Our approach to risk

The successful management of risk is critical for the Group to deliver its strategic priorities. Whilst the ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is integral in the way we do business and the culture of our team. Our attitude to risk is one of collective responsibility with the identification and management of risks and opportunities part of the mindset of the GPE team. Our organisational structure, including close involvement of senior management in all significant decisions and in-house management of all development, portfolio and occupational service activities together and our prudent and analytical approach, is designed to align the Group's interests with those of shareholders.

Setting and monitoring our 'risk appetite'

The Group's overarching risk appetite is set in the context that we focus on only one market that we know inside out – central London. We also operate out of a single head office within close proximity to all of our properties. However, because our market is cyclical, we apply a disciplined approach to our capital allocation and managing our operational risk, in particular our development exposure, in tune with market conditions whilst always maintaining low financial risk through conservative financial leverage. We use a suite of key operational parameters as an important tool to set and then measure the Group's risk profile. These parameters consider, amongst others, the Group's size, financial gearing, interest cover, level of speculative and total development exposure, and single asset concentration risk. These parameters are revisited annually as part of the Group's Strategy Review and reviewed at each Board meeting. We monitor the Group's actual and forecast position over a five year period against these parameters. See our operational measures on pages 26 and 27.

Our risk culture and how we manage our risks

We believe that effective management of risk is based on a 'top-down' and 'bottom-up' approach with inherent lines of defence outlined on page 75, which include:

- our strategy setting process;
- the quality of our people and culture;
- established procedures and internal controls;
- policies for highlighting and controlling risks;
- regular oversight by the relevant Committees and the Board; and
- a clear reading of market conditions and the property cycle.

Risk management is an integral part of all our activities. Risks and, more positively, where these might also provide opportunities, are considered as part of every business decision we make and how they would affect the achievement of our strategic priorities and the long-term performance of our business.

Six monthly assessment of principal and emerging risks, opportunities and effectiveness of controls

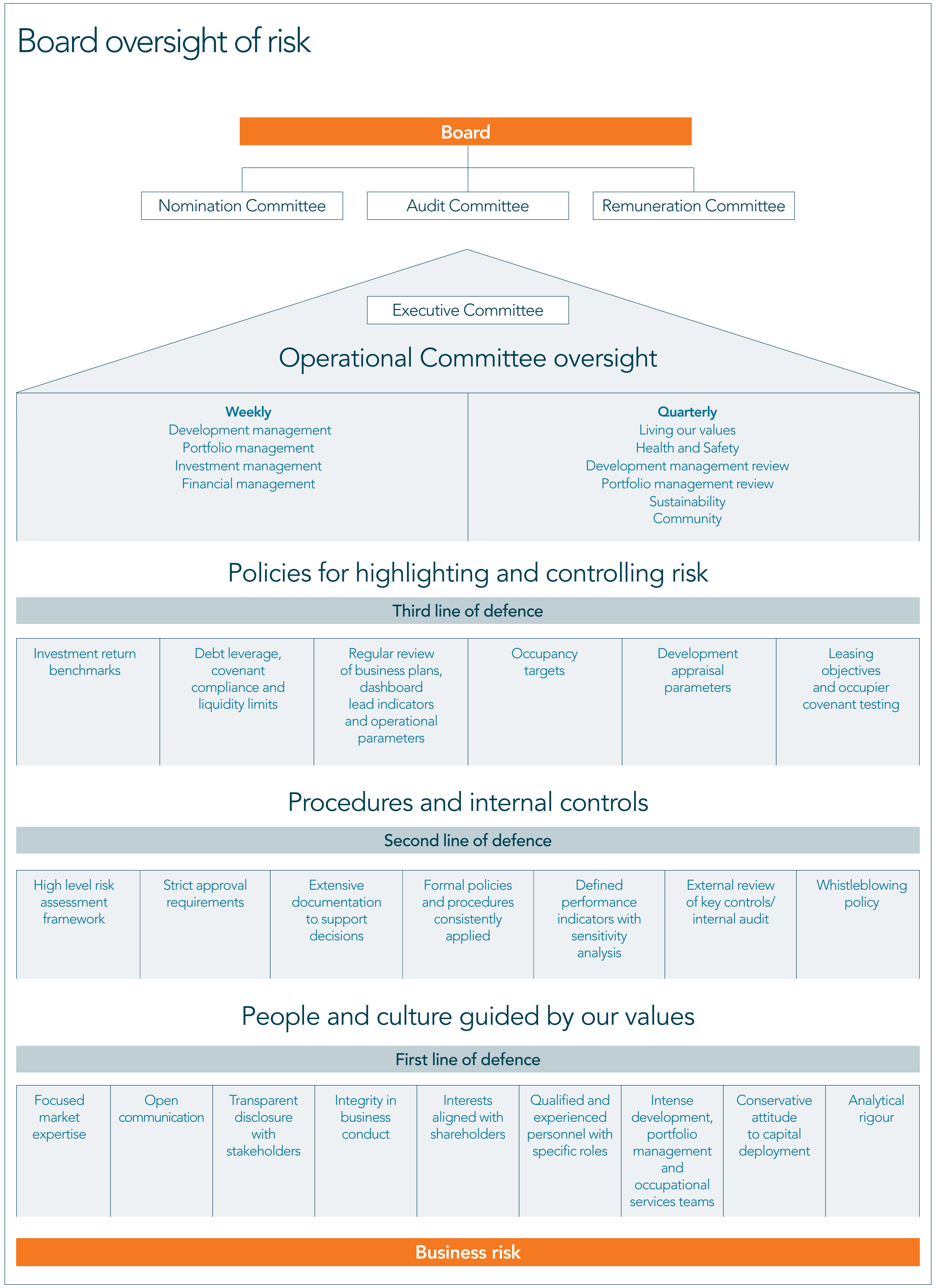
As part of a robust assessment of the principal risks facing the Group and its joint ventures, at the half-year and year end, the Executive Committee, the Audit Committee and the Board formally review the Group's principal risks, including those that would threaten its business model, future performance, solvency and liquidity. Importantly, part of this review is the consideration of:

- the internal operational controls in place to mitigate the principal risks and how key controls over these risks have operated in the preceding six months;
- consideration of any emerging risks and opportunities; and
- the Board's ongoing monitoring of the principal risks.

Whilst emerging risks and opportunities are considered as part of this formal six monthly assessment, following the 2018 Board evaluation process, the Board spends additional time at scheduled Board meetings on 'blue sky' thinking and consideration of possible emerging risks. As part of this process, the Executive Committee members are also tasked to provide a summary at each scheduled Board meeting of the three 'things' concerning and exciting them most. We also ask our Heads of Department the same question to ensure that we are continually challenging ourselves as to both how we should evolve and that we appropriately share and celebrate our successes.

A description of the Group's principal risks, steps taken to mitigate those risks, together with an assessment of the impact and likelihood of each and how the risks have changed in the year is shown on pages 74 to 88. This year, whilst our principal risks have remained unchanged, we have amended the descriptions of some of our risks and how we monitor and manage those risks to reflect how these have evolved over the past 12 months being:

- the potential disruption from Brexit on the supply chain and labour markets to the development programme, along with potential adverse exchange rate movements impacting capital values;
- extension of our management of development risk to include not just management of the current committed programme, but also our development pipeline where planning and arrangements with our freeholders on our leasehold properties are key to our ability to unlock profitable developments that will positively add to London's built environment;
- the importance of wellbeing, not only of our own team but also in our ability to meet changing occupier requirements;
- the importance of environmental performance and climate change resilience in our ability to meet evolving occupier and investor demands;
- evolving planning, tax, environmental and fire safety legislation impeding the financial and operational performance of the Group and potentially reducing the relative attractiveness of our buildings to investors and future occupiers; and
- the importance of engagement with local residents and community groups early in the design process to ensure their feedback is considered as schemes evolve and regular meetings with planning authorities to ensure our proposals are developed to comply with current and emerging policy.



Our approach to risk continued

The Board's ongoing monitoring of the Group's principal risks and controls

Ongoing monitoring of our principal risks and controls by the Board is undertaken through:

- relatively low levels of authority for transactions requiring Board approval, see pages 98 and 99, with investment transactions and development approvals requiring, amongst others, consideration of the impact on financial leverage, interest cover and portfolio risk/composition;
- the Executive Committee's oversight of all day-to-day significant decisions;
- the Chief Executive reporting on the market conditions dashboard, operational parameters and people as appropriate at each of the scheduled Board meetings;
- members of the Executive Committee providing a review on the development programme, occupational markets and key property matters at each of the scheduled Board meetings;
- the Finance and Operations Director reporting on the Group forecasts including actual and prospective leverage metrics, the occupier watch list and delinquencies, sustainability and health and safety at each of the scheduled Board meetings;
- the Executive Directors communicating with the Board on any significant market and operational matters between Board meetings;
- senior managers attending the Board and Audit Committees as appropriate to discuss specific risks either across the business, such as sustainability, health and safety and cyber, or relating to transactions; and
- the Audit Committee meeting with the valuers twice a year to better understand market conditions and challenge the assumptions underlying the valuation.

Our focus during the year

The continued challenging market conditions as a result of the uncertain economic and political environment associated with the nature and the timing of the UK leaving the European Union, and how we have considered these in light of our business, is explained in more detail in our markets on page 31 and our viability assessment on page 88. In light of this ongoing uncertainty, the focus on our strategy and business model with a clear linkage of our risks to overarching strategic priorities and operational parameters have again this year been revisited at all our scheduled Board Meetings. Areas of significant focus have included:

- the start on site of our three developments at Hanover Square, W1, Oxford House, W1 and The Hickman, E1;

› See more on pages 38 and 39

- the continued strong and pragmatic leasing activity across our development portfolio with significant pre-lets achieved at Hanover Square, W1, and the capturing of £2.7 million of reversionary rents;

› See more on pages 42 and 43

- continuing to crystallise profits through sales, all in W1, of 78/92 Great Portland Street, 160 Great Portland Street, 55 Wells Street, three smaller West End properties, the eight remaining residential units at 78/92 Great Portland Street and two out of our three remaining penthouse apartments at Rathbone Square, for a total of £26.4 million. Our last penthouse apartment was also sold shortly after the year-end;

› See more on pages 14 and 15 and 36 and 37

- maintaining our low financial leverage whilst returning £74 million to shareholders through our share buyback;

› See more on pages 47 and 48

- given our risk of 'failing to react to evolving workplace needs', successfully trialling a flex space offering at Elm Yard, WC1 to enable occupiers to be able to move into our fully fitted out space quicker and then rolling this out over a further 124,300 sq ft together with our partnership arrangement with Runway East, a co-working and flexible office provider, for 48,400 sq ft at New City Court, SE1;

› See more on pages 12 and 14

- launching our Community Strategy to manage our social impact and create long lasting community engagement;

› See more on pages 51 and 52

- consideration of our material sustainability risks and long-term sustainability strategy in relation to sustainable building design and climate change mitigation and energy efficiency;

› See more on pages 61 and 63

- revisiting our health and safety procedures, including refining our approach to fire safety and increased health and safety focused property tours by our Leadership team;

› See more on page 53

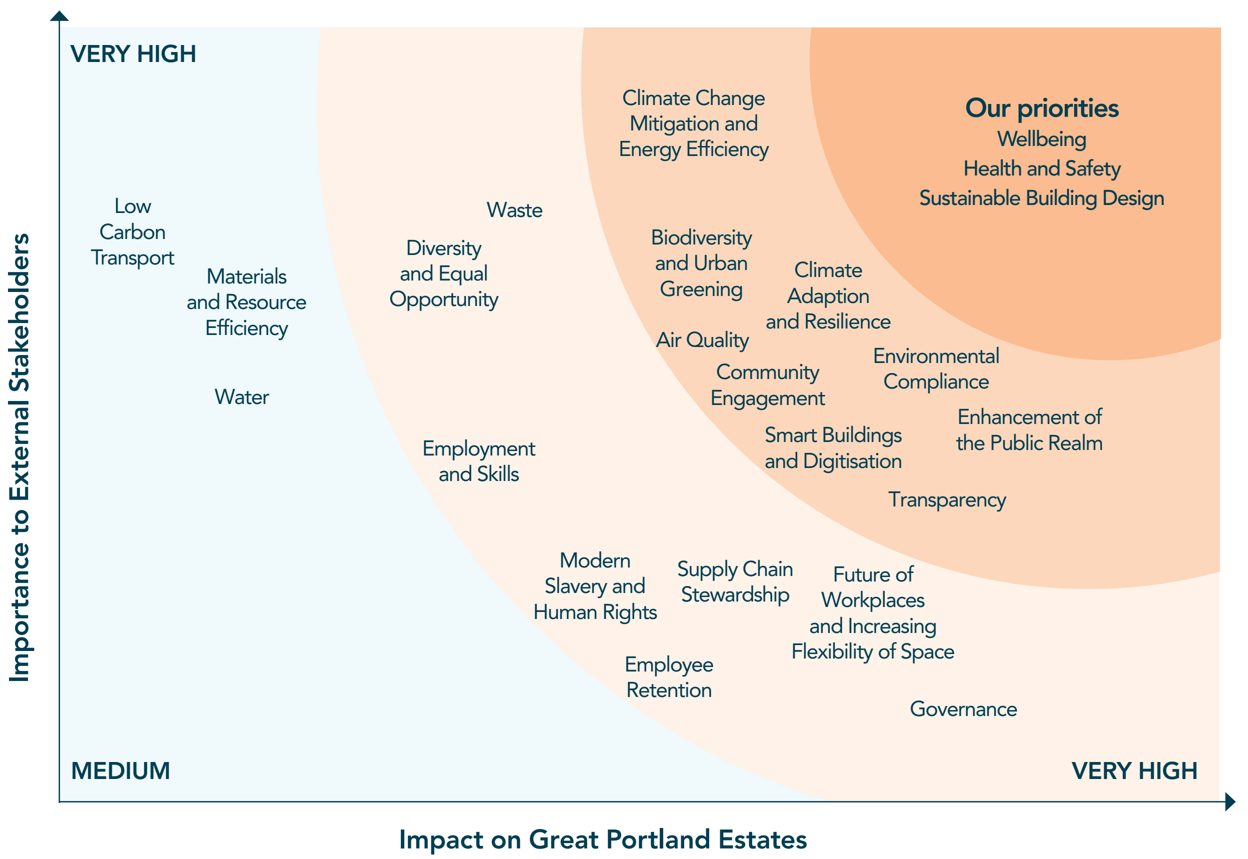
- continued focus on our cyber governance both at head office and in relation to landlord IT equipment across our portfolio; and

› See more on page 94

- speaking with our suppliers in relation to both our development and investment portfolio to understand actions being taken to minimise disruption to day-to-day operations in the event of a 'hard Brexit'.

› See more on page 99

Materiality Matrix



ESG Material Risks and Opportunities

As part of our ongoing commitment to integrating our approach to ESG risk within our overall business risk process, we commissioned a materiality review, undertaken by an external consultant in line with best practice guidance, particularly methodologies supported by the Global Reporting Initiative.

The process started with horizon scanning including detailed research to establish trends, forthcoming legislation and priorities for the industry. This resulted in the creation of a long list of more than 200 themes which were then condensed into a short list of 23 issues, considered to be the most relevant to us as a London based property investment and development company.

Using our short list, we consulted with a number of internal stakeholders representing all areas of the business, who ranked the issues in terms of impact on our business. In order to ensure that the process took external views into account, we also invited a number of shareholders, occupiers, suppliers and community organisations to participate. As part of the process, we also mapped the UN Sustainable Development Goals against our material risks, identifying the four goals that are most relevant to our business and support our purpose and values.

› See more on page 61

Our finalised matrix shows Sustainable Building Design, Health and Safety and Wellbeing as most material to GPE. Furthermore, the analysis demonstrates the importance of Climate Change Mitigation, Energy Efficiency, Climate Adaptation and Resilience to our core business.

Our approach to risk continued

How we manage risk

Market risk

Risk	Impact	Link to strategic priorities	How we monitor and manage risk	Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
Central London real estate market underperforms other UK property sectors.	Reduced relative performance.	■ ◆ ●	The execution of the Group's strategy covering the key areas of investment, development and portfolio management is adjusted and updated throughout the year, informed by regular research into the economy, investment and occupational markets. The Group's strategic priorities and transactions are considered in light of regular review of dashboard lead indicators and operational parameters. The Group aims to maintain low financial leverage throughout the property cycle.	→	→	Low High	The central London real estate market marginally outperformed the wider UK market, demonstrated by MSCI's central London TPR exceeding its universe TPR by 90 basis points on an absolute basis during the year ended 31 March 2019, although this follows two consecutive years of underperformance. Whilst the outlook for retail property outside central London has weakened significantly, the relatively muted outlook for central London office and retail rents means the likelihood of this risk after mitigation has been maintained. › Our market on pages 31 to 35
Weakening macro-economic environment for property investment.	Property valuations may decline, with increased property yields and reduced occupier demand for space.	■ ◆ ●	Regular economic updates are received and scenario planning is undertaken for different economic cycles, including various potential UK exit arrangements from the EU. The Group aims to maintain low financial leverage throughout the property cycle.	→	→	Low High	The UK macro-economic growth and interest rate outlook has remained mixed over the last 12 months, in part driven by continued geo-political uncertainty associated with the ongoing Brexit negotiations. When combined with limited UK stock market growth, despite increased price volatility, the likelihood of this risk has been maintained. › Our market on pages 31 to 35
Heightened political uncertainty and potential negative economic impact of ongoing negotiations to exit from the EU.	Reluctance by investors and occupiers to make investment decisions whilst outcomes remain uncertain and/ or reduced attractiveness of London as a global commercial centre. Disruption to development programme through potential impact on supply chain and labour markets.	■ ◆ ●	The Group's strategic priorities and transactions are considered in light of these uncertainties. The Group's financial forecasts and business plans continue to be prepared under a variety of market scenarios, including to reflect different potential exit arrangements from the EU. The Group aims to maintain low financial leverage throughout the property cycle. The Group has a diverse occupier base with around 9% in the financial services sector, including only c.1% in the investment banking, securities trading and insurance sectors (which are perceived to be most at risk in London to any adverse impact of the UK's exit from the EU). Reviews undertaken of potential for advance delivery of materials.	→	→	Low High	Although investor and occupier demand for London commercial property has remained broadly resilient over the last year, there has been a slowdown in investment market activity since the start of 2019 given the previous expectation that the UK would be leaving the EU on 29 March 2019 and the ongoing uncertainty as to when a resolution to the Brexit negotiation impasse will be achieved. Whilst evidence suggests that UK economic growth has been lower than would have been expected had the EU referendum not taken place, principally as investment decisions have been delayed, looking ahead it still remains possible that the final negotiations to leave the EU may result in arrangements that are materially damaging to the UK economy and/or central London. These could reduce levels of investor and occupier demand as a result of reduced trade and relocation of corporations and financial institutions away from the UK. These risks would likely be further increased by any additional impediments for London's businesses to access talented employees from the EU and beyond, along with challenges to the supply chain for our development activities. In addition, the continuing uncertainty could also contribute to a potential change in the political landscape at both a local and UK level, which could adversely impact the prospects of both private sector business and the property sector. Taken together, the likelihood of this risk has been maintained at an elevated level, as has the risk after mitigation given our continued net sales activity, our financial strength (with a current loan to value of only 8.7%) and our costs now 98% fixed with our contractors on our three committed development schemes. › Our market on pages 31 to 35

■ Crystallise profits through recycling ◆ Deliver development programme ● Drive rental growth

▼ 2019 ▲ 2018

Our approach to risk continued

How we manage risk

Investment management

Risk	Impact	Link to strategic priorities	How we monitor and manage risk	Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
Incorrect reading of the property market cycle through poor investment decisions and/or mis-timed recycling of capital.	Not sufficiently capitalising on market investment conditions.	■ ◆	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Regular review of property cycle by reference to dashboard of lead indicators. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate rotation of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans including with joint venture partners where relevant.	→	→	Low ◁—▷ High	The Group has continued to profitably recycle capital and take advantage of strong investor demand for well let, attractively located properties with sales totalling £348.9 million in the year. With limited availability of attractively priced acquisition opportunities and the depth of opportunity in our existing portfolio, we made no acquisitions in the year. With our strategic focus and capital discipline, there has been no change to the likelihood of this risk after mitigation. › Case study on pages 14 and 15 Investment management operational measures on page 36 Our market on pages 31 to 35 Investment management on pages 36 and 37
Inappropriate asset concentration, building mix, occupiers' covenant quality and exposure, lot size and joint venture exposure.	Reduced liquidity and relative property performance.	■ ◆ ●	Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding. Occupiers' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with occupiers is maintained to identify if occupiers are suffering financial difficulties and their proposed actions.	→	→	Low ◁—▷ High	The Group continues to monitor its portfolio mix and asset concentration risk. The Group has a diverse occupier base with its ten largest occupiers representing only 27.8% of rent roll. Our largest asset is only 8.7% of the total portfolio and 22.8% of the portfolio was held in joint ventures at 31 March 2019. In addition, following the sale of 11 apartments in the year, residential property now represents only 1% of our portfolio. As a result, there has been no change to the likelihood of this risk after mitigation. › Valuation on pages 58 and 59

Portfolio management

Risk	Impact	Link to strategic priorities	How we monitor and manage risk	Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
Poor management of voids, rental mis-pricing, low occupier retention, sub-optimal rent reviews, occupier failures and dissatisfaction, and inappropriate refurbishments.	Failure to maximise income from investment properties.	●	The Group's in-house portfolio management and leasing teams proactively manage occupiers to ensure changing needs are met, with a focus on retaining income in light of vacant possession requirements for refurbishments and developments, and liaise regularly with external advisers to ensure correct pricing of lease transactions. Occupiers' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with occupiers is maintained to identify if occupiers are suffering financial difficulties and their proposed actions. Independent occupier satisfaction surveys now undertaken every two years and new Head of Occupier Services role created during the year to strengthen our service delivery. EPC ratings reviewed in context of lease expiries to ensure improvements integrated into refurbishment plans.	→	→	Low ◁—▷ High	The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. With a healthy occupier retention rate of 50% over the year, the Group maintained a relatively low void rate which was 4.8% at 31 March 2019 (4.9% at 31 March 2018). During the year, we secured £24.5 million of new rental income, with 37% of total lettings represented by pre-lets or lettings at recently completed developments. The rent reviews completed over the year were settled at an average increase of 19.2% above the previous passing rent. Whilst there was an increase in the number of our occupiers on our internal 'watchlist' (21 at 31 March 2019, compared to 22 a year earlier), particularly given the challenges in the UK retail sector, occupier delinquencies during the year represented only 0.17% of total rent roll. Moreover, at 31 March 2019 we held rent deposits and bank guarantees totalling £25.1 million (including for some of our larger retail occupiers). As a result of these performances and our current initiatives, there has been no change to the likelihood of this risk after mitigation. › Case study on pages 12 and 13 Portfolio management operational measures on page 42 Portfolio management on pages 42 and 43 Our portfolio on pages 56 to 63
Failure to react to evolving occupier needs including consideration of wellbeing, increased flexibility and enhanced sustainable building design (incorporating environmental performance and climate change resilience), combined with impact of technological advances on ways of working.	Buildings and lease structures cease to appeal to occupiers and investors, reducing income and valuations.	■ ◆ ●	Our Director of Workplace and Innovation is responsible for keeping the Board up to date on market developments and incorporating innovation in the GPE portfolio. New Head of Office Leasing role created, whose remit includes managing the Group's approach to flexible office offerings. Reviews undertaken of further opportunities for flex space offering across the portfolio, including broadening our product offering. Guiding Principles of Design developed to outline our expectations of all parties involved in our refurbishment and development projects.	→	→	Low ◁—▷ High	Our flex space offerings now represent 4% of our office space, which would rise to 10% when including space currently under appraisal. To ensure that we address the ever evolving workplace needs and future proof our developments, our Design Review Panel, chaired by our Director of Workplace and Innovation, meets weekly and challenges our professional teams to ensure that we create space that fulfils our occupiers' evolving needs. During the year, partnering with five continental European office REITS, we carried out research to understand what end users want and held a series of focus groups to understand what people expect from their office in the future. › Our market on pages 31 to 35

■ Crystallise profits through recycling ◆ Deliver development programme ● Drive rental growth

▼ 2019 ▲ 2018

Our approach to risk continued

How we manage risk

Development management

Risk	Impact	Link to strategic priorities	How we monitor and manage risk	Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
An inappropriate level of development undertaken as a percentage of the portfolio.	Under performance against KPIs.	◆	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed to when pre-lets obtained and/or market demand and supply considered to be sufficiently supportive.	→	→	Low High	The Group has made no new development commitments during the year, although committed development exposure has increased from 11% of the total portfolio 12 months ago to 17% today given capital expenditure. However, the Group's speculative development risk has reduced given pre-lettings during the year, increasing the pre-let proportion from 11% to 21%. As a result, the impact of this risk and likelihood after mitigation is unchanged, particularly given the quality of the space that we are delivering, all in close proximity to Crossrail stations. › Case studies on pages 10 and 11 Development management on pages 38 to 41
Inability to profitably deliver the development programme and pipeline through: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – failure to reach agreement with adjoining owners/freeholders on acceptable terms; – inappropriate level of speculative development; – incorrect cost and programme estimation; – construction cost inflation; – contractor availability and insolvency risk; – insufficient supply of labour; – insufficient Development Management team resource; – a building being inappropriate to occupier demand; – quality and benchmarks of the completed buildings; – construction and procurement delays; – ineffective marketing to prospective occupiers; and – poor development management.	Poor development returns.	◆	See Market risk on page 78. Prior to committing to a development, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Early engagement with local residents and community groups. Active engagement with planning authorities. Early engagement with adjoining owners and freeholders. Benchmarking of costs with comparative schemes. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk. Internal and external resourcing requirements regularly reviewed by the Executive Committee, Development Director and Head of Project Management. Third party resource expertise used to support in-house teams, where appropriate. Sustainable Development Brief in place to ensure sustainable building design. Working with agents, potential occupiers and purchasers to identify their needs and aspirations including sustainability, wellbeing and technological advances during the planning application and design stages. Design Review Panel reviews building design and specification to ensure it is appropriate for likely occupier needs, including appropriate sustainability benchmarks. In-house Leasing/Marketing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing/marketing objectives. Sustainable building design, including climate change mitigation and adaption, considered at an early design stage. All our major developments are subject to a minimum BREEAM rating requirement of 'Very Good' for major refurbishments and 'Excellent' for new build developments. Selection of contractors and suppliers based on track record of delivery and creditworthiness. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Reviews undertaken of potential for advance delivery of materials. Regular review of the prospective performance of individual assets and their business plans with joint venture partners. Post-completion reviews undertaken on all developments to identify best practice and areas for improvement.	→	→	Low High	The Group's committed development exposure has not materially changed over the year with the three on-site schemes progressing well. These schemes have a combined GDV £775.9 million of which 21.3% is already de-risked through pre-lettings with capex to come of £139.5 million, down from £239.6 million a year ago. As a result, the impact of this risk and likelihood after mitigation is unchanged, with occupier demand remaining healthy for prime, new build space in central London and the supply of such space remaining tight. › Case studies on pages 10 and 11, and 18 and 19 and 57 Development management operational measures on page 38 Development management on pages 38 to 41 Our portfolio on pages 56 to 63

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▼ 2019 ▲ 2018

Our approach to risk continued

How we manage risk

Financial risks

Risk	Impact	Link to strategic priorities	How we monitor and manage risk	Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
Limited availability of further capital.	Growth of business is constrained or unable to execute business plans.	■ ◆ ●	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.	→	→	Low High	The Group has continued to be active in managing its debt facilities, ensuring an attractive maturity ladder and maintaining diverse funding sources, predominantly borrowing on an unsecured basis. During the year, the Group refinanced its £450 million committed revolving credit facility, extending both its maturity and lowering its cost, drew down on £100 million new private placement notes and redeemed its £150 million convertible bond. As a result, the Group's weighted average debt maturity has increased to 6.4 years, and the Group has cash and undrawn credit facilities of £608 million. With our liquidity and debt position remaining exceptionally strong, the likelihood of this risk has not changed. › Our capital strength on pages 47 and 48 Our financial results on pages 44 to 46 Notes 16 and 17 forming part of the Group financial statements on pages 169 to 172
Increased interest rates and/or a fall in capital values, along with adverse exchange rate movements.	Adverse market movements negatively impact on debt covenants and cost of imported material for developments.	■ ◆	Consistent policy of conservative financial leverage. Regular review of current and forecast debt levels and financing ratios under various market scenarios. Our annual Business Plan, which is regularly updated, includes stress tests considering the impact of a significant deterioration in the markets in which we operate. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 31 March 2019. Exchange rates fixed at the earliest opportunity on development sub-contracts.	→	→	Low High	Whilst broader economic and political uncertainties have kept global interest rates at relatively low levels, the Bank of England Base Rate increased by 0.25% in August 2018 to a still modest 0.75%, some way behind rates in the US. The expectation of any significant increases in UK interest rates over the next 12 months is low. Moreover, 100% of the Group's debt is currently at fixed or hedged interest rates, and the Group's weighted average interest rate remains low at only 2.7% (falling to 2.3% on a fully drawn basis). As a result, the risk likelihood after mitigation is unchanged, particularly given that we estimate property values could fall around 75% from their 31 March 2019 levels before Group debt covenants could be endangered, even before factoring in mitigating management actions. › Our capital strength operational measures on page 47 Our capital strength on pages 47 and 48 Our financial results on pages 44 to 46 Notes 16 and 17 forming part of the Group financial statements on pages 169 to 172
Inappropriate capital structure.	Sub-optimal NAV per share growth.	■ ◆	Regular review of current and forecast capital requirements, gearing levels and other financing ratios. Maintain balance sheet discipline, with surplus equity capital returned to shareholders in appropriate circumstances.	→	→	Low High	The Group's existing capital structure remains well placed to take advantage of opportunities as they arise and to deliver our current development commitments. As a result, the risk likelihood after mitigation is unchanged. › Our capital strength on pages 47 and 48 Our financial results on pages 44 to 46

People

Risk	Impact	Link to strategic priorities	How we monitor and manage risk	Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
Inability to attract, develop, motivate and retain talent in order to execute our business plans and maintain our inclusive and collegiate culture.	Strategic priorities not achieved.	■ ◆ ●	Regular review is undertaken of the Group's resource requirements and succession planning. The Group has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance. Benchmarking of remuneration packages of all employees is undertaken annually. Annual personal development planning and ongoing training support for all employees together with focused initiatives to nurture potential successors, including introduction of mentoring programme. Clear articulation of GPE values so all existing and prospective employees understand our core beliefs and behaviours. Health and wellbeing programme implemented following earlier roll out of mental health training programme. Focus on people engagement with regular two-way communication and responsive employee-focused activities, e.g. employee engagement surveys and flexible working. High profile, attractive development pipeline and high quality assets to manage.	→	→	Low High	The motivation of our people and maintaining our strong collaborative culture remains fundamental to the delivery of our strategic priorities. During the year, through our 'Together we thrive' initiative involving all our employees, we articulated our corporate values which we are embedding into all our activities, including employee appraisal and recruitment processes. We also launched our health and wellbeing programme for our employees, and held our inaugural annual Community Day working with our charity partner Centrepoint. Our staff retention remains high at 87% and our continued focus on growing the breadth and depth of our talent, providing focused development support where needed, means the risk likelihood after mitigation has fallen marginally over the year. › Our culture and people operational measures on page 64 Our culture and people on pages 64 to 69 Remuneration report on pages 116 to 142

■ Crystallise profits through recycling ◆ Deliver development programme ● Drive rental growth

▼ 2019 ▲ 2018

Our approach to risk continued

How we manage risk

Regulatory

Risk	Impact	Link to strategic priorities	How we monitor and manage risk	Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
Evolving planning, tax, environmental, fire safety and other regulation and practice reducing the relative attractiveness of our buildings and impeding the financial and operational performance of the Group, including increasing costs of compliance and/or risk of non-compliance.	Impairment of the Group's ability to deliver business plans, increased cost base and potential negative impact on property values given reduced investor and occupier interest in buildings and/or reputational damage.	■ ◆ ●	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. The Group actively engages with local politicians, planning officers and experienced specialist advisors to ensure our proposals are developed to comply with current and emerging policy. The Group also engages with local residents and community groups early in the design process to ensure that their feedback is considered as schemes evolve. Lobbying of property industry matters is undertaken by active participation of the Executive Directors and other Executive Committee members through relevant industry bodies. Sustainability Committee meets at least quarterly to consider strategy in respect of environmental legislation and to address key areas of climate change, carbon, energy, waste and biodiversity. Environmental management system in place. Energy reduction plan for every key property. We maintain a low-risk tax status and have regular meetings with HMRC.	↗	↗	Low – High	In addition to the significant regulatory and tax uncertainty associated with the UK's exit from the EU, the introduction of capital gains tax for overseas investors on UK commercial property from April 2019 may impact the weight of investment appetite. In addition, updated draft guidance from HMRC regarding tax on sales of developments prior to completion by REITs may impact activity going forward. We are closely monitoring a number of local plan and other policy consultations by our key local authorities and the New London Plan Examination in Public. In Westminster, in particular, we have submitted representations on the draft City Plan and Oxford Street District Consultations. The sustainability requirements of the emerging London Plan have been integrated within our long-term sustainability strategy and Sustainable Development Brief. Only 0.4% of our portfolio (by area) is EPC F or G rated. Where units are vacant they are being refurbished to improve the rating or where they are currently let plans are in place to improve the rating when they become vacant. We have noted the conclusion of The Independent Review of Building Regulations and Fire Safety. We have reviewed our own processes and we are introducing occupier safety checks to support our occupiers with managing fire safety. Taken together, the risk likelihood after mitigation has marginally increased over the year. › Property industry representation on pages 70 to 73 Our relationships on page 54 Our portfolio on pages 60 to 63
Health and Safety incidents. Loss of life or injury to members of the public, occupiers, contractors or employees.	Resultant reputational damage.	■ ◆ ●	The Group has dedicated health and safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively manage health and safety risk in connection with our employees, contractors, members of the public and occupiers. Competency checks are undertaken for all consultants and contractors. We have a thorough accident investigation process supporting our employees and supply chain to learn from accidents and incidents to improve safety outcomes. Regular safety tours are undertaken by our Senior Management Team and Executive Committee.	→	→	Low – High	We continue to focus on ensuring that we have a best in class and proactive health and safety culture at GPE, which we reinforced during the year with the recruitment of an additional Health and Safety Manager. When combined with no significant change to our level of development and refurbishment activities over the year, including in our occupied buildings, the likelihood of this risk after mitigation is unchanged. The Group had three reportable accidents during the year. › Health and safety on page 53

Business interruption

Risk	Impact	Link to strategic priorities	How we monitor and manage risk	Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
An external event such as a power shortage, extreme weather, environmental incident, civil unrest or terrorist attack that significantly affects the Group's operations, particularly given our portfolio concentration in central London.	Significant damage, disruption and/or reputational damage to the Group's portfolio and operations.	■ ◆ ●	The Group has a Business Continuity Plan with predetermined processes and escalation for the Crisis Management Team. Asset emergency plans exist for individual properties. Physical security measures are in place at properties and security threats are regularly assessed through links with security agencies. The Group's insurance policies include cover for catastrophic events including fire, storm, riots and terrorism.	→	→	Low – High	The likelihood of this risk is unchanged given the Home Office/MI5 continue to assess the UK threat from international terrorism as severe.
Cyber threat or attack.	Business disruption to the Group's portfolio and operations and/or reputational damage from data loss.	■ ◆ ●	The Group's Business Continuity Plan is regularly reviewed and recovery of data at off-site recovery centre is tested during the year. Regular testing of IT security is undertaken including penetration testing of key systems. The Group's data is regularly backed up and replicated. Employee awareness training on cyber risk is undertaken regularly. Cyber risk insurance in place.	→	→	Low – High	Given the increased incidence of attempted cyber attacks on UK business, we have continued to invest time and resources in our cyber security measures, both in our head office and across our portfolio. › Case study on page 94

■ Crystallise profits through recycling ◆ Deliver development programme ● Drive rental growth

▼ 2019 ▲ 2018

Our approach to risk continued

Viability statement

Assessment of the Group's prospects

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months that has been required by the 'Going Concern' provision. This longer-term assessment supports the Board's statements on both viability, as set out below, and going concern as set out on page 144.

The Group's future prospects are assessed primarily through its annual Strategy Review. This review is led by the Chief Executive drawing on expertise from across our integrated team. It includes an assessment of the macro-economic environment, forecasts of key property market metrics (including yields and rental value movements), annual valuation progressions for each of its assets and full forecast financial statements for a five-year period, with a primary focus on the first three years.

The key outputs from this process are financial forecasts, summarised in a dashboard, which analyse profits, cash flows, funding requirements, key financial ratios and headroom in respect of the financial covenants contained in the Group's various loan arrangements. The Strategy Review is considered by the Board in early April and thereafter the financial forecasts are updated and presented for regular review by the Board.

The Group's financial forecasts contain a number of assumptions, including:

– estimated year-on-year movements in rental values and yields for each of our key sub-markets;

– the refinancing of the Group's debt facilities as they fall due within the forecast period;

– the completion of the Group's committed development programme and the commencement of selected pipeline projects;

– the Group maintains its preference for low financial leverage; and

– forecast interest rates.

Assessment of viability

A three-year viability period is considered an optimum balance between our need to plan for the long term and the shorter term nature of our active business model, which includes high levels of recycling of our property portfolio and a committed development programme which will be delivered over the next three financial years.

Our assessment of viability was based on forecasting the Group's performance under static market conditions with further sensitivity analysis to flex the financial forecasts under a variety of macro-economic scenarios, both positive and negative. The negative scenarios included stress testing the resilience of the Group, and its business model, to the potential impact of the Group's principal market risks, or a combination of these risks. Specifically, the Board considered a potential range of outcomes from the ongoing negotiations to settle the terms of our exit from the EU. These ranged from an 'upside' scenario which assumed an orderly exit deal was reached and the market reacted positively to a more certain economic outlook, to a 'downside' scenario which assumed the UK left the EU with no deal, resulting in economic disruption and a potential change in the UK government together triggering an economic downturn leading to asset value declines of around 35%. The results of this sensitivity analysis showed that, given the Group's low levels of debt and high liquidity, it would be able to withstand the impact of these scenarios over the period of the financial forecast.

In addition, a further reverse stress test was carried out to understand how far property yields would need to rise, or rental values fall, before the Group was at risk of breaching the financial covenants contained in its various loan arrangements.

Viability statement

Whilst the directors have no reason to believe that the Group will not be viable over a longer period, based on this assessment of the prospects and viability of the Group the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 March 2022.