

Press Release



11 November 2009

Half year results

The Directors of Great Portland Estates plc, announce the results for the Group for the six months ended 30 September 2009.

Highlights:

- Improved valuation trends in the second quarter –

Movement for Period to September 2009	3 Months	6 Months
Portfolio value (like-for-like)	+ 2.6%	- 2.7%
Adjusted net assets per share	+ 4.2%	- 8.2%
Total property return		
- GPE portfolio	+ 4.1%	- 0.2%
- IPD central London quarterly index	+ 3.5%	+ 0.8%

- Adjusted net assets per share down 8.2% to 225 pence, up 4.2% in the second quarter
- Net assets of £697.6 million up 22.7% from 31 March 2009
- Substantial financial resources totalling £504.3 million. Gearing low at 29.3%
- Adjusted¹ profit before tax of £13.5 million down 6.9% on 2008
- Adjusted¹ earnings per share of 5.4 pence down 10.0% on 2008
- Total dividend per share 3.0 pence (2008: 3.0 pence¹)
- After revaluation deficit, reported loss before tax of £29.8 million (2008: £146.2 million)
- New investments and capital commitments of £140 million announced since year end
- Exclusive negotiations ongoing over purchases totalling approximately £48 million
- Property sales of £59.9 million consistent with objective of crystallising investment returns
- New leases, reviews and renewals signed securing £4.8 million of annual income covering 203,000 sq ft
- Void levels² down to 5.8% at 30 September, 4.7% as of today, versus 7.8% at March 2009
- 2.6 million sq ft³ development pipeline being readied for market recovery
- New West End acquisition, Marcol House, to be redeveloped in first half of 2010

¹ EPRA adjustments. Comparative figures have been restated for rights issue – see note 6

² Includes share of joint ventures

³ Includes joint ventures

Toby Courtauld, Chief Executive, said:

“London’s investment markets have, since we reported in May, recovered marginally from their lows, buoyed by the significant weight of money chasing a limited number of assets for sale. Although rental prospects in the office market remain subdued in the short term, we are seeing some signs of life in occupational demand. Capital values will not, in our view, experience a sustained recovery until rental values improve and we expect office rents to rise selectively during the second half of 2010.

We have made good progress investing the proceeds of our rights issue in May with new investments and capital commitments totalling £140 million and a further £48 million under offer.

Our blend of attractive assets, off low rents in core central London locations, with a long pipeline of opportunity and significant financial firepower all combine to provide a compelling case to support our optimistic outlook for Great Portland Estates.”

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

A conference call facility will be available to listen to the presentation at 9.30am today on the following numbers:

UK
International

0871 871 0047 (freephone)
44 (0) 1452 587 356

Disclaimer

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

Half Year Results

Our market

Our market is accompanied by graphics (see Appendix 1)

Economic and Property Market Overview

The UK economy has continued to contract over the course of the first half of our financial year despite enormous government-led stimulus policies and historically low interest rates. These initiatives have both boosted financial markets from their lows in the spring of 2009 and provided a welcome stimulant to business sentiment across the UK which has gradually improved in recent months. Many economic observers expect the UK to emerge from recession in the near future although none expects a return to rapid rates of growth any time soon, and we would tend to agree.

Against these more positive trends, employment levels in the UK, and central London in particular, continue to decline and are, we believe, unlikely to strengthen until the second half of 2010 at the earliest.

Since the time of the Interim Management Statement in July, we have witnessed some diverging trends in London's property markets. Asset values have increased for the first time since mid 2007 as the broader capital markets have revived, whilst rental values have continued to fall (although at a slower rate) as individuals and businesses have remained reluctant to take expansionary steps. We are cautious about the sustainability of the upward asset value correction so long as the short term economic outlook remains uncertain, but with a longer time frame in mind we expect London's property market will emerge from its current cyclical trough.

Occupational markets

West End

Occupational demand for office space has been weak for all of 2009 and in the nine months to September 2009 take-up of new office space was 2.0 million sq ft, 46% down on the same period of last year. The volume of office space on the market is up 80% year-on-year driving West End office vacancy rates up from 9.2% at March 2009 to 10.2% at September 2009. According to CB Richard Ellis, prime headline and net effective (adjusted for rent free periods and other incentives) rental values have fallen by 8.6% and 11.3% respectively over the last six months compared to 18.8% and 21.0% respectively for the previous six months.

Even though viewings are up slightly year-on-year, we anticipate that the amount of take up for all of 2009 will be one of the lowest on record, similar to levels seen in the early 1990's. However, a combination of improving economic conditions, and limited new supply coming on stream should help rental values to stabilise during 2010 as occupier activity returns, although we are assuming a slow return from the current nadir.

The West End retail market (comprising 27.4% of our West End portfolio by rent roll) has been more robust than the rest of the UK as retail sales in central London have relatively outperformed. In the six months to September 2009, average monthly retail sales in London were 7.5% higher than the same period last year versus a 2.8% increase for the rest of the UK. London's retailers and restaurateurs continue to benefit from large numbers of foreign business visitors and tourists.

City and Southwark

Significant speculative development and contraction by financial services businesses has served to drive City vacancy levels up to 11.2% at September 2009 (11.0% March 2009) and headline prime rents down by 9.7% since the start of the financial year, or 17.0% after adjusting for increased tenant incentives. Although many major development schemes have been cancelled or deferred and there are signs of renewed leasing interest from selected large institutions, we expect the City rental market overall to remain flat until the end of 2010. After this, as profits from banks, fund managers and professional firms recover and employment levels in the City rebuild, we believe that City rental values will grow again. In Southwark, although the supply base is more restricted and interest levels from media and technology businesses are more prevalent, take up levels remain low and rental values have fallen significantly.

Investment markets

London's commercial property investment market has been influenced by improving investor interest in real estate, particularly from overseas. The availability of debt finance has also increased, albeit from the very low levels seen at the beginning of 2009. These two factors helped reverse the decline in the monthly IPD London office indices during our second quarter and they turned positive for the first time since July 2007. Capital value enhancement is concentrated in prime located properties with long secure leases. Market turnover is constrained, however, as only modest numbers of properties are being offered for sale and banks who control commercial real estate via loans in default seem reluctant to dispose of their interests. In the nine months to September, central London investment market turnover, at £4.9 billion, was 6% down year on year and significantly below the high point during 2007. Perhaps more interestingly, the quarter to September 2009 saw an increase in turnover of 73% compared to the three months to June 2009, with much of the increase the result of overseas investors.

Whilst there are some early signals that equity investors and financiers are becoming more comfortable with a return to risk taking, we believe a sustainable recovery in capital values requires rental growth. Absent further negative economic shocks, we expect London's office rents to return to growth, on average, during the second half of 2010.

Lead indicators

Property markets are highly cyclical and we monitor numerous lead indicators to help identify key trends. Since our year end in March several of the capital value indicators have risen:

Selected Lead Indicators	Trends in period March – September 2009
Property Capital Values	
• Equity and bond prices	Up
• Changes in new lending by major UK and European banks	Up
• Transaction volumes in central London direct real estate investment markets	Up
• Direction of pricing on IPD based derivative contracts	Up
Rental Values	
• UK GDP growth	Down
• London retail sales	Up
• Business confidence levels in the central London economy	Up
• UK output from the financial and business services sector	Down
• UK finance and business services employment statistics	Down

Since the spring of 2009, property capital value lead indicators have risen and sentiment in the credit and direct investment markets has improved. As reported earlier, rental values are still declining and there is mixed evidence of stabilisation for selected indicators. Our sense is that a widespread improvement in the property markets may not be felt for another six to twelve months.

Our business

Our business is accompanied by graphics (see Appendix 2)

Investment management

During the course of the first half the balance of our investment activities moved from sales to purchases. In the period to early September we sold Bond Street House, W1, Spirella House, W1 and 29/35 Great Portland Street, W1 for a total of £59.9 million, including expected deferred consideration receipts. Deferred consideration of £5 million, on the disposal of Bond Street House, is expected to be recognised in the financial statements when settled in the second half of the financial year. Overall, the aggregate proceeds from these sales are 5.2% in excess of their combined book value at 31 March 2009.

The sale of Bond Street House was described in our year end annual report. In September, we sold Spirella House, on the south east corner of Oxford Circus to Calzedonia SPA for £22.9 million, or £1,644 per sq ft, which reflects an equivalent yield approaching 5%. The building was brought in the Great Capital Partnership (“GCP”) in 2007. Last year, we re-gearred the headlease with The Crown Estate as part of a swap deal and marked the retail rent to market. We also secured possession of the upper floors, obtained planning consent, and refurbished and substantially let these floors as offices.

In June, we completed our rights issue to raise capital for investment into central London opportunities following one of the most severe asset price crashes on record. Ten weeks later, we commenced selective reinvestment into our core markets. GCP acquired new 125 year leasehold interests from The Crown Estate at Foxglove House, 166/168 Piccadilly; Dudley House, 169 Piccadilly; Egyptian House, 170/173 Piccadilly; Empire House, 174/175 Piccadilly; Piccadilly Arcade and 52/53 Jermyn Street; and 54/56 Jermyn Street, all in London W1 in exchange for its existing leases and £12.0 million in cash. The previous leases were for an average term of 69 years and GCP paid an average annual rent of 15% of rental value to The Crown Estate. Under the new leases the annual rent payment is reduced to 10%. Together, the five buildings form a single block fronting Piccadilly and Jermyn Street and currently comprise 132,500 sq ft. Crucially, the new headleases provide the ability to carry out a comprehensive redevelopment in due course.

In late September we exchanged contracts to purchase 90 Queen Street, EC4 for £45.8 million. This prime office and retail building was built in 1996 and comprises 68,400 sq ft of lettable space. The office accommodation is the UK headquarters of Intesa Sanpaulo SPA and is occupied under a lease until 2017 with a tenant option to break in 2013. The retail units are occupied by Lloyds Banking Group plc, Pret A Manger and Hugo Boss. The rental income of £3.9 million per annum will add approximately 1 pence per share to Group earnings and equates to a net initial yield, having taken into account all acquisition costs, of 8.2%. At a capital value per sq ft for the office component of £565, we believe we are buying land and a high quality building at beneath replacement cost, without the development risk, with an attractive income return and a variety of asset management opportunities.

We announced today the acquisition of two West End development properties and the formation of a profit share and debt structuring arrangement with Eurohypo to develop the properties. The Group has acquired Marcol House, 289/295 Regent Street and 23/24 Newman Street, W1 from Istithmar World PJSC (“Istithmar”) for £10 million. Marcol House is a Grade II listed, office and retail development site with planning consent for 111,548 sq ft, located on the corner of Regent Street and Margaret Street, 150 metres to the north of Oxford Circus. Newman Street is an existing office building of 25,200 sq ft with planning consent to provide the residential requirements for the Marcol House site.

Simultaneously with the acquisition, GPE has agreed with Eurohypo to restructure the existing debt facility on Marcol House in exchange for a profit share arrangement in the developments. Under this arrangement, GPE will commence the development of the two properties early in 2010, providing all of the funding for the development costs, some of which come from the new debt facility, which together are estimated at £78.1 million. GPE will act as development manager and receive a priority return of up to £26.3 million. The next £51 million of profit will be split equally between GPE and Eurohypo whilst the excess over a combined property valuation for the two schemes of £165 million will be shared 50:50 by GPE and Istithmar.

We are currently negotiating several potential acquisitions of buildings in our core markets which have compelling valuation characteristics. With clear and focussed strategies, strong relationships and plentiful financial resources, we expect that 2010 will be a year rich with investment opportunities.

Asset management

Our asset management team have continued to focus aggressively on maximising occupancy and cash flow generation. As a result:

- 66 new leases were completed (2008: 36 leases) generating annual rent of £5.4 million (our share £4.3 million; 2008: £3.1million) or 6.5% of rent roll;
- 89.9% of all tenancies, by rental value, with lease breaks or expiries in the year to 30 September 2009 were retained or relet;
- a further 34 lettings were under offer at 30 September 2009, accounting for £3.0 million p.a. in rent (our share £2.4 million);
- 2 rent reviews of £1.1 million (our share £0.5 million; 2008: £1.8 million) were settled during the year, some 1% ahead of ERV at rent review date; and
- total space covered by new lettings, reviews and renewals was 203,000 sq ft (2008: 177,000 sq ft).

The second quarter of the financial year was more productive than the first in terms of new lettings and renewals with 30 leases worth £2.5 million p.a. being completed in the three months to September compared to 36 leases worth £1.8 million p.a. in the prior period. As a result of these efforts the investment portfolio void rate at 30 September 2009 was 5.8% versus 7.8% at year end. Many of the lettings done in the first half were below the rental values at March 2009 due to continued pricing weakness in occupational markets, and the inclusion of terms allowing us to preserve the redevelopment potential of various sites. Excluding letting at such development sites, since September lettings have been completed at an average rent some 5% ahead of the March 2009 rental value.

In the year to September 2009, 161 leases covering around 538,000 sq ft of space with a rental value of £18.2 million were subject to lease expiry or tenant break. Tenants were retained for 53.3% of this space by rental value and by the end of September we had leased or put under offer a further 36.6% leaving only 10.1% to transact.

Development overview

The development team's focus is on the evaluation of a wide variety of projects with a potential total area of approximately 2.6 million sq ft timed to benefit from the anticipated recovery in occupational markets from 2011 onwards.

Construction and leasing

The construction phase of the development schemes from the last cycle finished when we took practical completion of the 47,000 sq ft Bermondsey Street, SE1 scheme in early July where we have already let over 7% of the office space and have encouraging levels of leasing interest for the balance. At our 112,800 sq ft Wells & More, W1 building we leased 22,000 sq ft to a media business in August at a headline rent of slightly under £40 per sq ft and BUPA have agreed to occupy a 11,000 sq ft retail unit on the ground floor and basement. Discussions are ongoing with several potential tenants in respect of the remaining office and retail units. At Foley Street we leased 10,000 sq ft to Deckers UK Limited in August and the building is now fully occupied.

Design and feasibility studies

At Hanover Square, W1 discussions on our master plan proposals continue and having received a favourable response from a number of stakeholders to our design proposals, we anticipate submitting a planning application during the first half of 2010. We expect to receive a compulsory purchase order for 18/19 Hanover Square in the fourth quarter of this year as Crossrail prepare for the construction phase of the project. Meanwhile, detailed design work is ongoing to prepare schemes at Wigmore Street, W1 Piccadilly, W1 and Fetter Lane, SE4 for commencement over the next two years.

Valuation

The valuation of the Group's properties as at 30 September 2009, including our share of gross assets in joint venture, was £1,054 million, down 2.7% or £29.1 million on a like-for-like basis net of capital expenditure since 31 March 2009. The valuation of the portfolio as at September 2009 was lower by £56.9 million due to the disposals of Bond Street House, Spirella House and 29/35 Great Portland Street all in W1. Wholly owned properties were valued at £735.2 million and the Group had four 50:50 joint ventures which owned properties valued in aggregate at £637.5 million at September 2009.

The second quarter saw a like-for-like valuation increase of 2.6%, the first uplift since the equivalent period in 2007. This valuation rise was mainly due to the contraction of investment yields across all markets since the early summer and compares to a 5.1% valuation fall in the first quarter. Although rental values continued to decline during the summer, the favourable movement in yields have mitigated the valuation impact.

The key drivers of Group's valuation movement for the first half were:

- **Rental value changes** – The major factor in the valuation reduction since the start of the financial year has been a fall in rental values of 8.6%. Office rental values have declined by 10.8%, however, retail rental values fell by only 1.6%. The second quarter saw the rate of rental value reduction abate, particularly in the north of Oxford Street office portfolio which experienced a 1.8% fall;
- **Favourable yield shift** – Equivalent yields contracted by 34 basis points over the six months (2008: 54 basis points expansion) from 6.7% to 6.3% on a like-for-like basis. In the second quarter the equivalent yield fell by 39 basis points as investor sentiment improved; and
- **Vigorous asset management** – During the half year, 68 new leases, rent reviews and renewals were completed securing £4.8 million of annual income and reducing voids.

Including rent from pre-lets and leases currently in rent free periods, the initial yield of the investment portfolio at September 2009 was 9 basis points lower than six months earlier at 6.0%. The near-term reversionary yield of the portfolio at 30 September 2009 was 6.5% down from 7.0% at 31 March 2009.

Our North of Oxford Street portfolio produced a positive performance over the first half, increasing in value by 1.8% on a like-for-like basis. City and Southwark was the worst performer (down 11.9%) as rental value falls were factored into the valuation. Our joint venture properties fell in value by 3.0% compared to a 2.6% fall for the wholly owned portfolio over the period.

The Group delivered a total property return for the first half of minus 0.2%, compared to the central London IPD benchmark of positive 0.8%. The portfolio's total return was 4.1% in the second quarter versus 3.5% for the benchmark.

Our financial position

Our financial position is accompanied by graphics (see Appendix 3)

Financial results

The property market environment has continued to be challenging during the course of the first half of the financial year and effects of a difficult occupational market can be seen in the portfolio valuation. Despite this backdrop we have recorded a better valuation result for the second quarter than the first and the Group has generated a reasonable level of underlying profits over the last six months.

Net asset value

The opening value of adjusted net assets per share at 31 March 2009 has been restated to take into account the effects of the £166.4 million rights issue which completed in June. This produces a pro forma net asset value of 245 pence at 31 March 2009 from which there has been a modest fall of 8.2% in the period to 225 pence, largely because of the reduction in the value of the property portfolio. At 30 September 2009, the Group's net assets were £697.6 million, up from £568.6 million at 31 March 2009 mainly as a consequence of the rights issue.

The main factors behind the 20 pence per share change in adjusted net assets per share from the pro forma March value to September 2009 were:

- the fall of 10 pence per share arising from the revaluation of the property portfolio;
- the termination of all the Group's on balance sheet interest rate derivatives impacting net assets by 6 pence per share;
- property disposals including Bond Street House, W1 and Spirella House, W1 reduced net assets by 1 pence per share;
- other items including the purchase of shares in our LTIP trust and the movement in the pension deficit reduced net assets by a further 2 pence per share;
- adjusted earnings for the first half of 5 pence per share enhanced NAV; and
- the payment of the final dividend from last year caused a reduction in net assets by 6 pence per share.

These items are illustrated in Appendix 3.

Triple net assets per share (NNNAV) was 232 pence per share at 30 September 2009 compared to 250 pence per share at 31 March 2009. At 30 September 2009 the difference between adjusted net assets per share and NNNAV was the positive mark to market of debt of 7 pence mainly arising from the low interest rate of the Group's 2029 debenture. There were no movements in deferred tax provisions during the period.

Income statement and earnings per share

Adjusted profit before tax at £13.5 million was £1.0 million or 6.9% lower than last year. The key reasons behind this fall were the absence of development management profits and reduced underlying JV profits this year, partly offset by lower interest charges.

Rental income from wholly owned properties and joint venture fees for the period were £22.4 million and £1.5 million respectively, generating a combined income of £23.9 million, down 1.6% on the first half of last year.

Rental income was marginally higher than last year mainly due to the effect of rent reviews, lease renewals and new lettings which offset the impact of disposals. Management fees from the Group's joint ventures were down 53.1% on last year, as a result of lower rent levels and reduced transactional and development activity at The Great Wigmore Partnership ("GWP"), The Great Victoria Partnership (No2) ("GVP2") and The Great Capital Partnership.

Administration costs have risen 7.1% year-on-year to £6.0 million primarily due to higher provisions for bonuses and share incentive schemes than in 2008, although fixed overhead expenses are lower than last year. There were no development management profits for the period as the Tooley Street project completed in June 2008, and £3.9 million of profit was recognised in the first half of last year. Adjusted profits from joint ventures (excluding valuation movements and gains/losses on property sales) were £4.3 million, down from £6.0 million on last year, mainly due to the disposals of 208/222 Regent Street, W1 and 180 Great Portland Street, W1 in 2008 and Spirella House, W1 in 2009 which reduced rental income this year versus last year. Underlying net finance costs were materially lower by £4.7 million at £6.6 million due to the repayment of debt at the Group level, following the rights issue and property disposals, and the termination of interest rate derivatives. We have recorded a one-off accounting charge of £10.0 million in the income statement in respect of the costs of terminating the derivatives following guidance within IAS39 (see note 4 to the half year report). The IAS 39 accounting charge does not affect adjusted profits or earnings per share.

For the first six months of the year adjusted earnings per share were 5.4 pence, 10.0% lower than last year mainly driven by lower adjusted PBT, described above. EPS has been calculated using the weighted average number of shares of 246.8 million and the 2008 comparative has been adjusted by the bonus factor from the rights issue to allow a direct comparison.

Revaluation falls and loss on sale of assets caused the Group to report an accounting loss after tax of £30.0 million (2008: £146.3 million). Basic EPS for the half year showed a loss of 12.2 pence, compared to a restated loss of 60.5 pence for 2008.

Results of joint ventures

Our joint ventures represent a significant part of the overall Group despite the disposals in GCP. At September 2009, 29.6 % of Group rent roll and 25.7% of net assets were joint 50:50 joint ventures; at March 2009 the comparable figures were 28.9% and 32.2% respectively. Non-recourse net debt in the joint ventures has fallen from £135.4 million at 31 March 2009 to £127.2 million at the half year due to property sales and operational cash flow.

The Group's net investment in joint ventures was £179.5 million slightly down on the number at March 2009, due to valuation falls. Our share of joint venture net rental income was £9.7 million, compared to £12.2 million for last year, due to the property disposals set out above. The underlying joint venture profits are stated after charging £1.5 million of GPE management fees (2008: £3.2 million).

Financial resources and capital management

Cash generated by operations was £6.1 million, down significantly compared to the first half of last year due to lower underlying profits and unfavourable movements in working capital. Group consolidated net debt was £204.6 million at 30 September 2009 down from £371.0 million at 31 March 2009 as a consequence of the rights issue, disposals and operational cash flow. The disposals of properties generated £54.3 million in net proceeds. Group gearing fell to 29.3% at 30 September 2009 from 65.2% at 31 March 2009 as lower debt levels outweighed a modest fall in portfolio valuation. Interest cover for the six months to September improved to 3.1x (2008: 2.3x).

Including the non-recourse debt in the joint ventures, total net debt was £331.8 million (31 March 2009: £506.4 million) equivalent to a loan to value ratio of 31.5% (31 March 2009: 44.9%) which remains at a very comfortable level. The Group, including joint ventures is operating with very substantial headroom over its bank and debenture covenants.

At 30 September 2009, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £504.3 million. The earliest debt maturity the Group faces is an undrawn £50 million bilateral facility which expires in November 2010, with the main Group revolving credit facilities maturing in 2012. The Group's weighted average interest rate, including joint venture debt for the period, was 5.23%, a decrease of 61 basis points compared to the year to 31 March 2009. This was due to historically low short-term floating rates which have been influenced by the Bank of England's response to the recent financial crisis. At 30 September 2009, 74% of the Group's total debt (including non-recourse joint ventures) was at fixed or capped rates (31 March 2009: 86%).

Cash collection and tenant delinquencies

The September quarterly cash collection profile was broadly similar to the pattern seen in March 2009. We secured 94% of rent after seven working days following the quarter day (March 2009: 94%). Two of our tenants went into administration around the quarter day, accounting for approximately 0.1% of rent roll (March 2009: four tenants, 0.01% of rent roll), the largest being a restaurant north of Oxford Street and around 3.5% of our rent roll is subject to monthly payments.

Taxation

The tax provision in the income statement for the half year is only £0.2 million (2008: £0.1million) 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 first half meant the Group's underlying effective tax rate was around 1% (2008: 1%). The Group complied with all relevant REIT tests for the six months to September 2009.

Dividend

The Board has declared an interim dividend of 3 pence per share (2008: 3 pence on a pro forma basis) which will be paid on 5 January 2010. Of this interim dividend 1.8 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 at www.gpe.co.uk/investors/reits/

Outlook

London's investment markets have, since we reported in May, recovered marginally from their lows, buoyed by the significant weight of money chasing a limited number of assets for sale. Although rental prospects in the office market remain subdued in the short term, we are seeing some signs of life in occupational demand. Capital values will not, in our view, experience a sustained recovery until rental values improve and we expect office rents to rise selectively during the second half of 2010.

We have made good progress investing the proceeds of our rights issue in May with new investments and capital commitments totalling £140 million and a further £48 million under offer.

Our blend of attractive assets, off low rents in core central London locations, with a long pipeline of opportunity and significant financial firepower all combine to provide a compelling case to support our optimistic outlook for Great Portland Estates.

Group income statement

For the six months ended 30 September 2009

Year to 31 March 2009 Audited £m		Notes	Six months to 30 September 2009 Unaudited £m	Six months to 30 September 2008 Unaudited £m
42.4	Rental income	2	22.4	21.1
4.7	Joint venture fee income	9	1.5	3.2
47.1	Rental and joint venture fee income		23.9	24.3
5.2	Service charge income		3.3	2.6
(6.5)	Service charge expenses		(3.8)	(3.6)
(1.3)			(0.5)	(1.0)
(3.5)	Other property expenses		(1.6)	(1.8)
42.3	Net rental and related income		21.8	21.5
(12.8)	Administrative expenses		(6.0)	(5.6)
7.0	Development management revenue		–	6.4
(3.0)	Development management costs		–	(2.5)
4.0			–	3.9
33.5	Operating profit before deficit on investment property and results of joint ventures		15.8	19.8
(315.5)	Deficit from investment property	7	(24.5)	(102.9)
(131.5)	Share of results of joint ventures	9	(4.6)	(52.0)
(413.5)	Operating loss before financing costs		(13.3)	(135.1)
0.3	Finance income	3	0.1	0.2
(22.9)	Finance costs	4	(6.6)	(11.3)
(0.1)	Loss on termination of derivatives		(10.0)	–
(436.2)	Loss before tax		(29.8)	(146.2)
0.1	Tax	5	(0.2)	(0.1)
(436.1)	Loss for the period		(30.0)	(146.3)
(179.9)p*	Basic and diluted loss per share	6	(12.2)p	(60.5)p*
9.1p*	Adjusted earnings per share	6	5.4p	6.0p*

All results are derived from continuing operations.

* comparative per share measures have been restated for the impact of the rights issue see note 6.

Year to 31 March 2009 Audited £m		Notes	Six months to 30 September 2009 Unaudited £m	Six months to 30 September 2008 Unaudited £m
	Total operating profit before deficit on investment property			
33.5	Operating profit before deficit on investment property and results of joint ventures		15.8	19.8
8.2	Share of profit of joint ventures	9	4.4	5.9
41.7	Total operating profit before deficit on investment property		20.2	25.7

Group balance sheet

At 30 September 2009

Year to 31 March 2009 Audited £m		Notes	30 September 2009 Unaudited £m	30 September 2008 Unaudited £m
	Non-current assets			
780.4	Investment property	7	737.2	987.3
24.4	Development property, plant and equipment	8	1.4	25.7
183.2	Investment in joint ventures	9	179.5	274.4
0.6	Pension asset		–	1.5
988.6			918.1	1,288.9
	Current assets			
5.5	Trade and other receivables	10	10.1	7.8
0.8	Income tax receivable		0.8	0.6
7.3	Cash and cash equivalents		2.7	11.5
13.6			13.6	19.9
1,002.2	Total assets		931.7	1,308.8
	Current liabilities			
28.3	Trade and other payables	11	24.2	31.4
28.3			24.2	31.4
	Non-current liabilities			
396.8	Interest-bearing loans and borrowings	12	207.3	380.4
8.5	Obligations under finance leases		2.0	8.5
–	Pension liability		0.6	–
405.3			209.9	388.9
433.6	Total liabilities		234.1	420.3
568.6	Net assets		697.6	888.5
	Equity			
22.6	Share capital	13	39.1	22.6
68.2	Share premium		218.1	68.2
16.4	Capital redemption reserve		16.4	16.4
(16.4)	Hedging reserve		(6.2)	(3.1)
–	Revaluation reserve		–	2.3
478.0	Retained earnings		431.5	782.8
(0.2)	Investment in own shares	14	(1.3)	(0.8)
568.6	Shareholders' funds		697.6	888.4
–	Minority interest		–	0.1
568.6	Total equity		697.6	888.5
234p*	Net assets per share	6	223p	367p*
245p*	Adjusted net assets per share	6	225p	368p*

* comparative per share measures have been restated for the impact of the rights issue see note 6.

Group statement of cash flows

For the six months ended 30 September 2009

Year to 31 March 2009 Audited £m		Notes	Six months to 30 September 2009 Unaudited £m	Six months to 30 September 2008 Unaudited £m
	Operating activities			
(413.5)	Operating loss before financing costs		(13.3)	(135.1)
443.7	Adjustments for non-cash items	15	27.8	151.8
17.0	(Increase)/decrease in receivables		(4.5)	14.4
1.3	(Decrease)/increase in payables		(3.9)	3.8
48.5	Cash generated by operations		6.1	34.9
0.3	Interest received		0.1	0.2
(23.8)	Interest paid		(7.3)	(12.7)
(0.3)	Tax paid		–	(0.3)
24.7	Cash flows from operating activities		(1.1)	22.1
	Investing activities			
36.0	Distributions from joint ventures		39.2	32.3
(29.7)	Purchase and development of property		(3.6)	(18.3)
(0.1)	Purchase of fixed assets		–	–
11.3	Sale of properties		39.7	4.6
17.5	Cash flows from investing activities		75.3	18.6
	Financing activities			
–	Issue of share capital – net proceeds from rights issue		166.4	–
(47.0)	Borrowings repaid		(171.0)	(48.0)
–	Termination of derivatives		(18.2)	–
32.6	Funds (to)/from joint ventures		(39.2)	31.4
–	Purchase of own shares		(3.4)	–
(0.1)	Purchase of minority interest		–	–
(21.1)	Equity dividends paid		(13.4)	(13.3)
(35.6)	Cash flows from financing activities		(78.8)	(29.9)
6.6	Net (decrease)/increase in cash and cash equivalents		(4.6)	10.8
0.7	Cash and cash equivalents at 1 April		7.3	0.7
7.3	Cash and cash equivalents at balance sheet date		2.7	11.5

Group statement of comprehensive income

For the six months ended 30 September 2009

Year ended 31 March 2009 Audited £m		Six months to 30 September 2009 Unaudited £m	Six months to 30 September 2008 Unaudited £m
(1.3)	Revaluation of development properties	–	1.0
(12.6)	Fair value movement on derivatives in effective hedging relationships	0.2	0.7
(7.3)	Fair value movement on derivatives in joint ventures in effective hedging relationships	0.9	(0.5)
–	Loss on termination of derivatives	10.0	–
(1.8)	Actuarial deficit on defined benefit scheme	(1.2)	(0.9)
–	Deferred tax on actuarial deficit on defined benefit scheme	0.2	–
(23.0)	Net gain/(loss) recognised directly in equity	10.1	0.3
(436.1)	Loss for the period	(30.0)	(146.3)
(459.1)	Total comprehensive income for the period	(19.9)	(146.0)

Group statement of changes in equity

For the six months ended 30 September 2009 (unaudited)

	Share Capital £m	Share Premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained Earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2009	22.6	68.2	(16.4)	16.4	478.0	(0.2)	568.6
Loss for the period	–	–	–	–	(30.0)	–	(30.0)
Fair value movement on derivatives in effective hedging relationships	–	–	0.2	–	–	–	0.2
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	0.9	–	0.9
Loss on termination of derivatives	–	–	10.0	–	–	–	10.0
Actuarial deficit on defined benefit scheme	–	–	–	–	(1.2)	–	(1.2)
Deferred tax on actuarial deficit on defined benefit scheme	–	–	–	–	0.2	–	0.2
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	–	0.4	0.4
Purchase of shares for LTIP Trust	–	–	–	–	–	(3.4)	(3.4)
Transfer to retained earnings	–	–	–	–	(1.9)	1.9	–
Issue of shares – rights issue	16.5	149.9*	–	–	–	–	166.4
Dividends	–	–	–	–	(14.5)	–	(14.5)
Total equity at 30 September 2009	39.1	218.1	(6.2)	16.4	431.5	(1.3)	697.6

* net of issue costs

Group statement of changes in equity

For the six months ended 30 September 2008 (unaudited)

	Share capital £m	Share premium £m	Hedging Reserve £m	Capital redemption reserve £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Minority interest £m	Total equity £m
Total equity at 1 April 2008	22.6	68.2	(3.8)	16.4	1.3	944.9	(0.3)	0.1	1,049.4
Loss for the period	–	–	–	–	–	(146.3)	–	–	(146.3)
Revaluation of development properties	–	–	–	–	1.0	–	–	–	1.0
Fair value movement on derivatives in effective hedging relationships	–	–	0.7	–	–	–	–	–	0.7
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	–	(0.5)	–	–	(0.5)
Actuarial deficit on defined benefit scheme	–	–	–	–	–	(0.9)	–	–	(0.9)
Employee Long-Term Incentive Plan and Share Matching Plan credit	–	–	–	–	–	–	(0.5)	–	(0.5)
Dividends	–	–	–	–	–	(14.4)	–	–	(14.4)
Total equity at 30 September 2008	22.6	68.2	(3.1)	16.4	2.3	782.8	(0.8)	0.1	888.5

Group statement of changes in equity

For the year ended 31 March 2009 (audited)

	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Minority interest £m	Total equity £m
Total equity at 1 April 2008	22.6	68.2	(3.8)	16.4	1.3	944.9	(0.3)	0.1	1,049.4
Loss for the year	–	–	–	–	–	(436.1)	–	–	(436.1)
Net valuation deficit taken to equity	–	–	–	–	(1.3)	–	–	–	(1.3)
Fair value movement on derivatives in effective hedging relationships	–	–	(12.6)	–	–	–	–	–	(12.6)
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	–	(7.3)	–	–	(7.3)
Actuarial loss on defined benefit scheme	–	–	–	–	–	(1.8)	–	–	(1.8)
Purchase of minority interest	–	–	–	–	–	–	–	(0.1)	(0.1)
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	–	–	0.1	–	0.1
Dividends to shareholders	–	–	–	–	–	(21.7)	–	–	(21.7)
Total equity at 31 March 2009	22.6	68.2	(16.4)	16.4	–	478.0	(0.2)	–	568.6

Notes forming part of the half year report

1 Basis of preparation

The financial information contained in this report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The full financial statements for the year ended 31 March 2009 were prepared under IFRS and did not contain a statement under section 237(2) or (3) of the Companies Act 1985 and, together with an unqualified audit report in accordance with section 235 of the Companies Act 1985, which did not draw attention to any matters by way of emphasis, have been delivered to the Registrar of Companies.

The annual financial statements of Great Portland Estates plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union. The same accounting policies, presentations and methods of computation are followed in the condensed set of financial statements as applied in the Group’s latest annual audited financial statements with the exception that the Group has adopted the IASB’s Annual Improvements to IFRSs as they relate to development properties and IAS 1 ‘Presentation of Financial Statements’ (revised 2007).

Properties purchased for the purpose of redevelopment were previously accounted for under IAS 16 “Property, Plant and Equipment”, but with effect from 1 January 2009 they are accounted for under IAS 40 “Investment Property”. Therefore revaluation surpluses and deficits on development properties will now be recognised in the income statement rather than in equity. This standard is not required to be implemented retrospectively therefore this change has no impact on previously reported figures.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a consolidated statement of changes in equity has been included as a primary statement, showing changes in each component of equity for each period presented.

The Group’s performance is not subject to seasonal fluctuations.

Going concern

The current economic conditions have created a number of risks and uncertainties for the Group and these are set out in the Risk Management section in appendix 2. Details of the market in which the Group operates, together with factors likely to affect its future development and performance are set out in the ‘Our market’ and ‘Our business’ sections of this report. The financial position of the Group, its liquidity position and borrowing facilities are described in ‘Our financial position’ and in the notes of the half year results.

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

2 Rental income

Year to 31 March 2009 £m		Six months to 30 September 2009 £m	Six months to 30 September 2008 £m
39.1	Gross rental income	20.8	18.5
3.4	Capitalised lease incentives	1.7	2.6
(0.1)	Ground rents	(0.1)	–
42.4		22.4	21.1

3 Finance income

Year to 31 March 2009 £m		Six months to 30 September 2009 £m	Six months to 30 September 2008 £m
0.1	Interest on short-term deposits	0.1	0.2
0.2	Other	–	–
0.3		0.1	0.2

4 Finance costs

Year to 31 March 2009 £m		Six months to 30 September 2009 £m	Six months to 30 September 2008 £m
15.3	Interest on bank overdrafts and loans	2.7	8.6
8.0	Interest on debentures	4.1	4.1
0.6	Interest on obligations under finance leases	0.2	0.3
23.9	Gross finance costs	7.0	13.0
(2.8)	Less: capitalised interest	(0.3)	(1.5)
21.1		6.7	11.5
1.8	Fair value movement on derivatives in ineffective hedging relationships	(0.1)	(0.2)
22.9		6.6	11.3

Due to lower projected Group borrowings, as a result of the rights issue and asset disposals during the period, the Group terminated its derivatives to take advantage of the lower interest rate environment. On the termination of these derivatives, amounts previously charged to reserves are required to be recycled through the income statement where the facilities to which they relate are not expected to be utilised. During the period the Group recycled £10.0 million of losses from the hedging reserve to the income statement. The remaining hedging reserve of £6.2 million relates to facilities which are expected to be utilised and will be amortised to the income statement over the outstanding term of the derivatives had they not been terminated.

5 Tax

Year to 31 March 2009 £m		Six months to 30 September 2009 £m	Six months to 30 September 2008 £m
	Current tax		
–	UK corporation tax	–	0.1
(0.1)	Tax (over)/underprovided in previous years	–	–
(0.1)	Total current tax	–	0.1
–	Deferred tax	0.2	–
(0.1)	Tax charge for the period	0.2	0.1

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

Year to 31 March 2009 £m		Six months to 30 September 2009 £m	Six months to 30 September 2008 £m
(436.2)	Loss before tax	(29.8)	(146.2)
(122.1)	Tax credit on loss at standard rate of 28% (2008: 28%)	(8.3)	(40.9)
124.5	Non-taxable revaluation deficit	8.7	43.1
(2.5)	REIT tax-exempt rental income and gains	(0.7)	(1.4)
–	Other	0.5	(0.7)
(0.1)	Tax charge for the period	0.2	0.1

During the period £0.2 million (2008: £nil) of deferred tax was credited directly to equity in respect of the Group's pension fund.

The Group's deferred tax at 30 September 2009 is £nil (2008: £nil).

A deferred tax asset of £7.0 million (2008: £4.5 million), mainly relating to tax losses carried forward at 30 September 2009, was not recognised because it is uncertain whether future taxable profits against which these losses can be offset will arise.

The Group became a REIT on 1 January 2007, and as such is broadly exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax.

6 Earnings and net assets per share

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

Weighted average number of ordinary shares

Year to 31 March 2009 No. of shares*		Six months to 30 September 2009 No. of shares	Six months to 30 September 2008 No. of shares*
181,023,034	Issued ordinary share capital at 1 April	181,023,034	181,023,034
61,366,808	Rights issue	66,186,265	61,366,808
(226,523)	Investment in own shares	(395,689)	(621,227)
242,163,319	Basic and diluted weighted average number of ordinary shares	246,813,610	241,768,615

Basic, diluted and adjusted earnings per share

Year to 31 March 2009 Earnings per share pence*		Six months to 30 September 2009 (Loss)/profit after tax £m	Six months to 30 September 2009 (Loss)/earnings per share pence	Six months to 30 September 2008 Profit after tax £m	Six months to 30 September 2008 Earnings per share pence*
(179.9)	Basic and diluted	(30.0)	(12.2)	(146.3)	(60.5)
130.2	Deficit from investment property	24.5	10.0	102.9	42.6
57.7	Deficit from joint venture property	9.0	3.6	57.9	23.9
0.7	Movement in fair value of derivatives	(0.1)	–	(0.2)	–
0.4	Movement in fair value of derivatives in joint ventures	(0.1)	–	0.1	–
–	Loss on termination of derivatives	10.0	4.0	–	–
9.1	Adjusted (diluted)	13.3	5.4	14.4	6.0

Net assets per share

31 March 2009 Net assets per share pence*		30 September 2009 Shareholders' funds £m	30 September 2009 No. of shares million	30 September 2009 Net assets per share pence	30 September 2008 Shareholders' funds £m	30 September 2008 No. of shares million*	30 September 2008 Net assets per share pence*
234	Basic and diluted	697.6	312.7	223	888.4	242.4	367
16	Fair value of financial liabilities	28.9		9	25.1		10
250	Diluted triple net assets	726.5		232	913.5		377
(16)	Fair value of financial liabilities	(28.9)		(9)	(25.1)		(10)
8	Fair value of derivatives	–		–	3.1		1
3	Fair value of derivatives in joint ventures	7.2		2	0.6		–
245	Adjusted net assets	704.8		225	892.1		368

* In June 2009 the Company issued 131,653,115 new shares through a rights issue. To reflect the rights issue, the numbers of shares previously used to calculate the basic, diluted and adjusted per share data have been amended in the above earnings per share and net asset value per share calculations. An adjustment factor of 1.339 has been applied, based on the ratio of the Company's share price of 334.0 pence per share on 4 June 2009, the day before the Record Date for the rights issue, and the theoretical ex-rights price at that date of 249.4 pence per share.

7 Investment property***Investment property***

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2009	572.3	142.1	714.4
Costs capitalised	3.4	–	3.4
Disposals	–	(49.8)	(49.8)
Transfer from investment property – development	66.0	–	66.0
Transfer from development property on development completion	11.0	–	11.0
Net valuation (deficit)/surplus on investment property	(22.5)	2.3	(20.2)
Book value at 30 September 2009	630.2	94.6	724.8

Investment property – development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2009	66.0	–	66.0
Costs capitalised	1.1	–	1.1
Interest capitalised	0.2	–	0.2
Transfer to investment property	(66.0)	–	(66.0)
Transfer from development property – IAS 40 (revised) – see note 1	11.8	–	11.8
Net valuation deficit on investment property - development	(0.7)	–	(0.7)
Book value at 30 September 2009	12.4	–	12.4
Book value of total investment property at 30 September 2009	642.6	94.6	737.2

	30 September 2009 £m	30 September 2008 £m
Net valuation deficit on investment property	(20.9)	(100.6)
Net valuation deficit on development property taken to the income statement	–	(2.7)
(Loss)/profit on sale of investment properties	(3.6)	0.4
Deficit from investment property	(24.5)	(102.9)

The investment properties were valued on the basis of Market Value by CB Richard Ellis, as at 30 September 2009 in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuation has been primarily derived using comparable recent market transactions on arm's length terms. The book value of investment properties includes £2.0 million (2008: £8.5 million) in respect of the present value of future ground rents. At 30 September 2009 the Group had capital commitments of £nil million (2008: £8.4 million). The Group sold Bond Street House on 19 June 2009, for £40.0 million, plus up to £5.0 million of contingent consideration dependent on the outcome of an unsettled rent review. The £5.0 million has not been recognised in the half year results.

8 Development property, plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Development property £m	Total £m
Cost or valuation				
At 1 April 2009	2.0	0.9	22.8	25.7
Transfer to investment property on development completion	–	–	(11.0)	(11.0)
Transfer to investment property – IAS 40 (revised) - see note 1	–	–	(11.8)	(11.8)
At 30 September 2009	2.0	0.9	–	2.9
Depreciation				
At 1 April 2009	0.7	0.6	–	1.3
Charge for the period	0.1	0.1	–	0.2
At 30 September 2009	0.8	0.7	–	1.5
Carrying amount at 31 March 2009	1.3	0.3	22.8	24.4
Carrying amount at 30 September 2009	1.2	0.2	–	1.4

9 Investment in joint ventures

	Equity £m	JV funding account £m	Total £m
At 1 April 2009	295.5	(112.3)	183.2
Movement on joint venture funding account balances	–	39.2	39.2
Share of profit of joint ventures	4.4	–	4.4
Share of revaluation deficit of joint ventures	(10.0)	–	(10.0)
Share of profit on disposal of joint venture properties	1.0	–	1.0
Share of results of joint ventures	(4.6)	–	(4.6)
Fair value movements on derivatives taken to equity	0.9	–	0.9
Distributions	(39.2)	–	(39.2)
At 30 September 2009	252.6	(73.1)	179.5

The investments in joint ventures comprise the following:

31 March 2009		Country	30 September 2009	30 September 2008
50%	The Great Capital Partnership	United Kingdom	50%	50%
50%	The Great Ropemaker Partnership	United Kingdom	50%	50%
50%	The Great Victoria Partnership	United Kingdom	50%	50%
50%	The Great Victoria Partnership (No. 2)	United Kingdom	50%	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:

31 March 2009 Total £m		Great Capital Partnership £m	Great Ropemaker Partnership £m	Great Wigmore Partnership £m	Great Victoria Partnerships £m	30 September 2009 Total £m	30 September 2008 Total £m
343.8	Investment property	233.4	5.0	22.8	65.3	326.5	426.4
7.1	Current assets	13.7	0.1	1.0	1.9	16.7	10.8
112.3	Funding accounts to/(from) partners	82.6	(2.8)	(1.2)	(5.5)	73.1	111.1
(140.2)	Bank loans	(111.9)	–	–	(28.4)	(140.3)	(140.2)
(8.3)	Derivatives	(7.2)	–	–	–	(7.2)	(0.6)
(9.8)	Current liabilities	(6.0)	(0.1)	(0.6)	(1.8)	(8.5)	(12.6)
(9.4)	Finance leases	(7.7)	–	–	–	(7.7)	(9.4)
295.5	Net assets	196.9	2.2	22.0	31.5	252.6	385.5

22.1	Net rental income	7.5	–	0.4	1.8	9.7	12.2
(3.5)	Property and admin. costs	(0.8)	–	(0.4)	(0.1)	(1.3)	(1.2)
(9.4)	Net finance costs	(3.2)	(0.1)	–	(0.8)	(4.1)	(5.0)
(1.0)	Movement in fair value of derivatives	0.1	–	–	–	0.1	(0.1)
8.2	Share of profit of joint ventures	3.6	(0.1)	–	0.9	4.4	5.9
(129.8)	Revaluation of investment property	(9.4)	(0.5)	0.5	(0.6)	(10.0)	(50.4)
(9.9)	Profit/(loss) on sale of investment property	1.0	–	–	–	1.0	(7.5)
(131.5)	Share of results of joint ventures	(4.8)	(0.6)	0.5	0.3	(4.6)	(52.0)

31 March 2009 £m		30 September 2009 £m	30 September 2008 £m
32.6	Movement on funding accounts during the period	(39.2)	31.4
112.3	Funding accounts outstanding at the period end from joint ventures	73.1	111.1
36.0	Distributions	39.2	32.3
4.7	Fee income	1.5	3.2

The JV funding accounts outstanding at the period end represent accumulated cash movements and do not bear interest, apart from the loan to the Great Ropemaker Partnership on which interest is payable at 6%. The investment properties include £7.7 million (2008: £9.4 million) in respect of the present value of future ground rents.

10 Trade and other receivables

31 March 2009 £m		30 September 2009 £m	30 September 2008 £m
2.8	Trade receivables	4.1	1.6
(0.1)	Allowance for doubtful debts	(0.4)	(0.4)
2.7		3.7	1.2
1.1	Prepayments and accrued income	1.0	1.4
1.7	Other trade receivables	5.4	5.2
5.5		10.1	7.8

11 Trade and other payables

31 March 2009 £m		30 September 2009 £m	30 September 2008 £m
12.2	Trade payables	11.5	11.2
16.1	Non-trade payables and accrued expenses	12.7	20.2
28.3		24.2	31.4

12 Interest-bearing loans and borrowings

31 March 2009 £m		30 September 2009 £m	30 September 2008 £m
	Non-current liabilities		
	Secured		
144.3	£142.9 million 5 5/8% debenture stock 2029	144.3	144.3
	Unsecured		
234.0	Bank loans	63.0	233.0
	Non-current liabilities at fair value		
18.5	Fair value of derivatives	–	3.1
396.8		207.3	380.4

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 30 September 2009 the Group had £488 million (2008: £317 million) of undrawn credit facilities.

At 30 September 2009, properties with a carrying value of £244.3 million (2008: £227.7 million) were secured under first mortgage debenture stock.

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

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009 %	2008 %	2009 £m	2008 £m	2009 £m	2008 £m
Cash flow hedges						
Interest rate swaps						
Between two and five years	–	5.48%	–	165.0	–	(3.1)
Interest rate caps						
Between two and five years	–	6.00%	–	40.0	–	0.2
Interest rate collars						
Between two and five years	–	4.68%–6.5%	–	25.0	–	(0.2)
			–	230.0	–	(3.1)

During the period the Group cancelled all of its derivatives at a cost of £18.2 million.

12 Interest-bearing loans and borrowings (continued)***Fair value of financial liabilities***

31 March 2009 Book value £m	31 March 2009 Fair value £m		30 September 2009 Book value £m	30 September 2009 Fair value £m	30 September 2008 Book value £m	30 September 2008 Fair value £m
378.3	338.3	Non-current liabilities at amortised cost	207.3	178.4	377.3	352.2
18.5	18.5	Non-current liabilities held at fair value	–	–	3.1	3.1
396.8	356.8		207.3	178.4	380.4	355.3

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.

13 Share capital

Year to 31 March 2009 Number	Year to 31 March 2009 £m		Six months to 30 September 2009 Number	Six months to 30 September 2009 £m	Six months to 30 September 2008 £m	Six months to 30 September 2008 Number
Ordinary shares of 12.5 pence each						
550,100,752	68.8	Authorised	600,000,000	75.0	550,100,752	68.8
Allotted, called up and fully paid						
181,023,034	22.6	At the beginning of the period	181,023,034	22.6	181,023,034	22.6
–	–	Issue of new ordinary shares - rights issue	131,653,115	16.5	–	–
181,023,034	22.6	At the end of the period	312,676,149	39.1	181,023,034	22.6

In June 2009 the Company raised gross proceeds of £175.1 million (£166.4 million net proceeds) by issuing 131,653,115 new shares through an 8 for 11 rights issue. The proceeds of the rights issue were used to pay down the Group's bank loans.

14 Investment in own shares

Year to 31 March 2009 £m		Six months to 30 September 2009 £m	Six months to 30 September 2008 £m
0.3	At the beginning of the period	0.2	0.3
(0.1)	Employee Long-Term Incentive Plan and Share Matching Plan (charge)/credit	(0.4)	0.5
–	Purchase of shares	3.4	–
–	Transfer to retained earnings	(1.9)	–
0.2	At the end of the period	1.3	0.8

The investment in the Company's own shares is held at cost and comprises 1,022,179 shares (2008: 173,067 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the period 499,231 shares were awarded to directors and senior employees in respect of the 2006 LTIP award.

The fair value of shares awarded and outstanding at 30 September 2009 was £9.2 million (2008: £10.4 million).

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

Year to 31 March 2009 £m		Six months to 30 September 2009 £m	Six months to 30 September 2008 £m
315.5	Deficit from investment property	24.5	102.9
0.1	Employee Long-Term Incentive and Share Matching Plan charge/(credit)	0.4	(0.5)
(3.4)	Amortisation of capitalised lease incentives	(1.7)	(2.6)
131.5	Share of results from joint ventures	4.6	52.0
443.7	Adjustments for non-cash items	27.8	151.8

16 Dividends

The proposed interim dividend of 3.0 pence per share (2008: 3.0 pence per share adjusted for the rights issue) was approved by the Board on 11 November 2009 and is payable on 5 January 2010 to shareholders on the register on 20 November 2009. The dividend is not recognised as a liability in the half year report. The 2009 final dividend of £14.5 million was paid on 11 July 2009 and is included within the Group Reconciliation of Other Movements in Equity.

17 Operating leases

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

31 March 2009 £m		30 September 2009 £m	30 September 2008 £m
The Group as a lessor			
45.3	Less than one year	39.5	40.3
118.0	Between one and five years	101.8	113.6
130.8	More than five years	95.5	140.9
294.1		236.8	294.8

The Group leases its investment properties under operating leases. The weighted average length of lease at 30 September 2009 was 5.1 years (2008: 6.2 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the period (2008: £nil).

Directors' responsibility statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) the half-yearly report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the half -yearly report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By the order of the Board

Toby Courtauld

Chief Executive

11 November 2009

Timon Drakesmith

Finance Director

11 November 2009

Independent review report to Great Portland Estates plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the group income statement, the group balance sheet, the group statement of cash flows, the group statement of comprehensive income, the group statement of changes in equity and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors

London, UK

11 November 2009

Directors and shareholders' information

Directors

Martin Scicluna

Chairman, Non-Executive

Toby Courtauld

Chief Executive

Timon Drakesmith

Finance Director

Neil Thompson

Portfolio Director

Charles Irby

Senior Independent Director

Jonathan Nicholls

Non-Executive Director

Phillip Rose

Non-Executive Director

Jonathan Short

Non-Executive Director

Shareholders' information

Financial calendar

Ex-dividend date for interim dividend

Registration qualifying date for interim dividend

Interim dividend payable

Announcement of full year results

Circulation of Annual Report and Accounts 2010

Annual General Meeting

Final dividend payable

2009

18 November

20 November

2010

5 January

19 May*

29 May*

8 July*

13 July*

*Provisional.

Shareholder enquiries

All enquiries relating to holdings of shares, bonds or debentures in Great Portland Estates, including notification of change of address, queries regarding dividend/interest payments or the loss of a certificate, should be addressed to the Company's Registrars:

Capita Registrars

Northern House

Fenay Bridge

Huddersfield

HD8 0GA

Tel: 0871 664 0300 (from within the UK calls cost 10p per minute plus network extras, lines are open 8.30 am – 5.30 pm Monday to Friday). If you are calling from overseas please dial +44 208 639 3399.

Website

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

Company Secretary

Desna Martin

Registered office

33 Cavendish Square

London W1G 0PW

Tel: 020 7647 3000

Fax: 020 7016 5500

Registered Number 596137

Dividend payments

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

Share dealing service

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

Online dealing - www.capitadeal.com

Telephone dealing – 0870 458 4577 (calls cost 10p per minute plus network extras).

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 property revaluations 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.

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 purchaser's 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)

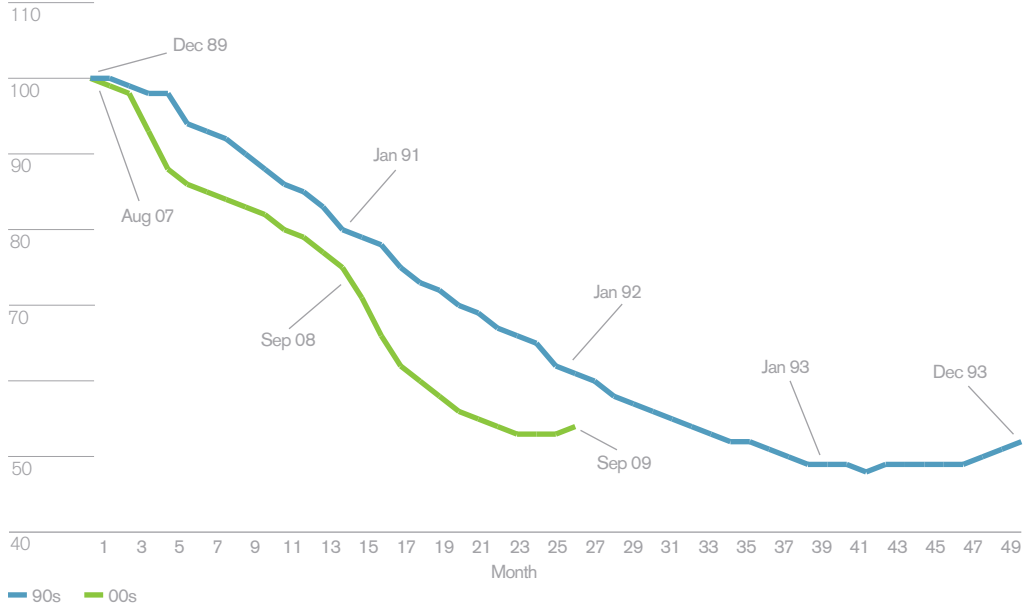
The weighted average pre-tax cost of the Group's debt and the notional cost of the Group's equity used as a benchmark to assess investment returns.

Weighted average unexpired lease term (WAULT)

The weighted average unexpired lease term expressed in years.

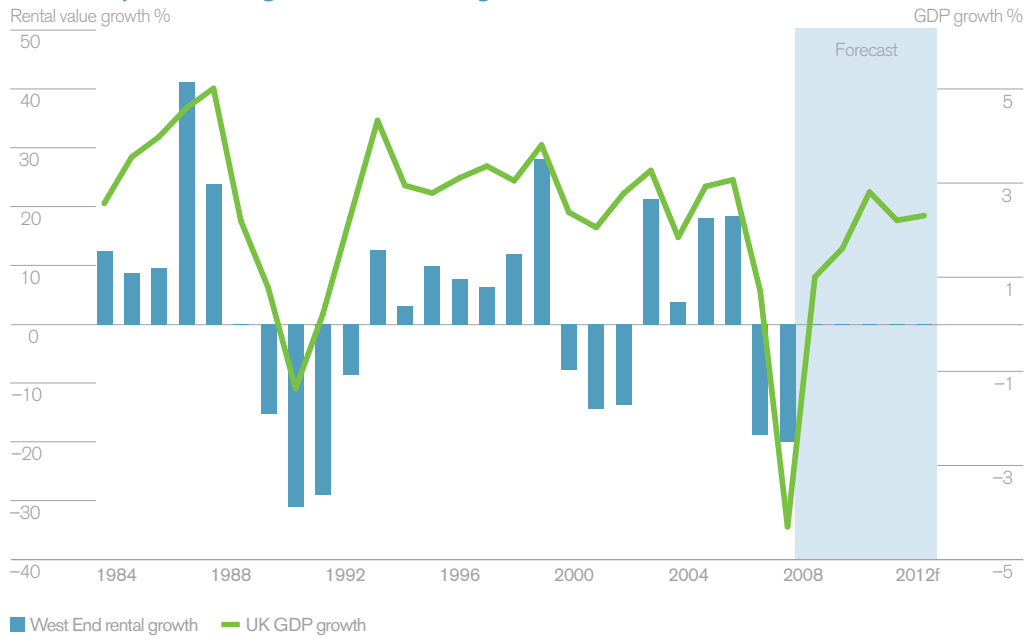
Capital values a sharper price correction

Capital Growth Index – Central London



Source: Knight Frank Research, IPD

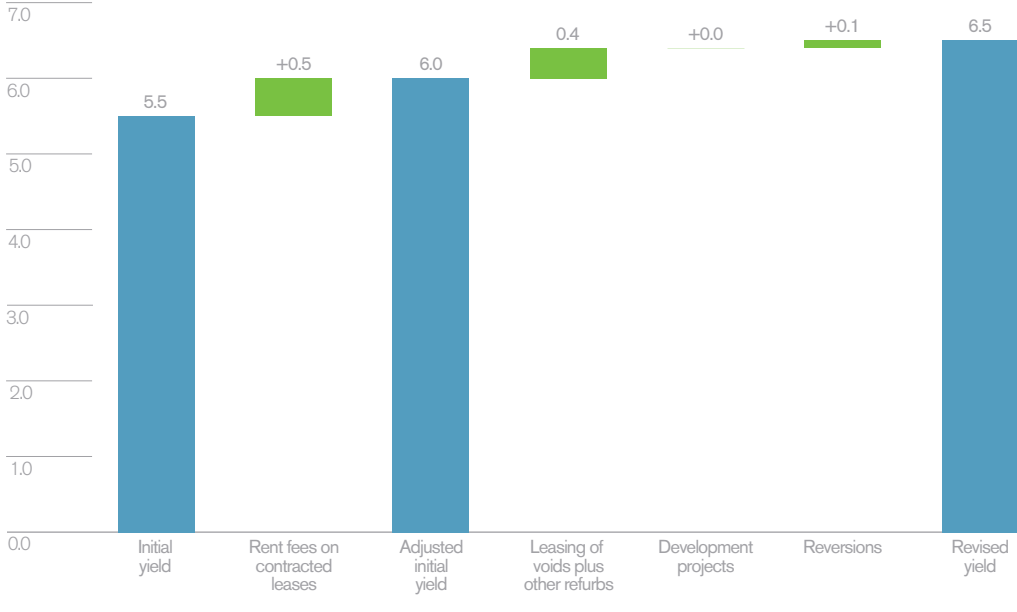
West End prime rental growth vs UK GDP growth



Source: CB Richard Ellis, PMA

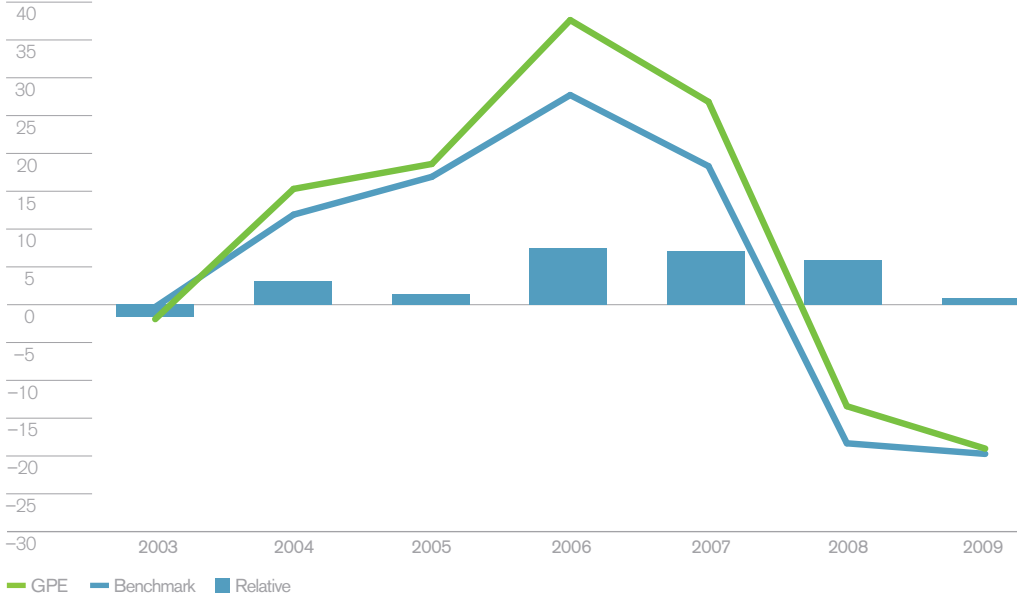
Initial yield to pro forma reversionary yield

As at 30 September 2009



Total property return relative to IPD central London

Years to 30 September



Source: IPD

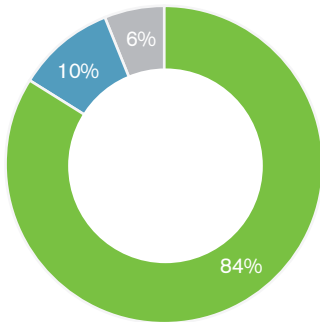
Portfolio performance

		Wholly-owned £m	Share of joint venture £m	Total £m	Proportion of portfolio %	Six month valuation movement %
North of Oxford Street	Office	323.5	69.1	392.6	37.3	2.0
	Retail	72.7	72.4	145.1	13.8	1.3
Rest of West End	Office	120.6	91.8	212.4	20.1	(7.6)
	Retail	67.1	63.9	131.0	12.4	0.8
Total West End		583.9	297.2	881.1	83.6	(0.8)
City and Southwark	Office	130.6	15.0	145.6	13.8	12.4
	Retail	8.3	1.6	9.9	0.9	(4.0)
Total City and Southwark		138.9	16.6	155.5	14.7	(11.9)
Investment property portfolio		722.8	313.8	1,036.6	98.3	(2.6)
Development property		12.4	5.0	17.4	1.7	(6.6)
Total properties held throughout the period		735.2	318.8	1,054.0	100.0	(2.7)

Portfolio characteristics

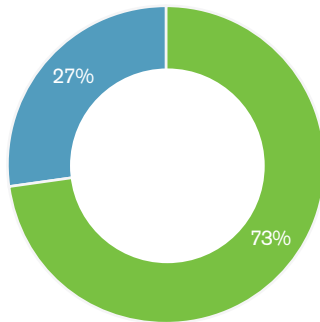
	Investment portfolio £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Total £m	Net internal area 000
North of Oxford Street	537.7	–	537.7	392.6	145.1	537.7	1,175.0
Rest of West End	343.4	–	343.4	212.4	131.0	343.4	847.0
Total West End	881.1	–	881.1	605.0	276.1	881.1	2,022.0
City and Southwark	155.5	17.4	172.9	159.9	13.0	172.9	674.0
Grand total	1,036.6	17.4	1,054.0	764.9	289.1	1,054.0	2,696.0
Office	750.6	14.3	764.9				
Retail	286.0	3.1	289.1				
Total	1,036.6	17.4	1,054.0				
Net internal area [sq ft 000's]	2,649.0	47.0	2,696.0				

Our locations¹



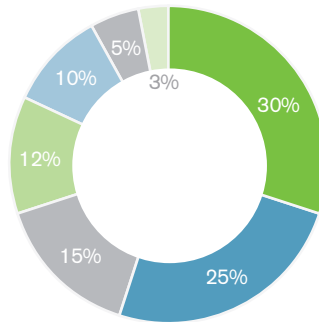
West End – £881.1m
 City – £105.4m
 Southwark – £67.5m

Our business mix¹



Office – £764.9m
 Retail – £289.1m

Our tenants¹

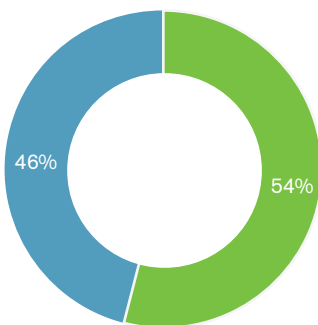


Retailers and leisure
 Media and marketing
 Banking and finance
 Corporates
 Professional
 Government
 IT and telecoms

¹ Includes Group's share of joint ventures.

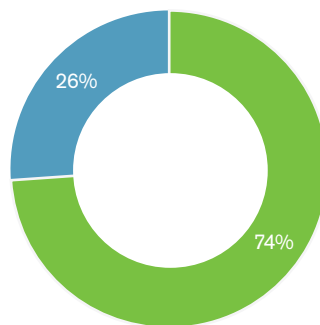
Joint venture business – contribution to the Group

Gross property assets¹



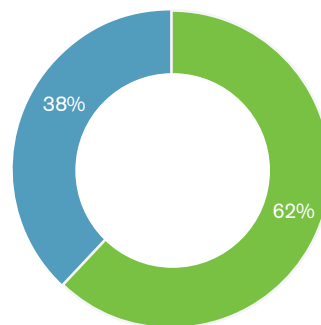
Wholly owned – £735 million
 Joint ventures – £638 million

Net assets²



Wholly owned – £518 million
 Joint ventures – £180 million

Net debt²



Wholly owned – £205 million
 Joint ventures – £127 million

¹ 100% values at 30 September 2009.
² GPE share.

Portfolio statistics

Appendix 2

Rental income

			At 30 September 2009						
			Wholly-owned			Share of joint ventures			Total rental values £m
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	
London	North of Oxford St	Office	19.9	(2.2)	177	3.7	0.9	4.6	22.3
		Retail	4.0	0.3	4.3	4.1	1.0	5.1	9.4
	Rest of West End	Office	6.9	–	6.9	7.3	(0.8)	6.5	13.4
		Retail	2.8	0.7	3.5	3.4	0.3	3.7	7.2
Total West End			33.6	(1.2)	32.4	18.5	1.4	19.9	52.3
	City and Southwark	Office	12.2	0.4	12.6	0.9	0.1	1.0	13.6
		Retail	0.6	0.5	1.1	0.1	–	0.1	1.2
Total City and Southwark			12.8	0.9	13.7	1.0	0.1	1.1	14.8
Total let portfolio			46.4	(0.3)	46.1	19.5	1.5	21.0	67.1
Voids					3.2			1.4	4.6
Premises under refurbishment					0.6			0.6	1.2
Total portfolio					49.9			23.0	72.9

Rent roll security, lease lengths and voids

			At 30 September 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	62.4	7.9	5.5	22.9	3.4	14.1	
		Retail	67.2	6.7	3.1	74.8	9.8	0.9	
	Rest of West End	Office	17.7	2.4	5.0	31.3	4.5	4.5	
		Retail	14.6	2.0	6.8	75.3	10.5	–	
Total West End			49.9	6.1	5.1	48.0	6.6	4.7	
	City and Southwark	Office	10.2	2.3	8.3	18.5	2.0	16.9	
		Retail	14.4	6.1	3.6	75.3	10.9	–	
Total City and Southwark			10.4	2.5	8.1	24.6	2.9	15.8	
Total let portfolio			38.9	5.1	5.9	46.7	6.4	5.6	

Rental values and yields

			At 30 September 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	42	37	25	31	4.7	6.3	5.3	6.7
		Retail	36	35	59	74	4.3	6.1	5.2	6.0
	Rest of West End	Office	39	39	36	32	5.1	5.5	6.8	6.7
		Retail	40	54	42	46	3.9	5.4	5.2	6.0
Total of West End			40	38	37	38	4.7	6.0	5.7	6.4
	City and Southwark	Office	27	27	28	28	8.6	7.6	5.3	8.0
		Retail	13	26	42	41	3.2	6.6	6.7	6.9
Total City and Southwark			26	27	29	29	8.3	7.5	5.5	7.9
Total let portfolio			35	34	37	37	5.4	6.3	5.7	6.4

Risk management

Appendix 2

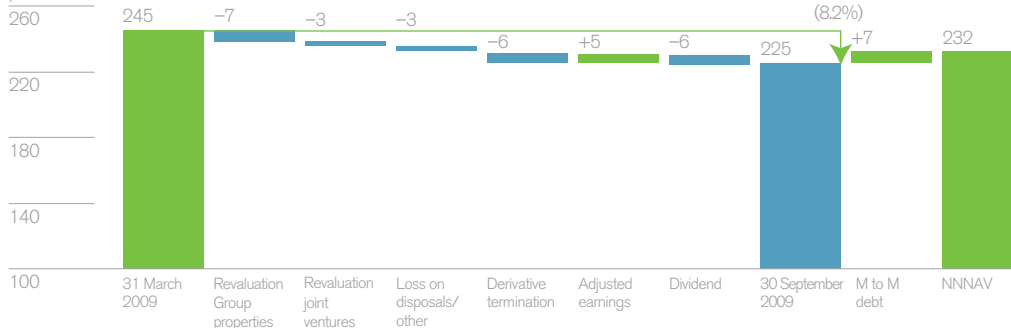
The Group views effective risk management as integral to the delivering of superior returns to shareholders. Principal risks and uncertainties facing the business for the remaining six months of the financial year and the controls and processes in place by which the Company aims to manage those risks are:

Risk	Mitigation
<p>Market risk</p> <p>Concentration of assets in central London.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>The Group's rents remain low by comparison to the market.</p> <p>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.</p> <p>Formal covenant procedures are completed on all new tenants to ensure rent deposits or guarantees are secured where appropriate.</p>
<p>The impact of changes in legislation particularly in respect of environmental legislation and planning regulations.</p>	<p>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.</p>
<p>Development</p> <p>Failure to obtain or delays in gaining planning consents.</p>	<p>Planning applications are proactively managed. The Company monitors changes in planning legislation and has strong relationships with planning authorities and consultants.</p>
<p>Investment</p> <p>Difficulty in sourcing investment opportunities at attractive prices.</p>	<p>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.</p>
<p>Portfolio returns impaired by inappropriate recycling of capital.</p>	<p>Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with relative limited potential performance.</p>
<p>Attracting and retaining the right people</p> <p>Achieving the Company's aims requires people of the highest calibre.</p>	<p>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.</p>
<p>Reputation</p> <p>Health & Safety and Environment ("HSE").</p>	<p>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.</p>
<p>Financial risks</p> <p>Liquidity risk.</p>	<p>Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place.</p> <p>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.</p>
<p>Adverse interest rate movements.</p>	<p>Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives.</p>
<p>Breach of borrowing covenants.</p>	<p>Financial ratios are monitored and regularly reported to the Board.</p>
<p>Non-compliance with REIT regulations.</p>	<p>The Group's accounts and forecast financial measures are regularly compared to REIT limits and reported to the Board.</p>

Adjusted net assets per share¹

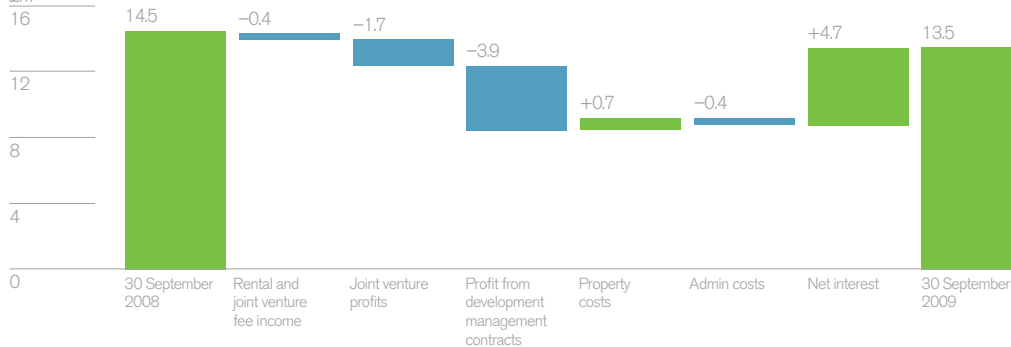
Movement since 31 March 2009

pence

¹ Adjusted per EPRA guidance.**Adjusted profit before tax**

Period to September 2009

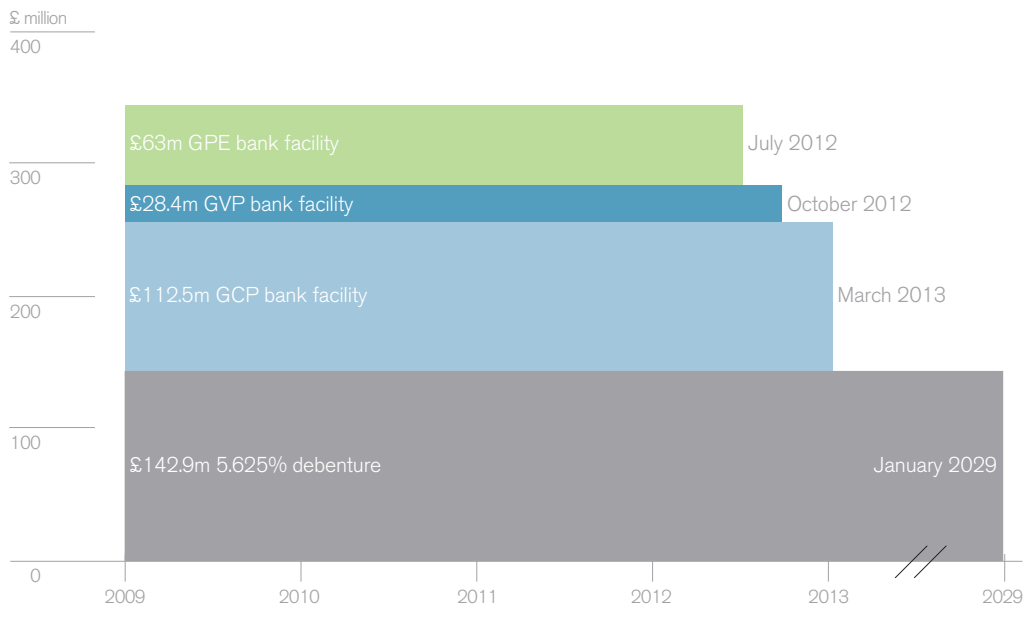
£m

**Adjusted profit before tax**

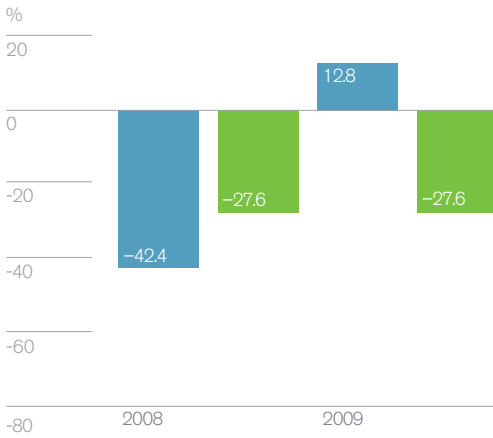
	September 2009 £m	September 2008 £m
Reported loss before tax	(29.8)	(146.2)
Deficit from investment properties	24.5	102.9
Deficit from joint venture investment properties	9.0	57.9
Fair value movement on derivatives	(0.1)	(0.2)
Fair value movement on JV derivatives	(0.1)	0.1
Loss on termination of derivatives	10.0	-
Adjusted PBT	13.5	14.5

Maturity profile

No maturity of drawn facilities until 2012



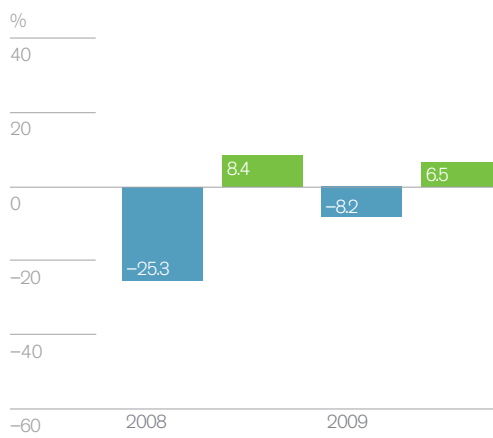
Total Shareholder Return (TSR)*



Commentary

The TSR of the Group outperformed the FTSE 350 Real Estate index by 40.4 percentage points and in absolute terms it was 12.8%.

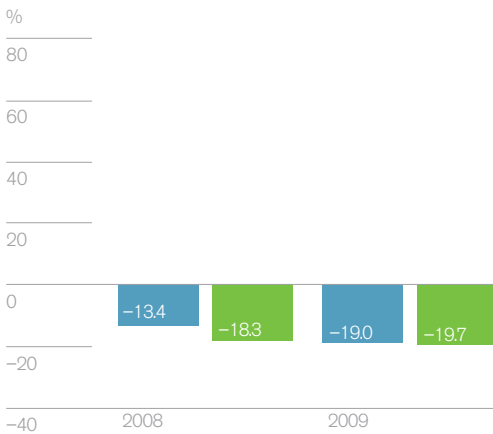
Adjusted net assets per share growth*



Commentary

Net assets per share declined by 8.2% over the year as adverse market movements reduced the portfolio valuation. Our RPI benchmark stayed at broadly the same level as last year causing a 14.7 percentage point relative underperformance for the year.

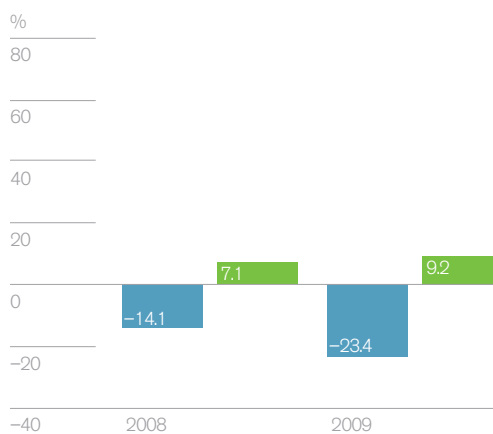
Portfolio Total Property Return (TPR)*



Commentary

The Group generated a portfolio TPR of minus 19.0% in the year whereas the benchmark produced a return of minus 19.7% resulting in a relative outperformance of 0.9 percentage points.

Return on Capital Employed (ROCE)*



Commentary

ROCE for the year was minus 23.4% due to valuation falls. Our ROCE is unlikely to outperform the benchmark WACC if investment markets remain challenging and property values continue to fall.

■ GPE ■ Benchmark

* Year to September.