six months to 30 September 2018 £m
		Allotted, called up and fully paid				
281,663,675	43.0	At the beginning of the period	**271,365,894**	**41.4**	281,663,675	43.0
(10,297,781)	(1.6)	Share buyback	**(12,265,991)**	**(1.9)**	–	–
271,365,894	41.4	At the end of the period	**259,099,903**	**39.5**	281,663,675	43.0

At 30 September 2019, the Company had 259,099,903 ordinary shares with a nominal value of 15$\frac{5}{19}$ pence each.

17 Obligations under head leases

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

	Minimum lease payments 30 September 2019 £m	**Impact of discounting 2019 £m**	**Present value of minimum lease payments 30 September 2019 £m**	Minimum lease payments 30 September 2018 £m	Impact of discounting 2018 £m	Present value of minimum lease payments 30 September 2018 £m
Less than one year	**1.9**	**(1.9)**	**–**	1.9	(1.9)	–
Between two and five years	**9.5**	**(9.4)**	**0.1**	9.5	(9.4)	0.1
More than five years	**194.9**	**(154.3)**	**40.6**	194.9	(154.2)	40.7
	206.3	**(165.6)**	**40.7**	206.3	(165.5)	40.8

18 Obligations under occupational leases

Lease obligations in respect of the Group's head office are payable as follows:

	Minimum lease payments 30 September 2019 £m	**Impact of discounting 2019 £m**	**Present value of minimum lease payments 30 September 2019 £m**	Minimum lease payments 30 September 2018 £m	Impact of discounting 2018 £m	Present value of minimum lease payments 30 September 2018 £m
Less than one year	**1.0**	**(0.1)**	**0.9**	–	–	–
Between two and five years	**4.1**	**(0.3)**	**3.8**	–	–	–
More than five years	**0.5**	**–**	**0.5**	–	–	–
	5.6	**(0.4)**	**5.2**	–	–	–

19 Investment in own shares

Year to 31 March 2019 £m		**Six months to 30 September 2019 £m**	Six months to 30 September 2018 £m
2.4	At the beginning of the period	**1.7**	2.4
(1.3)	Employee Long-Term Incentive Plan charge	**(0.8)**	(0.6)
0.6	Transfer to retained earnings	**1.5**	0.6
1.7	At the end of the period	**2.4**	2.4

The investment in the Company's own shares is held at cost and comprises 1,109,303 shares (31 March 2019: 1,109,303 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the period, no shares (2018: 68,834 shares) were awarded to directors and senior employees in respect of the 2016 LTIP award. The fair value of shares awarded and outstanding at 30 September 2019 was £6.1 million (2018: £5.1 million).

20 Notes to the group statement of cash flow

Adjustment for non-cash items

Year to 31 March 2019 £m		**Six months to 30 September 2019 £m**	Six months to 30 September 2018 £m
(7.3)	Deficit/(surplus) from investment property	**8.3**	(17.7)
1.3	Employee Long-Term Incentive charge	**0.8**	0.6
1.6	Spreading of tenant lease incentives	**(0.5)**	1.0
(10.0)	Share of results from joint ventures	**(29.1)**	(6.8)
0.7	Depreciation	**0.7**	0.4
–	Other non-cash items	**(0.8)**	(0.3)
(13.7)	Adjustments for non-cash items	**(20.6)**	(22.8)

21 Rents receivable under non-cancellable leases

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

31 March 2019 £m		**30 September 2019 £m**	30 September 2018 £m
	The Group as a lessor		
73.6	Less than one year	**75.8**	73.6
187.9	Between one and five years	**183.2**	196.8
88.8	More than five years	**94.5**	103.4
350.3		**353.5**	373.8

The Group leases its investment properties. The weighted average length of lease at 30 September 2019 was 4.1 years (2018: 4.6 years). All investment properties, except those under development or being prepared for development, generated rental income and no contingent rents were recognised in the period (2018: £nil).

22 Dividends

The declared interim dividend of 4.7 pence per share (2018: 4.3 pence per share) was approved by the Board on 14 November 2019 and is payable on 2 January 2020 to shareholders on the register on 22 November 2019. The dividend is not recognised as a liability in the Half Year Results.

23 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital
The nominal value of the Company's issued share capital, comprising $15\frac{5}{19}$ pence ordinary shares.

Share premium
Amount subscribed for share capital in excess of nominal value less directly attributable issue costs.

Capital redemption reserve
Amount equivalent to the nominal value of the Company's own shares acquired as a result of share buy-back programmes.

Retained earnings
Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends.

Investment in own shares
Amount paid to acquire the Company's own shares for its Employee Long-Term Incentive Plan less accounting charges.

Directors' responsibility statement

We confirm to the best of our knowledge:

(a) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R; and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R.

By the order of the Board

Toby Courtauld
Chief Executive
14 November 2019

Nick Sanderson
Finance and Operations Director
14 November 2019

Independent review report to Great Portland Estates plc

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 2019 which comprises the group income statement, the condensed group statement of comprehensive income, the condensed group balance sheet, the condensed group statement of changes in equity, the condensed group cash flow statement and related notes 1 to 23. 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 Financial Reporting Council. 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 Guidance and Transparency Rules of the United Kingdom's Financial Conduct 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 Financial Reporting Council 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 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 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, UK
14 November 2019

Directors and shareholders' information

Directors

Richard Mully
Chairman, Non-Executive
Toby Courtauld
Chief Executive
Nick Sanderson
Finance & Operations Director

Wendy Becker
Non-Executive Director
Nick Hampton
Non-Executive Director
Alison Rose
Non-Executive Director
Charles Philipps
Non-Executive Director

Shareholders' information

Financial calendar	**2019**
Ex-dividend date for interim dividend	21 November
Registration qualifying date for interim dividend	22 November
	2020
Interim dividend payable	2 January
Announcement of full year results	20 May*
Annual General Meeting	9 July*
Final dividend payable	6 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:

Link Asset Services
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
E-mail: shareholder.services@linkgroup.co.uk
(Calls cost 12 pence per minute plus network extras; lines are open 9.00am – 5.30pm Monday to Friday).

If you are calling from overseas, please dial +44 371 664 0300.

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

Company Secretary
Darren Lennark
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 Link Share Deal. For further information on this service, or to buy and sell shares, please contact:

Online dealing – www.linksharedeal.com

Telephone dealing – 0371 664 0445

(Calls are charged at the standard geographical rate and will vary by provider; lines are open 8.00am – 4.30pm Monday to Friday).

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)

Building Research Establishment method of assessing, rating and certifying the sustainability of buildings.

Cash EPS

EPRA EPS adjusted for non-cash items: tenant incentives, capitalised interest and charges for share-based payments.

Core West End

Areas of London with W1 and SW1 postcodes.

Development profit on cost

The value of the development at completion, less the value of the land at the point of development commencement and costs to construct (including finance charges, letting fees, void costs and marketing expenses).

Development profit on cost %

The development profit on cost divided by the land value at the point of development commencement together with the costs to construct.

Earnings per Share (EPS)

Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA metrics

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

Estimated Rental Value (ERV)

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

Fair value – investment property

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

Flex

Individual fitted out, ready to occupy floors, let on flexible terms.

Flex+

Flex with added levels of service and shared amenity.

Flexible space partnerships

Revenue share agreements with flexible space operators.

Internal Rate of Return (IRR)

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

MSCI

Morgan Stanley Capital International (MSCI) is a company that produces an independent benchmark of property returns.

MSCI central London

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

Like-for-like portfolio

The element of the portfolio that has been held for the whole of the period of account.

Loan to Value (LTV)

Total bank loans, private placement notes, convertible bonds at nominal value and debenture stock, net of cash (including our share of joint ventures balances), expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

Net assets per share or Net Asset Value (NAV)

Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Net debt

The book value of the Group's bank and loan facilities, private placement notes and debenture loans plus the nominal value of the convertible bond less cash and cash equivalents.

Net gearing

Total Group borrowings (including the convertible bonds at nominal value) less short-term deposits and cash as a percentage of equity shareholders' funds, calculated in accordance with our bank covenants.

Net initial yield

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

Glossary (continued)

Non-PIDs

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

PMI

Purchasing Managers Index.

Property Income Distributions (PIDs)

Dividends from profits of the Group's tax-exempt property rental business.

REIT

UK Real Estate Investment Trust.

Rent roll

The annual contracted rental income.

Return on shareholders' equity

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

Reversionary or under-rented

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

Reversionary potential

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

Topped up initial yield

Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchaser's costs and contracted uplifts from tenant incentives.

Total Accounting Return (TAR)

The growth in EPRA NAV per share plus ordinary dividends paid, expressed as a percentage of EPRA NAV per share at the beginning of the period.

Total potential future growth

Portfolio rent roll plus the ERV of void space, space under refurbishment and the committed development schemes, expressed as a percentage uplift on the rent roll at the end of the period.

Total Property Return (TPR)

Capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value as calculated by MSCI.

Total Shareholder Return (TSR)

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

Triple net asset value (NNNAV)

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

True equivalent yield

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

Ungeared IRR

The ungeared internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero, without the benefit of financing. The internal rate of return is used to evaluate the attractiveness of a project or investment.

Vacancy rate

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

Weighted Average Unexpired Lease Term (WAULT)

The Weighted Average Unexpired Lease Term expressed in years.

Whole life surplus

The value of the development at completion, less the value of the land at the point of acquisition and costs to construct (including finance charges, letting fees, void costs and marketing expenses) plus any income earned over the period.

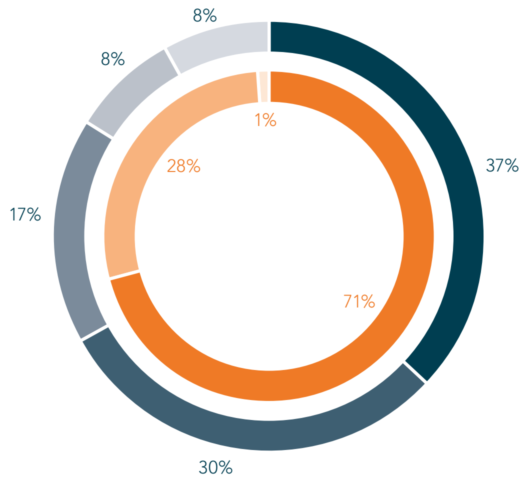
Appendix 1

Portfolio characteristics[1]

Locations

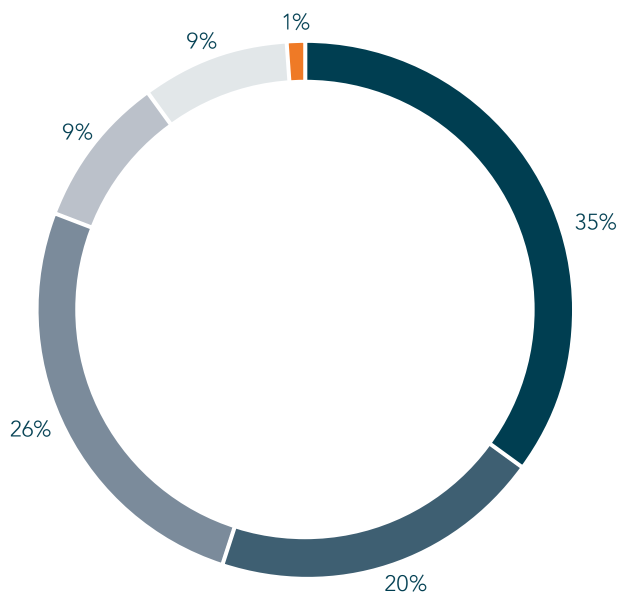
- North of Oxford Street **£973.4m**
- Rest of West End **£807.8m**
- City **£447.9m**
- Southwark **£207.2m**
- Midtown **£208.7**

- Office **£1,882.5m**
- Retail **£738.3m**
- Residential **£24.2m**



GPE tenant mix[1]

- Retailers and leisure[2]
- Technology, media and telecoms
- Professional services
- Banking and finance
- Corporates
- Government

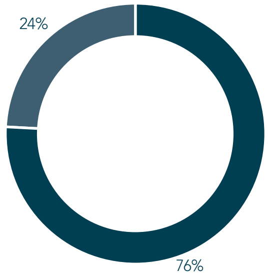


1. GPE share at 30 September 2019.
2. Retailers: Head offices 11%
   Retailers and leisure: Retail stores 24%

Joint venture business – contribution to the Group

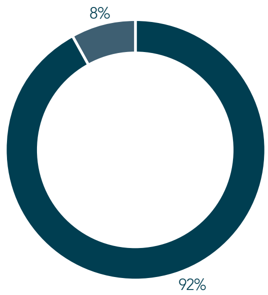
Property assets

- Wholly-owned **£2,008.4**
- Joint ventures **£636.6m**



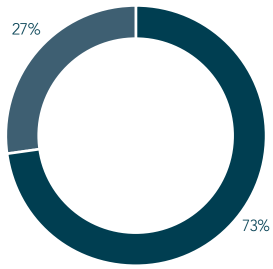
Net debt

- Wholly-owned **£322.7m**
- Joint ventures **£29.1m**



Net assets

- Wholly-owned **1,646.8m**
- Joint ventures **£597.4m**



Appendix 1

Selected lead indicators

Drivers of rents	March 2019 Outlook	**September 2019 Outlook**
GDP/GVA growth	🟠	🟠
Business investment	🔴	🔴
Confidence	🔴	🔴
Employment growth	🟠	🟠
Active demand/Take-up	🟠	🟠
Vacancy rates	🟠	🟢
Development completions	🟢	🟢
Drivers of yields		
Rental growth	🟠	🟠
Weight of money	🟠	🟠
Gilts	🟢	🟢
BBB Bonds	🟠	🟠
Exchange rates	🟠	🟠
Political risk	🔴	🔴

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	25.4	0.1	25.5	–	–	–	25.5
		Retail	6.5	(0.2)	6.3	6.1	–	6.1	12.4
	Rest of West End	Office	12.8	–	12.8	–	–	–	12.8
		Retail	10.9	0.8	11.7	2.1	0.1	2.2	13.9
	Total West End		**55.6**	**0.7**	**56.3**	**8.2**	**0.1**	**8.3**	**64.6**
	City, Midtown and Southwark	Office	28.3	6.4	34.7	11.3	1.1	12.4	47.1
		Retail	2.5	–	2.5	0.1	–	0.1	2.6
	Total City, Midtown and Southwark		**30.8**	**6.4**	**37.2**	**11.4**	**1.1**	**12.5**	**49.7**
Total let portfolio			**86.4**	**7.1**	**93.5**	**19.6**	**1.2**	**20.8**	**114.3**
Voids					3.5			–	3.5
Premises under refurbishment					21.9			13.6	35.5
Total portfolio					**118.9**			**34.4**	**153.3**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Voids %	Rent roll secure for five years %	Weighted average lease length Years	Voids %
London	North of Oxford Street	Office	26.8	4.6	0.2	–	–	–
		Retail	63.4	5.0	4.6	32.9	3.6	–
	Rest of West End	Office	4.9	2.6	6.3	–	–	–
		Retail	32.9	4.7	1.7	100.0	7.5	–
	Total West End		**27.1**	**4.2**	**2.5**	**50.3**	**4.6**	**–**
	City, Midtown and Southwark	Office	16.8	3.3	2.8	48.3	6.9	–
		Retail	73.2	13.1	12.0	54.4	9.8	–
	Total City, Midtown and Southwark		**21.1**	**4.1**	**3.7**	**48.4**	**6.9**	**–**
Total portfolio			**25.0**	**4.1**	**3.0**	**49.2**	**6.0**	**–**

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	72	75	–	–	4.0	4.5	–	–
		Retail	58	81	131	131	3.7	4.1	5.8	4.1
	Rest of West End	Office	77	77	–	113	4.2	4.6	–	–
		Retail	113	119	75	130	3.9	4.0	4.3	4.1
	Total West End		**76**	**78**	**110**	**118**	**4.0**	**4.4**	**5.4**	**4.1**
	City, Midtown and Southwark	Office	45	55	46	50	3.7	5.0	3.1	4.8
		Retail	76	73	46	46	4.1	4.7	1.6	4.6
	Total City, Midtown and Southwark		**47**	**55**	**46**	**50**	**3.7**	**5.0**	**3.1**	**4.8**
Total portfolio			**62**	**67**	**61**	**79**	**3.9**	**4.6**	**3.9**	**4.6**

Appendix 2

Portfolio performance

		Wholly owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	552.1	–	552.1	20.8	1.3
	Retail	128.3	94.2	222.5	8.4	(3.2)
	Residential	4.4	–	4.4	0.2	(2.1)
Rest of West End	Office	250.3	–	250.3	9.5	(0.8)
	Retail	242.8	34.4	277.2	10.5	0.4
	Residential	5.6	–	5.6	0.2	0.3
Total West End		1,183.5	128.6	1,312.1	49.6	(0.1)
City, Midtown and Southwark	Office	566.4	230.1	796.5	30.1	0.2
	Retail	22.5	3.2	25.7	1.0	(21.7)
	Residential	3.9	–	3.9	0.1	1.0
Total City, Midtown and Southwark		592.8	233.3	826.1	31.2	(0.7)
Investment property portfolio		**1,776.3**	**361.9**	**2,138.2**	**80.8**	**(0.3)**
Development property		232.1	274.7	506.8	19.2	6.0
Total properties held throughout the period		**2,008.4**	**636.6**	**2,645.0**	**100.0**	**0.8**
Acquisitions		–	–	–	–	–
Total property portfolio		**2,008.4**	**636.6**	**2,645.0**	**100.0**	**0.8**

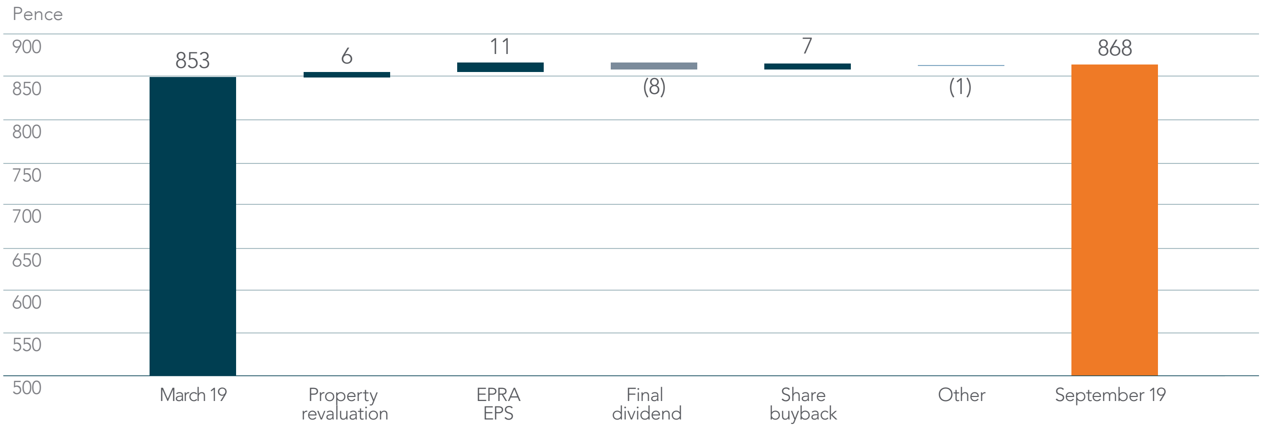
Portfolio characteristics

	Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street	779.0	194.4	973.4	637.0	332.0	4.4	973.4	738
Rest of West End	533.1	274.7	807.8	411.2	380.7	15.9	807.8	568
Total West End	**1,312.1**	**469.1**	**1,781.2**	**1,048.2**	**712.7**	**20.3**	**1,781.2**	**1,306**
City, Midtown and Southwark	826.1	37.7	863.8	834.3	25.6	3.9	863.8	1,335
Total	**2,138.2**	**506.8**	**2,645.0**	**1,882.5**	**738.3**	**24.2**	**2,645.0**	**2,641**

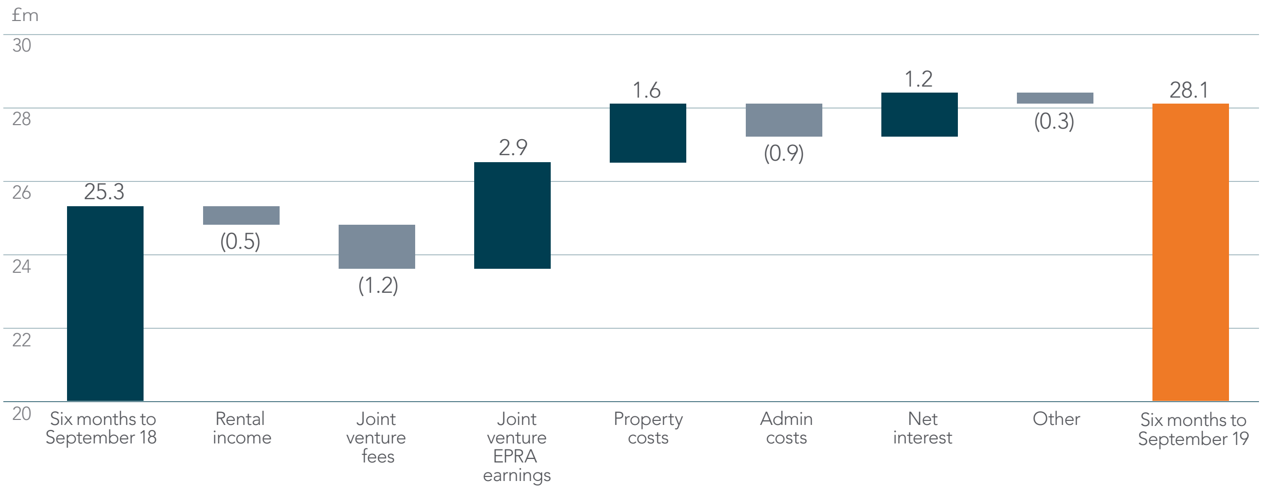
		Investment properties £m	Development properties £m	Total property portfolio £m
By use:	Office	1,598.9	283.6	1,882.5
	Retail	525.4	212.9	738.3
	Residential	13.9	10.3	24.2
Total		**2,138.2**	**506.8**	**2,645.0**
Net internal area sq ft 000's		2,226	415	2,641

Appendix 3

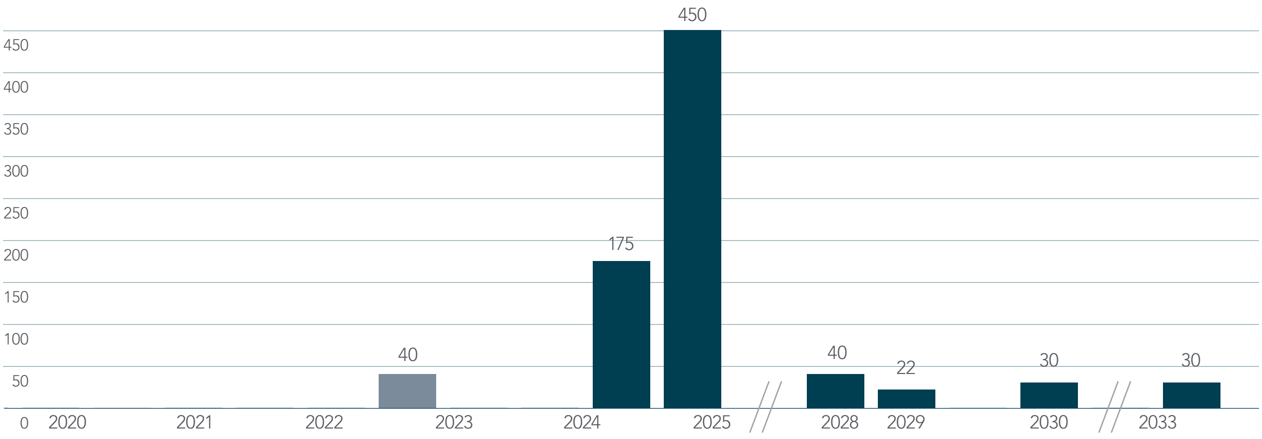
EPRA NAV per share



EPRA earnings



Debt maturity profile[1] £m



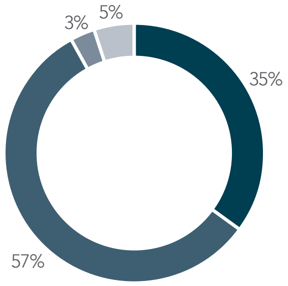
1. Based on committed facilities at 14 November 2019.

Appendix 3

Diversified sources of debt funding[1]

Unsecured
- Private placement notes
- Group revolving bank facilities

Secured
- Debenture bonds
- JV debt (our share)



1. Total facilities.

EPRA performance measures

Measure	Definition of Measure	Sept 2019	Sept 2018
EPRA earnings	Recurring earnings from core operational activities	**£28.1m**	£25.3m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**10.6p**	9.0p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**10.6p**	9.0p
EPRA costs (by portfolio value)	EPRA cost (including direct vacancy costs) divided by market value of the portfolio	**1.2%**	1.4%
		Sept 2019	March 2019
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£2,244.2m**	£2,310.1m
EPRA NAV	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**868p**	853p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£2,226.0m**	£2,301.5m
EPRA NNNAV	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**861p**	850p
EPRA NIY	Annualised rental income based on cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the market value of the property increased by estimated purchasers' costs	**3.5%**	3.3%
EPRA "topped up" NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives)	**3.8%**	3.6%
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**5.6%**	8.6%

Debt analysis

	Sept 2019	March 2019
Net debt excluding JVs (£m)	**322.7**	156.6
Net gearing	**14.7%**	6.8%
Total net debt including 50% JV non-recourse debt (£m)	**351.8**	224.0
Loan to property value	**13.3%**	8.7%
Total net gearing	**16.0%**	9.7%
Interest cover	**n/a**	n/a
Weighted average interest rate	**2.6%**	2.7%
Weighted average cost of debt	**3.3%**	3.2%
% of debt fixed/hedged	**89%**	100%
Cash and undrawn facilities (£m)	**434**	608