GREAT PORTLAND ESTATES

22 May 2013

Preliminary announcement of results

The Directors of Great Portland Estates plc announce the results for the Group for the year to 31 March 2013.

Highlights[1] for the year:

Continued growth in both capital and rental values, outperforming London market
- Portfolio valuation up 8.0%[2] in year (developments: 20.1%[2]) and 2.6%[2] in Q4
- 12 month Total Property Return of 11.7% outperforming IPD's Central London index of 10.5%, driven by capital return of 8.5% vs 6.1% for IPD Central London (West End offices capital return of 10.9% vs 6.7% for IPD)
- Rental value growth of 4.9%[2] (4.7% West End offices, 7.6% West End retail) vs 3.9% for IPD Central London

Strong financial performance
- EPRA[3] NAV per share of 446 pence up 10.7% in year and 3.7% in Q4
- Net assets of £1,537.7 million (March 2012: £1,238.3m)
- EPRA[3] profit before tax of £22.2 million up 27.6% on 2012. EPRA[3] earnings per share of 6.9 pence up 23.2%
- After revaluation surplus, reported profit before tax of £180.6 million (2012: £155.2 million)
- Total dividend per share of 8.6 pence (2012: 8.4 pence), up 2.4%

Development programme delivering significant surpluses
- Two pre-let schemes completed (196,600 sq ft), total profit of £79.1 million, profit on cost of 51%
- Five committed schemes (691,700 sq ft), 63% pre-let, expected profit on cost of 34%, completions from July 2013
- Major development opportunity from 20 uncommitted schemes, covering 1.8 million sq ft, including five schemes (630,900 sq ft) with potential starts in next 18 months
- Total development programme of 2.5 million sq ft covering 55% of existing portfolio

Accretive acquisitions and disciplined capital recycling
- More than 80% of £137.8 million share placing already invested; 5.5% net initial yield, 31% beneath replacement cost
- Total property acquisitions of £286.0 million (our share: £271.0 million); net initial yield of 4.7%, all below replacement cost and let off low rents with angles to exploit
- Disposals of £300.5 million (our share: £184.2 million) at a net initial yield of 2.8% and an average 4.0% premium to book value

Significant letting activity – beating ERVs
- 84 new lettings (290,600 sq ft) securing annual income of £13.4 million (our share: £10.2 million), including pre-lets of £3.1 million p.a. (our share: £1.6 million)
- Market lettings were 6.6% ahead of valuers' March 2012 ERV (8.7% excluding pre-let)
- EPRA[3] vacancy level reduced to 2.3% (March 2012: 3.3%), average office rent only £38.10 sq ft, reversionary potential of 12.3%
- Since year end:
  - Further lettings of £11.8 million, 2.8% premium to March 2013 ERV
  - £10.9 million of pre-lets including 142,500 sq ft at 12/14 New Fetter Lane, EC4 to Bird & Bird paying £8.3 million p.a. on 20.25 year term, no breaks
  - Further £3.3 million under offer, pro forma void rate down to 2.0%

Robust financial position with low leverage and high liquidity
- Gearing remains conservative at 42.8%, loan to property value of 32.7%, weighted average interest rate low at 3.7%
- Significant cash and undrawn facilities of £282 million, weighted average drawn debt maturity of 6.9 years

1 All values include share of joint ventures unless otherwise stated
2 On a like-for-like basis
3 In accordance with EPRA guidance

Toby Courtauld, Chief Executive, said:
"We are pleased to report on a strong year for Great Portland, characterised by numerous leasing successes beating market rents, significant surpluses from our development programme and accretive buying and profitable selling from our investment business.

Whilst macro-economic concerns persist, particularly in relation to the Eurozone economies, conditions in our central London markets remain supportive; the pick-up in tenant demand we identified in November is translating into lettings whilst the supply of new space to let is set to remain muted for some time, noticeably so in the core of the West End. Absent an economic set back, given the continued scarcity of finance for speculative development, we can look forward to healthy rates of rental growth in selected London sub-markets.

In our investment markets, yields remain well supported by the excess of demand over supply, measured at a ratio of almost 9:1. As a result, for well let liquid lot sizes, prime yields could reduce in the next few months.

In this market context, we expect to continue outperforming: demand for our space from prospective tenants is strong; our exceptional development pipeline will provide material surpluses in the near-term and gives us a platform for growth well into the next decade; our reversionary portfolio, 53% of which has been acquired at attractive pricing during the recession, is rich with opportunities for value creation; and our conservative gearing and plentiful, low-cost firepower, will enable us to execute our exciting growth plans and exploit new opportunities as we find them."

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

www.gpe.co.uk/investors/reports-and-presentations/presentations

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

Interviews with Toby Courtauld, Chief Executive and Nick Sanderson, Finance Director are available at www.gpe.co.uk/investors/reports-and-presentations/presentations and www.cantos.com

Disclaimer
This announcement contains certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of Great Portland Estates plc ("GPE") speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. GPE does not undertake to update forward-looking statements to reflect any changes in GPE's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this announcement relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.

Chairman's statement

Great Portland Estates has had another year of strong performance, generating property and shareholder returns well ahead of our benchmarks. Our focused business model concentrating exclusively on high quality central London property, combined with effective capital management and the disciplined execution of our strategic priorities, have again delivered healthy valuation surpluses, particularly from our developments.

EPRA NAV per share increased by 10.7% over the year and the property portfolio delivered underlying capital growth of 8.0%. The total shareholder return for the year was 40.7% and significantly ahead of our FTSE 350 Real Estate benchmark of 21.3%. Dividends of 8.6 pence per share for the year are up 2.4% on 2012.

Whilst we can expect further turbulence in the UK and Eurozone economies, conditions across central London's property markets, particularly in the West End, remain favourable. Tenant demand for new space is trending at the long-run average, with some pockets of strong interest from the likes of the TMT sector. The supply of new space remains noticeably lower than trend level. Over the next few years, absent a material economic set back, we expect this balance to move further in landlords' favour, supporting our expectations for rental growth. In the investment market, London continues to attract a significant flow of investment capital from around the world and its position as a truly global city was enhanced further by the events of this past year, including the Olympic Games.

Despite the strength of the investment market, we have again been successful in unlocking accretive acquisitions, often through off-market deals. Our purchases in the first half of the year totalled £159 million, all in the West End, and having identified a marked increase in interesting investment opportunities, we raised £138 million through a share placing in November to fund further acquisitions. More than 80% of these placing proceeds have already been committed, bringing our total acquisitions for the year to £271million, all in attractive locations, with angles to exploit and at entry prices below replacement cost. We have also continued to recycle capital, crystallising gains on mature properties through sales of £184 million at an average surplus to book value of 4%.

The significant development programme that we commenced two and a half years ago has now delivered 299,300 sq ft of high quality space across five completed projects and an aggregate surplus for shareholders of 55% over total costs. The two projects completed this year at 160 Great Portland Street and 33 Margaret Street, both fully pre-let prior to completion, delivered a combined profit of £79.1 million and an average profit on cost of 51.2%. Our 112,300 sq ft scheme at 95 Wigmore Street is due for completion this July and 85% of the income has already been secured. We have four further committed schemes (579,400 sq ft), which are 58% pre-let, and a total pipeline of around 2.5 million sq ft, including our enviable development sites at Rathbone Place and Hanover Square.

Following record levels of leasing last year, our asset management team has again performed strongly, delivering lettings and lease renewals of more than £13.4 million in annual rent, with market lettings at an average of 6.6% above our valuers' ERV, or 8.7% if pre-lettings are excluded. Our investment portfolio void rate remains encouragingly low at only 2.3% and we continue to see good tenant demand for our well-specified space in excellent locations.

All of these successes have been delivered whilst maintaining a robust balance sheet and a low loan to value ratio at March 2013 of less than 33%. Our debt remains amongst the lowest cost in the sector and we have significant levels of liquidity, with cash and undrawn debt facilities in excess of £280 million and no debt maturities until summer 2015.

To help support our ambitious growth plans, we have selectively recruited to add to our experienced and talented team and we were pleased to welcome Elizabeth Holden to the Board as a Non-Executive Director in September 2012. Phillip Rose retired from the Board in July 2012 after six years of valuable contribution. I am also sad to report that Roger Payton, who acted as independent counsel to the Board in his roles as a Non-Executive Director from 1985 to 2000, and from 1990 as Deputy Chairman, passed away in February this year.

Looking ahead, I am confident that we are well positioned to continue to outperform and generate attractive total returns for shareholders. Our high quality portfolio is rich with potential, our exceptional development programme will continue to drive capital and rental income growth and we have plentiful financial resources to deliver our existing growth plans and exploit new opportunities as we find them.

Martin Scicluna
Chairman

Our market

Our market is accompanied by graphics (see Appendix 1)

Conditions in central London's commercial property markets continue to be attractive with good tenant and investor demand for well specified properties in attractive locations.

The backdrop to our markets over the past 12 months has continued to be dominated by the Eurozone debt crisis and the prospects for near-term UK economic growth. Whilst challenges remain, the possibility of a currency union break-up has receded somewhat as central bank policy has provided a significant stimulus to capital markets. Equity markets have reacted strongly as the alleviation of uncertainty has bolstered confidence; however the economic recovery continues to stutter with the UK economy barely growing and growth forecasts remain anaemic.

Against this backdrop, whilst London is not immune from these broader challenges, its economy continues to outperform that of the UK. Since 2007, London's output has increased, more than a quarter of a million jobs have been created and the average income of its residents has increased. London's resilience has continued to attract international capital for real estate investment through both the positive outlook for its property markets and its consolidated status as a leading world capital.

Our occupational markets – overview

Business activity across London's diversified economy continues to grow, and whilst tenant demand is running no faster than the long-term average, a lack of speculative development finance is constraining development activity meaning that vacancy levels for Grade A space remain low. Taken together, this reinforces our view that occupational markets will continue to favour landlords delivering good quality office space over the medium-term, particularly in the West End.

Across the central London office market as a whole, development completions in the year to 31 December 2012 of 2.5 million sq ft were 48% higher than the prior year, albeit well below the long-term average of 4.3 million sq ft. Focusing on the West End only, completions totalled only 1.0 million sq ft, which, coming after two years of limited supply, has confirmed the period post-Lehman Brothers collapse as one of the lowest on record.

Looking ahead, as the chart in Appendix 1 shows, the development pipeline remains muted and considerably below the long-term average. The scarcity of new supply is even more pronounced in the core of the West End, the focus of our activities, where forecast development completions total 3.2 million sq ft over the next five years, equating to circa 1% of new supply per annum.

West End

Office space leased in the West End for the year to 31 March 2013 was 3.1 million sq ft, down 31% on 2012. Meanwhile, active demand has continued to grow from the lows of last summer whilst vacancy rates remain low at 4.0% with grade A space vacancy estimated by CBRE to be only 2.4%.

Across the West End, CBRE has reported that prime rental values rose by around 5.5% during the financial year (2012: 3.9%). With its diversified occupier base, absent a significant deterioration in economic conditions, the medium-term rental outlook remains positive, particularly for well-located West End office properties.

The West End retail market (comprising 23.2% of our West End portfolio by value), in contrast to the rest of the UK, has continued its robust performance. The market for prime retail units in central London remains particularly strong, with international retailers competing for units in the core West End retail streets on and around Oxford Street, Regent Street and Bond Street. This competition has resulted in near full occupancy and helped retail rents to grow by 11.1% during the financial year.

City, Midtown and Southwark

Following below average take-up of 3.6 million sq ft in the year to 31 March 2012, take-up improved 16.7% to 4.2 million sq ft in the 12 months to 31 March 2013. During this period, financial and banking tenants, which are usually key to driving demand on City offices have remained weak (representing only 2% of take-up compared to 19% for the TMT sector, according to Savills). Take-up has been supported instead by a resurgent insurance sector which constituted nearly 54% of City finance sector lettings in the year to December 2012. Although higher than in the West End, the City office vacancy rate of 6.6% at 31 March 2013 remains low compared to the long-run average and CBRE has reported that prime City rental values were up 0.6% during the financial year (2012: 0%).

Midtown and Southwark continue to appeal to a more diverse set of tenants and demand remains robust with take-up in the year to 31 March 2013 of 1.8 million sq ft and 0.5 million sq ft respectively. Vacancy remains low (Southwark 5.8%, Midtown 3.3%) reflecting the low level of supply in these sub-markets.

Our occupational markets – outlook
As with any market, pricing depends on a balance between supply and demand. We expect the combination of the current and prospective shortage of new supply and the eventual resumption of sustainable economic growth to favour the landlord, particularly in the West End. As the chart in Appendix 1 shows, independent forecaster PMA is predicting healthy rental growth in both the West End and the City office markets over the medium-term. With our office portfolio let off low average rents of only £38.10 per sq ft, there already exists significant reversionary potential across the Group of 12.3%.

Our investment markets
Prime commercial property values in core central London have continued to strengthen over the last 12 months. Investment in central London offices rose to over £14 billion in calendar year 2012, an increase of 56% from 2011, with more than 68% of the purchases being by non-domestic investors, many of whom are principally equity funded meaning they are less affected by constrained debt markets.

As the table in Appendix 1 shows, there remains a material surfeit of buyers to sellers of commercial property across central London (estimated at £22.5 billion of equity demand versus £2.6 billion of assets on the market to sell at May 2013), particularly in the West End. This West End bias demonstrates the strength of demand for more liquid, prime properties in a market that offers safe haven investment and the prospect of rental growth. We expect that this position will continue to prevail and that the strong positive yield gap to ten year Gilts will also support prime property yields at current levels, at least in the near-term.

Whilst headline turnover figures are healthy, investors continue to be discerning; well-let properties in prime locations in the West End, in particular trophy retail properties, are attracting strong interest from a variety of sources (including owner occupiers and UK institutions); meanwhile, poorer quality or overpriced assets are often failing to sell. Since last summer, we identified an increase in attractively priced central London commercial investments for sale, typically of more complex, smaller lot size properties, and which are unlikely to appeal to the overseas or institutional buyer. Given that debt remains scarce for the non-institutional buyer, we have been able to exploit this market opportunity through acquiring such assets for us to reposition.

Lead indicators
We monitor numerous lead indicators to help identify key trends in our market place which are described in the table in Appendix 1.

Compared to a year ago, the property capital value indicators have improved, given more visibility on the Eurozone sovereign debt crisis and increased central bank policy stimulus. Rental value indicators have also improved and, as the chart in Appendix 1 shows, the amount of office space available to let in central London, assuming current take-up rates, remains low at around 20 months worth of supply. Accordingly, we expect that rental values for sensibly priced, well located buildings in central London will continue to increase in the medium-term, barring a major further deterioration in the economic situation.

Valuation

Valuation is accompanied by graphics (see Appendix 2)

The valuation of the Group's properties rose to £2,328.7 million during the year, delivering an underlying capital return of 8.0% on a like-for-like basis.

At 31 March 2013, the wholly-owned portfolio was valued at £1,859.1 million and the Group had five joint ventures which owned properties valued at £469.6 million (our share) by CBRE. The valuation of the portfolio was up 8.0% on a like-for-like basis or £165.2 million since 31 March 2012.

The key drivers behind the Group's valuation movement for the year were:

- Rental value growth – since the start of the financial year, rental values have grown by 4.9%. Office rental values have increased by 4.3%, with retail rental values rising by 7.4%, in large part driven by our asset management successes and the lack of grade A supply putting upward pressure on rents. At 31 March 2013, the portfolio was 12.3% reversionary;

- Intensive asset management – during the year, 93 new leases, rent reviews and renewals were completed, securing £13.2 million (our share) of annual income and reducing voids which supported valuation growth over the period;

- Development properties – growth of 20.1% increased the valuation of current development properties to £193.0 million. The successful completion of our pre-let development schemes at 33 Margaret Street, W1 and 160 Great Portland Street, W1 contributed to the strong valuation performance of our North of Oxford Street office portfolio; and

- Lower investment yields – equivalent yields reduced by 16 basis points over the year due to the strength of demand for properties in our market (2012: 1 basis point expansion). At 31 March 2013, the portfolio equivalent yield was 5.1%.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 31 March 2013 was 4.0%, 10 basis points lower than at the start of the financial year.

Our Rest of West End portfolio produced the strongest performance by geographic sector over the year, increasing in value by 8.3% on a like-for-like basis, in part driven by retail capital value growth of 13.3%. City, Midtown and Southwark assets saw a 2.3% uplift in values and the North of Oxford Street properties grew by 7.6%. Our joint venture properties rose in value by 11.3% over the year while the wholly-owned portfolio rose by 7.0% on a like-for-like basis.

The Group delivered a total property return (TPR) for the year of 11.7%, compared to the central London IPD benchmark of 10.5% and a strong capital return outperformance of 2.4% (GPE at 8.5% versus 6.1% of IPD). Our West End offices delivered 4.2% of relative capital return outperformance (GPE at 10.9% versus 6.7% for IPD), in large part due to the valuation gains of our completed and current development properties.

Our business

Our business is accompanied by graphics (see Appendix 3)

Investment management

Overview
We accelerated our acquisition activities over the course of the year and, having successfully invested more than 80% of our £138 million share placing proceeds in four months, our purchases for the year total £271 million. We have also profitably recycled capital through the sale of properties at healthy premia.

£271 million of purchases in the year
During the year, we committed £286.0 million (our share: £271.0 million) to new acquisitions, all of attractively priced properties let off low rents and offering opportunities to add value over time whilst delivering an accretive running yield in the meantime. Our purchases in the year were at an average discount to replacement cost of 30% and several of our purchases also offer synergies with other properties in our portfolio.

In June 2012, we acquired the leasehold interests in French Railways House and 50 Jermyn Street, SW1 for £39.0 million. The purchase price reflected a capital value of £782 per sq ft and an attractive net initial yield of 5.1% which we expect to grow to around 7% through focused asset management. In July 2012, we purchased The Jermyn Street Estate, SW1 from The Great Capital Partnership (GCP) for £120.0 million (or £60.0 million for the half share GPE did not already own). The Jermyn Street Estate comprises the leasehold interests in Foxglove House, Dudley House, Egyptian House, Empire House and 54/56 Jermyn Street, which together provide 133,000 sq ft of retail and office space. The price equated to a net initial yield of 3.7%, a net reversionary yield of 6.0% and a capital value of £902 per sq ft. We are already exploiting the significant near-term asset management opportunities across the properties and the longer-term redevelopment potential could be enhanced through including the adjoining French Railways House and 50 Jermyn Street.

Having identified a significant increase in interesting investment opportunities following the summer, we raised £138 million of net proceeds through a share placing in November 2012 to fund further acquisitions over the following 12 to 18 months. We have already committed more than 80% of this capital into three purchases, all meeting our clearly defined acquisition criteria.

In December 2012, we purchased Minerva House, SE1 for £60.0 million, reflecting a capital value of £579 per sq ft and a net initial yield of 5.4%. This prominent freehold office and residential building, totalling 103,700 sq ft, is located on the South Bank of the River Thames adjacent to Southwark Cathedral and in the immediate environs of the vibrant Borough market. The 91,800 sq ft of offices are fully let generating total rent of £3.4 million p.a., reflecting a low average rent on the office accommodation of £36 per sq ft. The office leases expire in 2021 and 2022 with rent reviews in 2016 and 2017, giving a weighted unexpired term certain of 9.6 years. The property offers multiple refurbishment possibilities and, in the longer-term, there exists significant development potential.

In early March 2013, we exchanged contracts to acquire Orchard Court, W1 for £37.0 million reflecting a net initial yield of 4.6% and a capital value of £775 per sq ft. The 47,800 sq ft retail and office leasehold property is arranged over basement, ground and the first floor of a significant island site comprising the entire eastern side of Portman Square in the heart of the West End. It is let to 14 tenants paying a total rent of £1.81 million p.a. (£39 per sq ft on average) with a weighted average unexpired lease term of five years. On exchange, there were five rent reviews and one lease renewal outstanding which, once settled, will increase the yield to approximately 5%. The purchase will complete in July 2013 and, looking ahead, there is an opportunity to enhance the retail configuration and tenant mix.

Finally, in late March 2013, The Great Ropemaker Partnership (GRP) acquired 148 Old Street, EC1 from The BP Pension Fund for £30.0 million, reflecting a capital value of £307 per sq ft and an initial yield to GRP of 6.9%. This 97,800 sq ft freehold office building is let to Royal Mail Group Limited at a rent of £2.17 million p.a. (£22.19 per sq ft) until 2020, with a rent review and tenant break option in May 2015. The property sits on a site of 0.83 acres in a rapidly changing part of central London and with a net to gross ratio of only 66%, provides an exciting opportunity for refurbishment or redevelopment from 2015.

Disciplined capital recycling through disposal activity
We have also continued to recycle capital out of mature or non-core assets. Our disposals in the year totalled £300.5 million (our share: £184.2 million), at a blended premium of 4.0% to 31 March 2012 book values.

In May 2012, we sold Buchanan House, WC2 for £20.5 million, reflecting a premium of 2.5% to the 31 March 2012 book value and a net initial yield to the purchaser of 2.1%. In September 2012, GCP sold £112.6 million of property on Regent Street at a combined surplus of 8.3% to the 31 March 2012 book value. Regent Arcade House, W1 a

64,700 sq ft office property, was sold for £48.0 million, 6.5% ahead of the March 2012 book value. On sale, one of the six floors was vacant, with two further floors due to be vacated in the next six months. GCP also sold 100 Regent Street, W1 for £64.6 million. The Grade II Listed building, located on the corner of Regent Street and Glasshouse Street, totals 52,200 sq ft of office and retail space. The sale price was 9.5% ahead of March 2012 book value and reflected a net initial yield of 3.7%, with all the office leases expiring in September 2014. GCP agreed an overage provision with the purchaser should the property be sold in the first two years.

In October 2012, we agreed to sell a 37.5% interest in The 100 Bishopsgate Partnership (the Partnership), our 50:50 joint venture with Brookfield Properties Corporation (BPO) to BPO for £47.4 million in cash. £15.8 million was paid on completion, with equal further payments of £15.8 million in October 2013 and April 2014. GPE is receiving interest at a rate of 5.5% on the deferred payments, and will retain 12.5% of the Partnership, subject to a put and call arrangement with BPO, under which GPE is able to 'put' its remaining interest onto BPO in October 2014 at £15.8 million. The sale price equated to CBRE's 30 June 2012 valuation, pro forma for subsequent capital expenditure.

During the year, we also sold five units at our residential development at 23/24 Newman Street, W1.

Development management

Overview

So far this cycle we have completed five schemes, including two this year, delivering 299,200 sq ft of high quality space and an average profit on cost of 55%. We currently have four schemes on site (549,200 sq ft of space), two in the West End, one in the City and one in Southwark, with a further 100% pre-let scheme (142,500 sq ft) in Midtown due to commence in September 2013. Taken together, 63% of the income is already secured on these five schemes with an expected profit on cost of 34%. Our committed capital expenditure to come on these schemes totals £102.6 million. Our substantial pipeline of opportunities includes an additional 20 uncommitted projects including five schemes (630,900 sq ft) with potential starts in the next 18 months, giving us a total potential development programme of 2.5 million sq ft, covering 55% of GPE's existing portfolio.

Completed schemes

We completed two significant developments totalling 196,600 sq ft during the year, both fully pre-let prior to completion and delivering a combined profit on cost of 51.2% and profit of £79.1 million.

In May 2012, we completed 160 Great Portland Street, W1 which we had fully pre-let for £4.8 million p.a. Having accepted a surrender of £30 million from the outgoing tenant in 2011, we used the tenant's capital to refurbish this 89,300 sq ft office building to create a highly specified building for Double Negative, one of our existing tenants. The innovative structure of this transaction and the successful pre-let delivered a profit on cost of 42% to the Group. In April 2013, the building won the British Council for Offices, London and South East Award for the best corporate workspace.

In December 2012, we completed 33 Margaret Street, W1 with the 95,600 sq ft of offices pre-let to Savills plc for £7.0 million p.a. Having acquired this site in November 2009 for only £10 million and restructured the incumbent debt facilities on the property, the successful pre-letting and development of this scheme delivered a profit on cost of 79.8% and ungeared IRR of 49.8%.

Pre-letting successes at Wigmore Street and New Fetter Lane

In November 2012, we pre-let 40,000 sq ft to Lane Clark and Peacock LLP (LCP) in our prime 112,300 sq ft mixed use development scheme at 95 Wigmore Street, W1, owned in The Great Wigmore Partnership (GWP) joint venture with Scottish Widows. LCP will occupy the first to third floors and have taken a 15 year lease, paying a total of £3.1 million p.a., equating to an average of £77.50 per sq ft for the office space. GWP handed over this space to LCP in March 2013, allowing LCP's lease to start and giving them the ability to commence their fit out before practical completion of the building in July 2013. In April 2013, we pre-let a further 29,450 sq ft of office space at the scheme to Bridgepoint, a leading private equity firm. Bridgepoint will occupy the fifth to seventh floors of the building on a 15 year lease, with tenant only option to break after ten years, paying rent of £2.7 million p.a., equating to an average of £90.40 per sq ft. As a result, the scheme is now 85% pre-let and with strong interest in the one remaining office floor, the seven retail units and 12,100 sq ft of residential accommodation, full occupancy could be achieved around the time of practical completion.

In May 2013, we pre-let the entirety of our 142,500 sq ft, 12 storey office development scheme at 12/14 New Fetter Lane, EC4. Bird & Bird, a leading international law firm, will occupy the whole building on 20.25 year leases (with no breaks) paying a total initial annual rent of £8.3 million, equating to an average of £58.80 per sq ft for the office space. The building has already been stripped out with demolition works due to commence this summer and practical completion scheduled for November 2015.

Other committed schemes
In addition to 95 Wigmore Street and 12/14 New Fetter Lane, we currently have three other committed schemes, all due to complete in the next 12 months.

At Walmar House, W1, our refurbishment is progressing well and we are mid-way through the project to deliver 60,400 sq ft of mixed use space. As part of this refurbishment, we are reconfiguring the retail units and in March 2013 we let 2,390 sq ft to Pret a Manger to enable them to enlarge their footprint in the building and create a more efficient trading format. This building is due to complete in February 2014.

Construction work is also progressing well at our 47% pre-let office development at 240 Blackfriars Road, SE1 with completion expected by March 2014. At City Tower, EC2 our Grade A office refurbishment scheme owned in The Great Star Partnership (GSP) joint venture, works are on track for completion this summer.

Project preparation and pipeline
In March 2013, we held a public exhibition and submitted our planning application for our redevelopment of 73/89 Oxford Street, W1. Our proposed scheme will deliver 54,600 sq ft of Grade A offices and 33,500 sq ft of flagship retail space into the resurgent eastern end of Oxford Street and will be completed in advance of the opening of Crossrail in 2017.

At Rathbone Place, W1, we have continued to work up our plans for this major 2.3 acre freehold West End site. We submitted a planning application in May 2013 for a 414,100 sq ft mixed-use scheme and will take vacant possession of the site this summer ahead of a potential start on site in early 2014.

We also continue to prepare 20 St James's Street, SW1, 48/50 Broadwick Street, W1 and St Lawrence House, 26/34 Broadwick Street, W1 for potential starts over the next 18 months.

At Hanover Square, W1, work is underway by Crossrail to construct the Eastern ticket hall of the new Bond Street Crossrail station. Once the main station works are complete, scheduled for late 2015, we will commence development of our masterplan proposals.

Asset management

Overview
We agreed 84 new lettings in the year securing £13.4 million of annual rent, with market lettings 6.6% ahead of the valuers March 2012 ERV. Our Asset Managers administer a portfolio of approximately 470 tenants in 68 buildings across 45 sites from a diverse range of industries. This diversity limits our exposure to any one tenant or sector, with our ten largest tenants at 31 March 2013 accounting for 34.2% of our rent roll.

Our asset management successes
The highlights of another active year were:

- 84 new leases and renewals agreed (2012: 88 leases) generating annual rent of £13.4 million (our share £10.2 million; 2012: £25.2 million, our share £20.9 million);
- a further 20 lettings were under offer at 31 March 2013 accounting for £5.9 million p.a. of rent (our share: £4.2 million);
- 9 rent reviews securing £4.4 million of rent (our share: £3.0 million; 2012: £3.3 million) were settled during the year, some 14.0% ahead of ERV at the rent review date and at an increase of 19% over the previous rent;
- total space covered by new lettings, reviews and renewals during the year was 340,750 sq ft (2012: 615,400 sq ft); and
- a low investment portfolio EPRA vacancy rate of 2.3% at 31 March 2013 (2012: 3.3%).

New leasing activity
Leasing activity for the year was strong; of the 84 total lettings agreed overall, the 45 open market transactions were at rents 6.6% ahead of the valuer's 31 March 2012 ERV estimates. Excluding the LCP pre-let at 95 Wigmore Street, W1 the remaining market transactions were completed at 8.7% ahead of the 31 March 2012 ERV. The remaining 39 smaller lettings were below the 31 March 2012 ERV as they were short-term deals to maintain income ahead of potential future redevelopments.

We have continued to deliver significant pre-lettings at our developments, including the two pre-lettings at 95 Wigmore Street, W1 and the £8.3 million pre-let at 12/14 New Fetter Lane, EC4, all detailed in the Development management section. We have now secured £30.7 million of annual rent through seven pre-lettings across five development projects over the last two years.

We have been proactive in capturing reversionary potential elsewhere across the portfolio, including at Wells & More, W1. In May 2011, we signed a new 20-year lease with Double Negative to consolidate their business into our 89,300 sq ft office development at 160 Great Portland Street, W1. As part of this transaction, in February 2013, Double Negative vacated 22,000 sq ft of space at Wells & More, W1. This provided us with the opportunity to refurbish and re-let the space, both to improve the rent passing from the existing £39.50 per sq ft and to provide market evidence to inform upcoming rent reviews in the remainder of the building. We have already let 6,150 sq ft at £70 per sq ft to an existing tenant in the building and have strong interest in the remainder which is currently being refurbished.

We have continued to secure additional rental income at Mount Royal, 508/540 Oxford Street, W1, our prime 92,100 sq ft retail holding. Last year's letting to Geox helped increase the Zone A rental tone to £500 per sq ft, and during the year to 31 March 2013, we have continued to capture this reversion through a number of rent reviews and re-lettings. In June 2012, we let two adjoining retail units totalling 14,857 sq ft on new ten year leases to Top Shop and Wallis at a combined annual rent of £2.5 million, 41% above the passing rent and 4% ahead of the June 2012 ERV, and improving the tenant mix across this holding. We also reviewed the rent on a further three units covering around 29,950 sq ft, increasing the rent passing by £595,000 or 26.7% above the respective ERV at the rent review date. Our activities over the past two years at Mount Royal have increased the passing rent by £3.0 million (our share £1.5 million).

Tenant retention

In the year, 75 leases covering around 220,000 sq ft of space with a rental value of £5.9 million were subject to lease expiry or tenant break. After stripping out 26% where we are refurbishing the space or need vacant possession to enable development, tenants were retained for 65% of this space by area and by the end of March 2013, we had leased or put under offer a further 7%, leaving only 2% to transact.

Together, our strong letting and tenant retention performance has helped keep our EPRA vacancy rate low at 2.3% at 31 March 2013.

Rent collection

The quarterly cash collection profile has been strong throughout the year. We secured 99% of rent after seven working days following the March 2013 quarter day, consistent with our performance for the September and December 2012 quarters. Tenants on monthly payment terms represent around 3% of our rent roll (March 2012: 4%).

Financial management

Overview

Financial flexibility and conservative, low-cost leverage are consistently maintained to enhance shareholder returns. We have a strong balance sheet enabling us to fund further growth, with a low loan to value of 32.7% and over £280 million of liquidity.

Recent financing activity

Our financing activity this year focused on maximising our flexibility to exploit market opportunities, maintaining our debt book as one of the lowest cost in the sector while retaining an attractive debt maturity profile and also continuing to diversify our funding sources. We successfully delivered these objectives through the following key financing activities:

- In May 2012, we drew down on £127.7 million of US dollar unsecured notes (mix of seven and ten year) through a follow-on private placement issue. The notes were placed with a select group of institutional investors, more than half being new investors in GPE. The notes have a weighted average fixed sterling interest rate of 4.6%.

- In July 2012, The Great Victoria Partnership (GVP) joint venture completed a new £80.0 million (our share: £40.0 million) ten year, non-recourse debt facility provided by a Canadian insurance company. The loan is secured on GVP's interest at Mount Royal, 508/540 Oxford Street, W1 (representing a day one loan to value of approximately 48%), bears a fixed interest rate of only 3.7% for the full term of the loan and there is no scheduled amortisation. This is our first bilateral secured loan with an insurance company and the proceeds were used to repay the previous £56.7 million bank loan (bearing interest at 5.5%).

- In November 2012, we completed a placing of 31.25 million new ordinary shares at a price of 450 pence per share. The placing raised net proceeds of £137.8 million to fund acquisition opportunities in central London. More than 80% of the proceeds had already been committed into accretive purchases by 31 March 2013.

- In March 2013, we repaid the remaining £9.6 million (our share: £4.8 million) balance of the £225.0 million non-recourse bank debt in GCP, where the loan balance had been reduced over the course of the year through proceeds from property sales.

Taken together, we have raised more than £1 billion of new debt facilities in the last three years.

Attractive debt maturity profile, diverse low-cost debt sources and strong liquidity
We have no debt maturities until July 2015 and our weighted average drawn debt maturity was 6.9 years at 31 March 2013. The new debt secured in GVP has diversified our funding sources further, with 60% of our total drawn debt provided from non-bank sources and 67% on an unsecured basis at 31 March 2013.

As detailed in Our financial results section later, our debt metrics continue to be conservative. With gearing of 42.8% and a loan to value ratio of 32.7% at 31 March 2013, the weighted average interest rate across our drawn debt is low at only 3.7% and we have £282 million of available firepower. EPRA earnings per share for the year was 6.9 pence, helping deliver interest cover of 2.4x, well ahead of our 1.35x covenant level. Looking ahead, we will continue to monitor opportunities to enhance our liquidity position further through our proven track record of capital recycling and our excellent access to a variety of other attractive financing sources.

Joint ventures

Our joint ventures have continued to perform well during an active period of development, refurbishment and recycling activity. We categorise our current joint ventures into two types:

- Access to new properties (14% of GPE's net property value). The relevant joint ventures here are GCP with Capital & Counties Properties PLC, GVP with Liverpool Victoria Friendly Society, GWP with Scottish Widows and GSP with Starwood Capital; and

- Risk sharing on development projects and/or large lot size properties (6% of GPE's net property value). The relevant joint venture here is GRP with BP Pension Fund.

Overall, our five joint ventures represent a significant proportion of the Group's business, although this has reduced over the course of the year as summarised below. At 31 March 2013, they made up 20.2% of the portfolio valuation, 22.7% of net assets and 20.3% of rent roll (at 31 March 2012: 33.5%, 43.5% and 31.3% respectively).

During the course of the year, our joint venture with Hypothekenbank Frankfurt (Eurohypo) came to its planned conclusion in February 2013 on payment of the £25.5 million profit share following practical completion of 33 Margaret Street, W1. We also made a payment of £1.0 million in March 2013 in full and final settlement of any future potential profit share to Istithmar, from whom we purchased 33 Margaret Street and 23/24 Newman Street, W1 in November 2009.

As detailed in the Investment management section, the sell down and restructuring of our interests in The 100 Bishopsgate Partnership means that our remaining 12.5% interest is now classified as a fixed asset investment. In addition, GCP now holds one remaining asset which is currently in the market for sale and accordingly we expect that this joint venture will cease activities on successful completion of this sale.

Our financial results

Our financial results are accompanied by graphics (see Appendix 4)

The Group's strong financial results reflect the successful execution of our strategic priorities, exploiting the attractive conditions in our central London property market. Our profitable development activities, proactive asset management and accretive purchases have boosted the key balance sheet values compared to last year.

Net asset value
EPRA net assets per share (NAV) at 31 March 2013 was 446 pence per share, an increase of 10.7% over the year, largely due to the rise in value of the property portfolio. At 31 March 2013, the Group's net assets were £1,537.7 million, up from £1,238.3 million at 31 March 2012.

The main drivers of the 43 pence per share increase in NAV from the 31 March 2012 value were:

- the rise of 44 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 9 pence;
- profit on property disposals added 2 pence per share to NAV;
- EPRA earnings for the year of 7 pence per share enhanced NAV;
- dividends of 8 pence per share reduced NAV; and
- other movements, including the payments to Eurohypo and Istithmar, reduced NAV by 2 pence per share.

Triple net assets per share (NNNAV) was 434 pence per share at 31 March 2013 compared to 395 pence per share at 31 March 2012 (up 9.9%). At the year end, the difference between NAV and NNNAV was the negative mark to market of debt and derivatives of 12 pence, mainly arising from the Group's 2029 debenture and private placement notes. There was no net movement in deferred tax provisions during the year.

The share placing in November 2012, which raised net proceeds of £137.8 million, increased the number of ordinary shares in issue by 31.25 million to 343.9 million.

Income statement and earnings per share
In line with our plans, and as we have consistently highlighted over the last two years, the income statement is witnessing the short-term consequences of our increased investment into our development and refurbishment projects from which we are already achieving materially higher total returns than the properties they are replacing. As a result, EPRA profit before tax was £22.2 million, 27.6% higher than last year and, looking ahead, we expect that the income statement will be significantly enhanced next year by the additional rental income we have created through successful leasing of our development schemes and our accretive acquisitions.

Leasing activity remains strong and rental income from wholly-owned properties and joint venture fees for the year were £57.1 million and £6.1 million respectively, generating a combined income of £63.2 million, up 21.5% on last year. This increase predominantly resulted from our £271.0 million of accretive purchases in the year, the commencement of Double Negative's lease in May 2012 at 160 Great Portland Street, W1 and solid asset management activity across our investment portfolio, offset by the £4.7 million receipt of the remainder of Telewest lease surrender in the prior year. Increased joint venture fees resulted from our development activities at 240 Blackfriars Road, SE1 for GRP. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 3.2% on the prior year.

Property expenses increased by £0.2 million to £6.5 million and administration costs were £22.8 million, an increase of £2.9 million on last year, predominantly due to higher provisions for performance related pay (including share-based incentive schemes) as a result of the Group's continued strong financial and operational performance.

EPRA profits from joint ventures (excluding fair value movements) were £7.2 million, up from £5.7 million last year, predominantly due to the commencement of Savills leases at 33 Margaret Street, W1 in December 2012 and lower property costs. Our share of joint venture interest expenses were 25.1% lower year on year largely due to the repayment of GCP bank debt.

Underlying net finance costs were 34.0% higher at £18.9 million (2012: £14.1 million) due to the increased Group net debt position following acquisitions and investment in our development programme, partly offset by our lower weighted average cost of debt.

Revaluation gains and underlying profits enabled the Group to report an accounting profit after tax of £180.6 million (2012: £155.2 million). Basic EPS for the year was 56.3 pence, compared to 50.2 pence for 2012. Diluted EPS for the year was 55.8 pence compared to 50.2 pence for 2012.

EPRA earnings per share were 6.9 pence (2012: 5.6 pence), an increase of 23.2% and in line with our expectations.

Results of joint ventures

The Group's net investment in joint ventures was £348.3 million, down from £538.2 million at 31 March 2012, largely due to GCP property sales, our selldown at 100 Bishopsgate, EC2 and the re-classification of 33 Margaret Street, W1 as a wholly-owned property in February 2013, offset by property valuation increases of £45.9 million and capital expenditure at 95 Wigmore Street, W1 and 240 Blackfriars Road, SE1.

Our share of joint venture net rental income was £20.1 million, down from £24.4 million last year, as a result of the loss of rental income from GCP sales offset by recognising almost three months of joint venture rental income at 33 Margaret Street, W1. The underlying joint venture profits are stated after charging £6.1 million of GPE management fees (2012: £5.6 million).

Our share of non-recourse net debt in the joint ventures decreased to £102.2 million at 31 March 2013 from £187.8 million at 31 March 2012, principally due to repayment of the £225.0 million (our share: £112.5 million) bank loan in GCP.

Financial resources and capital management

Group consolidated net debt was £658.9 million at 31 March 2013 up from £499.1 million at 31 March 2012 as a consequence of our accretive acquisitions and development capital expenditure, partly mitigated by proceeds from the share placing and disposals. Group gearing rose to 42.8% at 31 March 2013 from 40.3% at 31 March 2012 as higher debt levels prevailed over the portfolio valuation rise. Including the non-recourse debt in the joint ventures, total net debt was £761.1 million (31 March 2012: £686.9 million) equivalent to a loan to value of 32.7% (31 March 2012: 34.2%). Pro forma for the deferred consideration of £31.6 million due to the Group on sale of the 37.5% interest in 100 Bishopsgate, EC2 and property investment transactions which had not completed by 31 March 2013 (being the purchase of Orchard Court, W1), loan to value was 32.8%. The proportion of the Group's total net debt represented by our share of joint venture net debt was 13.4% at 31 March 2013, compared to 27.3% a year earlier.

At 31 March 2013, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £282 million. The Group's weighted average cost of debt, including fees and joint venture debt, for the year was 4.3%, a reduction of 20 basis points compared to the prior year. The weighted average interest rate (excluding fees) at the year end was low at 3.7% (31 March 2012: 4.1%) following our refinancing activities and increased drawings on our attractively priced floating rate revolving credit facilities.

At 31 March 2013, 71% of the Group's total debt (including non-recourse joint ventures) was at fixed or hedged rates (2012: 69%). However, a significant proportion of hedged debt is subject to capped arrangements and as a result, we are benefiting from low floating rates on around 52% of our total debt. Interest cover for the year was 2.4x (2012: 2.0x).

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

Tenant delinquencies

One of our tenants went into administration around the March 2013 quarter day, accounting for less than 0.1% of total rent roll (March 2012: 0.4%). Tenant delinquencies in the year were low at 0.1% of total rent roll (2012: 0.9%). We are vigilant and continue to monitor the financial position of our tenants.

Taxation

The tax charge in the income statement for the year is £nil (2012: £nil) and the underlying effective tax rate was 0% (2012: 0%) as a result of the tax free nature of much of the Group's income and other allowances being available to set against non-REIT profits. The Group complied with all relevant REIT tests for the year to 31 March 2013.

Dividend
The Board has declared a final dividend of 5.3 pence per share (2012: 5.2 pence) which will be paid in July 2013. Of this dividend, 1.2 pence per share will be a REIT Property Income Distribution (PID) in respect of the Group's tax exempt property rental business.

Outlook
We are pleased to report on a strong year for Great Portland Estates, characterised by numerous leasing successes beating market rents, significant surpluses from our development programme and accretive buying and profitable selling from our investment business.

Whilst macro-economic concerns persist, particularly in relation to the Eurozone economies, conditions in our central London markets remain supportive; the pick up in tenant demand we identified in November is translating into lettings whilst the supply of new space to let is set to remain muted for some time, noticeably so in the core of the West End. Absent an economic set back, given the continued scarcity of finance for speculative development, we can look forward to healthy rates of rental growth in selected London sub-markets.

In our investment markets, yields remain well supported by the excess of demand over supply, measured at a ratio of almost 9:1. As a result, for well let liquid lot sizes, prime yields could reduce in the next few months.

In this market context, we expect to continue outperforming: demand for our space from prospective tenants is strong; our exceptional development pipeline will provide material surpluses in the near-term and gives us a platform for growth well into the next decade; our reversionary portfolio, 53% of which has been acquired at attractive pricing during the recession, is rich with opportunities for value creation; and our conservative gearing and plentiful, low-cost firepower, will enable us to execute our exciting growth plans and exploit new opportunities as we find them.

Group income statement

For the year ended 31 March 2013

	Notes	**2013 £m**	2012 £m
Total revenue	2	**69.0**	57.9
Net rental income	3	**57.1**	46.4
Joint venture fee income	11	**6.1**	5.6
Rental and joint venture fee income		**63.2**	52.0
Property expenses	4	**(6.5)**	(6.3)
Net rental and related income		**56.7**	45.7
Administration expenses	5	**(22.8)**	(19.9)
Operating profit before surplus on investment property and results of joint ventures		**33.9**	25.8
Surplus from investment property	10	**99.0**	97.2
Share of results of joint ventures	11	**61.2**	50.0
Loss on disposal of joint venture	11	**(0.5)**	–
Operating profit		**193.6**	173.0
Finance income	6	**8.4**	5.1
Finance costs	7	**(21.4)**	(21.4)
Charge on 2010 cancellation of derivatives	7	**–**	(1.5)
Profit before tax		**180.6**	155.2
Tax	8	**–**	–
Profit for the year		**180.6**	155.2
Basic earnings per share	9	**56.3p**	50.2p
Diluted earnings per share	9	**55.7p**	50.2p
EPRA earnings per share	9	**6.9p**	5.6p

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

Group statement of comprehensive income

For the year ended 31 March 2013

	Notes	**2013 £m**	2012 £m
Fair value movement on derivatives in joint venture in effective hedging relationships	11	**3.0**	2.1
Charge on 2010 cancellation of derivatives	7	**–**	1.5
Actuarial (deficit)/gain on defined benefit scheme	24	**(0.2)**	0.4
Net profit recognised directly in equity		**2.8**	4.0
Profit for the year		**180.6**	155.2
Total comprehensive income and expense for the year		**183.4**	159.2

Group balance sheet

At 31 March 2013

	Notes	**2013 £m**	2012 £m
Non-current assets			
Investment property	10	**1,899.5**	1,366.0
Investment in joint ventures	11	**348.3**	538.2
Other investment	12	**16.7**	–
Plant and equipment	13	**0.6**	0.9
Pension asset	24	**–**	0.4
		2,265.1	1,905.5
Current assets			
Trade and other receivables	14	**51.2**	54.2
Cash and cash equivalents		**6.3**	4.0
		57.5	58.2
Total assets		**2,322.6**	1,963.7
Current liabilities			
Trade and other payables	15	**(78.2)**	(186.7)
		(78.2)	(186.7)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(666.0)**	(507.4)
Obligations under finance leases	18	**(40.4)**	(31.3)
Pension liability	24	**(0.3)**	–
		(706.7)	(538.7)
Total liabilities		**(784.9)**	(725.4)
Net assets		**1,537.7**	1,238.3
Equity			
Share capital	19	**43.0**	39.1
Share premium account		**352.0**	218.1
Capital redemption reserve		**16.4**	16.4
Retained earnings		**1,130.0**	976.2
Investment in own shares	20	**(3.7)**	(11.5)
Total equity		**1,537.7**	1,238.3
Net assets per share	9	**451p**	402p
EPRA net assets per share	9	**446p**	403p

Approved by the Board on 22 May 2013 and signed on its behalf by

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Group statement of cash flows

For the year ended 31 March 2013

	Notes	**2013 £m**	2012 £m
Operating activities			
Operating profit		**193.6**	173.0
Adjustments for non-cash items	21	**(158.5)**	(145.1)
(Increase)/decrease in receivables		**0.8**	7.8
Increase in payables		**2.7**	0.2
Cash generated from operations		**38.6**	35.9
Interest paid		**(26.5)**	(19.4)
Interest received		**0.4**	–
Tax paid		**–**	(0.1)
Cash flows from operating activities		**12.5**	16.4
Investing activities			
Distributions from joint ventures		**110.6**	43.8
Purchase and development of property		**(401.4)**	(159.2)
Purchase of fixed assets		**(0.1)**	(0.1)
Sale of properties		**59.8**	61.4
Investment in joint ventures		**(15.6)**	–
Sale of joint ventures		**15.3**	–
Payment to acquire control of G.P.E. (Marcol House) Limited		**(25.5)**	–
Cash acquired on consolidation of G.P.E. (Marcol House) Limited		**15.8**	–
Cash flow utilised in investing activities		**(241.1)**	(54.1)
Financing activities			
Issue of share capital – proceeds from equity placing		**140.6**	–
Issue of share capital – associated costs		**(2.8)**	–
Borrowings drawn/(repaid)		**33.0**	(7.0)
Draw down of private placement notes		**127.2**	158.9
Purchase of derivatives		**–**	(2.7)
Funds to joint ventures		**(39.5)**	(74.7)
Purchase of own shares		**–**	(10.9)
Equity dividends paid		**(27.6)**	(24.9)
Cash flows from financing activities		**230.9**	38.7
Net increase in cash and cash equivalents		**2.3**	1.0
Cash and cash equivalents at 1 April		**4.0**	3.0
Cash and cash equivalents at balance sheet date		**6.3**	4.0

Group statement of changes in equity

For the year ended 31 March 2013

	Notes	**Share capital £m**	**Share premium £m**	**Capital redemption reserve £m**	**Retained earnings £m**	**Investment in own shares £m**	**Total equity £m**
Total equity at 1 April 2012		**39.1**	**218.1**	**16.4**	**976.2**	**(11.5)**	**1,238.3**
Issue of share capital		**3.9**	**133.9**[1]	–	–	–	**137.8**
Profit for the year		–	–	–	**180.6**	–	**180.6**
Actuarial deficit on defined benefit scheme	24	–	–	–	**(0.2)**	–	**(0.2)**
Fair value movement on derivatives in joint ventures in effective hedging relationships	11	–	–	–	**3.0**	–	**3.0**
Employee Long-Term Incentive Plan and Share Matching Plan charge	20	–	–	–	–	**5.5**	**5.5**
Dividends to shareholders	22	–	–	–	**(27.3)**	–	**(27.3)**
Transfer to retained earnings		–	–	–	**(2.3)**	**2.3**	–
Total equity at 31 March 2013		**43.0**	**352.0**	**16.4**	**1,130.0**	**(3.7)**	**1,537.7**

1. Net of issue costs

Group statement of changes in equity

For the year ended 31 March 2012

	Notes	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2011		39.1	218.1	(1.5)	16.4	844.6	(4.0)	1,112.7
Profit for the year		–	–	–	–	155.2	–	155.2
Charge on 2011 cancellation of derivatives	7	–	–	1.5	–	–	–	1.5
Actuarial gain on defined benefit scheme	24	–	–	–	–	0.4	–	0.4
Fair value movement on derivatives in joint ventures in effective hedging relationships	11	–	–	–	–	2.1	–	2.1
Purchase of shares for employee share plans	20	–	–	–	–	–	(10.9)	(10.9)
Employee Long-Term Incentive Plan and Share Matching Plan charge	20	–	–	–	–	–	3.0	3.0
Dividends to shareholders	22	–	–	–	–	(25.7)	–	(25.7)
Transfer to retained earnings		–	–	–	–	(0.4)	0.4	–
Total equity at 31 March 2012		39.1	218.1	–	16.4	976.2	(11.5)	1,238.3

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

The financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 31 March 2013. Whilst the financial information included in this announcement has been presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, which therefore comply with Article 4 of EU IAS Regulation, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Company's statutory accounts for the year ended 31 March 2013, but is derived from those accounts. Those accounts give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole. The auditor's reports on the 2013 accounts were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under s498(2) or (3) Companies Act 2006 or preceding legislation and will be delivered to the Registrar of Companies in due course.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties, other investment, financial instruments and pension liability.

In the process of applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that may affect the financial statements. The directors believe that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the adoption of the external portfolio valuation without adjustment, the recognition of purchases and disposal of assets, the adoption of a single reporting segment and the level of control the Group has in respect of its joint ventures. The accounting policies for these areas of judgement are set out below.

During the year ended 31 March 2013, the following accounting standards and guidance were adopted by the Group, the pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- IFRS 7 (amended Dec 2011) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 7 (amended Oct 2010) – Disclosures – Transfers of Assets
- The improvements to IFRSs (May 2010)

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 – Financial Instruments (will impact both the measurement and disclosures of financial instruments)
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interest in Other Entities (will impact the disclosure of interests the Group has in other entities)
- IFRS 13 – Fair Value Measurement (will impact both the disclosure and measurement of fair value for certain assets and liabilities)
- IAS 1 (amended June 2011) – Presentation of Items of Other Comprehensive Income
- IAS 12 – Deferred Tax: Recovery of Underlying Assets
- IAS 19 (revised June 2011) – Employee Benefits
- IAS 27 (revised May 2011) – Separate Financial Statements
- IAS 28 (revised May 2011) – Investments in Associates and Joint Ventures
- IAS 32 (amended) – Offsetting Financial Assets and Financial Liabilities (will impact the measurement of certain assets and liabilities)

The directors do not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group, except as set out above.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2013. Subsidiary undertakings are those entities controlled by the Group. Control is assumed when the Group directs the financial and operating policies of an entity to benefit from its activities.

Rental income
This comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable.

Tenant leases
The directors have considered the potential transfer of risks and rewards of ownership in accordance with IAS 17 – Leases for all properties leased to tenants and in their judgement have determined that all such leases are operating leases.

Lease incentives
Lease incentives including rent-free periods and payments to tenants, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of resulting accrued rental income is included within the respective property.

Other property expenses
Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the income statement as other property expenses. Costs incurred in the improvement of the portfolio which, in the opinion of the directors, are not of a capital nature are written off to the income statement as incurred.

Administration expenses
Costs not directly attributable to individual properties are treated as administration expenses.

Share-based payment
The cost of granting share-based payments to employees and directors is recognised within administration expenses in the income statement. The Group has used the Stochastic model to value the grants which is dependent upon factors including the share price, expected volatility and vesting period and the resulting fair value is amortised through the income statement over the vesting period.

The charge is reversed if it is likely that any non-market based criteria will not be met.

Investment property
Investment properties and investment properties under development are professionally valued quarterly on a fair value basis by qualified external valuers and the directors must ensure that they are satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts without adjustment.

The valuations of investment properties and investment properties under development have been prepared in accordance with the RICS Valuation – Professional Standards (2012) (the Red Book). For investment property this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

Depreciation
No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the balance sheet date of each asset evenly over its expected useful life, as follows:

Fixtures and fittings – over three to five years.
Leasehold improvements – over the term of the lease.

Joint ventures
Joint ventures are accounted for under the equity method where, in the directors' judgement, the Group has joint control of the entity. The Group's level of control in its joint ventures is driven both by the individual agreements which set out how control is shared by the partners and how that control is exercised in practice. The Group balance sheet contains the Group's share of the net assets of its joint ventures. Balances with partners owed to or from the Group by joint ventures are included within investments. The Group's share of joint venture profits and losses are included in the Group income statement in a single line. All of the Group's joint ventures adopt the accounting policies of the Group for inclusion in the Group financial statements.

Other investments
Other investments are carried at fair value through profit and loss, with the loan element carried at cost less any recognised impairment loss.

Deferred tax
Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Pension benefits
The Group contributes to a defined benefit pension plan which is funded with assets held separately from those of the Group. The full value of the net assets or liabilities of the pension fund is brought on to the balance sheet at each balance sheet date. Actuarial gains and losses are taken to reserves; all other movements are taken to the income statement.

Capitalisation of interest
Interest associated with direct expenditure on investment properties under development is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop, but does not include the original book cost of a site previously held as an investment property. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Financial instruments:

i **Derivatives** The Group uses derivative financial instruments to hedge its exposure to foreign currency fluctuations and interest rate risks. The Group's derivatives are measured at fair value in the balance sheet. To the extent that a derivative is a designated hedge and provides an effective cash flow hedge against the Group's underlying exposure the movements in the fair value of the hedge are taken to equity. To the extent that the derivative is not a designated hedge or does not effectively hedge the underlying exposure the movement in the fair value of the hedge is taken to the income statement.

ii **Borrowings** The Group's borrowings in the form of its debentures, private placement notes and bank loans are recognised initially at fair value, after taking account of any discount or premium on issue and attributable transaction costs. Subsequently borrowings are held at amortised cost, with any discounts, premiums and attributable costs charged to the income statement using the effective interest rate method.

iii **Cash and cash equivalents** Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in value.

iv **Trade receivables and payables** Trade receivables and payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Head leases
The present value of future ground rents is added to the carrying value of a leasehold investment property and to long-term liabilities. On payment of a ground rent virtually all of the cost is charged to the income statement, principally as interest payable, and the balance reduces the liability; an equal reduction to the asset's valuation is charged to the income statement.

Segmental analysis
All of the Group's revenue is generated from investment properties located in central London. The properties are managed as a single portfolio by an asset management team whose responsibilities are not segregated by location or type, but are managed on an asset by asset basis. The majority of the Group's assets are mixed use, therefore the office and retail space is managed together. Within the investment property portfolio the Group has a number of properties under development. The directors view the Group's development activities as an integral part of the life cycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed it returns to the investment property portfolio. The directors have considered the nature of the business, how the business is managed and how they review performance and, in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by CBRE, are set out in Appendix 2 of this Report.

2 Total revenue

	2013 £m	2012 £m
Gross rental income	**52.5**	40.3
Amortisation of capitalised lease incentives	**4.5**	0.9
Surrender premium	**–**	5.3
Service charge income	**5.9**	5.8
Joint venture fee income	**6.1**	5.6
	69.0	57.9

3 Net rental income

	2013 £m	2012 £m
Gross rental income	**52.5**	40.3
Amortisation of capitalised lease incentives	**4.5**	0.9
Ground rents credit/(payable)	**0.1**	(0.1)
Rental income before surrender premium	**57.1**	41.1
Surrender premium	**–**	5.3
	57.1	46.4

4 Property expenses

	2013 £m	2012 £m
Service charge income	**(5.9)**	(5.8)
Service charge expenses	**8.1**	6.9
Other property expenses	**4.3**	5.2
	6.5	6.3

5 Administration expenses

	2013 £m	2012 £m
Employee costs	**19.8**	15.5
Other	**3.0**	4.4
	22.8	19.9

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £5.5 million (2012: £3.0 million).

Employee costs, including those of directors, comprise the following:

	2013 £m	2012 £m
Wages and salaries	**17.0**	12.9
Social security costs	**3.1**	2.0
Other pension costs	**1.9**	1.2
	22.0	16.1
Less: recovered through service charge	**(0.7)**	(0.6)
Less: capitalised into development projects	**(1.5)**	–
	19.8	15.5

The Executive Directors are considered to be key management for the purposes of IAS 24 'Related Party Transactions'. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

Employee information
The average number of employees of the Group, including directors, was:

	2013 Number	2012 Number
Head office and property management	**85**	85

Auditor's remuneration

	2013 £000's	2012 £000's
Audit of the Company's annual accounts	**88**	75
Audit of subsidiaries	**53**	52
	141	127
Audit related assurance services, including the interim review	**61**	30
Services related to taxation (advisory)	**15**	3
Other non-audit services	**33**	50
	250	210

6 Finance income

	2013 £m	2012 £m
Interest on balances with joint venture partners	**7.5**	5.1
Interest on deferred receipts in respect of 100 Bishopsgate Partnership sale (note 12)	**0.9**	–
	8.4	5.1

7 Finance costs

	2013 £m	2012 £m
Interest on bank loans	**8.0**	6.0
Interest on private placement notes	**11.3**	4.9
Interest on debenture stock	**8.0**	8.1
Interest on obligations under finance leases	**1.8**	1.3
Gross finance costs	**29.1**	20.3
Less: capitalised interest at an average rate of 4.4% (2012: 4.3%)	**(1.8)**	(1.1)
	27.3	19.2
Fair value movement on derivatives in ineffective hedging relationships	**(5.9)**	2.2
	21.4	21.4

In the year to 31 March 2010, the Group terminated its interest rate swaps and collars to take advantage of the lower interest rate environment. On the termination of these derivatives, fair value movements previously charged to reserves are required to be recycled through the income statement where the facilities to which they relate are not expected to be utilised. During the year, the Group recycled £nil (2012: £1.5 million) of losses from the hedging reserve to the income statement.

8 Tax

	2013 £m	2012 £m
Current tax		
UK corporation tax	–	–
Tax over provided in previous years	–	–
Total current tax	–	–
Deferred tax	–	–
Tax charge for the year	–	–

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

	2013 £m	2012 £m
Profit before tax	**180.6**	155.2
Tax charge on profit at standard rate of 24% (2012: 26%)	**43.3**	40.4
REIT tax-exempt rental profits and gains	**(7.7)**	(11.6)
Non-taxable revaluation surplus	**(36.0)**	(31.7)
Other	**0.4**	2.9
Tax charge for the year	–	–

During the year £nil (2012: £nil) of deferred tax was credited directly to equity. The Group's net deferred tax at 31 March 2013 was £nil (2012: £nil). This consists of a deferred tax liability of £nil (2012: £0.1 million) and a deferred tax asset of £nil (2012: £0.1 million) in respect of sundry short-term differences.

A deferred tax asset of £9.0 million (based on a 23% tax rate), mainly relating to tax losses carried forward at 31 March 2013 and deferred tax arising in respect of contingent share awards, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

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.

The Group estimates that as the majority of its future profits will not be subject to corporation tax, it will have a very low tax charge over the coming years. In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (including a minimum distribution test) must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Corporation Tax Act 2010.

9 Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the new Best Practice Recommendations issued by the European Public Real Estate Association (EPRA).

Weighted average number of ordinary shares

	2013 Number of shares	2012 Number of shares
Issued ordinary share capital at 1 April	**312,676,149**	312,676,149
Issue of share capital	**11,458,334**	–
Investment in own shares	**(3,173,663)**	(3,869,635)
Weighted average number of ordinary shares – Basic	**320,960,820**	308,806,514

Basic, diluted and EPRA earnings per share

	Profit/ (loss) after tax 2013 £m	Number of shares 2013 million	Earnings/ (loss) per share 2013 pence	Profit/ (loss) after tax 2012 £m	Number of shares 2012 million	Earnings/ (loss) per share 2012 pence
Basic	**180.6**	**321.0**	**56.3**	155.2	308.8	50.2
Dilutive effect of LTIP shares	**–**	**3.0**	**(0.6)**	–	0.4	–
Diluted	**180.6**	**324.0**	**55.7**	155.2	309.2	50.2
Surplus from investment property (note 10)	**(99.0)**	**–**	**(30.6)**	(97.2)	–	(31.5)
Surplus from joint venture investment property (note 11)	**(58.8)**	**–**	**(18.1)**	(46.0)	–	(14.9)
Movement in fair value of derivatives (note 7)	**(5.9)**	**–**	**(1.8)**	2.2	–	0.7
Movement in fair value of derivatives in joint ventures (note 11)	**4.5**	**–**	**1.4**	1.7	–	0.6
Loss on sale of joint venture	**0.5**	**–**	**0.2**	–	–	–
Debt break cost in joint venture (note 11)	**0.3**	**–**	**0.1**	–	–	–
Charge on 2010 cancellation of derivatives (note 7)	**–**	**–**	**–**	1.5	–	0.5
EPRA earnings	**22.2**	**324.0**	**6.9**	17.4	309.2	5.6

EPRA net assets per share

	Net assets 2013 £m	Number of shares 2013 million	Net assets per share 2013 pence	Net assets 2012 £m	Number of shares 2012 million	Net assets per share 2012 pence
Basic	**1,537.7**	**341.0**	**451**	1,238.3	308.3	402
Dilutive effect of LTIP shares	**–**	**3.0**	**(4)**	–	0.5	(1)
Diluted	**1,537.7**	**344.0**	**447**	1,238.3	308.8	401
Fair value of financial liabilities (note 17)	**(46.3)**	**–**	**(13)**	(19.6)	–	(6)
EPRA triple net assets	**1,491.4**	**344.0**	**434**	1,218.7	308.8	395
Fair value of financial liabilities (note 17)	**46.3**	**–**	**13**	19.6	–	6
Fair value of derivatives (note 17)	**(6.3)**	**–**	**(2)**	(0.5)	–	–
Fair value of derivatives in joint ventures (note 11)	**2.5**	**–**	**1**	5.4	–	2
EPRA net assets	**1,533.9**	**344.0**	**446**	1,243.2	308.8	403

10 Investment property
Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2011	625.3	320.9	946.2
Acquisitions	194.1	53.7	247.8
Costs capitalised	13.0	6.1	19.1
Interest capitalised	–	0.4	0.4
Disposals	(24.6)	(72.0)	(96.6)
Transfer from investment property under development	23.8	34.9	58.7
Net valuation surplus on investment property	58.8	11.3	70.1
Book value at 31 March 2012	890.4	355.3	1,245.7
Acquisitions	**71.9**	**354.7**	**426.6**
Costs capitalised	**10.8**	**6.2**	**17.0**
Disposals	**(20.0)**	**–**	**(20.0)**
Transfer from investment property under development	**88.3**	**–**	**88.3**
Net valuation surplus on investment property	**62.7**	**31.2**	**93.9**
Book value at 31 March 2013	**1,104.1**	**747.4**	**1,851.5**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2011	68.7	34.6	103.3
Acquisitions	–	35.8	35.8
Costs capitalised	16.2	–	16.2
Interest capitalised	0.7	–	0.7
Transfer to investment property	(23.8)	(34.9)	(58.7)
Net valuation surplus on investment property under development	21.1	1.9	23.0
Book value at 31 March 2012	82.9	37.4	120.3
Costs capitalised	**5.2**	**5.5**	**10.7**
Interest capitalised	**0.2**	**1.6**	**1.8**
Transfer to investment property	**(88.3)**	**–**	**(88.3)**
Net revaluation surplus on investment property under development	**–**	**3.5**	**3.5**
Book value at 31 March 2013	**–**	**48.0**	**48.0**
Total investment property	**1,104.1**	**795.4**	**1,899.5**

The book value of investment property includes £40.4 million (2012: £31.3 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £1,859.1 million.

The cumulative interest capitalised in investment property was £3.0 million (2012: £1.2 million).

Surplus from investment property

	2013 £m	2012 £m
Net valuation surplus on investment property	**97.4**	93.1
Profit on sale of investment properties	**1.6**	4.1
	99.0	97.2

The Group's investment properties including those held in joint venture (note 11) were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2013 in accordance with the RICS Valuation Professional Standards (2012) (the Red Book) and have been primarily derived using comparable recent market transactions on arm's-length terms.

The total fees, including the fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group is less than 5.0% of total UK revenues.

The principal signatories of the CBRE valuation reports have continuously been the signatories of valuations for the same addressee and valuation purpose as this report since 2006. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years. CBRE has carried out Valuation, Agency and Professional services on behalf of the Group for in excess of 20 years.

At 31 March 2013, the Group had capital commitments of £48.9 million (2012: £70.3 million).

At 31 March 2013, properties with a carrying value of £278.9 million (2012: £257.3 million) were secured under the first mortgage debenture stock (see note 16).

11 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	Total £m
At 1 April 2012	406.0	132.2	538.2
Movement on joint venture balances	–	**72.6**	**72.6**
Additions	**15.6**	–	**15.6**
Share of profit of joint ventures	**2.4**	–	**2.4**
Share of profit on disposal of joint venture properties	**6.3**	–	**6.3**
Share of revaluation surplus of joint ventures	**49.0**	**3.5**	**52.5**
Share of results of joint ventures	**57.7**	**3.5**	**61.2**
Fair value movement on derivatives taken to equity	**3.0**	–	**3.0**
Sale of interest in The 100 Bishopsgate Partnership	**(24.6)**	**(38.6)**	**(63.2)**
Transfer to subsidiaries – G.P.E. (Marcol House) Limited	**(10.5)**	**(158.0)**	**(168.5)**
Distributions	**(110.6)**	–	**(110.6)**
At 31 March 2013	**336.6**	**11.7**	**348.3**

Due to the structured nature of the returns on the share capital of G.P.E. (Marcol House) Limited its share capital is classified as a liability under IAS 39. As a result, an element of the Group's return on its investment in the joint venture is shown as a return on this liability. This results in a revaluation deficit on the Group's equity investment and a revaluation surplus on the Group's balances with partners.

The investments in joint ventures comprise the following:

	Country	**2013 ownership**	2012 ownership
The 100 Bishopsgate Partnership (note 12)	United Kingdom	–	50%
G.P.E. (Marcol House) Limited	United Kingdom	–	100%
The Great Capital Partnership	United Kingdom	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Star Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnerships	United Kingdom	**50%**	50%
The Great Wigmore Partnership	United Kingdom	**50%**	50%

The Group's share in the assets and liabilities, revenues and expenses for the joint ventures is set out below:

	The 100 Bishopsgate Partnership £m	G.P.E. (Marcol House) Limited £m	The Great Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Star Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2013 Total £m	2012 Total £m
Balance sheets									
Investment property	–	–	**48.5**	**155.2**	**88.9**	**102.4**	**91.0**	**486.0**	698.9
Current assets	–	–	**0.4**	**1.3**	**1.1**	**0.3**	**0.5**	**3.6**	104.9
Cash	–	–	**0.4**	**4.0**	**3.7**	**2.5**	**1.2**	**11.8**	27.5
Balances (from)/to Partners	–	–	**93.5**	**(72.1)**	**(20.3)**	**5.5**	**(18.3)**	**(11.7)**	(132.2)
Bank loans	–	–	–	**(36.0)**	**(38.3)**	**(39.7)**	–	**(114.0)**	(215.3)
Derivatives	–	–	–	**(2.3)**	**(0.2)**	–	–	**(2.5)**	(5.4)
Current liabilities	–	–	**(0.9)**	**(8.4)**	**(5.2)**	**(2.6)**	**(3.1)**	**(20.2)**	(46.3)
Finance leases	–	–	**(0.2)**	**(5.2)**	**(11.0)**	–	–	**(16.4)**	(26.1)
Net assets	–	–	**141.7**	**36.5**	**18.7**	**68.4**	**71.3**	**336.6**	406.0
Income statements									
Net rental income	**0.1**	**1.6**	**3.3**	**5.6**	**4.3**	**5.0**	**0.2**	**20.1**	24.4
Property and administration costs	**(0.3)**	**(0.3)**	**(0.4)**	**(0.3)**	**(0.8)**	**(0.7)**	**0.2**	**(2.6)**	(4.9)
Net finance costs	–	**(0.7)**	**(1.3)**	**(4.3)**	**(2.5)**	**(1.5)**	–	**(10.3)**	(13.8)
Debt break costs	–	–	–	–	–	**(0.3)**	–	**(0.3)**	–
Movement in fair value of derivatives	–	–	**(2.9)**	**(1.4)**	**(0.2)**	–	–	**(4.5)**	(1.7)
Share of profit from joint ventures	**(0.2)**	**0.6**	**(1.3)**	**(0.4)**	**0.8**	**2.5**	**0.4**	**2.4**	4.0
Revaluation of investment property	–	**4.3**	**3.0**	**11.9**	**2.0**	**3.7**	**24.1**	**49.0**	(4.1)
Profit on sale of investment property	–	**0.4**	**5.7**	–	–	–	**0.2**	**6.3**	13.6
Share of results of joint ventures	**(0.2)**	**5.3**	**7.4**	**11.5**	**2.8**	**6.2**	**24.7**	**57.7**	13.5

At 31 March 2012, G.P.E. (Marcol House) Limited was a joint venture with Eurohypo. Eurohypo had a profit share arrangement dependent on the success of the two development schemes held by G.P.E. (Marcol House) Limited. GPE and Eurohypo were considered to have joint control over the business of the entity despite GPE having a 100% equity interest.

In February 2013, GPE paid Eurohypo £25.5 million in respect of this profit share arrangement and accordingly Eurohypo's interest in the business of the entity and the joint venture ceased. Therefore, on GPE obtaining control, all subsequent results have been consolidated into the Group's results. The inclusion of G.P.E. (Marcol House) Limited as a subsidiary had no impact on the Group's profit for the year. The amounts recognised in respect of the identifiable assets and liabilities are set out below:

	G.P.E. (Marcol House) Limited
Balance sheet	
Investment property	**152.8**
Current assets	**1.7**
Cash	**15.8**
Balances from Partners	**(158.0)**
Current liabilities	**(1.8)**
Net assets	**10.5**

The non-recourse debt facilities of the joint ventures at 31 March 2013 are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/floating	Interest rate
The Great Ropemaker Partnership	73.0	November 2018	Floating	LIBOR+ 2.25–2.70%
The Great Star Partnership	77.1	July 2015	Floating	LIBOR+ 1.90%
The Great Victoria Partnership	80.0	July 2022	Fixed	3.74%
Total	230.1			

The Great Victoria Partnership entered into a new £80 million secured facility on 17 July 2012. The facility attracts a fixed interest rate of 3.74% and expires in 2022. The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the bank loan in 2018. The Great Star Partnership has an interest rate swap with a fixed interest rate of 2.66% and a notional principal amount of £38.6 million and an interest rate cap at 4.00% with a notional principal amount of £38.6 million. The interest rate swap and cap expire coterminously with the bank loan in 2015. Following a number of property disposals, including £120 million to the Group, the loan facility in the Great Capital Partnership was repaid in full. All interest bearing loans are in sterling. At 31 March 2013, the joint ventures had £nil undrawn facilities (2012: £nil).

Transactions during the year between the Group and its joint ventures, which are related parties, are disclosed below:

	2013 £m	2012 £m
Movement on joint venture balances during the year	**(72.6)**	116.3
Balances receivable at the year end from joint ventures	**(11.7)**	(132.2)
Distributions	**110.6**	43.8
Fee income	**6.1**	5.6
Property purchases from joint ventures by the Group	**120.0**	150.0

The joint venture balances bear interest as follows: the Great Ropemaker Partnership at 6.0%, the Great Star Partnership at 7.0% and the Great Wigmore Partnership at 4.0%. The investment properties include £16.4 million (2012: £26.1 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £469.6 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's-length transactions.

At 31 March 2013, the Group had no contingent liabilities arising in its joint ventures (2012: £nil). At 31 March 2013, the Group had capital commitments in respect of its joint ventures of £38.6 million (2012: £89.8 million).

12 Other investment

	Equity £m	Loans £m	Total £m
At 1 April 2012	–	–	–
The 100 Bishopsgate Partnership – 12.5% interest	**6.1**	**9.7**	**15.8**
Additions	**–**	**0.9**	**0.9**
At 31 March 2013	**6.1**	**10.6**	**16.7**

In October 2012, the Group sold a 37.5% interest in The 100 Bishopsgate Partnership, its 50:50 joint venture with Brookfield Properties Corporation (BPO), to BPO. After this transaction the Group has retained 12.5% of the Partnership, now classified as an other investment.

The Group's 12.5% holding is subject of 'put and call' options, with GPE able to 'put' its remaining net investment onto BPO in October 2014 at £15.8 million, and BPO able to 'call' for GPE to sell to a third party investor only, and only in the event that BPO simultaneously sells a 37.5% holding. Under the call option, the transfer price is the higher of £15.8 million, the actual transfer price agreed between BPO and the third party or the market value of GPE's holding at the time of the transfer. BPO is providing 100% of the funding for the Partnership until October 2014, when the loan will be repaid.

13 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2011	2.0	1.3	3.3
Costs capitalised	–	0.1	0.1
At 31 March 2012	2.0	1.4	3.4
Costs capitalised	**–**	**0.1**	**0.1**
At 31 March 2013	**2.0**	**1.5**	**3.5**
Depreciation			
At 1 April 2012	**1.3**	**1.2**	**2.5**
Charge for the year	**0.2**	**0.2**	**0.4**
At 31 March 2013	**1.5**	**1.4**	**2.9**
Carrying amount at 31 March 2012	0.7	0.2	0.9
Carrying amount at 31 March 2013	**0.5**	**0.1**	**0.6**

14 Trade and other receivables

	2013 £m	2012 £m
Trade receivables	**5.4**	4.0
Allowance for doubtful debts	**(0.5)**	(0.3)
	4.9	3.7
Prepayments and accrued income	**1.0**	0.8
Other trade receivables	**38.2**	44.9
Derivatives (non-current)	**7.1**	4.8
	51.2	54.2

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 tenant's lease. Trade receivables are provided for based on estimated irrecoverable amounts determined by past default experience and knowledge of the individual tenant's circumstance. At 31 March 2013, other trade receivables include £31.6 million in respect of deferred sale proceeds on the disposal of the 37.5% interest in The 100 Bishopsgate Partnership of which £15.8 million is due in more than one year. Debtors past due but not impaired were £4.0 million (2012: £2.4 million).

	2013 £m	2012 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.3)**	(0.3)
Amounts provided for during the year	**(0.2)**	(0.2)
Amounts written off as uncollectable	**–**	0.2
	(0.5)	(0.3)

15 Trade and other payables

	2013 £m	2012 £m
Rents received in advance	**16.8**	12.9
Non-trade payables and accrued expenses	**61.4**	173.8
	78.2	186.7

Non-trade payables at 31 March 2013 included £34.8 million in respect of property purchases exchanged but not completed at the balance sheet date (2012: £153.3 million).

16 Interest-bearing loans and borrowings

	2013 £m	2012 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**144.1**	144.2
Other loan	**0.9**	–
Unsecured		
Bank loans – revolving credit facilities	**234.1**	200.1
£30.0 million 5.09% private placement notes 2018	**29.9**	29.8
$130.0 million 4.81% private placement notes 2018	**80.7**	80.6
$78.0 million 5.37% private placement notes 2021	**48.4**	48.4
$160.0 million 4.20% private placement notes 2019	**101.7**	–
$40.0 million 4.82% private placement notes 2022	**25.4**	–
Non-current liabilities at fair value		
Derivatives	**0.8**	4.3
	666.0	507.4

The Group has two floating rate revolving credit facilities of £350.0 million and £150.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR, based on gearing, and expires in 2015. The £150.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 175–250 basis points above LIBOR, based on gearing, and expires in 2017. At 31 March 2013 the Group had £264.0 million (2012: £297.0 million) of undrawn committed credit facilities.

The other loan relates to the Group's funding requirements in respect of its 12.5% interest in The 100 Bishopsgate Partnership (note 12). Brookfield Properties Corporation is funding the Group's funding obligations until October 2014 when the facility expires. The loan is secured and attracts a floating rate of 200 basis points above LIBOR.

17 Financial instruments

Categories of financial instrument	Carrying amount 2013 £m	Income/ (expense) 2013 £m	Gain/(loss) to equity 2013 £m	Carrying amount 2012 £m	Income/ (expense) 2012 £m	Gain/(loss) to equity 2012 £m
Interest rate swap	**(0.1)**	–	–	(0.1)	(1.6)	1.5
Cross currency swaps	**(0.7)**	**0.7**	–	(4.2)	(4.2)	–
Non-current liabilities at fair value	**(0.8)**	**0.7**	–	(4.3)	(5.8)	1.5
Other investment	**6.1**	–	–	–	–	–
Interest rate floor	**3.8**	**1.3**	–	4.8	3.7	–
Cross currency swaps	**3.3**	**5.6**	–	–	–	–
Put option	–	–	–	–	–	–
Non-current assets held at fair value	**13.2**	**6.9**	–	4.8	3.7	–
Trade receivables	**43.1**	**(0.2)**	–	48.6	(0.3)	–
Cash and cash equivalents	**6.3**	–	–	4.0	–	–
Loans and receivables	**49.4**	**(0.2)**	–	52.6	(0.3)	–
Trade and other payables	**(43.6)**	–	–	(162.7)	–	–
Interest-bearing loans and borrowings	**(665.2)**	**(27.2)**	–	(503.1)	(20.6)	–
Finance leases	**(40.4)**	**(1.8)**	–	(31.3)	(1.3)	–
Liabilities at amortised cost	**(749.2)**	**(29.0)**	–	(697.1)	(21.9)	–
Total financial instruments	**(687.4)**	**(21.6)**	–	(644.0)	(24.3)	1.5

Financial risk management objectives

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has a policy of only dealing with creditworthy tenants and obtaining sufficient rental cash deposits or third party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the large and diverse tenant base. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of rent deposits obtained. Details of the Group's receivables are summarised in note 14 of the financial statements.

The Group's cash deposits are placed with a diversified range of banks and strict counterparty limits ensure the Group's exposure to bank failure is minimised.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. Debt comprises long-term debenture stock, private placement notes and drawings against committed revolving credit facilities from banks.

The Group operates solely in the United Kingdom, and its operating profits and net assets are sterling denominated, as a result the Group's policy is to have no unhedged assets or liabilities denominated in foreign currencies. The currency risk on overseas transactions is fully hedged through foreign currency derivatives to create a synthetic sterling exposure.

Liquidity risk

The Group operates a framework for the management of the Group's short-, medium- and long-term funding requirements. Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. The Group's funding sources are diversified across a range of bank and bond markets and strict counterparty limits are operated on deposits.

The Group meets its day-to-day working capital requirements through the utilisation of its revolving credit facilities. The availability of these facilities depends on the Group complying with a number of key financial covenants; these covenants and the Group's compliance with these covenants are set out in the table below:

Key covenants	Covenant	March 2013 actuals
Group		
Net debt/net equity	**<1.25x**	**0.43x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**2.79x**
Interest cover	**>1.35x**	**2.44x**

The Group has undrawn credit facilities of £264.0 million and has substantial headroom above all of its key covenants. As a result the directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

The following tables detail the Group's remaining contractual maturity on its financial instruments and have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay and conditions existing at the balance sheet date:

At 31 March 2013	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	**144.1**	**270.1**	**8.0**	**8.0**	**24.1**	**230.0**
Bank loans – revolving credit facilities	**234.1**	**250.6**	**5.4**	**5.4**	**239.8**	**–**
Other loan	**0.9**	**0.9**	**–**	**0.9**	**–**	**–**
Private placement notes	**286.1**	**372.3**	**13.0**	**13.0**	**39.6**	**306.7**
Derivative financial instruments						
Cross currency swaps	**(2.6)**	**2.8**	**0.5**	**0.5**	**1.1**	**0.7**
Interest rate swap	**0.1**	**0.1**	**0.1**	**–**	**–**	**–**
Interest rate floor	**(3.8)**	**(4.6)**	**(3.1)**	**(1.5)**	**–**	**–**
	658.9	**892.2**	**23.9**	**26.3**	**304.6**	**537.4**

At 31 March 2012	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	144.2	278.1	8.0	8.0	24.1	238.0
Bank loans – revolving credit facilities	200.1	220.2	4.6	4.6	211.0	–
Private placement notes	158.8	217.1	8.0	8.0	24.3	176.8
Derivative financial instruments						
Cross currency swaps	4.2	3.3	0.5	0.5	1.1	1.2
Interest rate swap	0.1	0.2	0.1	0.1	–	–
Interest rate floor	(4.8)	(4.7)	(1.9)	(1.9)	(0.9)	–
	502.6	714.2	19.3	19.3	259.6	416.0

Market risk
Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy either to eliminate interest rate risk over the cash flows on its long-term debt finance through the use of fixed rate debentures or to mitigate the risk through the use of floating to fixed interest rate swaps, caps, floors, collars and swaptions. It is the Group's policy to maintain the proportion of floating interest rate exposure to between 20%–40% of forecast total interest rate cost.

Interest rate swaps
Interest rate swaps enable the Group to exchange its floating rate interest payments on its bank debt for fixed rate payments on a notional value. Such contracts allow the Group to mitigate the risk of changing interest rates on the cash flow exposures on its variable rate bank loans by locking in a fixed rate on a proportion of its debt.

Interest rate floors
Under the terms of an interest rate floor, one party (the "seller") makes a payment to the other party (the "buyer") if an underlying interest rate is below a specified rate. The Group has bought an interest rate floor, which, when combined with its fixed rate private placement notes raised in 2011, gives rise to the same economic effect as purchasing an interest rate cap in respect of floating rate debt.

Put option
A put option is a contract between two parties to exchange an asset at a specified price by a set date. The Group has a 12.5% holding in The 100 Bishopsgate Partnership and has a put option to enable it to sell its net investment to Brookfield Properties Corporation for £15.8 million in October 2014. The value of the option will only be greater than a nominal amount in the event that the value of the underlying investment is impaired below its cost. Therefore, the value of the underlying investment together with the put option total the £15.8 million put option price.

Cross currency swaps
Cross currency swaps enable the Group to exchange receipts or payments denominated in currencies other than sterling for receipts or payments denominated in sterling. Such contracts allow the Group to eliminate foreign exchange risk arising from fluctuating exchange rates between sterling and other currencies.

The following table details the notional principal amounts and remaining terms of interest rate derivatives outstanding at 31 March:

	Average contracted fixed interest rate		Notional principal amount		Fair value (asset)/liability	
	2013 %	2012 %	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Cash flow hedges						
Interest rate swap						
Less than one year	**1.87%**	1.87%	**11.0**	11.0	**0.1**	0.1
Interest rate floor						
Between one and two years	**2.53%**	2.53%	**159.7**	159.7	**(3.8)**	(4.8)
	2.49%	2.49%	**170.7**	170.7	**(3.7)**	(4.7)

The following table details the notional principal amounts and remaining terms of exchange rate derivatives outstanding at 31 March:

	Average exchange rate		Foreign currency		Notional principal amount		Fair value (asset)/liability	
	2013 rate	2012 rate	**2013 US$m**	2012 US$m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Cash flow hedges								
Cross currency swaps								
In excess of five years	**1.585**	1.585	**408.0**	408.0	**257.4**	257.4	**(2.6)**	4.2
	1.585	1.585	**408.0**	408.0	**257.4**	257.4	**(2.6)**	4.2

As at 31 March 2013 the aggregate amount of unrealised losses in respect of cash flow hedges was £nil (2012: £nil).

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represents management's assessment of possible changes in interest rates. For the floating rate liabilities the analysis is prepared assuming the amount of the liability at 31 March 2013 was outstanding for the whole year:

	Impact on profit		**Impact on equity**	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Increase of 100 basis points	**(1.7)**	(1.0)	**(1.7)**	(0.3)
Increase of 50 basis points	**(0.7)**	(0.6)	**(0.7)**	(0.3)
Decrease of 25 basis points	**0.3**	0.4	**0.3**	0.2
Decrease of 50 basis points	**0.5**	0.7	**0.5**	0.4

Foreign exchange sensitivity

The sensitivity analysis below has been determined based on the exposure to foreign exchange rates for derivative financial instruments at the balance sheet date and represents management's assessment of changes to the fair value of the Group's cross currency swaps as a result of possible changes in foreign exchange rates:

	Impact on profit		**Impact on equity**	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Increase of 20% in the exchange spot rate	**(51.3)**	(30.5)	**(51.3)**	(30.5)
Increase of 10% in the exchange spot rate	**(28.0)**	(16.6)	**(28.0)**	(16.6)
Decrease of 10% in the exchange spot rate	**34.2**	20.3	**34.2**	20.3
Decrease of 20% in the exchange spot rate	**77.0**	45.7	**77.0**	45.7

Fair value of interest-bearing loans and borrowings

	Book value 2013 £m	**Fair value 2013 £m**	Book value 2012 £m	Fair value 2012 £m
Non-current liabilities at amortised cost	**665.2**	**711.5**	503.1	522.7
Non-current liabilities at fair value (derivatives)	**0.8**	**0.8**	4.3	4.3
Non-current assets held at fair value (derivatives)	**(7.1)**	**(7.1)**	(4.8)	(4.8)
	658.9	**705.2**	502.6	522.2

The fair values of the Group's listed long-term borrowings have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 7 Financial Instruments: Disclosures. The fair values of the Group's outstanding interest rate swaps and interest rate floors have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. The fair value of the Group's cross currency swaps have been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 7. The fair value of the Group's equity component of its other investment and the related put option in respect of The 100 Bishopsgate Partnership is carried at director's valuation, representing a Level 3 fair value measurement as defined by IFRS 7. None of the Group's financial derivatives are designated as financial hedges.

The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements.

18 Finance leases

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

	Minimum lease payments 2013 £m	**Interest 2013 £m**	**Principal 2013 £m**	Minimum lease payments 2012 £m	Interest 2012 £m	Principal 2012 £m
Less than one year	**2.0**	**(2.0)**	**–**	1.5	(1.5)	–
Between two and five years	**7.8**	**(7.8)**	**–**	6.0	(6.0)	–
More than five years	**289.3**	**(248.9)**	**40.4**	236.4	(205.1)	31.3
	299.1	**(258.7)**	**40.4**	243.9	(212.6)	31.3

19 Share capital

	2013 Number	**2013 £m**	2012 Number	2012 £m
Allotted, called up and fully paid ordinary shares of 12.5 pence				
At 1 April	**312,676,149**	**39.1**	312,676,149	39.1
Issue of shares	**31,250,000**	**3.9**	–	–
At 31 March	**343,926,149**	**43.0**	312,676,149	39.1

In November 2012, the Group issued 31,250,000 of new ordinary shares, representing 9.99% of issued share capital at 450 pence per share. At 31 March 2013, the Company's authorised share capital was 600,000,000 shares.

20 Investment in own shares

	2013 £m	2012 £m
At 1 April	**11.5**	4.0
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(5.5)**	(3.0)
Purchase of shares	**–**	10.9
Transfer to retained earnings	**(2.3)**	(0.4)
At 31 March	**3.7**	11.5

The investment in the Company's own shares is held at cost and comprises 2,939,035 shares (2012: 4,420,926 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met. During the year 1,481,891 shares (2012: 554,195 shares) were awarded to directors and senior employees in respect of the 2009 LTIP and SMP award. The fair value of shares awarded and outstanding at 31 March 2013 was £13.7 million (2012: £9.9 million).

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

	2013 £m	2012 £m
Surplus from investment property	**(99.0)**	(97.2)
Employee Long-Term Incentive Plan and Share Matching Plan charge	**5.5**	3.0
Amortisation of capitalised lease incentives	**(4.5)**	(0.9)
Share of results from joint ventures	**(61.2)**	(50.0)
Loss on sale of joint venture	**0.5**	–
Other non-cash items	**0.2**	–
Adjustments for non-cash items	**(158.5)**	(145.1)

22 Dividends

	2013 £m	2012 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2013 of 3.3 pence per share	**11.2**	–
Final dividend for the year ended 31 March 2012 of 5.2 pence per share	**16.1**	–
Interim dividend for the year ended 31 March 2012 of 3.2 pence per share	–	9.9
Final dividend for the year ended 31 March 2011 of 5.1 pence per share	–	15.8
	27.3	25.7

A final dividend of 5.3 pence per share was approved by the Board on 22 May 2013 and will be paid on 9 July 2013 to shareholders on the register on 31 May 2013. The dividend is not recognised as a liability at 31 March 2013. The 2012 final dividend and the 2013 interim dividend were paid in the year and are included within the Group statement of changes in equity.

23 Operating leases

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

	2013 £m	2012 £m
The Group as a lessor		
Less than one year	**57.9**	43.8
Between two and five years	**180.5**	111.2
More than five years	**286.8**	95.4
	525.2	250.4

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2013 was 7.5 years (2012: 5.3 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the year (2012: £nil).

24 Employee benefits

The Group contributes to a defined benefit final salary pension plan (the Plan), the assets of which are held by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2012 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2013 %	2012 %
Discount rate	**4.50**	5.00
Expected return on Plan assets	**3.85**	4.12
Expected rate of salary increases	**4.25**	4.25
Future pension increases	**5.00**	3.25

To develop the expected long-term rate of return on the Plan assets, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the long-term rate of return on Plan assets for the portfolio. This resulted in the selection of an assumption of 3.85% p.a.

The amount recognised in the balance sheet in respect of the Plan is as follows:

	2013 £m	2012 £m
Present value of unfunded obligations	**(23.1)**	(19.9)
Fair value of the Plan assets	**22.8**	20.3
Pension (liability)/asset	**(0.3)**	0.4

Amounts recognised as administration expenses in the income statement are as follows:

	2013 £m	2012 £m
Current service cost	**(0.2)**	(0.3)
Past service cost	**(0.5)**	–
Interest on obligation	**(1.0)**	(1.0)
Expected return on the Plan assets	**0.8**	1.0
	(0.9)	(0.3)
Actuarial (deficit)/gain recognised immediately in the Group statement of changes in equity	**(0.2)**	0.4
Cumulative actuarial gains recognised in the Group statement of changes in equity	**1.4**	1.6

Changes in the present value of the pension obligation are as follows:

	2013 £m	2012 £m
Defined benefit obligation at 1 April	**19.9**	18.7
Service cost	**0.2**	0.3
Past service cost	**0.5**	–
Interest cost	**1.0**	1.0
Actuarial loss	**2.1**	0.4
Benefits paid	**(0.6)**	(0.5)
Present value of defined benefit obligation at 31 March	**23.1**	19.9

Changes to the fair value of the Plan assets are as follows:

	2013 £m	2012 £m
Fair value of the Plan assets at 1 April	**20.3**	18.4
Expected return on the Plan assets	**0.8**	1.0
Actuarial gain	**1.8**	0.8
Contributions	**0.5**	0.6
Benefits paid	**(0.6)**	(0.5)
Fair value of the Plan assets at 31 March	**22.8**	20.3
Net (liability)/asset	**(0.3)**	0.4

The fair value of the Plan assets at the balance sheet date is analysed as follows:

	2013 £m	2012 £m
Equities	**9.1**	8.1
Bonds	**13.7**	12.2
	22.8	20.3

The actual return on Plan assets was a surplus of £2.6 million (2012: surplus of £1.8 million).

Life expectancy assumptions:

	2013 Years	2012 Years
Male aged 65	**23**	23
Female aged 65	**26**	26
Male from age 65 if aged 45 today	**25**	25
Female from age 65 if aged 45 today	**28**	28

The history of the Plan assets for the current and prior years is as follows:

	2013	2012	2011	2010	2009
Net pension (liability)/asset					
Fair value of Plan assets £m	**22.8**	20.3	18.4	17.3	14.0
Present value of the pension obligation £m	**(23.1)**	(19.9)	(18.7)	(17.5)	(13.4)
Net pension (liability)/asset £m	**(0.3)**	0.4	(0.3)	(0.2)	0.6
Difference between expected and actual return on the scheme assets:					
Amount £m	**1.8**	0.8	0.3	2.6	(3.0)
Percentage of scheme assets	**8%**	4%	2%	15%	(21%)
Experience gains/(losses) on scheme liabilities:					
Amount £m	**–**	0.8	–	–	(1.7)
Percentage of scheme liabilities	**–**	4%	–	–	(13%)
Total gains and losses:					
Amount £m	**(0.2)**	0.4	(0.2)	(1.0)	(1.8)
Percentage of scheme assets	**1%**	2%	(1%)	(6%)	(13%)

The Group expects to contribute £0.6 million to the Plan in the year ended 31 March 2014.

Responsibility statement

The Statement of Directors' responsibilities below has been prepared in connection with the Company's full Annual Report for the year ended 31 March 2013. Certain parts of the Annual Report have not been included in the announcement as set out in note 1 of the financial information. We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the management report, which is incorporated into the Report of directors, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board on 22 May 2013 and signed on its behalf by

Toby Courtauld	**Nick Sanderson**
Chief Executive	Finance Director

Glossary

Core West End
Areas of London with W1 and SW1 postcodes.

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

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

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

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

Fair value
The amount as estimated by the 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.

F&BS
Finance and Business Services sector.

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

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

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

Loan To Value (LTV)
Total bank loans, private placement notes and debenture stock, net of cash, (including our share of joint ventures balances) expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

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

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

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

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

Portfolio Internal Rate of Return (IRR)
The rate of return that if used as a discount rate and applied to the projected cash flows from the portfolio would result in a net present value of zero.

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

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

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 rents passing, together with the estimated rental value of vacant space.

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

Total Property Return (TPR)
Capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value.

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

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

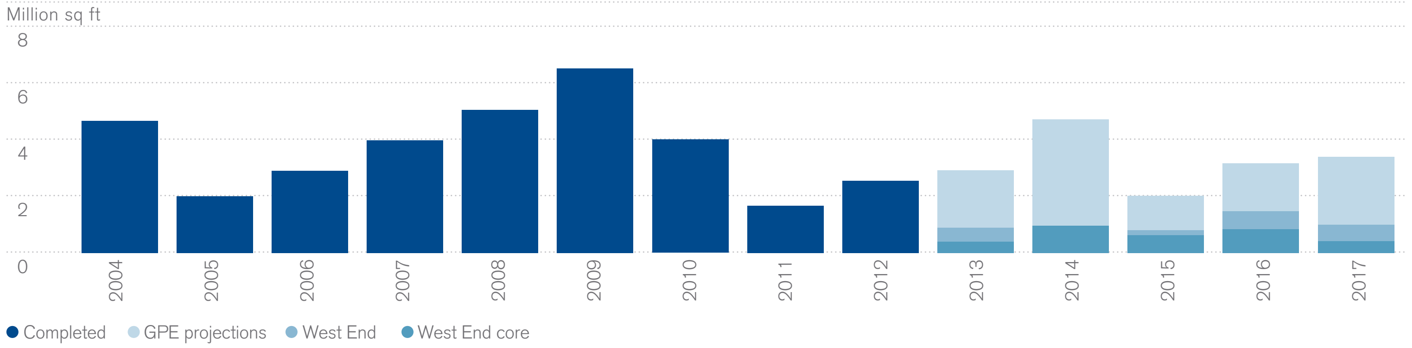
True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchaser's costs.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

Weighted Average Cost of Capital (WACC)
The weighted average pre-tax cost of the Group's debt and the notional cost of the Group's equity used as a benchmark to assess investment returns.

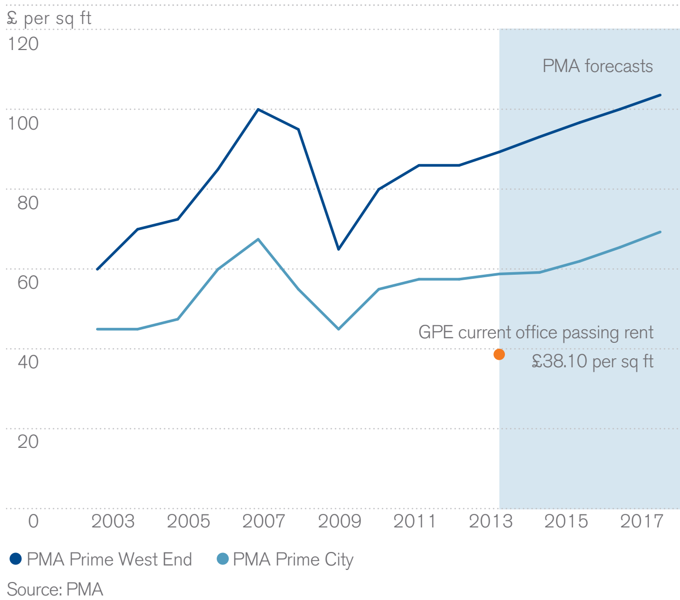
Weighted Average Unexpired Lease Term (WAULT)
The Weighted Average Unexpired Lease Term expressed in years.

Appendix 1

Central London office potential completions



Headline rents



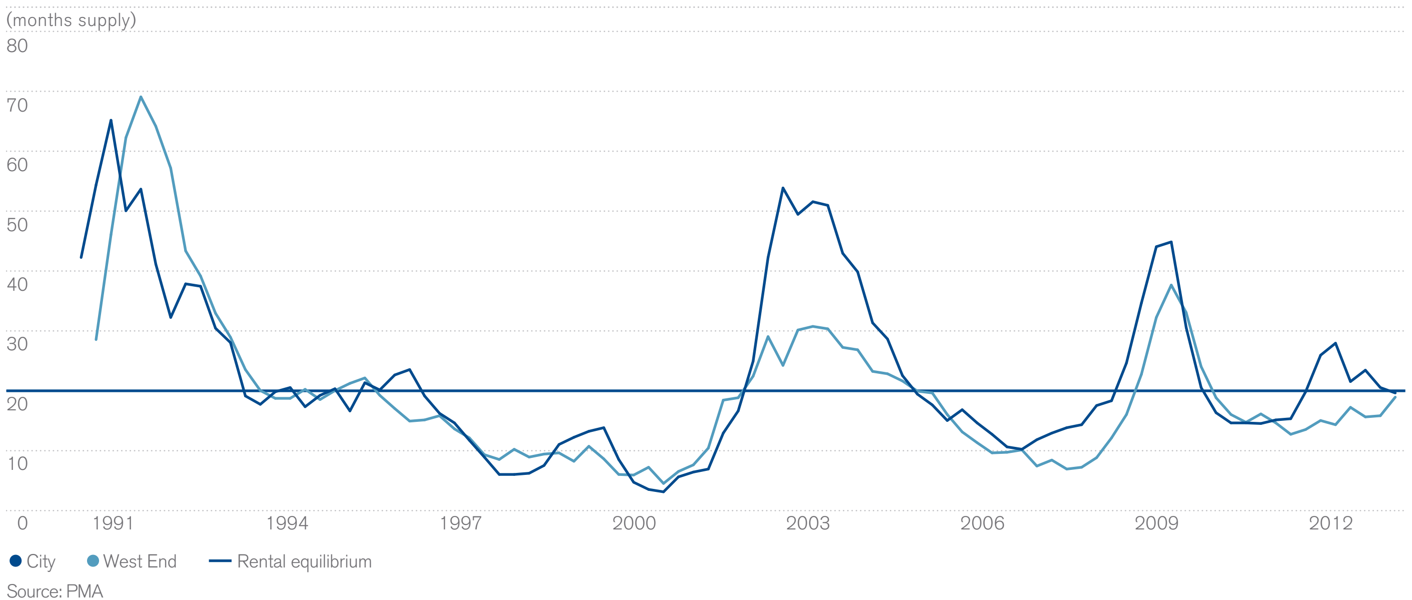
Source: PMA

London equity demand and asset supply

	Nov 2012	May 2013	% change
Equity demand	**£20.5bn**	**£22.5bn**	**+9.8%**
Asset supply			
City	£2.1bn	£1.8bn	–14.3%
West End	£2.6bn	£0.8bn	–69.2%
	£4.7bn	**£2.6bn**	**–44.7%**
Demand multiple	**4.4x**	**8.7x**	

Source: CBRE/GPE

London market balance



Source: PMA

Appendix 1

Lead indicators

Selected lead indicators	Trends in year
Property capital values	
Equity prices	↑
Bond prices	↑
Real yield spread (West End property)[1]	→
Volume of new property lending by major UK and European banks	→
Transaction volumes in central London direct real estate investment markets	↑
Direction of pricing on IPD based derivative contracts	↑
Rental values	
Forecast UK GDP growth	↑
Forecast London GVA growth	↑
West End retail sales	↓
Business confidence levels in the central London economy	↑
UK output from the financial and business services sector	↑
Employment levels in London's finance and business services sectors	↑
Central London office market balance[2]	→

1. West End property yields over ten year gilt yields adjusted for inflation.
2. Amount of space available to let given current rates of take-up expressed in terms of months.

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	826.1	57.6	883.7	37.9	7.9
	Retail	86.2	92.1	178.3	7.7	6.3
Rest of West End	Office	322.5	15.2	337.7	14.5	6.5
	Retail	109.0	21.4	130.4	5.6	13.3
Total West End		1,343.8	186.3	1,530.1	65.7	7.8
City, Midtown and Southwark	Office	172.4	122.2	294.6	12.7	2.1
	Retail	14.6	–	14.6	0.6	5.1
Total City, Midtown and Southwark		187.0	122.2	309.2	13.3	2.3
Investment property portfolio		1,530.8	308.5	1,839.3	79.0	6.9
Development property		46.9	146.1	193.0	8.3	20.1
Total properties held throughout the year		**1,577.7**	**454.6**	**2,032.3**	**87.3**	**8.0**
Acquisitions		281.4	15.0	296.4	12.7	5.4
Total property portfolio		**1,859.1**	**469.6**	**2,328.7**	**100.0**	**7.6**

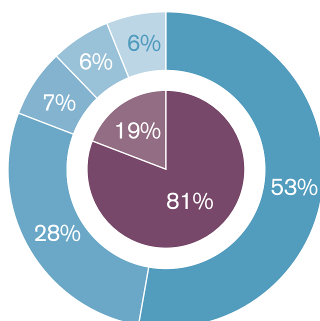
Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		1,099.4	123.8	1,223.2	998.0	225.2	1,223.2	1,528
Rest of West End		650.5	–	650.5	439.3	211.2	650.5	670
Total West End		**1,749.9**	**123.8**	**1,873.7**	**1,437.3**	**436.4**	**1,873.7**	**2,198**
City, Midtown and Southwark		385.8	69.2	455.0	439.7	15.3	455.0	1,366
Total		**2,135.7**	**193.0**	**2,328.7**	**1,877.0**	**451.7**	**2,328.7**	**3,564**
By use:	Office	1,706.0	171.0	1,877.0				
	Retail	429.7	22.0	451.7				
Total		**2,135.7**	**193.0**	**2,328.7**				
Net internal area sq ft 000's		3,015	549	3,564				

Our portfolio – 100% central London

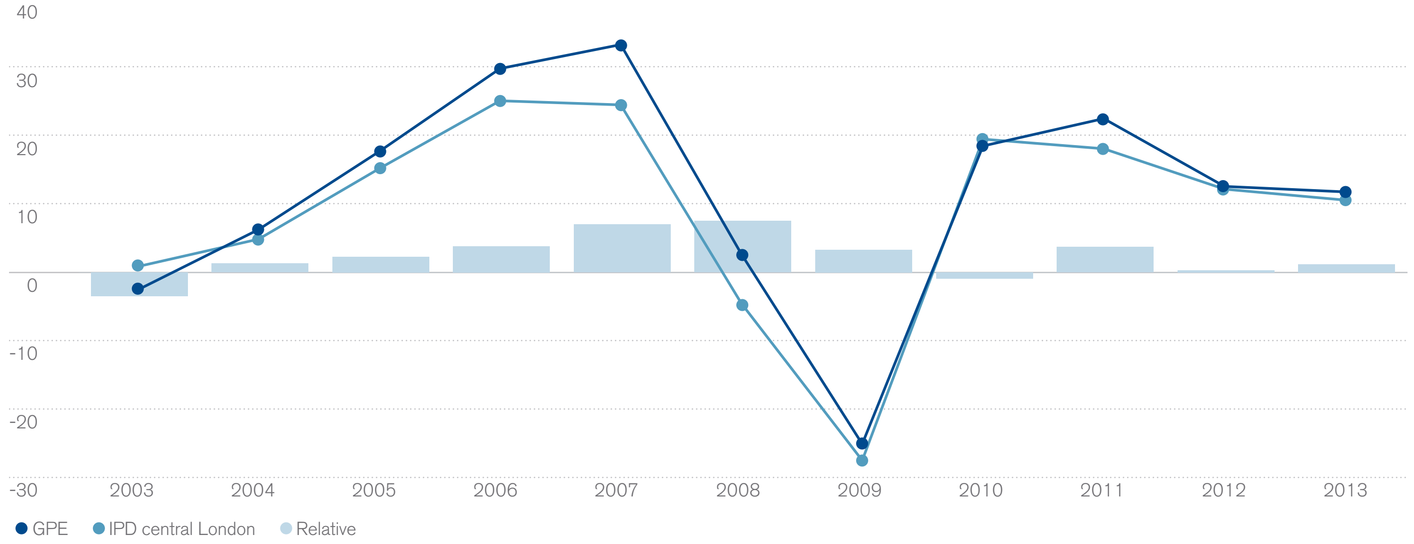
Locations
- North of Oxford Street £1,223.2m
- Rest of West End £650.5m
- Southwark £171.4m
- City £152.8m
- Midtown £130.8m

Business mix
- Office £1,877.0m
- Retail £451.7m



Appendix 2

Total property return (% p.a.)
relative to IPD central London benchmark



Appendix 3

Purchases for the year to 31 March 2013

Description	Price £m	Net initial yield	Net internal area sq ft	£ per sq ft
French Railways House and 50 Jermyn Street, SW1	39.0	5.1%	49,900	782
Jermyn Street Estate, SW1	120.0	3.7%	133,000	902
Minerva House, SE1	60.0	5.4%	103,700	579
Orchard Court, W1	37.0	4.6%	47,800	775
148 Old Street[1], EC1	15.0	6.9%	97,800	307
Total	**271.0**	**4.7%**	**432,200**	**662**

Note 1 Our share.

Sales for the year to 31 March 2013

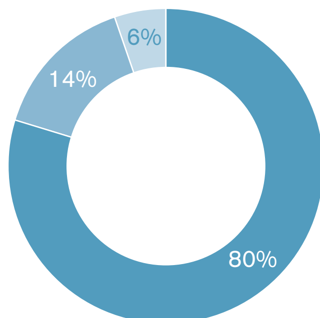
Description	Price £m	Net initial yield	£ per sq ft	Premium to book value
Buchanan House, WC2	20.5	2.1%	319	2.5%
Jermyn Street Estate[1], SW1	60.0	3.7%	902	3.9%
Regent Arcade House[1], W1	24.0	5.5%	741	6.5%
100 Regent Street[1], W1	32.3	3.7%	1,218	9.5%
100 Bishopsgate[2], EC2	47.4	0.4%	n/a	0.0%
Total	**184.2**	**2.8%**	**721**	**4.0%**

1. Our share.

2. 37.5% interest sold.

Wholly-owned and joint venture property values at 31 March 2013

- Wholly-owned £1,859.1m
- Access to new properties £319.6m
- Risk sharing £150.0m



Net investment in joint ventures as at 31 March 2013 £m

Access to new properties	
capco	48.2
LV=	63.0
SCOTTISH WIDOWS	89.6
STARWOOD CAPITAL GROUP	38.9
Risk sharing	
bp	108.6
Total	**348.3**

Appendix 3

Committed schemes and pipeline

Development	Anticipated finish	New building area[1]	Cost to come £m[2]	Current ERV £m[2]	Secured income £m[2]	Profit on cost
Committed						
95 Wigmore Street, W1	Jul 2013	112,300	3.1	3.9	3.3	52%
240 Blackfriars Road, SE1	Mar 2014	236,300	29.9	5.2	2.5	39%
Walmar House, 288/300 Regent Street, W1	Feb 2014	60,400	6.0	3.9	0.3	27%
City Tower, Basinghall Street, EC2	Aug 2013	140,200	5.5	3.0	0.8	28%
12/14 New Fetter Lane, EC4	Nov 2015	142,500	58.1	8.3	8.3	26%
Total of committed		**691,700**	**102.6**	**24.3**	**15.2**	**34%**
Near-term						
5 projects	2014–2017	630,900				
Pipeline						
15 projects		1,139,100				
Total programme						
25 projects, 55% of GPE's existing portfolio		**2,461,700**				

1. Areas in sq ft and at 100%.

2. For those held in JV, amounts shown at 50%.

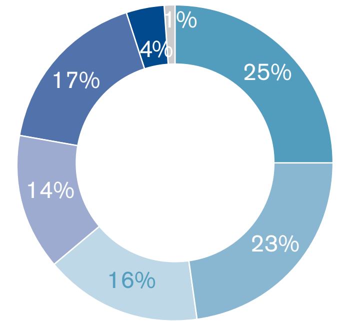
Appendix 3

Top ten tenants

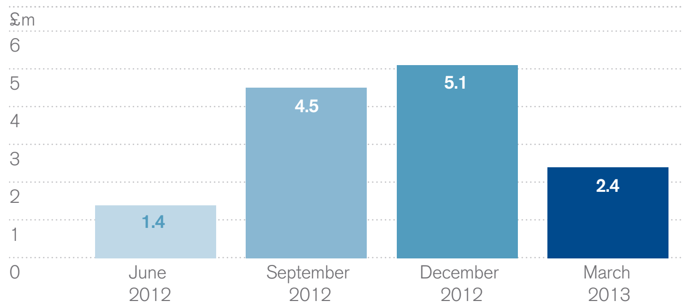
	Tenant	Rent roll (our share) £m	% of rent roll (our share)
1	Savills plc	7.0	7.4%
2	Double Negative	4.8	5.1%
3	The Engine Group	3.8	4.0%
4	Royal Mail Group	3.7	3.9%
5	Intesa Sanpaolo	2.9	3.1%
6	New Look	2.6	2.7%
7	Carlton Communications	2.0	2.2%
8	Ipsos Mori UK	2.0	2.2%
9	VNU Business Publications	1.8	1.9%
10	Standard Chartered Bank	1.7	1.7%
	Total	**32.3**	**34.2%**

GPE tenant mix

- Retailers & Leisure
- Technology, media and telecoms
- Banking & Finance
- Corporates
- Professional services
- Government
- Other

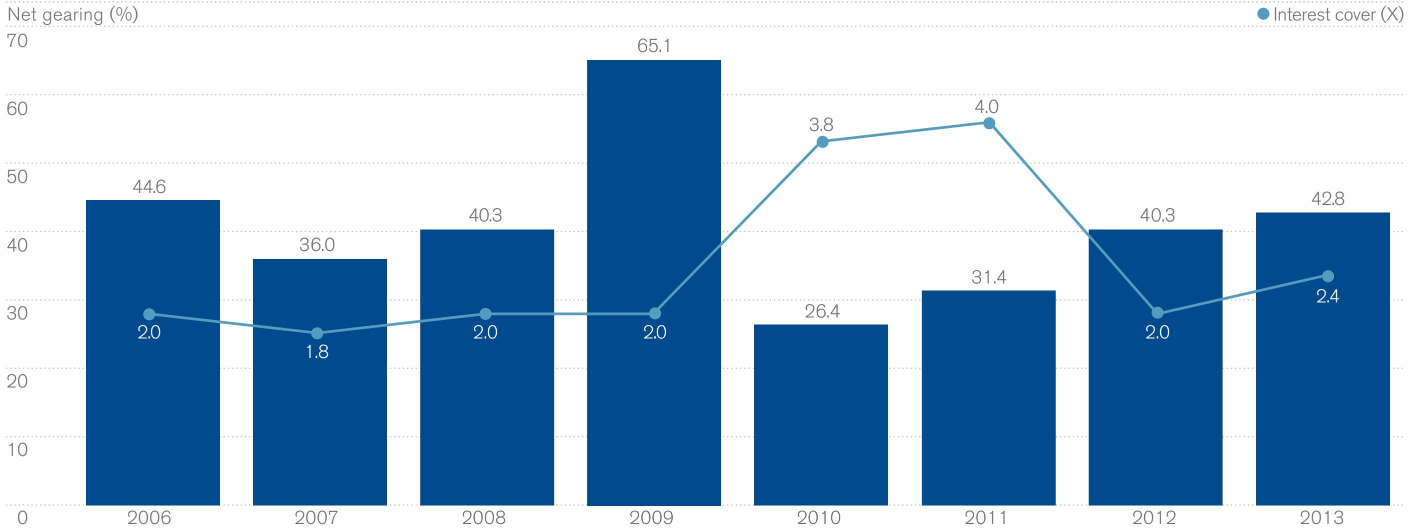


New lettings and renewals by quarter

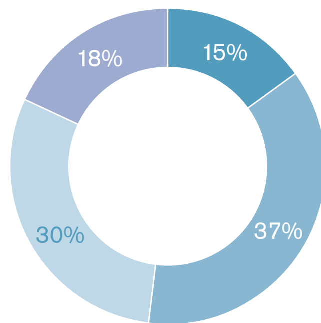


Appendix 3

Net gearing and interest cover

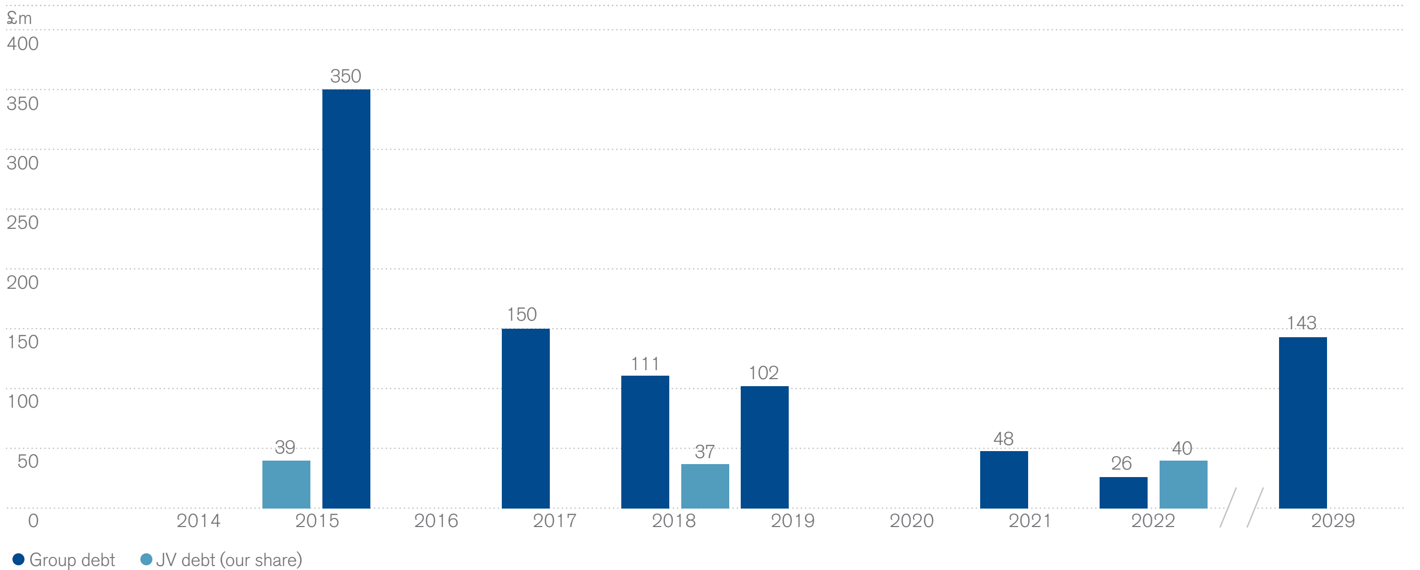


Diversified sources of debt funding[1]



1. Based on drawn position at 31 March 2013.

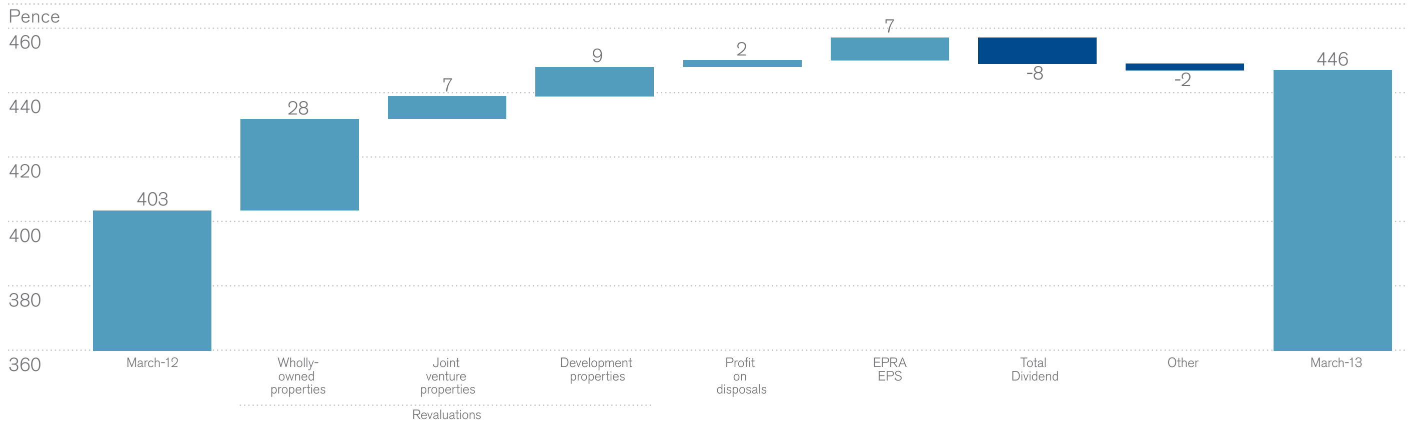
Debt maturity profile[1]



1. Based on committed facilities at 31 March 2013.

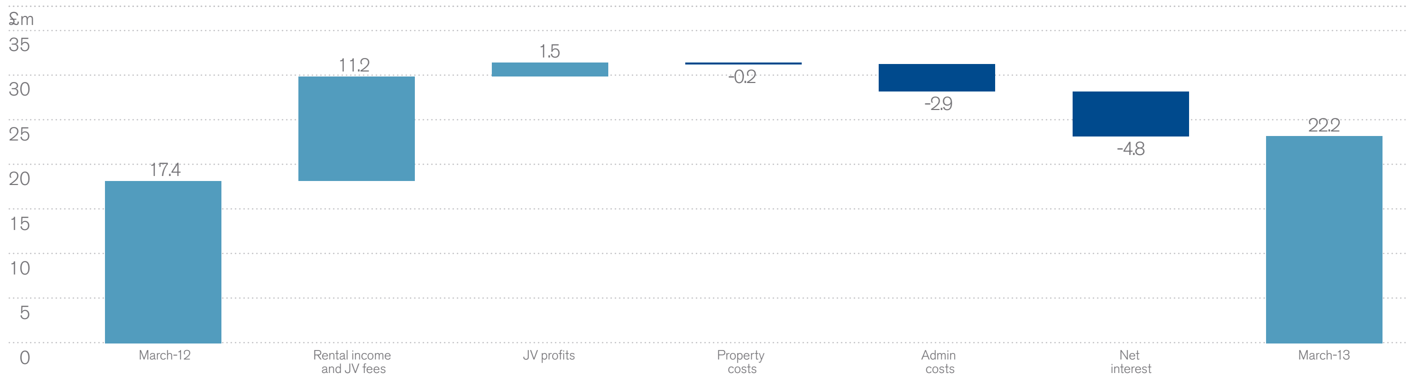
Appendix 4

EPRA net assets per share[1]



1. Adjusted per EPRA guidance.

EPRA profit before tax[1]



1. Adjusted per EPRA guidance.

Debt analysis

	March 2013	March 2012
Net debt excluding JVs (£m)	**658.9**	499.1
Net gearing	**42.8%**	40.3%
Total net debt including 50% JV non-recourse debt (£m)	**761.1**	686.9
Loan-to-property value	**32.7%**	34.2%
Total net gearing	**49.5%**	55.5%
Interest cover	**2.4x**	2.0x
Weighted average interest rate	**3.7%**	4.1%
Weighted average cost of debt	**4.3%**	4.5%
% of debt fixed/hedged	**71%**	69%
Cash and undrawn facilities (£m)	**282**	329

Appendix 5

Rental income

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	36.3	2.7	39.0	2.7	0.1	2.8	41.8
		Retail	5.0	0.3	5.3	5.1	0.7	5.8	11.1
	Rest of West End	Office	14.0	3.5	17.5	0.5	0.5	1.0	18.5
		Retail	7.4	1.8	9.2	1.2	0.4	1.6	10.8
	Total West End		**62.7**	**8.3**	**71.0**	**9.5**	**1.7**	**11.2**	**82.2**
	City, Midtown and Southwark	Office	12.0	0.5	12.5	9.7	1.3	11.0	23.5
		Retail	0.8	(0.1)	0.7	–	–	–	0.7
	Total City, Midtown and Southwark		**12.8**	**0.4**	**13.2**	**9.7**	**1.3**	**11.0**	**24.2**
Total let portfolio			**75.5**	**8.7**	**84.2**	**19.2**	**3.0**	**22.2**	**106.4**
Voids					2.1			0.8	2.9
Premises under refurbishment					9.7			10.3	20.0
Total let portfolio					**96.0**			**33.3**	**129.3**

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	55.5	9.9	0.3	71.2	11.4	12.1
		Retail	48.9	5.6	–	86.9	8.8	–
	Rest of West End	Office	6.1	2.3	8.1	50.4	6.0	9.5
		Retail	35.1	4.9	0.5	100.0	14.0	–
	Total West End		**41.4**	**7.4**	**2.6**	**82.7**	**9.9**	**5.0**
	City, Midtown and Southwark	Office	78.0	7.9	–	40.2	5.2	0.4
		Retail	98.1	10.5	–	–	–	–
	Total City, Midtown and Southwark		**79.3**	**8.0**	**0.1**	**40.2**	**5.2**	**0.4**
Total let portfolio			**48.0**	**7.5**	**2.2**	**61.0**	**7.1**	**2.4**

Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	41	45	46	49	2.6	5.0	3.5	4.6
		Retail	31	37	102	105	4.4	5.0	5.2	5.0
	Rest of West End	Office	39	52	14	29	2.4	4.9	2.1	5.1
		Retail	57	70	46	61	2.3	4.4	4.0	4.9
	Total West End		**41**	**47**	**57**	**60**	**2.6**	**4.9**	**4.5**	**4.9**
	City, Midtown and Southwark	Office	35	37	33	40	4.6	5.8	6.0	6.7
		Retail	55	48	–	45	5.5	5.3	–	–
	Total City, Midtown and Southwark		**36**	**36**	**40**	**44**	**4.7**	**5.8**	**6.0**	**6.7**
Total let portfolio			**40**	**45**	**47**	**50**	**2.9**	**5.0**	**5.2**	**5.8**

Appendix 6

Risk and impact	Mitigation	Change from last year	Commentary
Market risk			
Central London real estate market underperforms other UK property sectors leading to poor relative financial results	Research into the economy and the investment and occupational markets is evaluated as part of the Group's annual strategy process covering the key areas of investment, development and asset management and updated regularly throughout the year.	➔	The central London real estate market has considerably outperformed the wider UK market during the year ended 31 March 2013, demonstrated by IPD's central London TPR exceeding IPD's universe by 7.3 percentage points and the outlook continues to be favourable.
Economic recovery falters resulting in worse than expected performance of the business given decline in economic output	Regular economic updates are received and scenario planning is undertaken for different economic cycles. 63% of income from committed developments already secured.	➔	The global market backdrop over the past 12 months has continued to be dominated by the Eurozone debt crisis and the prospects for near-term UK economic growth. Whilst challenges in the Eurozone remain, the possibility of a Eurozone breakup has somewhat receded as central bank policy stimulus and co-ordination have provided support to capital markets.
Investment management			
Not sufficiently capitalising on market investment opportunities through difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and mis-timed recycling of capital	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans with Joint Venture partners.	➔	The Group has continued to invest and recycle capital against a backdrop of moderate capital value growth in central London and a surfeit of buyers to sellers in the investment market. During the year acquisitions totalling £271.0 million with low average capital value of £662 per sq ft were made together with disposals of £184.2 million at premium to book value of 4.0%.
Inappropriate asset concentration, mix and lot size reduces liquidity and relative property performance	Regular review of portfolio mix and asset concentration. Where appropriate, consideration given to undertaking acquisitions and/or development projects in joint venture or forward funding.	➔	The Group continues to monitor its portfolio mix and asset concentration risk. Our largest asset is only 7.8% of the total portfolio and 20.2% of the portfolio is held in joint ventures.
Asset management			
Failure to maximise income from investment properties through poor management of voids, mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments and liaise regularly with external advisers to ensure correct pricing of lease transactions. The Group has a diverse tenant base with its ten largest tenants representing only 34.2% of rent roll. Tenant's covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions.	➔	The Group continues to maintain a low void rate which was 2.3% at 31 March 2013. Tenant delinquencies were 0.1% of the rent roll for the year to 31 March 2013. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth.

Appendix 6

Risk and impact	Mitigation	Change from last year	Commentary
Development management			
Poor development returns relating to: — incorrect reading of the property cycle; — inappropriate location; — failure to gain viable planning consents; — level of speculative development; — contractor availability and insolvency risk; — a building being inappropriate to tenant demand; — quality and benchmarks of the completed buildings; — construction and procurement delays; — ineffective marketing to prospective tenants; and — poor development management.	See market risk above. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. 63% of income from committed developments already secured. Due diligence is undertaken of the financial stability of demolition and main contractors prior to awarding of contracts. Working with agents, potential occupiers' needs and aspirations are identified during the planning application and design stages. All our major developments are subject to BREEAM ratings with a target to achieve a rating of 'Very Good' on major refurbishments and 'Excellent' on new build properties. Pro-active liaison with existing tenants before and during the development process. Selection of contractors and suppliers based on track record of delivery and credit worthiness. In-house Leasing team liaise with external advisors on a regular basis and marketing timetables designed in accordance with leasing objectives. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Regular review of the prospective performance of individual assets and their business plans with Joint Venture partners. Post completion reviews undertaken on all developments to identify best practice and areas for improvement.	→	The Group's development programme of high quality core central London projects continues to attract quality tenants with £14.0 million of pre-lets secured since 1 April 2012.
Level of development undertaken as a percentage of the portfolio leads to underperformance against KPIs	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed when pre-lets obtained and/or market supply considered to be sufficiently constrained.	→	With forecasted supply of central London office space expected to be scarce in the near to medium-term, the Group has continued its near-term development programme to capitalise on the expected resulting rental growth.
Financial risks			
Limited availability of further capital constrains the growth of the business	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long-term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.	→	Since 31 March 2012, the Group has continued to diversify and enhance the maturity ladder of its debt financing. In November 2012, the Company raised £138 million through a share placing to finance acquisitions of properties with asset management angles to exploit. Cash and undrawn credit facilities are £282 million.

Appendix 6

Risk and impact	Mitigation	Change from last year	Commentary
Financial risks continued			
Adverse market movements negatively impact on debt covenants through increased interest rates or a fall in capital values	Regular review of current and forecast debt levels and financing ratios. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 31 March 2013. We estimate that values could fall by 38% from their 31 March 2013 levels before group debt covenants could be endangered.	→	The slow forecast recovery of the UK economy is expected to result in a continued low interest rate environment in the near term. Central London property values are expected to benefit from rental value growth and continued strong investment demand.
Inappropriate capital structure results in sub-optimal NAV per share growth	Regular review of current and forecast debt and gearing levels and financing ratios.	→	The Group's existing capital structure is well placed to take advantage of opportunities as they arise and to deliver our near-term development programme.
People			
Correct level, mix and retention of people to execute our Business Plan. Strategic priorities not achieved because of inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements and succession planning. The Company has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and identification of training needs.	→	New Head of Development role created in March 2013. Other senior managers remain unchanged.
Regulatory			
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base, reduces flexibility and may influence potential investor and occupier interest in buildings.	Senior Group representatives spend considerable time using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies. Environmental Policy Committee meets at least quarterly to consider strategy in respect of environmental legislation.	→	During 2013 new Building Regulations will come into effect requiring further reductions on carbon emissions whilst the risk to the Group from increasing regulation having unforeseen consequences and the impact of certain EU directives including the AIFM directive continues to be uncertain.
Health and Safety incidents Loss of or injury to employees, contractors or tenants and resultant reputational damage	The Group has dedicated Health and Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health and Safety areas including employee, contractor and tenant safety. On developments, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors which includes a health and safety assessment. Contractors' responses to accidents and near misses are actively monitored and followed up by our Project Managers and Head of Sustainability.	→	The Group had two reportable accidents during the year each resulting in a contractor requiring three days off work. There were no other incidents across the Group's investment or development portfolio.