Press Release

19 May 2009

Preliminary announcement of results

The Directors of Great Portland Estates plc announce the results for the Group for the year ended 31 March 2009.

Highlights:

- Adjusted net assets per share[1] down 43.5% to 329p
- Total property return of (25.1)% outperforming the IPD central London benchmark by 3.3 percentage points
- Portfolio value[2] of £1,129.1 million, down 28.0% or £439.1 million on a like-for-like basis

- Adjusted profit before tax[1] down 8.0% to £21.9 million
- After revaluation deficit, reported loss before tax of £436.2 million (2008: loss £3.0 million)
- Adjusted earnings per share[1] down 3.2% to 12.2p, basic loss per share 241.1p (2008: loss 2.2p)
- Total dividend per share up 0.8% to 12.0p

- New leases, rent reviews and renewals securing £13.6 million of income covering 473,000 sq ft
- Property sales[2] during the year totalling £103 million helping to reduce net debt to £371 million
- Minimal speculative development exposure, remaining costs to complete one scheme of £1.3 million
- Medium-term development pipeline of 17 projects with a potential total area of 2.4 million sq ft[3]
- Debt ratios comfortable (gearing of 65%, LTV of 45%). No maturities of drawn debt until 2012
- Rights issue announced to raise £166 million (net of expenses) to take advantage of compelling investment opportunities – see separate announcement
- Significant further liquidity including around £330 million of cash and committed undrawn facilities[2] to bring available resources for new investment to approx £530 million

[1] EPRA adjustments – see note 7
[2] Includes share of joint ventures
[3] Includes joint ventures

Toby Courtauld, Chief Executive, said:

"We believe that UK economic conditions are unlikely to return to growth before the second half of 2010. Rising unemployment and business contraction will put downward pressure on rental values during this period, although the rate of decline will differ across central London sub-sectors. However, we expect London's commercial property values to recover earlier than its occupational markets as investors pre-empt the return to rental growth. We anticipate that valuation falls over the next six months are likely, albeit at a lower run rate than that seen recently.

Since the peak of the property market in the summer of 2007, the current economic downturn has produced one of the most severe asset value corrections ever recorded. The Rights Issue announced today substantially increases the resources we will have available to take advantage of attractive investment opportunities which are emerging as a result.

For this year, our operational priorities remain cash generation, tenant retention and targeted investment in fundamentally cheap assets in our core central London markets. We expect that a combination of our intense focus on local markets, the central West End location of many of our buildings and the value for money offered by our properties will support rental income levels. We remain confident that our disciplined approach and flexible capital structure will underpin the long-term prospects of the Group."

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The results presentation will be broadcast live at 9.30am today on http://www.gpe.co.uk/investors/presentations

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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-thinking 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 presentation 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

The extreme challenges of the financial and property markets have been well documented and our business has had to respond to dramatic valuation declines particularly since September 2008. In anticipation of the downturn we have been net sellers and have limited our exposure to development risk. We have continued with our conservative approach to financing and have generated cash flow through a pragmatic approach to lettings and proactive credit control. We remain focused on delivering our business plans: our teams have successfully concluded developments at our Wells & More and Foley Street schemes, achieving notable successes in leasing the majority of the space quickly after practical completion; the asset management team has maintained a satisfactorily high run rate of lettings, renewals and rent reviews over the year; and our investment management attention has been focused on executing opportune disposals whilst keeping a watchful eye on new investment opportunities. The case studies in the following pages illustrate many examples of our achievements during the year.

The Company has again delivered a positive relative performance – total shareholder return was 8.7 percentage points higher than that of the FTSE 350 Real Estate index. The portfolio total property return over the year outstripped the central London IPD index by 3.3 percentage points. It is a testament to our talented people that in April 2009 we received IPD's award for the highest three year annualised relative return to December 2008 in respect of specialist funds above £350 million.

The Company's results for the last 12 months reflect the impact of the continued economic turmoil. Asset values fell as a result of yields moving out due to the lack of available finance and, in more recent months, declining rents. The property portfolio value declined by 28.0% during the year resulting in the adjusted net assets per share standing at 329 pence at 31 March 2009, some 43.5% lower than 31 March 2008. Adjusted earnings per share for the year were 12.2 pence, a slight decline of 3.2% compared to the prior year. Importantly, the Company's debt position remains comfortable and at the year end our balance sheet gearing was 65.2%, well within our covenant levels. These ratios have been held at low levels relative to our peers, largely as a result of several major property disposals realising around £103 million in proceeds (including our share in joint ventures) and the timely completion of the bulk of our development programme ahead of the worst of the downturn. We have announced a proposed final dividend of 8.0 pence per share, making the total for the year 12.0 pence per share, a 1% increase on last year.

On a personal note I would like to pay tribute to Richard Peskin, who was a Director of the Company for over 40 years, including 23 years as Chairman, and who retired in March. We will miss him greatly and appreciate the enormous contribution he made to Great Portland Estates. Also, after six years as a Non-Executive Director, including five years as Senior Independent Director, Kathleen O'Donovan will be retiring at the Annual General Meeting and I would like to thank her for her wise counsel and significant contribution to the activities of the Board over the years. Charles Irby will take her place as Senior Independent Director.

Looking forward, we anticipate conditions will remain difficult for the rest of 2009 and into 2010. We are in good shape to deal with these circumstances and are already starting to see attractive investment prospects as a result of the current environment which could provide the basis for long term growth. On 19 May 2009, we announced a right issue to raise £166 million (net of expenses) and, with our focused strategy, conservatively financed balance sheet and track record for sector outperformance, we believe we are well placed to use the proceeds, together with existing financial resources, to take advantage of such opportunities.

Our market

Our market is accompanied by graphics (see Appendix 1)

Economic backdrop
Over the last 12 months we have witnessed some extraordinary events unfold across the world's main economies. In the second half of 2008 we saw severe dislocation in financial markets and a rapid erosion of business confidence. The failure of numerous financial institutions across the globe initiated the widespread downward correction in asset prices with equities, bonds and real estate all suffering dramatic reductions in values in the first nine months of the financial year. With the capital value of our IPD benchmark down over 42% since June 2007, it is likely that this recession will be at least as bad for property values as any since the Second World War.

What started in the financial services sector has since spread to the broader economy with job losses gathering momentum. Because employment levels and business expansion plans are key drivers of rental values, it is no surprise that substantial declines have been recorded throughout the UK property industry since spring 2008. With the UK economy expected to contract by over 3% in 2009 and by a significant amount in 2010, we can expect further downward pressure on rental values.

London's economy and property markets
London's position as a global financial centre has meant that its economy has suffered the full force of the financial and wider business crisis. The major banking, insurance and professional service firms that drove employment during the middle of this decade have retrenched rapidly. Although difficult to calculate accurately, it is estimated that over 120,000 jobs have been lost in the F & BS sector since 2007 and by 2011 the total number of positions eliminated will exceed that seen in any downturn since the 1970s. These factors will serve to impact occupational markets as described in more detail below.

Despite this negative near-term outlook, London remains a major business force amongst the world's capital cities and offers significant attractions to both businesses and tourists alike with its heritage, scale, infrastructure, language, legal system, abundance of highly skilled workers and geographical location. In the medium term, all of these factors will aid the recovery in our real estate markets.

Occupational markets

West End
Despite a limited supply of new landlord controlled space coming on stream in the West End, the level of occupational demand has been more relevant in determining the direction of rents. In the year to 31 March 2009, take-up of new office space was 3.7 million sq ft, 31% down on last year. Tenant controlled, or sub-let office space has also been released onto the market in greater volumes than during 2008. As a result, West End office vacancy rates have risen from 4.5% in March 2008 to 9.2% at the year end (with the core of the West End faring better than fringe areas) and prime headline rental values have fallen by 32% over the year. In the more value orientated segment, as illustrated by IPD average rents, declines have been less marked and are down 20% over the same period. Looking forward, whilst new development starts are rare, subdued occupational demand suggests depressed take-up for 2009 and 2010 and further falls in rental values, particularly in the higher value rental bands. Our own West End office portfolio is let at an average rent of only £40 per sq ft, despite its concentration in some of the most valuable parts of central London.

The West End retail market (comprising 29.9% of our West End portfolio by rent roll) has been less affected by the downturn than the rest of the UK retail market as retail sales in central London have outperformed other areas. In the three months to 31 March 2009, retail sales in London were up 5.8% compared to the same period last year versus a 0.7% contraction for the UK as a whole. This comparative resilience is partially explained by the popularity of London with foreign tourists who are currently benefiting from favourable exchange rates.

City and Southwark
In the City, materially lower letting activity and the increased supply of new office space have pushed vacancy levels up to 11% at 31 March 2009 (2008: 7.9%) and headline prime rents down by 22% since the start of the financial year, or 33% after adjusting for increased tenant incentives. Although the once large development pipeline has been scaled back due to the deferral or cancellation of a number of proposed schemes, with 3.9 million sq ft currently under construction and continuing weakness in occupational

demand, the market balance in the City is likely to worsen further during 2009 and 2010. In Southwark, although there is a low level of supply and a more diverse customer mix than the City, take-up levels this year have been affected by difficulties in neighbouring financial districts and rental values have also fallen.

Investment markets
Poor sentiment as a result of global economic conditions, weak occupational markets and severely constrained credit markets have all contributed to the radical reduction in property investment market turnover which is down 66% year on year. Property investors have reacted to deteriorating confidence and weakening rental income prospects pushing our benchmark of IPD central London total returns down 27.5% in the year to 31 March 2009. CB Richard Ellis's prime West End benchmark yield has increased by 50 basis points during the year and stood at 5.5% by the end of March. The main driver of valuation movements switched from yield expansion to rental value contraction in the final quarter of the financial year as investors showed signs of being attracted to elevated income yields on selected, well let assets.

Lead indicators
Property markets are cyclical and although we are in a downward phase at present, there will be stabilisation and growth in due course. To help identify the turning points of a cycle, we monitor numerous indicators and trends. Some of the key measures for the Group are as follows:

Property capital values

- equity and bond prices;
- changes in new lending by major UK and European banks;
- transaction volumes in central London direct real estate investment markets; and
- direction of pricing on IPD based derivative contracts.

Rental values

- UK GDP growth or decline;
- retail sales;
- business confidence levels in the central London economy;
- output from the financial and business service sector; and
- finance and business service employment statistics.

In the first quarter of 2009 equity and bond prices have recovered from the dramatic falls experienced in 2008. Sentiment in the credit and direct investment markets has improved recently but remains fragile, particularly for lot sizes of over £50 million. We expect that the trough of the property capital value cycle will arrive before rental values begin to improve, and several commentators believe that capital values will stabilise during the second half of 2009 or early 2010.

Following this extraordinary period of falling asset prices, adjusted for inflation, central London property is now valued at broadly similar levels to that of the last major downturn in the early 1990s.

Our business

Our business is accompanied by graphics (see Appendix 2)

Investment management
We are continually evaluating the prospective return we can expect to generate from our portfolio and comparing it to what is available in the market. We look for buildings with opportunities for value creation through refurbishment, redevelopment and other methods designed to improve their attractiveness to occupiers. Whilst we did not forecast the severity of this downturn, we did take pre-emptive action. For the last 18 months, we have been net sellers of properties with £194.3 million released through disposals in the year to 31 March 2009 (at an 8.0% discount to the 31 March 2008 value). A combination of the speed of the downward trend in asset values and the increasing evidence of financial distress amongst some of the more aggressively leveraged property owners means that we are already seeing attractive investment opportunities as this year progresses and we expect this trend to continue.

In June, we announced that The Great Victoria Partnership (No 2) ("GVP2"), had sold 208/222 Regent Street, W1 to a private purchaser for £96.6 million (our share £48.3 million). The proceeds were used to repay GVP2's non-recourse loan of £35.4 million before distributing the balance to the Group and our partner. The building was purchased in April 2005 for £53.7 million, the headlease regeared with the Crown Estate, the space reconfigured (for a combined cost of £12.6 million) and the units let at the new benchmark rents.

In September, The Great Wigmore Partnership sold 180 Great Portland Street, W1 for £79.3 million (our share £39.6 million). The 104,000 sq ft retail and office building was substantially rebuilt in 2006 and let during the course of 2007 at an average office rent of £60.15 per sq ft, the culmination of a successful development.

In March 2009, the Great Capital Partnership ("GCP") sold Metropolitan Wharf, E1 to a private buyer for £7.0 million (our share £3.5 million) allowing us to reduce debt and focus our energies on more attractive properties in our core markets. At 79/83 Great Portland Street, W1 we sold 15 flats for £9.8 million following the completion of this residential project necessary to meet planning obligations for larger office schemes, crystallising a project surplus of 18.9%. October 2008 saw the only property acquisition made during the year at 13/14 Great Castle Street, W1 which was bought for £4.2 million in GCP (our share £2.1 million) to augment our potential refurbishment scheme at Walmar House, Regent Street, W1.

Since the year end GCP has agreed to sell 29/35 Great Portland Street, W1 for £7.0 million (our share £3.5 million) in line with the 31 March 2009 valuation and we have agreed to sell Bond Street House, 15/16 New Bond Street, W1 for a total consideration of up to £45.0 million, approximately 4% ahead of the 31 March 2009 book value.

Our four joint venture partners have been supportive of our business plans and have approved a wide variety of initiatives including refurbishments, acquisitions, sales and planning applications. Looking forward, the BP Pension Fund has allocated up to £107 million of additional equity capital to our existing 50:50 joint venture, the Great Ropemaker Partnership, for new investment opportunities. The Company anticipates matching this new capital.

Asset management

With the backdrop of a worsening occupational market, our asset management team has delivered an impressive letting performance across the portfolio. As in previous economic downturns, the focus has been on tenant retention, income protection and maximising occupancy, and our activity levels have been high:

- 89 new leases completed (2008: 85 leases) generating annual rent of £11.7 million (our share £9.9 million; 2008: £19.8 million) or 14.1% of rent roll;
- a further 32 lettings are currently under offer accounting for £2.3 million p.a. in rent (our share £1.6 million);
- rent reviews of £4.9 million (our share £3.6 million; 2008: £3.6 million) were settled during the year, some 3.0% ahead of ERV at rent review date; and
- total space covered by new lettings, reviews and renewals was 473,500 sq ft (2008: 684,500 sq ft).

The rate of leasing which was subdued in the first half has picked up significantly in the fourth quarter of our financial year. Even in today's difficult commercial environment, tenants are frequently attracted to the right mix of location, building quality and competitive pricing. The Group (including our share of JVs) took lease surrenders worth £0.7 million per annum over 28,300 sq ft during the year (2008: 294,000 sq ft). In many cases these transactions enabled rental levels to be enhanced from the previous passing rent or provided for the alignment of an occupational lease to allow a future refurbishment scheme to be implemented. The portfolio void rate at year end of 7.8% (2008: 3.2%) has increased partly due to lease expiries at Wigmore Street, W1 and Buchanan House, 24/31 Holborn, EC1 where we have deferred redevelopment and have been seeking short-term lettings to maintain flexibility. Excluding these properties where the strategy has recently changed to reflect market conditions, the void rate would be 5.9%. Letting activity since the year end has reduced the void rate to 7.3%.

Development
The significant development programme we initiated in 2003 was largely concluded during the year. Overall, we spent £144 million on construction costs and associated fees across 12 projects. The last of these projects started in early 2007 and, today, we have only £1.3 million of committed capital expenditure still to spend.

The balance of our development attention shifted during the year to preparing for our next programme, looking through the current downturn towards opportunities for further growth. Our development pipeline today encompasses 17 projects with a potential total area of 2.4 million sq ft, representing a 72% increase over these assets' existing area, and covers some 50% of the Group's portfolio. In each case, project start dates are flexible with healthy income being received prior to construction commencement.

During the year, the key operational priorities of the development team were:

- the completion of the three remaining projects;
- leasing of the remainder of the completed space;
- securing planning consents; and
- design and feasibility studies for future projects.

Leasing
In August, we completed our 20,000 sq ft office refurbishment at Foley Street, W1 and by September had leased over half the building on ten year leases at £56.50 per sq ft, in line with our targets. We have a good level of interest in the remainder of the space.

Our 112,800 sq ft Wells & More, W1 scheme reached practical completion in January 2009 and in the same month 60,900 sq ft of the office space was let to the fashion retailer, New Look.

We have encouraging levels of interest in the remaining 32,000 sq ft of offices being the best space on the fourth and fifth floors and 14,000 sq ft of retail space.

At our Blackfriars Road, SE1 site we have completed demolition and have deferred committing to construction until a significant pre-let is secured.

Construction
Construction at our only onsite scheme in Bermondsey Street, SE1 (47,000 sq ft) is proceeding well and will finish in June 2009.

We achieved practical completion at 160 Tooley Street, SE1 in June 2008 generating the final portion of development management revenues. Overall this scheme, which we sold prior to completion, delivered a return on capital of 129% and total development management profits of £14.1 million (of which £4.0 million was recorded in this financial year).

Planning consents
We gained a resolution to grant planning permission from the City Corporation for our 74,000 sq ft refurbishment proposals at Buchanan House, EC1 in July 2008 and our 140,000 sq ft development at Fetter Lane, EC4 in January 2009. We submitted a planning application for our 82,000 sq ft development project at Broadway, SW1 in May 2008 and received a resolution to grant in March 2009.

Design and feasibility studies
At the Hanover Square Estate, W1 negotiations are continuing with Westminster City Council and Crossrail to support a comprehensive mixed use redevelopment above the proposed Bond Street East Crossrail station. The Crossrail transport legislation gained Royal Assent in July and is progressing through various funding and implementation phases. In addition, we are progressing design and evaluation studies for possible schemes at various prime locations including Park Crescent/Portland Place, Oxford Street, Regent Street and Great Portland Street, all in W1, and at Jermyn Street, SW1.

Valuation

Valuation is accompanied by graphics (see Appendix 3)

The valuation of the Group's properties as at 31 March 2009, including our share of gross assets in joint venture, was £1,129.1 million, down 28.0% or £439.1 million on a like-for-like basis net of capital expenditure since 31 March 2008. The valuation of the portfolio at year end was lower by £110 million due to the disposals of 208/222 Regent Street, W1, 180 Great Portland Street, W1, Metropolitan Wharf, E1 and the sale of 15 flats at 79/83 Great Portland Street, W1.

Wholly-owned properties were valued at £794.7 million and the Group had four 50:50 joint ventures which owned properties valued in aggregate at £668.8 million at 31 March 2009.

The second half's overall like-for-like valuation decline of 20.5% was greater than that experienced in the first half of 9.5% due to the worsening of market conditions since September 2008. The portfolio valuation, provided by our external valuer CB Richard Ellis, is likely to come under further downward pressure during the year to March 2010 until there are signs of recovery in the debt and wider capital markets and property investor sentiment improves.

The key influences on the Group's valuation movement for the year were:

- **Rental value changes** The major factor in valuation reduction since the half year has been a fall in rental values of 16.7%. For the year as a whole, office rental values have declined by 23.3% and retail rental values a more modest 1%. The heaviest falls in rental values in the office portfolio have been in the Rest of West End segment, down 27.8%, compared to the least impacted sub sector of the City and Southwark which was down 16.0%, in part reflecting the low average rental values of these properties at £27.30 per sq ft;

- **Adverse yield shift** Equivalent yields expanded by 114 basis points over the year (2008: 68 basis points increase) from 5.6% to 6.7% on a like-for-like basis. The IPD central London equivalent yield increased by 160 basis points during the year, which was in excess of the yield shift of the Group's properties;

- **Active asset management** During the year, 108 new leases, rent reviews and renewals were completed securing £13.5 million of annual income, partly mitigating outward market yield shift; and

- **Development properties** The development properties fell in value by 28.9% over the year, slightly more than the rest of the portfolio. The Group's building at Wells & More, Mortimer Street, W1 suffered marginally less due to strong leasing following its practical completion in January 2009.

The initial yield of the investment portfolio including rent from leases currently in rent free periods of 6.1% was 170 basis points higher than the start of the year at 4.4%. The office portfolio adjusted initial yield was 6.5% at 31 March 2009 compared to the retail portfolio of 4.9% at the same date. The near-term reversionary yield of the portfolio, including committed developments, at 31 March 2009 was 7.0% up from 6.1% at 31 March 2008.

Our North of Oxford Street portfolio produced the least negative performance over the year, decreasing by 25.2% on a like-for-like basis. City and Southwark was the worst performer (down 34.8%) as significant yield expansion and rental value falls were factored into the valuation. The joint venture properties fell in value by 27.8% compared to a 28.1% fall for the wholly-owned portfolio over the year.

The Group delivered a total property return for the year of minus 25.1%, outperforming the IPD central and inner London Properties Benchmark of minus 27.5%. We have now outperformed our key portfolio benchmark for six consecutive years. In April 2009, the Group won the IPF/IPD award for the specialist fund above £350 million with the highest three year annualised relative return against its benchmark.

Our financial position

Our financial position is accompanied by graphics (see Appendix 4)

Financial results
The Group's financial performance has been affected by the extremely difficult market conditions experienced during the financial year.

Net assets per share have fallen substantially since 31 March 2008 as a result of the fall in value of the portfolio. The underlying income statement results have been slightly more resilient primarily due to lower administration and interest costs. Property sales and operational cash flow have reduced net debt over the year and the Group's leverage ratios remain at relatively conservative levels.

Net asset value
Adjusted net assets per share fell by 43.5% in the year to 329 pence, largely because of the reduction in the value of the property portfolio. At 31 March 2009, the Group's net assets were £568.6 million, down from £1,049.4 million at March 2008.

The main factors behind the 253 pence per share change in adjusted net assets per share over the year were:

- the fall of 228 pence per share arising from the revaluation of the investment and joint venture portfolios;
- a valuation reduction of 18 pence per share from development properties;
- sale of properties including 208/222 Regent Street, W1 and 180 Great Portland Street, W1 triggered a decline in net assets of 6 pence per share, with a further decline of 1 pence per share arising from the revaluation of the pension plan asset;
- adjusted earnings for the year of 12.2 pence per share enhanced NAV; and
- the payment of dividends caused a reduction in net assets by 12 pence per share.

Triple net assets per share (NNNAV) was 336 pence at 31 March 2009 compared to 590 pence per share a year earlier. At year end the difference between adjusted net assets per share and NNNAV was the positive mark to market of debt of 7 pence arising from the low interest rate of the Group's 2029 debenture partially offset by a negative value of the Group's interest rate derivatives. There were no movements in deferred tax provisions during the period.

Income statement and earnings per share
Rental income and joint venture fees for the year were £42.4 million and £4.7 million respectively, generating a combined income of £47.1 million, 6.2% lower than last year. Rental income was £2.0 million down on last year partly due to the lease expiries at Buchanan House, EC1 and Pollen House, W1.

Rent reviews, lease renewals and new lettings added £10.3 million to rental income during the year. The estimated rental value of the portfolio declined by 18.5% in the year, due to the challenging occupational market. The Group's joint ventures generated management fees of £4.7 million down 19.0% on last year, as a result of disposals and constrained development activity at GVP2, GWP and GCP.

Adjusted profit before tax of £21.9 million was £1.9 million or 8.0% lower than 2008. The decline was caused by reduced development management profits and lower underlying joint venture profits partly mitigated by a fall in administration and interest costs.

Development management profits from the Tooley Street, SE1 scheme contributed £4.0 million this year (2008: £7.1 million), which represents the final tranche of the profits from this successful project. Adjusted profits from joint ventures (excluding valuation movements, movements in the fair value of derivatives and loss on property sales) were £9.2 million, down £6.9 million on last year, mainly due to the sale of properties and the refinancing of GCP which has increased interest costs within the joint venture but reduced the Group's interest expense. Administration costs fell by almost 10% year on year to £12.8 million primarily due to lower variable employee costs, reduced accounting charges for share-based compensation schemes and corporate overheads. During the year the Group's headcount was reduced by six people (around 10%) as a result of business realignment initiatives. Underlying finance costs were managed down by 30.0% to £20.8 million due to lower interest rates and reduced debt.

Adjusted earnings per share were 12.2 pence, 3.2% lower than last year. This reduction in earnings per share was mainly driven by lower adjusted profit before tax, described above.

Revaluation falls and loss on sale of assets caused the Group to report an accounting loss after tax of £436.1 million (2008: loss of £4.1 million). Basic EPS for the year showed a loss of 241.1 pence (2008: loss of 2.2 pence).

Results of joint ventures
The joint venture operations have contracted since last year end following disposals at GVP2, GWP and GCP. At 31 March 2009 28.9% of Group rent roll and 32.2% of net assets were in 50:50 joint ventures; at 31 March 2008 the comparable figures were 36.3% and 37.2% respectively. Non-recourse net debt in the joint ventures has fallen from £145.8 million at 31 March 2008 to £135.4 million at year end, primarily due to the repayment of the loan in GVP2 following the sale of 208/222 Regent Street, W1 in July.

The Group's net investment in joint ventures was £183.2 million compared to £390.6 million at the end of last year, a decline caused by valuation falls and significant property sales. Our share of joint venture net rental income was £22.1 million, compared to £21.8 million for last year, principally due to a full year's ownership of GCP. The Group's share of joint venture adjusted profits fell to £9.2 million as a result of disposals and higher interest costs in GCP. The underlying joint venture profits are stated after charging £4.7 million of GPE management fees (2008: £5.8 million).

Financial resources and capital management
Although the Group's underlying profits were lower than last year, a favourable movement in working capital contributed to the cash generated from operations improving to £48.5 million, up £21.0 million compared to 2008. Group consolidated net debt was £371.0 million at 31 March 2009 down from £424.6 million a year earlier as a consequence of major disposals and operational cash flow. The sales of properties (including our share of joint ventures) generated £102.9 million in proceeds. Group gearing increased to 65.2% at 31 March 2009 from 40.5% at 31 March 2008 because of the fall in portfolio valuation which outweighed the reduction in debt. Interest cover for the year improved to 2.1x (2008: 1.8x), the highest level for over four years.

Including the non-recourse debt in our joint ventures, total net debt was £506.4 million (2008: £570.4 million) equivalent to a loan to value ratio of 44.9% (2008: 34.9%) which remains at a modest level compared to many other real estate companies. The Group, including joint ventures is operating with substantial headroom over its bank and debenture covenants (further details are set out in note 14).

At 31 March 2009, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £329.7 million, which is substantially in excess of the capital expenditure of around £1.3 million required to complete all remaining near-term development schemes. The earliest debt maturity the Group faces is an undrawn £50 million bilateral facility which expires in November 2010, the revolving credit facilities which are currently drawn mature in 2012.

The Group's weighted average interest rate for the period was 5.78% (5.84% including joint venture debt), a decrease of 23 basis points compared to the year to 31 March 2008. This was due, in part, to the dramatic fall in short-term money market rates which have been led down by Bank of England policies. At year end, 88% of the Group's total debt (86% including non-recourse joint ventures) was at fixed or capped rates (2008: 76%). During the course of the year we terminated £60 million of interest rate derivatives as they no longer provided appropriate protection to the Group given the significant reduction in market interest rates.

Cash collection and tenant delinquencies
For the first three quarters of the year our cash collection profile was in line with our experience over recent years and we exceeded our target of collecting 96% of quarterly rent after seven working days. As anticipated, the March 2009 quarter saw a worsening of the collection rates to 94% after seven working days. During the final quarter of our financial year four of our tenants went into administration, generating arrears of around 0.01% of rent roll (December 2008 – four tenants, 0.1% of rent roll), the largest being a retailer in Regent Street. Less than 1% of our rent roll is subject to monthly payments. At year end 20.6% of the Group's rent roll (including share of joint ventures) was covered by bank guarantees or rent deposits amounting to £14.4 million. The segmentation of our tenant base is shown in Appendix 5.

Taxation
The current tax credit in the income statement for the year is £0.1 million (2008 charge: £0.1 million) as a result of the tax free nature of much of the Group's income and other allowances being available to set against non-REIT profits. The low level of taxable profits for the year meant the Group's underlying effective tax rate was around minus 1% (2008: 5%). The Group complied with all relevant REIT tests for the financial year.

Dividend
The Board has declared a final dividend of 8 pence per share (2008: 8 pence per share) which will be paid on 14 July 2009. This brings the total dividend for the year to 12 pence per share, an increase of 0.8% over last year. Of the final dividend 6 pence per share is a REIT Property Income Distribution (PID) in respect of the Group's tax exempt property rental business. Further information on the tax treatment of dividends can be found on the Group's website.

Outlook
We believe that UK economic conditions are unlikely to return to growth before the second half of 2010. Rising unemployment and business contraction will put downward pressure on rental values during this period, although the rate of decline will differ across central London sub-sectors. However, we expect London's commercial property values to recover earlier than its occupational markets as investors pre-empt the return to rental growth. We anticipate that valuation falls over the next six months are likely, albeit at a lower run rate than that seen recently.

Since the peak of the property market in the summer of 2007, the current economic downturn has produced one of the most severe asset value corrections ever recorded. The Rights Issue announced today substantially increases the resources we will have available to take advantage of attractive investment opportunities which are emerging as a result.

For this year, our operational priorities remain cash generation, tenant retention and targeted investment in fundamentally cheap assets in our core central London markets. We expect that a combination of our intense focus on local markets, the central West End location of many of our buildings and the value for money offered by our properties will support rental income levels. We remain confident that our disciplined approach and flexible capital structure will underpin the long-term prospects of the Group.

GROUP INCOME STATEMENT
For the year ended 31 March 2009

	Notes	**2009 £m**	2008 £m
Rental income	2	**42.4**	44.4
Joint venture fee income	10	**4.7**	5.8
Rental and joint venture fee income		**47.1**	50.2
Service charge income		**5.2**	5.1
Service charge expenses		**(6.5)**	(6.0)
		(1.3)	(0.9)
Other property expenses		**(3.5)**	(4.8)
Net rental and related income		**42.3**	44.5
Administration expenses	3	**(12.8)**	(14.2)
Development management revenue		**7.0**	35.4
Development management costs		**(3.0)**	(28.3)
		4.0	7.1
Operating profit before deficit on investment property and results of joint ventures		**33.5**	37.4
Deficit from investment property	8	**(315.5)**	(8.7)
Share of results of joint ventures	10	**(131.5)**	(1.6)
Operating (loss)/profit before financing costs		**(413.5)**	27.1
Finance income	4	**0.3**	0.6
Finance costs	5	**(22.9)**	(30.7)
Loss on cancellation of derivatives		**(0.1)**	-
Loss before tax		**(436.2)**	(3.0)
Tax	6	**0.1**	(1.1)
Loss for the year	18	**(436.1)**	(4.1)
Basic and diluted loss per share	7	**(241.1)p**	(2.2)p
Adjusted earnings per share	7	**12.2p**	12.6p

All results are derived from continuing operations.

Total operating profit before deficit on investment property

		2009 £m	2008 £m
Operating profit before deficit on investment property and results of joint ventures		**33.5**	37.4
Share of profit from joint ventures	10	**8.2**	16.1
Total operating profit before deficit on investment property		**41.7**	53.5

GROUP BALANCE SHEET
At 31 March 2009

	Notes	**2009 £m**	2008 £m
Non-current assets			
Investment property	8	**780.4**	1,073.3
Development property, plant and equipment	9	**24.4**	24.4
Investment in joint ventures	10	**183.2**	390.6
Pension asset	23	**0.6**	2.2
		988.6	1,490.5
Current assets			
Trade and other receivables	11	**5.5**	22.2
Income tax receivable		**0.8**	0.4
Cash and cash equivalents		**7.3**	0.7
		13.6	23.3
Total assets		**1,002.2**	1,513.8
Current liabilities			
Trade and other payables	12	**28.3**	26.6
		28.3	26.6
Non-current liabilities			
Interest-bearing loans and borrowings	13	**396.8**	429.3
Obligations under finance leases	15	**8.5**	8.5
		405.3	437.8
Total liabilities		**433.6**	464.4
Net assets		**568.6**	1,049.4
Equity			
Share capital	16	**22.6**	22.6
Share premium	17	**68.2**	68.2
Hedging reserve	18	**(16.4)**	(3.8)
Capital redemption reserve	18	**16.4**	16.4
Revaluation reserve	18	**-**	1.3
Retained earnings	18	**478.0**	944.9
Investment in own shares	19	**(0.2)**	(0.3)
Shareholders' funds		**568.6**	1,049.3
Minority interest		**-**	0.1
Total equity		**568.6**	1,049.4
Net assets per share	7	**314p**	580p
Adjusted net assets per share	7	**329p**	582p

GROUP STATEMENT OF CASH FLOWS
For the year ended 31 March 2009

	Notes	**2009 £m**	2008 £m
Operating activities			
Operating (loss)/profit before financing costs		**(413.5)**	27.1
Adjustments for non-cash items	20	**443.7**	6.5
Decrease/(increase) in receivables		**17.0**	(1.0)
Increase/(decrease) in payables		**1.3**	(5.1)
Cash generated from operations		**48.5**	27.5
Interest received		**0.3**	0.6
Interest paid		**(23.8)**	(32.7)
Tax paid		**(0.3)**	(28.7)
Cash flows from operating activities		**24.7**	(33.3)
Investing activities			
Purchase of interests in joint ventures		**-**	(138.8)
Distributions from joint ventures		**36.0**	10.7
Purchase and development of property		**(29.7)**	(74.4)
Purchase of fixed assets		**(0.1)**	(0.1)
Purchase of own shares		**-**	(0.9)
Sale of properties		**11.3**	132.6
Cash flows from investing activities		**17.5**	(70.9)
Financing activities			
Redemption of loans		**-**	(2.9)
Borrowings (repaid)/drawn		**(47.0)**	35.0
Funds from joint venture		**32.6**	89.2
Purchase of minority interest		**(0.1)**	-
Equity dividends paid		**(21.1)**	(20.6)
Cash flows (utilised)/generated from financing activities		**(35.6)**	100.7
Net increase/(decrease) in cash and cash equivalents		**6.6**	(3.5)
Cash and cash equivalents at 1 April		**0.7**	4.2
Cash and cash equivalents at balance sheet date		**7.3**	0.7

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the year ended 31 March 2009

	2009 £m	2008 £m
Revaluation of development properties	**(1.3)**	(0.2)
Fair value movement on derivatives	**(12.6)**	(4.5)
Deferred tax on fair value movement on derivatives	**-**	0.2
Fair value movement on derivatives in joint venture	**(7.3)**	-
Actuarial (deficit)/gain on defined benefit scheme	**(1.8)**	1.9
Net loss recognised directly in equity	**(23.0)**	(2.6)
Loss for the year	**(436.1)**	(4.1)
Total recognised income and expense for the year	**(459.1)**	(6.7)

GROUP RECONCILIATION OF OTHER MOVEMENTS IN EQUITY
For the year ended 31 March 2009

	2009 £m	2008 £m
Opening total equity	**1,049.4**	1,076.0
Total recognised income and expense for the year	**(459.1)**	(6.7)
Purchase of minority interest	**(0.1)**	-
Employee Long-Term Incentive Plan and Share Matching Plan charge	**0.1**	1.6
Purchase of shares in LTIP Employee Share Trust	**-**	(0.9)
Dividends	**(21.7)**	(20.6)
Closing total equity	**568.6**	1,049.4

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation
The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2009 or 2008, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention any matters by way of emphasis without qualifying their report and did not contain statements under s237(2) to (3) Companies Act 1985.

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

The directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance, valuation projections and debt requirements. In making this assessment, we have taken into account available market information, consulted with our advisors and applied our own knowledge and experience to the Group's property portfolio and markets. We have considered the potential to achieve further property disposals should valuations fall significantly ahead of market expectations from the 31 March 2009 position and on 19 May 2009 the Company announced a fully underwritten Rights Issue which is expected to raise additional equity of £166.4 million after expenses providing further financial flexibility. On the basis of this review, and after making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions that may affect the financial statements. Management believes 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, the classification of tenant leases between financing and operating and the determination of profit taking on development management agreements. The accounting policies for these areas of judgement are set out below.

During 2009, the following accounting standards and guidance were adopted by the Group:

- IFRIC 14: IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction.

At the date of approval of these financial statements, the following standards and guidance relevant to the Group were in issue:

- Amendments to IAS 1 Presentation of Financial Statements;
- IAS 23 Borrowing Costs;
- Amendments to IAS 27 Consolidated and Separate Financial Statements;
- Amendment to IAS 39 Eligible Hedged Items;
- Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets;
- Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets – Effective Date and Transition;
- Amendment to IAS 40 Investment Property (Improvements to IFRSs 2008);
- Improvements to IFRSs 2008;
- Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;
- Amendments to IFRS 2 Share-Based Payment;
- IFRS 3 (revised) Business Combinations;
- Amendments to IFRS 7 Improving Disclosures about Financial Instruments;
- IFRS 8 Operating Segments;
- IFRIC 11: IFRS 2 Group and Treasury Share Transactions;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 17 Distributions of Non-cash Assets to Owners; and
- IFRIC 18 Transfers of Assets from Customers.

It is not expected that these pronouncements will have any significant future impact on the Group's accounts, except for the amendment to IAS 40 Investment Property. Under the amended IAS 40 all investment property in the course of construction will be recognised in investment property and measured at fair value through the income statement. Currently, properties acquired to be developed for future use as investment properties are treated as development property. Any fair value movements for such properties are recorded directly in the revaluation reserve, rather than through the income statement.

The principal accounting policies adopted are set out below.

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 2009. 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.

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

Tenant leases
Management 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 properties
Investment properties, including those under development, are professionally valued each year, on a market value basis, and any surpluses or deficits arising are taken to the income statement. Disposals of properties are recognised where contracts have been unconditionally exchanged during the accounting period and the significant risks and rewards of ownership of the property have been transferred to the purchaser.

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.

Development properties
Development properties are carried in property, plant and equipment and are professionally valued each year, on a market value basis, and any surpluses arising are taken to the revaluation reserve with any deficits below cost taken to the income statement. A development property is one purchased for the purposes of development, redevelopment or substantial refurbishment with relatively little, or short-term, income whether planning permission exists or is still to be granted. All directly attributable costs of bringing a property to a condition suitable for letting, including costs incurred prior to gaining planning permission, are capitalised into the cost of the property. Once development is concluded, the property is transferred to investment property. Any cumulative revaluation reserve in respect of that property is transferred to retained earnings.

Joint ventures
Joint ventures are accounted for under the equity method: the Group balance sheet contains the Group's share of the net assets of its joint ventures. Funding accounts 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.

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 substantially 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 the Group statement of recognised income and expense, all other movements are taken to the income statement.

Capitalisation of interest
Interest associated with direct expenditure on investment properties under development and development properties is capitalised. Direct expenditure includes the purchase cost of a site for development properties, but does not include the original book cost of investment property under development. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's pre-tax weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Financial instruments:
i Derivatives The Group's derivatives are measured at fair value in the balance sheet. To the extent that a derivative 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 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 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
The Group has only one reportable segment on the basis that all of its revenue is generated from investment properties located in central London; accordingly no segmental analysis is presented.

Development management agreements
Where the outcome of a development management agreement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the balance sheet date. Management exercise judgement when estimating the percentage complete, this is normally measured as the proportion that contract costs incurred for work performed bear to the estimated total contract costs. Variations in work, claims and incentive payments are included to the extent that they have been agreed with the client.

Where the outcome of a development management agreement cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred that it is probable will be recoverable. Costs are recognised as expenses in the period in which they are incurred. When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

2 Rental Income	**2009 £m**	2008 £m
Gross rental income	**39.1**	39.0
Amortisation of capitalised lease incentives	**3.4**	5.4
Ground rents payable	**(0.1)**	-
	42.4	44.4

3 Administration expenses	2009 £m	2008 £m
Administration expenses		
Employee costs	**9.5**	11.0
Other	**3.3**	3.2
	12.8	14.2

Included within administration expenses are fees charged by the auditors comprising audit fees for the Company and its subsidiaries of £0.2 million (2008: £0.1 million) and non-audit fees of £nil (2008: £nil) and depreciation of £0.4 million (2008: £0.4 million).

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £0.1 million (2008: £1.6 million).

Employee information

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

	2009 Number	2008 Number
Head office and administration	**77**	74

Included within administration expenses are staff costs, including those of directors, comprising:

	2009 £m	2008 £m
Wages and salaries	**8.2**	9.4
Social security costs	**0.8**	1.2
Other pension costs	**0.9**	0.9
	9.9	11.5
Less: recovered through service charge	**(0.4)**	(0.5)
	9.5	11.0

The directors received fees of £390,000 (2008: £354,000) and other emoluments of £2,718,000 (2008: £2,692,000), pension contributions have been made for directors of £272,000 (2008: £257,000).

4 Finance income	2009 £m	2008 £m
Interest on short-term deposits	**0.1**	0.6
Other	**0.2**	-
	0.3	0.6

5 Finance costs	2009 £m	2008 £m
Interest on bank overdrafts and bank loans	**15.3**	24.7
Interest on debentures	**8.0**	8.0
Interest on obligations under finance leases	**0.6**	0.7
Gross finance costs	**23.9**	33.4
Less: capitalised interest at an average rate of 5.6% (2008: 6.0%)	**(2.8)**	(3.1)
	21.1	30.3
Fair value movement on derivatives in ineffective hedging relationships	**1.8**	0.4
	22.9	30.7

6 Tax

	2009 £m	2008 £m
Current tax		
UK corporation tax	**-**	-
Tax (over)/under provided in previous years	**(0.1)**	0.1
Total current tax	**(0.1)**	0.1
Deferred tax	**-**	1.0
Tax (credit)/charge for the year	**(0.1)**	1.1

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

	2009 £m	2008 £m
Loss before tax	**(436.2)**	(3.0)
Tax credit on loss at standard rate of 28% (2008: 30%)	**(122.1)**	(0.9)
Accounting profits arising in the year not taxable for tax purposes	**(0.1)**	(2.3)
REIT tax - exempt rental profits and gains	**(2.5)**	(4.2)
Joint venture adjustments	**0.2**	-
Previous years' corporation tax	**-**	0.1
Non-taxable revaluation deficit	**124.5**	7.0
Accounting losses arising in the year not relievable against current tax	**0.2**	0.7
Expenses not deductible for tax purposes	**0.1**	0.1
Other	**(0.4)**	0.6
Tax (credit)/charge for the year	**(0.1)**	1.1

During the year a tax credit of £nil million (2008: a credit of £0.2 million) was allocated directly to equity. The prior year credit related to deferred tax in respect of derivatives. The Group's net deferred tax at 31 March 2009 is £nil (2008: £nil). This consists of a deferred tax liability of £0.2 million (2008: £nil) arising from the Group's pension surplus and a deferred tax asset of £0.2 million (2008: £nil) in respect of capital allowances and other short-term timing differences. A deferred tax asset of £10.5 million, mainly relating to tax losses carried forward at 31 March 2009 and deferred tax arising in respect of the fair value of derivatives, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

The Group converted to a REIT on 1 January 2007. From that date, the Group has been exempt from corporation tax in respect of the following:

- rental profits arising from its property investment business; and
- chargeable gains arising on the sale of properties from its property investment business, provided that the relevant property is not both:
  - the subject of a development which costs more than 30% of the property's fair value at the later of 1 January 2007 and the date that it was purchased by the Group; and
  - sold within three years of the completion of the development.

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.

As a REIT, Great Portland Estates plc is required to pay Property Income Distributions of at least 90% of the profits (excluding chargeable gains) of the Group's property investment business (calculated by tax rules rather than accounting rules).

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 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 Finance Act 2006.

7 Earnings and net assets per share

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

Weighted average number of ordinary shares

	2009 Number of shares	2008 Number of shares
Issued ordinary share capital at 1 April	**181,023,034**	181,019,809
Conversion of convertible bonds	**-**	2,430
Investment in own shares	**(169,173)**	(707,455)
Weighted average number of ordinary shares	**180,853,861**	180,314,784

Basic, diluted and adjusted earnings per share

	2009 (Loss)/Profit before tax £m	**2009 Tax £m**	**2009 (Loss)/Profit after tax £m**	**2009 (Loss)/Earnings per share pence**	2008 (Loss)/Profit after tax £m	2008 (Loss)/Earnings per share pence
Basic and diluted	**(436.2)**	**0.1**	**(436.1)**	**(241.1)**	(4.1)	(2.2)
Deficit from investment property	**315.5**	**-**	**315.5**	**174.5**	8.7	4.8
Deficit from joint venture investment property	**139.7**	**-**	**139.7**	**77.3**	17.7	9.8
Movement in fair value of derivatives	**1.8**	**-**	**1.8**	**1.0**	0.4	0.2
Movement in fair value of derivatives in joint ventures	**1.0**	**-**	**1.0**	**0.5**	-	-
Loss on cancellation of derivatives	**0.1**	**-**	**0.1**	**-**	-	-
Adjusted (diluted)	**21.9**	**0.1**	**22.0**	**12.2**	22.7	12.6

Net assets per share

	2009 Shareholders' Funds £m	**2009 No. of shares million**	**2009 Net assets per share pence**	2008 Shareholders' Funds £m	2008 No. of shares million	2008 Net assets per share pence
Basic and diluted	**568.6**	**181.0**	**314**	1,049.3	181.0	580
Fair value of financial liabilities	**40.0**	**-**	**22**	17.6	-	10
Diluted triple net assets	**608.6**	**181.0**	**336**	1,066.9	181.0	590
Fair value of financial liabilities	**(40.0)**		**(22)**	(17.6)		(10)
Fair value of derivatives	**18.5**		**10**	4.0		2
Fair value of derivatives in joint ventures	**8.3**		**5**	-		-
Adjusted net assets	**595.4**		**329**	1.053.3		582

8 Investment property

Investment property	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2007	906.9	275.6	1,182.5
Acquisitions	21.8	-	21.8
Costs capitalised	14.1	0.7	14.8
Disposals	(223.2)	(61.2)	(284.4)
Transfer from investment property - development	61.9	-	61.9
Transfer on purchase of leasehold	16.1	(16.1)	-
Net valuation gain/(deficit) on investment property	0.5	(9.3)	(8.8)
Book value at 31 March 2008	798.1	189.7	987.8
Costs capitalised	**9.6**	**(0.2)**	**9.4**
Transfer from investment property - development	**2.4**	**-**	**2.4**
Net valuation deficit on investment property	**(237.8)**	**(47.4)**	**(285.2)**
Book value at 31 March 2009	**572.3**	**142.1**	**714.4**

Investment property – development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2007	131.8	-	131.8
Costs capitalised	37.2	-	37.2
Interest capitalised	1.9	-	1.9
Disposals	(31.2)	-	(31.2)
Transfer to investment property	(61.9)	-	(61.9)
Net valuation gain on investment property - development	7.7	-	7.7
Book value at 31 March 2008	85.5	-	85.5
Costs capitalised	**16.0**	**-**	**16.0**
Interest capitalised	**1.7**	**-**	**1.7**
Disposals	**(11.9)**	**-**	**(11.9)**
Transfer to investment property	**(2.4)**	**-**	**(2.4)**
Net valuation deficit on investment property - development	**(22.9)**	**-**	**(22.9)**
Book value at 31 March 2009	**66.0**	**-**	**66.0**
Total investment property	**638.3**	**142.1**	**780.4**

	2009 £m	2008 £m
Net valuation deficit on investment property	**(308.1)**	(1.1)
Net valuation deficit on development property taken to the income statement	**(6.8)**	(1.8)
Loss on sale of investment properties	**(0.6)**	(5.8)
Deficit from investment property	**(315.5)**	(8.7)

The investment and development properties (note 9) were valued on the basis of market value by CB Richard Ellis, external valuers, as at 31 March 2009 in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors ("the Standards") and has been primarily derived using comparable recent market transactions on arm's-length terms. In their valuation report, CBRE have noted, in accordance with Guidance Note 5 of the Standards, that the current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets. Furthermore, the lack of liquidity in the capital markets means that it may be difficult to achieve a sale of property assets in the short-term. As a result there is a greater degree of uncertainty in the valuation than would exist in a stable market. The book value of investment property includes £8.5 million (2008: £8.5 million) in respect of the present value of future ground rents.

At 31 March 2009 the Group had capital commitments of £1.3 million (2008: £24.3 million).

At 31 March 2009 properties with carrying value of £169.8 million (2008: £253.5 million) were secured under first mortgage debenture stock (see note 13).

9 Development property, plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Development property £m	Total £m
Cost or valuation				
At 1 April 2007	2.0	0.7	18.7	21.4
Costs capitalised	-	0.1	4.6	4.7
Interest capitalised	-	-	1.2	1.2
Net valuation deficit taken to the income statement	-	-	(1.8)	(1.8)
Net valuation deficit taken to equity	-	-	(0.2)	(0.2)
At 31 March 2008	2.0	0.8	22.5	25.3
Costs capitalised	**-**	**0.1**	**7.3**	**7.4**
Interest capitalised	**-**	**-**	**1.1**	**1.1**
Net valuation deficit taken to the income statement	**-**	**-**	**(6.8)**	**(6.8)**
Net valuation deficit taken to equity	**-**	**-**	**(1.3)**	**(1.3)**
At 31 March 2009	**2.0**	**0.9**	**22.8**	**25.7**
Depreciation				
At 1 April 2008	0.5	0.4	-	0.9
Charge for the year	**0.2**	**0.2**	**-**	**0.4**
At 31 March 2009	**0.7**	**0.6**	**-**	**1.3**
Carrying amount at 31 March 2008	1.5	0.4	22.5	24.4
Carrying amount at 31 March 2009	**1.3**	**0.3**	**22.8**	**24.4**

The historical cost of development property at 31 March 2009 was £31.3 million (2008: £22.9 million). The cumulative interest capitalised in development property was £2.9 million (2008: £1.8 million).

10 Investment in joint ventures

The Group has the following investments in joint ventures:	Equity £m	JV funding account £m	Total £m
At 1 April 2008	470.3	(79.7)	390.6
Movement on joint ventures funding account balances	**-**	**(32.6)**	**(32.6)**
Share of profits of joint ventures	**8.2**	**-**	**8.2**
Share of loss on disposal of joint venture properties	**(9.9)**	**-**	**(9.9)**
Share of revaluation deficit of joint ventures	**(129.8)**	**-**	**(129.8)**
Share of results of joint ventures	**(131.5)**	**-**	**(131.5)**
Fair value movement on derivatives taken to equity	**(7.3)**	**-**	**(7.3)**
Distributions	**(36.0)**	**-**	**(36.0)**
At 31 March 2009	**295.5**	**(112.3)**	**183.2**

The investments in joint ventures comprise the following:

	Country	2009	2008
Great Capital Partnership	United Kingdom	**50%**	50%
Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnership (No. 2)	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 are set out below:

	Great Capital Partnership £m	**Great Ropemaker Partnership £m**	**Great Wigmore Partnership £m**	**Great Victoria Partnerships £m**	**2009 Total £m**	2008 Total £m
Investment property	**250.4**	**5.5**	**22.2**	**65.7**	**343.8**	558.0
Current assets	**4.1**	**0.2**	**0.9**	**1.9**	**7.1**	16.3
Funding accounts to/(from) Partners	**82.5**	**(2.6)**	**37.9**	**(5.5)**	**112.3**	79.7
Bank loans	**(111.8)**	**-**	**-**	**(28.4)**	**(140.2)**	(157.8)
Derivatives	**(8.3)**	**-**	**-**	**-**	**(8.3)**	-
Current liabilities	**(6.6)**	**(0.2)**	**(1.2)**	**(1.8)**	**(9.8)**	(16.5)
Finance leases	**(9.4)**	**-**	**-**	**-**	**(9.4)**	(9.4)
Net assets	**200.9**	**2.9**	**59.8**	**31.9**	**295.5**	470.3
Net rental income	**15.4**	**-**	**2.4**	**4.3**	**22.1**	21.8
Property and administration costs	**(1.8)**	**(0.1)**	**(1.4)**	**(0.2)**	**(3.5)**	(2.9)
Net finance costs	**(7.5)**	**(0.1)**	**-**	**(1.8)**	**(9.4)**	(2.8)
Movement in fair value of derivatives	**(1.0)**	**-**	**-**	**-**	**(1.0)**	-
Share of profit from joint ventures	**5.1**	**(0.2)**	**1.0**	**2.3**	**8.2**	16.1
Revaluation of investment property	**(94.6)**	**(7.7)**	**(12.0)**	**(15.5)**	**(129.8)**	(20.4)
(Loss)/profit on sale of investment property	**(2.4)**	**-**	**(6.8)**	**(0.7)**	**(9.9)**	2.7
Share of results of joint ventures	**(91.9)**	**(7.9)**	**(17.8)**	**(13.9)**	**(131.5)**	(1.6)

The joint ventures have bank loans with a total nominal value of £281.8 million. The Great Capital Partnership has a £225 million facility which is secured, attracts a floating rate of between 0.75% to 1.15% above LIBOR and expires in 2013. The Great Victoria Partnership has a £56.8 million facility which is secured, attracts a fixed rate of 5.495% and expires in 2012. All interest bearing loans are in sterling. At 31 March 2009 the joint ventures had no undrawn facilities (2008: £nil).

During the period the Great Capital Partnership entered into four interest rate swaps and an interest rate collar with notional principal amounts of £143.8 million and £25.0 million respectively. The interest rate swaps and collar expire coterminously with the bank loan in 2013. The weighted average contracted fixed interest rate for the interest rate swaps was 5.27%, and the collar has a floor of 4.845% and a cap of 6.5%. At 31 March 2009 the negative fair value of these derivatives was £16.6 million (our share £8.3 million), (2008: £nil).

Transactions during the year between the Group and its joint ventures are disclosed below:

	2009 £m	2008 £m
Movement on funding accounts during the year	**32.6**	89.2
Funding accounts outstanding at the year end from joint ventures	**112.3**	79.7
Distributions	**36.0**	10.7
Fee income	**4.7**	5.8

The JV funding accounts outstanding at the period end represent accumulated cash movements and do not bear interest, apart from the account with the Great Ropemaker Partnership on which interest is payable at 6%. The investment properties include £9.4 million (2008: £9.4 million) in respect of the present value of future ground rents. 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 2009 the Group had no capital commitments in respect of balances arising in its joint ventures (2008: £5.4 million).

11 Trade and other receivables	2009 £m	2008 £m
Trade receivables	**2.8**	3.1
Allowance for doubtful debts	**(0.1)**	(0.3)
	2.7	2.8
Prepayments and accrued income	**1.1**	1.6
Other trade receivables	**1.7**	5.4
Amounts recoverable under development management agreements	**-**	12.4
	5.5	22.2

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.

	2009 £m	2008 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.3)**	(0.5)
Amounts provided for during the year	**(0.1)**	-
Amounts recovered during the year	**-**	0.1
Amounts written off as uncollectable	**0.3**	0.1
	(0.1)	(0.3)

12 Trade and other payables	2009 £m	2008 £m
Trade payables	**12.2**	9.8
Non-trade payables and accrued expenses	**16.1**	16.8
	28.3	26.6

13 Interest-bearing loans and borrowings	2009 £m	2008 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5 ⅝ % debenture stock 2029	**144.3**	144.3
Unsecured		
Bank loans	**234.0**	281.0
Non-current liabilities at fair value		
Derivatives	**18.5**	4.0
	396.8	429.3

The Group has three floating rate revolving credit facilities of £300 million, £200 million and £50 million. The £300 million facility is unsecured, attracts a floating rate of 0.525% above LIBOR and expires in 2012. The £200 million facility is unsecured, attracts a floating rate of 0.50% above LIBOR and expires in 2012. The £50 million facility is unsecured, attracts a floating rate of 0.65% above LIBOR and expires in 2010. All interest bearing loans and borrowings are in sterling. At 31 March 2009 the Group had £317 million (2008: £269 million) of undrawn committed credit facilities.

14 Financial instruments

	Carrying amount 2009 £m	**Income/ (expense) 2009 £m**	**Gain/(loss) to equity 2009 £m**	Carrying amount 2008 £m	Income/ (expense) 2008 £m	Gain/(loss) to equity 2008 £m
Categories of financial instrument						
Interest rate swaps, caps and collars	**(18.5)**	**(1.9)**	**(12.6)**	(4.0)	(0.4)	(4.5)
Non-current liabilities at fair value	**(18.5)**	**(1.9)**	**(12.6)**	(4.0)	(0.4)	(4.5)
Trade receivables	**5.5**	**-**	**-**	22.2	-	-
Cash and cash equivalents	**7.3**	**0.3**	**-**	0.7	0.6	-
Loans and receivables	**12.8**	**0.3**	**-**	22.9	0.6	-
Trade and other payables	**(28.3)**	**-**	**-**	(26.6)	-	-
Interest-bearing loans and borrowings	**(378.3)**	**(23.3)**	**-**	(425.3)	(32.7)	-
Finance leases	**(8.5)**	**(0.6)**	**-**	(8.5)	(0.7)	-
Liabilities at amortised cost	**(415.1)**	**(23.9)**	**-**	(460.4)	(33.4)	-
Total financial instruments	**(420.8)**	**(25.5)**	**(12.6)**	(441.5)	(33.2)	(4.5)

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 11 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 notes 16 to 19. Debt comprises long-term debenture stock and drawings against committed revolving credit facilities from banks.

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 2009 Actuals
Group		
Net debt/net equity	**≤1.25x**	**0.65x**
Inner borrowing	**≥1.66x**	**2.76x**
Interest cover	**≥1.30x**	**2.06x**
Joint venture - GCP		
Loan to value	**≤70%**	**48.5%**

The Group has undrawn credit facilities of £317 million and has 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 2009	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	**144.3**	**302.2**	**8.0**	**8.0**	**24.1**	**262.1**
Bank loans	**234.0**	**246.3**	**3.8**	**3.8**	**238.7**	**-**
Derivative financial instruments						
Interest rate swaps	**16.4**	**21.5**	**7.3**	**7.3**	**6.9**	**-**
Interest rate collars	**2.1**	**3.0**	**0.9**	**0.9**	**1.2**	**-**
	396.8	**573.0**	**20.0**	**20.0**	**270.9**	**262.1**

At 31 March 2008	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	144.3	310.3	8.0	8.0	24.1	270.2
Bank loans	281.0	349.7	17.5	17.5	314.7	-
Derivative financial instruments						
Interest rate swaps	3.7	(1.3)	(0.4)	(0.4)	(0.5)	-
Interest rate caps	(0.1)	-	-	-	-	-
Interest rate collars	0.4	-	-	-	-	-
	429.3	658.7	25.1	25.1	338.3	270.2

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 and collars. It is the Group's policy to maintain the proportion of floating rate interest rate exposure to between 20% - 40% of forecast total interest rate cost. The Group adopts hedge accounting to mitigate the impact of movements in the fair value of its interest rate swaps, caps and collars in the income statement to the extent that the hedge is considered effective. The Group uses interest rate swaps, caps and collars to manage its interest rate risk.

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 caps
Interest rate caps protect the Group from rises in short-term interest rates by making a payment to the Group when the underlying interest rate exceeds a specified rate (the "cap rate") on a notional value. If the underlying rate exceeds the cap rate, the payment is based upon the difference between the two rates, ensuring the Group only pays the maximum of the cap rate.

Interest rate collars
An interest rate collar is an interest rate cap combined with an interest rate floor. In a floor arrangement if the underlying interest rate falls below a specified rate (the "floor") the Group will make a payment based upon the difference between the underlying rate and the floor. Therefore an interest rate collar gives the Group certainty that the interest rate it will pay will only fluctuate between the floor and the cap giving certainty that its interest rate exposure can only fluctuate within these restricted parameters.

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**	
	2009 %	2008 %	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Cash flow hedges						
Interest rate swaps						
Between two and five years	**5.48%**	5.50%	**165.0**	185.0	**(16.4)**	(3.7)
Interest rate caps						
Between two and five years	**-**	6.00%	**-**	40.0	**-**	0.1
Interest rate collars						
Between two and five years	**4.68% - 6.5%**	4.68% - 6.5%	**25.0**	25.0	**(2.1)**	(0.4)
			190.0	250.0	**(18.5)**	(4.0)

As at 31 March 2009 the aggregate amount of unrealised losses in respect of cash flow hedges was £16.4 million (2008: £3.8 million). It is anticipated that floating interest cash flows will continue to arise until the maturity of the debt. Amounts deferred in equity will be realised in line with these cash flows.

Interest rate sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represent management's assessment of reasonably possible changes in interest rates. For the floating liabilities the analysis is prepared assuming the amount of the liability at 31 March 2009 was outstanding for the whole year.

	Impact on profit		Impact on equity	
	2009 £m	2008 £m	**2009 £m**	2008 £m
Increase of 50 basis points	**(0.2)**	–	**(0.2)**	–
Increase of 100 basis points	**(0.4)**	(0.1)	**(0.4)**	(0.1)
Decrease of 50 basis points	**0.2**	–	**0.2**	–
Decrease of 100 basis points	**0.4**	0.1	**0.4**	0.1

Fair value of interest-bearing loans and borrowings	**2009 Book value £m**	**2009 Fair value £m**	2008 Book value £m	2008 Fair value £m
Non-current liabilities at amortised cost	**378.3**	**338.3**	425.3	407.7
Non-current liabilities held at fair value (derivatives)	**18.5**	**18.5**	4.0	4.0
	396.8	**356.8**	429.3	411.7

The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements. Quoted market values have been used to determine the fair value of listed long-term borrowings, and derivatives have been valued by reference to market rates of interest. The market values of all other items have been calculated by discounting the expected future cash flows at market interest rates.

15 Finance leases

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

	2009 Minimum lease payments £m	**2009 Interest £m**	**2009 Principal £m**	2008 Minimum lease payments £m	2008 Interest £m	2008 Principal £m
Less than one year	**0.6**	**(0.6)**	**-**	0.6	(0.6)	-
Between two and five years	**2.3**	**(2.3)**	**-**	2.3	(2.3)	-
More than five years	**67.0**	**(58.5)**	**8.5**	67.6	(59.1)	8.5
	69.9	**(61.4)**	**8.5**	70.5	(62.0)	8.5

16 Share capital	**2009 Number**	**2009 £m**	2008 Number	2008 £m
Ordinary shares of 12½ pence each				
Authorised	**550,100,752**	**68.8**	550,100,752	68.8
Allotted, called up and fully paid				
At 1 April	**181,023,034**	**22.6**	181,019,809	22.6
Conversion of convertible bonds	**-**	**-**	3,225	-
At 31 March	**181,023,034**	**22.6**	181,023,034	22.6

17 Share premium	**2009 £m**	2008 £m
At 1 April and 31 March	**68.2**	68.2

18 Reserves	Hedging reserve £m	Capital redemption reserve £m	Revaluation reserve £m	Retained earnings £m
At 1 April 2008	**(3.8)**	**16.4**	**1.3**	**944.9**
Loss for the year	**-**	**-**	**-**	**(436.1)**
Net valuation deficit taken to equity	**-**	**-**	**(1.3)**	**-**
Actuarial gains on defined benefit schemes	**-**	**-**	**-**	**(1.8)**
Fair value movement on derivatives in effective hedging relationships	**(12.6)**	**-**	**-**	**-**
Fair value movement on derivatives in joint ventures	**-**	**-**	**-**	**(7.3)**
Dividends to shareholders	**-**	**-**	**-**	**(21.7)**
At 31 March 2009	**(16.4)**	**16.4**	**-**	**478.0**

19 Investment in own shares	2009 £m	2008 £m
At 1 April	**0.3**	1.0
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(0.1)**	(1.6)
Purchase of shares	**-**	0.9
At 31 March	**0.2**	0.3

The investment in the Company's own shares is held at cost and comprises 157,275 shares (2008: 758,027 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest in certain senior employees of the Group if performance conditions are met.

During the year 600,752 shares (2008: 541,757 shares) were awarded to directors and senior employees in respect of the 2005 LTIP award.

The fair value of shares awarded and outstanding at 31 March 2009 was £10.4 million (2008: £7.7 million).

20 Adjustment for non-cash movements in the cash flow statement	2009 £m	2008 £m
Deficit from investment property	**315.5**	8.7
Employee Long-Term Incentive Plan and Share Matching Plan charge	**0.1**	1.6
Amortisation of capitalised lease incentives	**(3.4)**	(5.4)
Share of results from joint ventures	**131.5**	1.6
Adjustments for non-cash items	**443.7**	6.5

21 Dividends	2009 £m	2008 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2009 of 4.0 pence per share	**7.3**	-
Final dividend for the year ended 31 March 2008 of 8.0 pence per share	**14.4**	-
Interim dividend for the year ended 31 March 2008 of 3.9 pence per share	**-**	7.0
Final dividend for the year ended 31 March 2007 of 7.55 pence per share	**-**	13.6
	21.7	20.6

The proposed final dividend of 8.0 pence per share (2008: 8.0 pence per share) was approved by the Board on 19 May 2009 and is payable on 14 July 2009 to shareholders on the register on 29 May 2009. The dividend is not recognised as a liability at 31 March 2009. The 2008 final dividend and the 2009 interim dividend were paid in the year and are included within the Group reconciliation of other movements in equity.

22 Operating leases

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

	2009 £m	2008 £m
The Group as a lessor		
Less than one year	**45.3**	35.3
Between two and five years	**118.0**	103.4
More than five years	**130.8**	137.9
	294.1	276.6

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2009 was 6.0 years (2008: 6.4 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the year (2008: £nil).

23 Employee benefits

The Group contributes to a defined benefit 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 2008 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2009 %	2008 %
Discount rate	**6.75**	6.50
Expected return on Plan assets	**5.69**	5.56
Expected rate of salary increases	**4.50**	4.50
Future pension increases	**3.50**	3.50

To develop the expected long-term rate of return on 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 5.69% assumption.

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

	2009 £m	2008 £m
Present value of unfunded obligations	**(13.4)**	(13.9)
Fair value of Plan assets	**14.0**	16.1
Pension asset	**0.6**	2.2

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

	2009 £m	2008 £m
Current service cost	**(0.2)**	(0.2)
Interest on obligation	**(0.9)**	(0.8)
Expected return on Plan assets	**0.9**	0.9
	(0.2)	(0.1)

Actuarial (deficit)/gain recognised immediately in the Group statement of recognised income and expense	**(1.8)**	1.9
Cumulative actuarial gains recognised in the Group statement of recognised income and expense	**2.4**	4.2

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

	2009 £m	2008 £m
Defined benefit obligation at 1 April	**13.9**	16.0
Service cost	**0.2**	0.2
Interest cost	**0.9**	0.8
Actuarial gain	**(1.2)**	(2.7)
Benefits paid	**(0.4)**	(0.4)
Defined benefit obligation at 31 March	**13.4**	13.9

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

	2009 £m	2008 £m
Fair value of Plan assets at 1 April	**16.1**	15.8
Expected return	**0.9**	0.9
Actuarial loss	**(3.0)**	(0.8)
Contributions	**0.4**	0.6
Benefits paid	**(0.4)**	(0.4)
Fair value of Plan assets at 31 March	**14.0**	16.1
Net asset	**0.6**	2.2

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

	2009 £m	2008 £m
Equities	**5.6**	6.4
Bonds	**8.4**	9.7
	14.0	16.1

The actual return on Plan assets was a deficit of £2.0 million (2008: £0.1 million).

Life expectancy assumptions:

	2009 Years	2008 Years
Male aged 65	22	20
Female aged 65	25	23
Male aged 45	23	21
Female aged 45	26	24

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

	2009	2008	2007	2006
Difference between expected and actual return on the scheme assets:				
Amount £m	**(3.0)**	(0.8)	(0.2)	1.9
Percentage of scheme assets	**(21%)**	(5%)	(1%)	13%
Experience gains and losses on scheme liabilities:				
Amount £m	**1.7**	-	-	0.5
Percentage of scheme assets	**13%**	-	-	3%
Total gains and losses:				
Amount £m	**(1.8)**	1.9	-	1.0
Percentage of scheme assets	**(13%)**	13%	-	7%

The Group expects to contribute approximately 25.5% of members' pensionable salaries plus £0.2 million to the Plan in the year to 31 March 2010.

24 Post balance sheet event

On 19 May 2009 the Company announced its proposal to raise £175.1 million through a fully underwritten Rights Issue on the basis of 8 new shares for every 11 existing shares. Should the proposal be ratified at a General Meeting on 4 June 2009, the Directors intend to use the net proceeds of £166.4 million for investment opportunities, as and when they arise. Until such time as the funds are required to execute such investment opportunities, the Company intends to use the net proceeds of the Rights Issue to pay down existing debt in the short-term that may be re-drawn, as required.

Directors' responsibility statement

The full financial statements contain the following directors' responsibility statement.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, 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 directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties they face.

Approved by the Board on 19 May 2009 and signed on its behalf by

Toby Courtauld	**Timon Drakesmith**
Chief Executive	Finance Director

Glossary

Adjusted earnings per share
Earnings per share adjusted to exclude non-recurring items, profits or losses on sales of investment properties, property revaluations and deferred tax on capital allowances and property revaluations on a diluted basis.

Adjusted net assets per share
NAV adjusted to exclude deferred tax on capital allowances and the fair value of derivatives on a diluted basis.

Diluted figures
Reported amounts adjusted to include the effects of potential shares issuable under the convertible bond.

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 adjusted NAV as set out by the European Public Real Estate Association (EPRA) in their January 2006 Best Practice and Policy Recommendations.

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

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.

Loan to value (LTV)
Total bank loans and debenture stock (including our share of joint ventures) expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

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

Market 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.

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

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

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

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

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

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

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

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

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

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

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

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

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

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

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

Voids
The element of a property which is unoccupied but available for letting, usually expressed as the ERV of the void space divided by the existing rent roll plus the ERV of the void space.

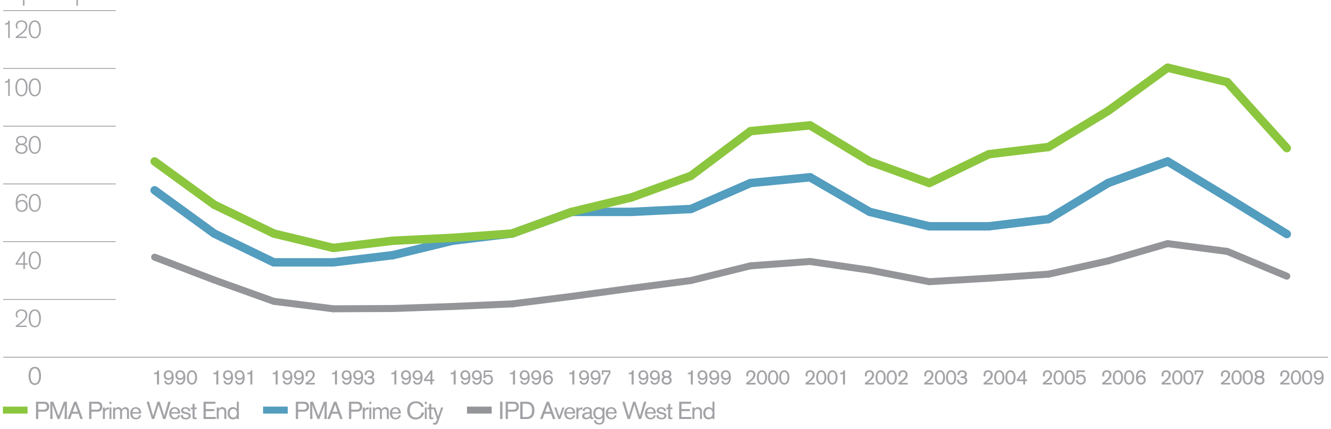
Weighted average cost of capital (WACC)
The weighted average pre-tax cost of the Group's debt and the notional cost of the Group's equity used as a benchmark to assess investment returns.

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

Appendix 1

Rents per sq ft

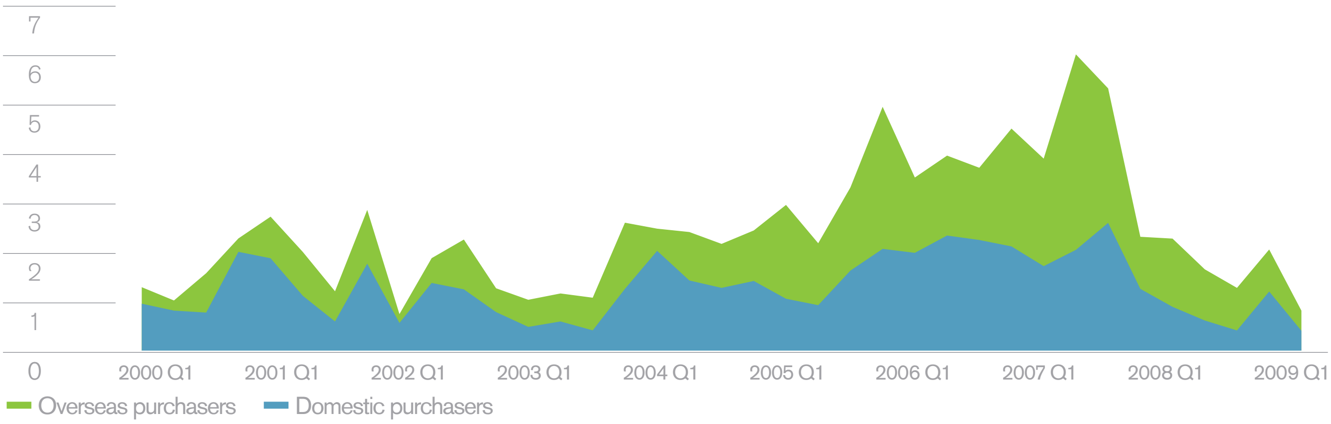
£ per sq ft



Source: PMA/GPE

Central London investment transactions

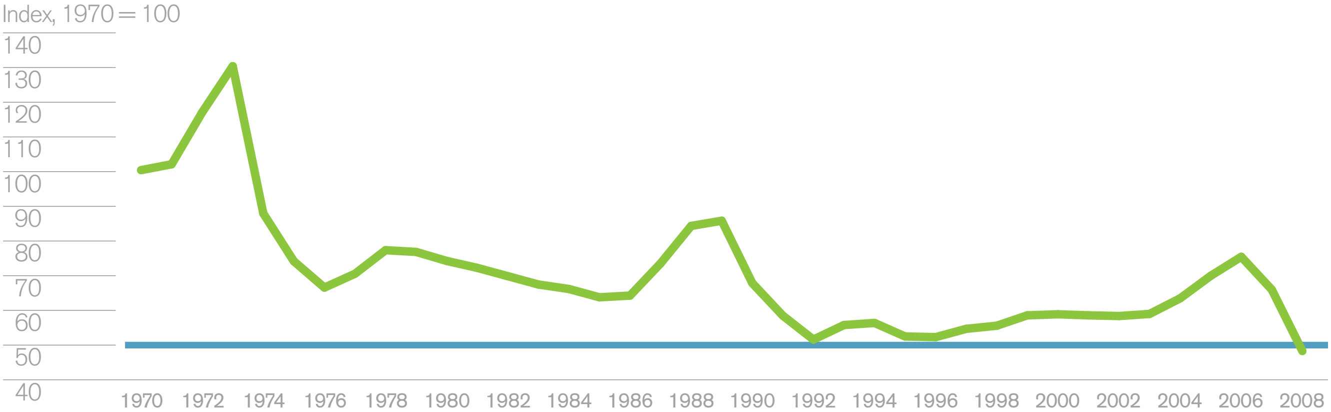
£ billion



Source: CBRE

All property real capital values

Index, 1970 = 100



Source: IPD

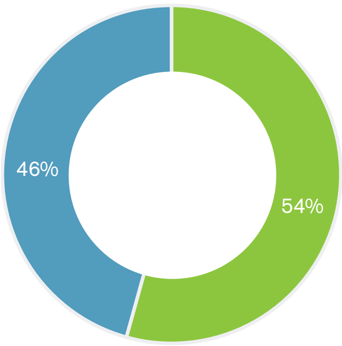
Appendix 2

Net investment through the cycle, including our share of JVs

Joint venture business – contribution to the Group

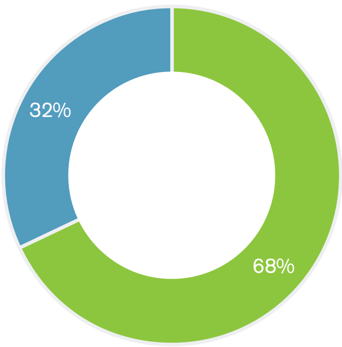
Values at 31 March 2009

Gross property assets



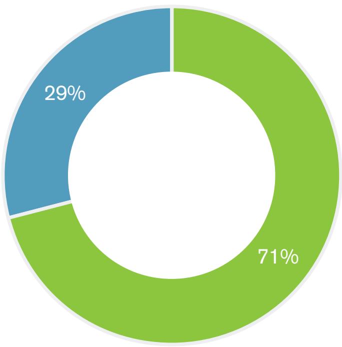
Wholly-owned £794.7 million
Joint ventures £668.8 million

Net assets



Wholly-owned £386.4 million
Joint ventures £182.2 million

Rent roll[1]

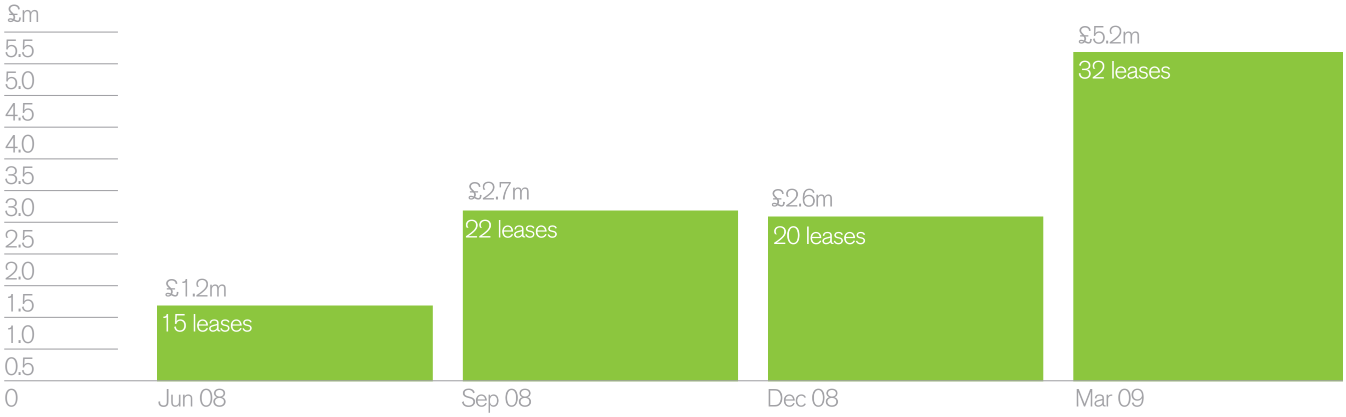


Wholly-owned £49.6 million
Joint ventures £20.3 million

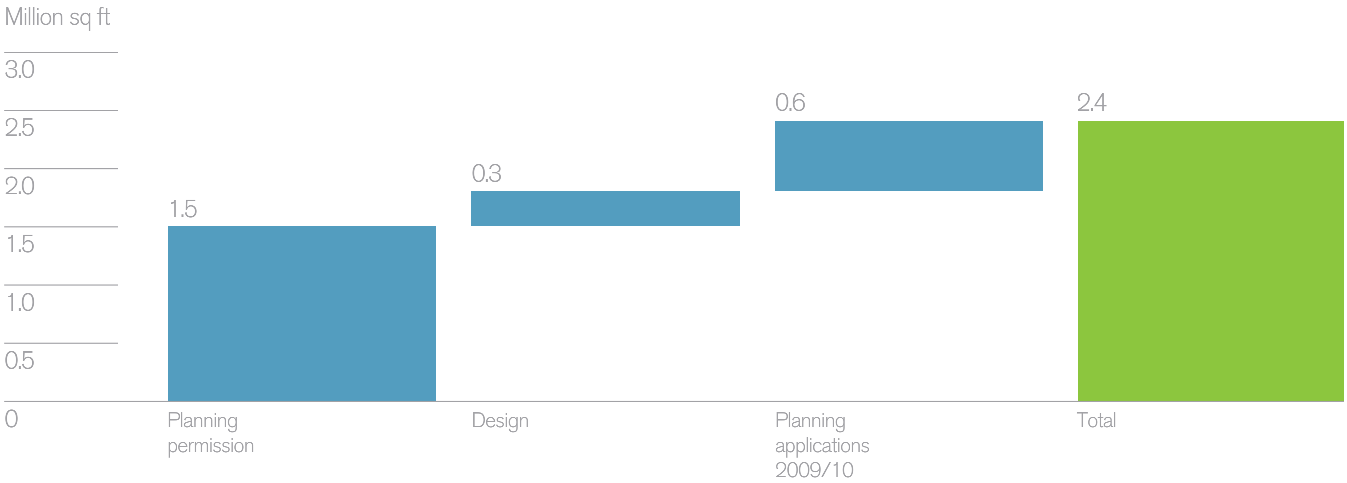
1 Includes share of joint ventures.

Appendix 2

New lettings and renewals by quarter



Development pipeline



Appendix 3

Portfolio performance

		Wholly-owned £m	Share of joint venture £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	240.7	71.2	311.9	27.6	(29.3)
	Retail	68.1	71.0	139.1	12.3	(13.9)
Rest of West End	Office	142.0	96.8	238.8	21.2	(35.4)
	Retail	97.9	69.5	167.4	14.8	(12.1)
Total West End		548.7	308.5	857.2	75.9	(26.3)
City and Southwark	Office	148.5	17.6	166.1	14.7	(36.2)
	Retail	8.7	1.7	10.4	0.9	1.7
Total City and Southwark		157.2	19.3	176.5	15.6	(34.8)
Investment property portfolio		705.9	327.8	1,033.7	91.5	(27.9)
Development property		88.8	5.5	94.3	8.4	(28.9)
Total properties held throughout the year		**794.7**	**333.3**	**1,128.0**	**99.9**	**(28.0)**
Acquisitions		–	1.1	1.1	0.1	(44.8)
Total property portfolio		**794.7**	**334.4**	**1,129.1**	**100.0**	**(28.0)**

Portfolio characteristics

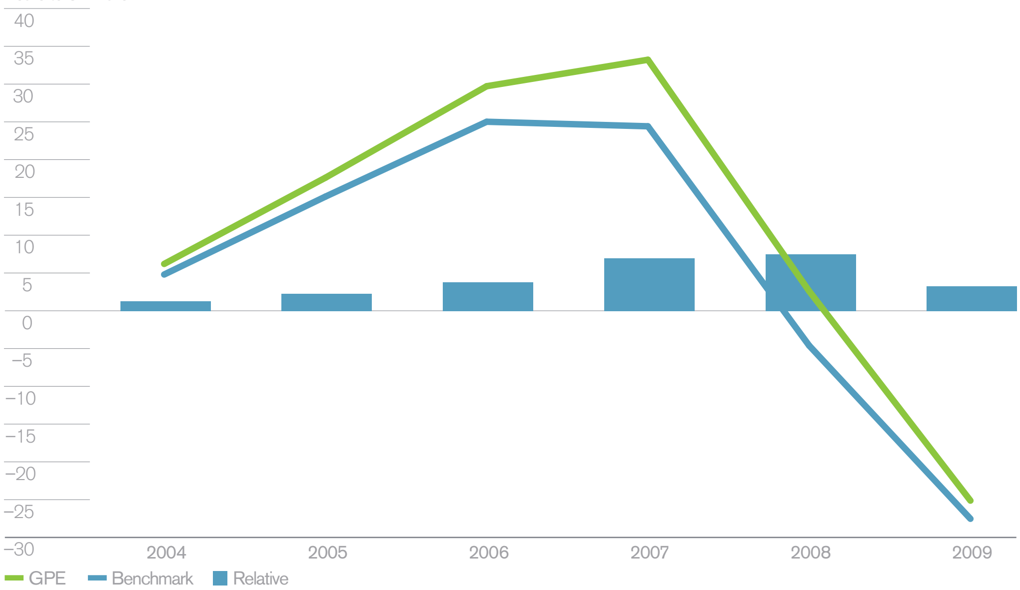
At 31 March 2009

	Investment property portfolio £m	Properties under development £m	Total property portfolio £m	Office £m	Retail £m	**Total £m**	Net internal area sq ft 000's
North of Oxford Street	452.1	77.0	529.1	384.8	144.3	**529.1**	1,179.0
Rest of West End	406.2	–	406.2	238.8	167.4	**406.2**	891.1
Total West End	858.3	77.0	935.3	623.6	311.7	**935.3**	2,070.1
City and Southwark	176.5	17.3	193.8	180.7	13.1	**193.8**	674.6
Total	1,034.8	94.3	1,129.1	804.3	324.8	**1,129.1**	2,744.7

		Investment property portfolio £m	Properties under development £m	Total property portfolio £m
By use:	Office	717.5	86.8	804.3
	Retail	317.3	7.5	324.8
Total		**1,034.8**	**94.3**	**1,129.1**
Net internal area sq ft 000's		2,555.0	189.7	2,744.7

Total property return relative to IPD central London

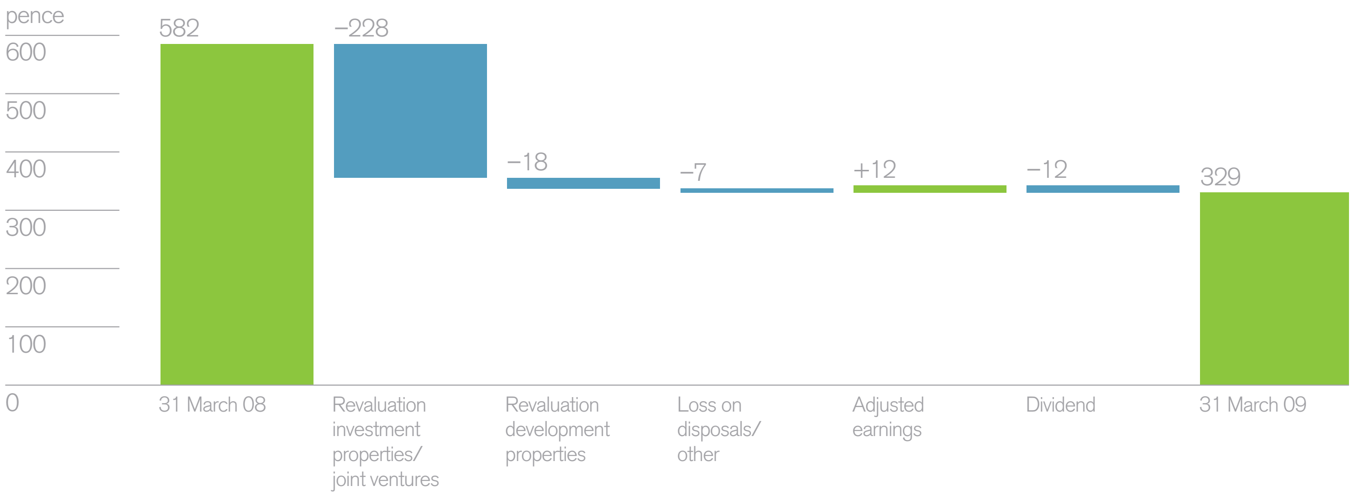
Years to 31 March



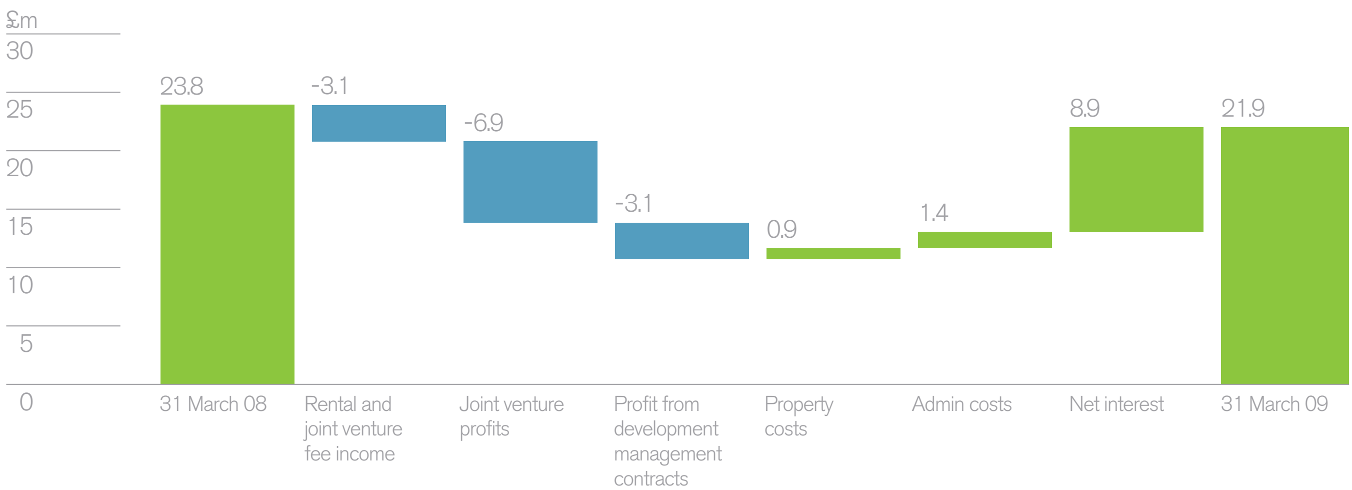
Source: IPD

Appendix 4

Adjusted net assets per share – movement since 31 March 2008



Adjusted profit before tax – year to 31 March 2009



Appendix 4

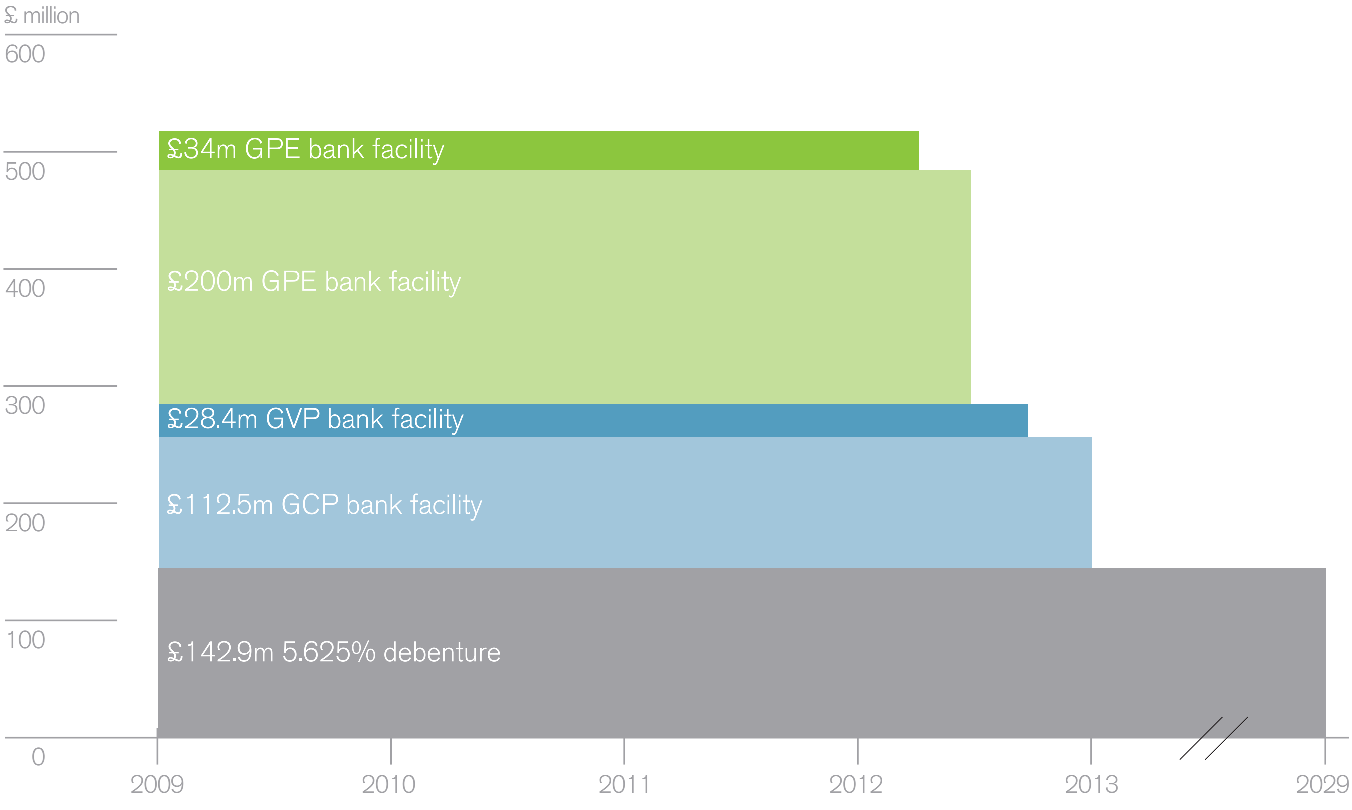
Debt analysis

Year end net debt position	March 2009 £m	March 2008 £m
Group net debt	**371.0**	424.6
Group net gearing	**65.2%**	40.5%
Total net debt including 50% JV non-recourse debt	**506.4**	570.4
Loan-to-property value including joint ventures	**44.9%**	34.9%

Group credit statistics	March 2009 £m	March 2008 £m
Interest cover	**2.1x**	1.8x
Weighted average interest rate	**5.78%**	6.01%
Percentage of total debt/capped	**88%**	76%

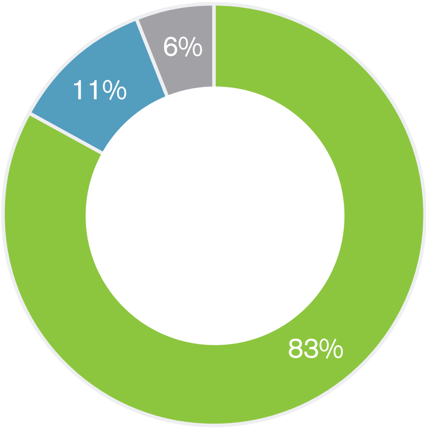
Maturity profile

No maturity of drawn facilities until 2012



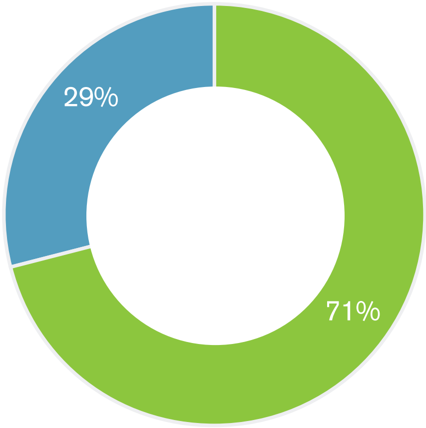
Appendix 5

Our locations[1]



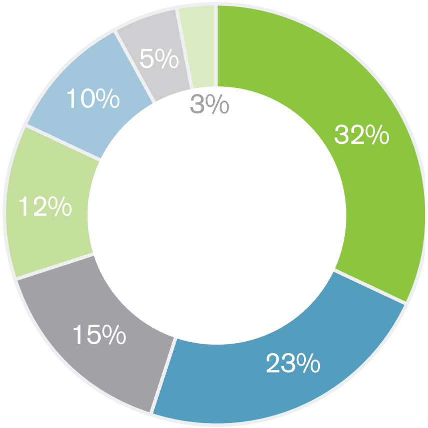
West End – £935.3m
City – £120.9m
Southwark – £72.9m

Our business mix[1]



Office – £804.3m
Retail – £324.8m

Our tenants[1]



Retailers and leisure
Media and marketing
Banking and finance
Corporates
Professional
Government
IT and telecoms

1 Includes Group's share of joint ventures

Appendix 5

Rental income

At 31 March 2009

			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 St	Office	19.8	(2.2)	17.6	3.6	0.9	4.5	22.1
		Retail	4.0	0.2	4.2	4.1	0.9	5.0	9.2
	Rest of West End	Office	8.6	0.9	9.5	7.4	(0.1)	7.3	16.8
		Retail	4.7	1.2	5.9	4.0	0.3	4.3	10.2
	Total West End		**37.1**	**0.1**	**37.2**	**19.1**	**2.0**	**21.1**	**58.3**
	City and Southwark	Office	11.9	1.9	13.8	1.1	0.2	1.3	15.1
		Retail	0.6	0.6	1.2	0.1	–	0.1	1.3
	Total City and Southwark		**12.5**	**2.5**	**15.0**	**1.2**	**0.2**	**1.4**	**16.4**
Total let portfolio			**49.6**	**2.6**	**52.2**	**20.3**	**2.2**	**22.5**	**74.7**
Voids					4.5			2.1	6.6
Premises under refurbishment					2.0			0.6	2.6
Total portfolio					**58.7**			**25.2**	**83.9**

Rent roll security, lease lengths and voids

At 31 March 2009

			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 St	Office	63.1	8.3	11.9	24.8	4.0	20.2
		Retail	66.7	7.1	4.1	77.2	10.2	5.7
	Rest of West End	Office	22.6	3.0	2.0	49.9	4.7	7.2
		Retail	53.7	9.3	4.1	81.5	12.2	0.6
	Total West End		**52.9**	**7.0**	**7.8**	**58.2**	**7.4**	**8.1**
	City and Southwark	Office	10.3	2.7	6.5	16.7	2.1	12.6
		Retail	14.4	6.6	–	75.6	11.4	–
	Total City and Southwark		**10.5**	**2.9**	**6.2**	**22.4**	**3.0**	**11.7**
Total let portfolio			**42.2**	**6.0**	**7.4**	**56.1**	**7.1**	**8.7**

Rental values and yields

At 31 March 2009

			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 St	Office	45	39	26	32	4.9	6.9	5.4	7.2
		Retail	41	36	61	72	5.0	6.1	5.4	6.3
	Rest of West End	Office	43	48	37	36	5.4	6.2	6.3	6.9
		Retail	60	75	45	50	4.1	5.5	5.5	6.1
	Total of West End		**45**	**44**	**39**	**41**	**4.9**	**6.4**	**5.7**	**6.6**
	City and Southwark	Office	28	31	24	33	7.5	7.6	4.6	8.0
		Retail	13	27	42	48	2.7	6.8	6.5	7.6
	Total City and Southwark		**26**	**31**	**26**	**34**	**7.3**	**7.6**	**4.7**	**8.0**
Total portfolio			**38**	**39**	**38**	**40**	**5.4**	**6.6**	**5.7**	**6.7**

Appendix 5

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

Risk	Mitigation
Market risk	
Concentration of assets in central London. Property markets are cyclical. Performance depends on general economic conditions, a combination of supply and demand for floor space as well as overall return aspirations of investors. Constrained credit markets have served to put downward pressure on property valuations and slowed occupational demand with the potential for increased void levels and tenant defaults.	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. 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 estimated returns are regularly monitored to allow prompt decisions on leasing and ownership to be determined. The Group's rents remain low by comparison to the market. Tenants are proactively managed to ensure changing needs are met with a focus on retaining income, where appropriate, and maintaining a diverse tenant mix by industry sector and size. Formal covenant procedures are completed on all new tenants to ensure rent deposits or guarantees are secured where appropriate.
The impact of changes in legislation particularly in respect of environmental legislation and planning regulations.	Through the use of experienced advisers and direct contact, senior Group representatives spend considerable time ensuring that buildings are maintained and refurbished or redeveloped in line with current regulations and changing tenant demands including, for example, changing environmental legislation requirements, in the most cost-effective manner.
Development	
Failure to obtain or delays in gaining planning consents.	Planning applications are proactively managed. The Company monitors changes in planning legislation and has strong relationships with planning authorities and consultants.
Letting risk.	Market analysis including a good understanding of tenants' requirements which influence building design and sensitivities are included within the development appraisals. The Company has resource dedicated to the letting of the developments supported by a strong network of specialist leasing agents.
Investment	
Difficulty in sourcing investment opportunities at attractive prices.	The Company 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.
Portfolio returns impaired by inappropriate recycling of capital.	Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with relative limited potential performance.

Appendix 5

Risk	Mitigation
Investment	
Inability to recycle out of ex-growth assets at the latest valuation due to credit market difficulties resulting in a limited pool of potential buyers.	The Company has dedicated resource to identify potential buyers even in thin markets.
Attracting and retaining the right people	
Achieving the Company's aims requires people of the highest calibre.	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 the identification of training needs.
Reputation	
Health & Safety and Environment ("HSE").	The Company has dedicated HSE personnel to oversee the Company's HSE Management Systems including regular risk assessments and annual audits to proactively address key HSE areas including energy usage and employee, contractor and tenant safety.
Financial risks	
Liquidity risk.	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 market bonds. Strict counterparty limits are operated on deposits.
Adverse interest rate movements.	Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives.
Breach of borrowing covenants.	Financial ratios are monitored and regularly reported to the Board.
Non-compliance with REIT regulations.	The Group's accounts and forecast financial measures are regularly compared to REIT limits and reported to the Board.