Press Release

23 May 2012

Preliminary announcement of results

The Directors of Great Portland Estates plc announce the results for the Group for the year to 31 March 2012.

Highlights[1]:

- Portfolio valuation up 9.2%[2] in year (developments: 13.7%[2]) and 2.4%[2] in Q4
- 12 month Total Property Return of 12.5% outperforming IPD's Central London index of 12.1%, driven by capital return of 9.2% vs 7.5% for IPD Central London (West End offices capital return of 12.1% vs 8.6% for IPD)
- Rental value growth of 7.8%[2] (8.6% West End offices, 11.2% West End retail)

- EPRA[3] NAV per share of 403 pence up 11.9% in year and 4.4% in Q4
- Net assets of £1,238.3 million (March 2011: £1,112.7m)
- EPRA[3] profit before tax of £17.4 million down 65.5% on 2011, as anticipated given our development and refurbishment activities, and lower surrender premia
- EPRA[3] earnings per share of 5.6 pence
- After revaluation surplus, reported profit before tax of £155.2 million (2011: £261.0 million)
- Total dividend per share of 8.4 pence (2011: 8.2 pence)

- Record leasing year: 88 new lettings (493,450 sq ft) generating £25.2 million pa (our share: £20.9 million), including four major pre-lets (287,800 sq ft) of £16.7 million pa (our share: £14.3 million)
- Market lettings were 6.5% ahead of valuers' March 2011 ERV (13.3% excluding pre-lets)
- Void rate low at 3.3%, average office rent of only £34.30 sq ft, reversionary potential of 13.5%

- Four development schemes completed (195,500 sq ft), profit on cost of 31%
- Three schemes on site (452,3000 sq ft), 59.4% of income secured, expected profit on cost of 57%
- Total committed capital expenditure of £117.2 million, including two further committed schemes (198,800 sq ft) to start on site this summer
- Pipeline enhanced through acquisition of major West End site at Rathbone Place and planning consent for Hanover Square development
- Significant development potential from 16 uncommitted schemes, covering 2.6 million sq ft, all with flexible start dates. 3.3 million sq ft total development programme covering 54% of existing portfolio

- New property acquisitions totalling £402.0 million (our share: £336.0 million)
- Disposals of £403.8 million (our share: £255.8 million) at an average 10.3% premium to book value

- Total new debt secured of £510.4[4] million (our share: £473.9 million), significant cash and undrawn facilities of £457[4] million
- Gearing conservative at 40.3%, loan to property value of 34.2%, weighted average cost of debt low at 4.5%

[1] All values include share of joint ventures unless otherwise stated
[2] On a like-for-like basis
[3] In accordance with EPRA guidance
[4] Pro forma for £127.7 million private placement notes to be drawn on 30 May 2012

Toby Courtauld, Chief Executive, said:

"We have had a strong year, outperforming the London commercial property market with a record level of leasing, significant development successes, accretive acquisitions, disposals ahead of book value and the efficient replenishment of our financial firepower with new, low-cost debt.

Whilst we can expect further turbulence in the UK and Eurozone economies, conditions in London's property markets, particularly the West End, remain favourable. Tenant demand for new space is trending at the long-run average, with some pockets of strong interest from the likes of the TMT sector, whilst the supply of new space is low. Over the next few years, absent a material economic setback, given the scarcity of development finance and minimal development completions, we expect this balance to move further in landlords' favour, supporting the case for rental growth.

London continues to attract a significant flow of investment capital from around the world. As a result, we expect yields for prime assets, particularly in the West End, to remain stable for the time being.

In this market context, we expect to continue to outperform. Our developments are attracting healthy tenant interest and delivering material surpluses, whilst our conservative gearing combined with plentiful, low-cost firepower will enable us to deliver on our existing growth plans and exploit new opportunities as we find them."

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The results presentation will be broadcast live at 9.15am today on:

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

A conference call facility will be available to listen to the presentation at 9.15am today on the following numbers:

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

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

Disclaimer

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

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

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

Chairman's statement

Great Portland Estates has had another excellent and highly active year, with, for example, record levels of leasing across the portfolio. Although broader market conditions became more challenging over the course of the financial year as the sovereign debt crises worsened, our focused business model concentrating exclusively on high quality central London property and the disciplined approach of our experienced team have delivered a healthy valuation and financial performance.

EPRA NAV increased by 11.9% and the property portfolio delivered valuation growth of 9.2%. Dividends of 8.4 pence per share for the year are up 2.4% on 2011, providing a total pay-out to shareholders of £26.3 million.

Despite the more turbulent macro-economic and capital market conditions during the second half of the year, our core central London office market has held up well and our local knowledge has never been more valuable. The investment market continues to benefit from significant excess of demand for assets over supply, with the appetite from overseas investors at high levels. While occupational demand remains at around the long-term average, current availability of new space is considerably below the average and the resultant forecast supply crunch suggests that rental growth prospects are favourable in the medium term.

We have been selective in our acquisitions activity, with a focus on West End and Midtown properties, with angles to exploit and at attractive entry prices, whether buying investment properties at below replacement cost or prime West End land. We have also actively sought to recycle capital and crystallise gains on mature and non-core properties through sales of £256 million during the year at an average surplus to book value of 10.3%. Overall, we were net investors over the year to the tune of £80 million, buying assets off a higher investment yield and a lower cost per sq ft than the properties we sold.

Our asset management team has had a record year delivering lettings and lease renewals of more than £25 million in annual rent, with market lettings at an average of 6.5% above our valuers' ERV or 13.3% if pre-lettings are excluded. In the process, we have maintained our investment portfolio void rate at a low 3.3%. Moreover, having embarked on a significant development programme 18 months ago, we have secured more than £16.7 million (our share: £14.3 million) of pre-let income this year alone. These transactions have substantially de-risked our current committed development projects and demonstrate the enduring tenant appeal of property in excellent locations with well-designed floor plates, especially in our supply constrained market. This is reflected in the excellent 31% profit on cost generated by the four projects we have completed since 31 March 2011.

With the addition of Rathbone Place and planning consent achieved at Hanover Square, we believe that we own two of the best development sites in the core West End market. Taken together, our enviable development pipeline now totals some 3.3 million sq ft, including our five committed schemes (651,100 sq ft) and we anticipate that these projects will drive capital growth and rental income as occupational markets continue to recover.

Even after our net investment activity over the year, the Group's funding and liquidity position remains robust. At 31 March 2012 gearing was modest at 40.3% and having secured £510 million of new debt financing from a variety of sources since March 2011, including two capital raisings in the US private placement market, our cash and undrawn debt facilities remain in excess of £450 million.

In July 2011, we were pleased to welcome Nick Sanderson to the Board as Finance Director, bringing with him a wealth of real estate and capital markets experience. Phillip Rose, after six years as a Non-Executive Director, will be retiring at this year's Annual General Meeting and we are in the process of recruiting his replacement. We would like to thank Phillip for his valued contribution to the Board's activities over the years.

In conclusion, I am confident that we are well positioned to continue to generate attractive returns for shareholders from our high quality portfolio and committed team.

Martin Scicluna
Chairman

Our market

Our market is accompanied by graphics (see Appendix 1)

London and its property markets have continued to perform relatively well despite the challenging macro-economic and capital market environment. We expect occupational markets to favour landlords over the medium term whilst investment demand should remain strong, particularly from overseas investors.

Over the last 12 months, we have again witnessed the negative impact on business sentiment from the continued process of global financial deleveraging, the Eurozone debt crisis and political instability in many parts of the world, including the Arab states. The resulting uncertainty has seen GDP growth expectations decline and stock markets track sideways.

While London has not been immune to these events, particularly given the weak conditions in the banking sector, London's economy continues to offer a more compelling economic story than both the UK as a whole and the rest of Europe, in large part due to its status as a global city. London is continuing to benefit from its relative safe haven status, whilst its diversified economy and deep pool of highly skilled labour all serve to enhance further its attractiveness.

Our occupational markets – overview
Whilst economic conditions have unsurprisingly resulted in prospective tenants across the UK taking a more cautious outlook in their expansion plans, in London, low levels of current and forecast availability combined with long run average levels of demand are continuing to support the occupational market. As a result, occupiers seeking to move to better premises or relocate into central London, particularly the West End, are in many instances seeing rental levels increase.

The tightening of availability, in large part, results from limited development activity which, in turn, is a consequence of significantly reduced levels of speculative development finance. Across the central London office market as a whole, development completions in the year to 31 March 2012 of 1.3 million sq ft were materially down on last year (3.2 million sq ft) and the lowest total since the early 1990s. Focusing on the West End only, completions totalled only 354,200 sq ft, making it one of the lowest years on record.

Looking ahead, as shown in the chart below, the development pipeline remains considerably below historic averages and project starts are being delayed, partly due to the continued scarcity of speculative debt finance. In addition, a good proportion of the central London pipeline is located in fringe locations.

West End
While office space leased in the West End for the year to 31 March 2012 was 4.5 million sq ft, consistent with the same period last year, vacancy rates have remained low at 4.4% (with grade A space vacancy estimated by CBRE to be only 1.5%). Across the West End, CBRE has reported that prime rental values rose around 3.9% during the financial year (2011: 8.8%) and we believe that the West End will continue to benefit from its diversified occupier base, including the increasing demand from the technology, media and telecoms (TMT) sector. Absent a further significant deterioration in economic conditions, the medium-term outlook remains positive, particularly for well-located West End office properties.

The West End retail market (comprising 22.2% of our West End portfolio by value) has continued its strong performance. The market for prime retail units in London remains particularly strong, with demand for units outweighing supply in our prime West End retail locations of Oxford Street, Regent Street and Bond Street. With this summer's combination of the Jubilee celebrations and the Olympic and Paralympic Games, London's retailers and restaurateurs are expected to benefit from a significant influx of foreign visitors and tourists.

City, Midtown and Southwark
Following firm tenant demand in the year to 31 March 2011 (take-up of 5.1 million sq ft), office leasing levels have reduced this year in the City to 3.6 million sq ft given the weakness in financial and banking markets. Although higher than in the West End, the City office vacancy rate of 7.3% at 31 March 2012 remains low compared to the long run average and CBRE has reported that prime City rental values were flat during the financial year (2011: 17.0% increase). However, take-up from the insurance and business services sectors is proving resilient, and in particular the level of demand for sub 10,000 sq ft space requirements appears healthy.

Our occupational markets – outlook
We expect the impending shortage of new supply will strongly favour London landlords once sustainable economic growth resumes and we expect the West End to perform more strongly than the City over the next few years. As the chart in the Appendix shows, independent forecaster PMA is predicting healthy rental growth in both the West End

and the City office markets over the medium term. With our office portfolio let off low average rents of only £34.30 per sq ft, there exists significant reversionary potential across the Group.

Our investment markets

Prime commercial property values in core central London have held up strongly over the last 12 months, with the robust performance in the first half of the year steadying in the second half. Although investment volumes for the year to 31 March 2012 were £10.1 billion, down 6.6% on a year ago, the market continues to attract a diverse group of investors, with overseas buyers increasingly active (representing more than 55% of deal activity in the period), many of whom are principally equity funded meaning they are less affected by constrained debt markets.

As the table in the Appendix shows, there remains a material surfeit of buyers to sellers of commercial property across central London (estimated at £18.5 billion of equity demand versus £3.7 billion of assets on the market to sell at May 2012), with a strong bias in favour of the West End. We expect that this position will continue to prevail and that the strong positive yield gap to ten year Gilts will also support prime property yields at current levels, at least in the near term.

Lead indicators

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

Compared to a year ago, the property capital value indicators have generally weakened given financial market volatility resulting from the Eurozone sovereign debt crisis and the softer outlook for economic growth. However, the central London property investment market is anticipated to continue to benefit from its relative safe haven status and the ongoing weakness of sterling against non-Euro currencies. Although the rental value indicators have remained broadly neutral, we expect that rental values for sensibly priced, well located buildings in central London will continue to increase in the medium term, barring a major further deterioration in the Eurozone situation.

Valuation

Valuation is accompanied by graphics (see Appendix 2)

The valuation of the Group's properties rose to £2,007.5 million during the year, delivering an underlying capital return of 9.2%.

At 31 March 2012, the wholly-owned portfolio was valued at £1,334.7 million and the Group had seven joint ventures which owned properties valued at £672.8 million (our share) by CBRE.

The valuation of the portfolio was up 9.2% on a like-for-like basis or £143.3 million since 31 March 2011.

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

- Rental value growth – since the start of the financial year, rental values have grown 7.8%. Office rental values have increased by 7.2%, with retail rental values rising by 10.1%. Growth in rental values was greater in the second half of the year, partly driven by our asset management successes. At 31 March 2012, the portfolio was 13.5% reversionary;

- Intensive asset management – during the year, 105 new leases, rent reviews and renewals were completed securing £24.2 million (our share) of annual income and reducing voids which supported valuation growth over the period;

- Development properties – growth of 13.7% increased their valuation to £372.1 million; and

- Stable investment yields – equivalent yields were largely unchanged over the year moving out by one basis point on a like-for-like basis (2011: 37 basis point contraction). At 31 March 2012, the portfolio equivalent yield was 5.3%.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 31 March 2012 was 4.1%, 30 basis points lower than at the start of the financial year.

Our Rest of West End portfolio produced the strongest performance by geographic sector over the year, increasing in value by 17.9% on a like-for-like basis. City, Midtown and Southwark assets saw a 3.3% uplift in values and the North of Oxford Street properties grew by 4.5%. Our joint venture properties rose in value by 5.9% compared to a 7.6% rise for the wholly-owned portfolio over the year.

The Group delivered a total property return (TPR) for the year of 12.5%, compared to the central London IPD benchmark of 12.1% and a strong capital return outperformance of 1.7% (GPE at 9.2% versus 7.5% for IPD). Our West End offices delivered 3.2% of relative capital return outperformance (GPE at 12.1% versus 8.6% for IPD), in large part due to valuation gains at our development properties and land holdings.

Our business

Our business is accompanied by graphics (see Appendix 3)

Investment management

We have delivered another year of successful capital recycling, buying into properties laden with potential and selling mature properties at healthy surpluses.

During the year, we committed £402.0 million (our share: £336.0 million) to new acquisitions, continuing our strategy of selectively acquiring assets with the potential for strong absolute and relative performance through the medium term. Our three transactions (totalling seven properties) were all in the West End or Midtown, with significant angles to exploit and positioned to benefit from London transport improvements such as Crossrail.

In September 2011, we completed the acquisition of a major 2.3 acre freehold site from the Royal Mail Group ("RMG") in the core of London's West End between Rathbone Place and Newman Street, W1. Vacant possession will be delivered in June 2013 whereupon we expect to commence a major mixed-use redevelopment. We have withdrawn the previous planning application submitted by RMG in May 2011 and are currently working on a new proposal for the site expecting to submit a new application in the next twelve months. We paid RMG £120.0 million in cash for their freehold interest and have leased back the entire site to them until June 2013, with GPE receiving total net rent of £4.6 million over the 20 month leaseback period. The price paid, net of the leaseback rent, equates to a capital value of only £300 per sq ft (using the net lettable area assumed by the RMG planning application).

In October 2011, the Great Ropemaker Partnership ("GRP"), our 50:50 joint venture with BP Pension Fund, bought 200 & 214 Gray's Inn Road, WC1 for £132.8 million, reflecting a capital value of £455 per sq ft and a net initial yield of 6.4%. 200 Gray's Inn Road is a 246,500 sq ft, Grade A office building and is leased to four tenants including Carlton Communications Ltd and ITN at £8.4 million p.a. 214 Gray's Inn Road comprises 45,500 sq ft of predominantly car parking and back up accommodation for 200 Gray's Inn Road and is mainly let to ITN until 2023 at a rent of £0.5 million p.a. In November 2011, we arranged a non-recourse debt financing of £73.0 million (our share: £36.5 million) to part fund this investment and, as a result, our equity investment is initially generating a cash on cash yield of 8.4% for the Group.

In February 2012, we exchanged on the purchase of five West End properties from our 50:50 joint venture with Capital & Counties Properties PLC, the Great Capital Partnership ("GCP"), for a combined price of £150.0 million (or £75.0 million for the half share GPE did not already own). GPE purchased Kingsland House, Carrington House, Walmar House, St Lawrence House and 48/54 Broadwick Street & 10/16 Dufours Place, all in W1. The price equates to a net initial yield of 4.1% (or 4.9% excluding the vacant Walmar House where a major refurbishment is imminent) and a capital value per sq ft of £773 (or £652 on the office space only). The transaction completed in April 2012.

Kingsland House and Carrington House, which adjoin each other, together form a medium-term redevelopment opportunity on Regent Street opposite the new Superdry and Burberry flagship stores. Further up Regent Street, Walmar House comprises a 59,200 sq ft consented refurbishment which is described in the Development management section. In Soho, St Lawrence House comprises three adjoining buildings including offices, retail and residential, and in the longer term, there is potential to develop a larger building on this prominent corner site. 48/54 Broadwick Street & 10/16 Dufours Place sit within close proximity to St Lawrence House and comprise approximately 30,000 sq ft of office accommodation within four Grade II Listed buildings fronting Broadwick Street with a modern office building to the rear.

Successful capital recycling at 10.3% premium to book values
We have also continued the process of recycling capital out of mature or non-core assets (including some smaller refurbishment properties), taking advantage of strong investor demand. Our disposals in the year totalled £403.8 million (our share: £255.8 million), at a blended premium of 10.3% to 31 March 2011 book values.

Prior to the summer, GCP sold three properties in accordance with its strategy to focus on its core West End holdings, raising total proceeds of £91.9 million (our share: £46.0 million) at a blended premium of 8.7% to 31 March 2011 book values. The three properties sold were 201/207 Kensington High Street, W8, 26/40 Kensington High Street, W8 and 67/75 Kingsway, WC2. In January 2012, GCP sold two further non-core properties raising total proceeds of £54.0 million (our share: £27.0 million) at a blended premium of 50.4% to 31 March 2011 book values. The sale of 10/14 Old Court Place, W8 completed for £7.0 million and GCP exchanged contracts to sell its long leasehold interests at Park Crescent East, W1 for £47.0 million (representing a surplus over the 31 March 2011 book value of 52.6%). The sale of Park Crescent East completed in April 2012.

In November 2011, we sold the freehold interest in six assets in proximity to London Bridge, SE1 for £27.0 million representing a premium of 10.0% to the 31 March 2011 book value. In addition, we have the benefit of a two year overage provision from the purchaser. At 28/29 Savile Row, W1, we sold the long leasehold interest on a small refurbishment property for £16.2 million in December 2011, in effect crystallising our assumed profit from the refurbishment without having to commit to the works.

In March 2012, we exchanged contracts on the sale of 184/190 Oxford Street, W1 for £38.5 million. The price reflects a premium of 10.2% to the 31 March 2011 book value and a capital value of £1,480 per sq ft. The sale completed in April 2012. During the year, we also sold eight units at our residential redevelopment at Newman Street, W1.

Finally, since 31 March 2012, we have sold Buchanan House, WC2 for £20.5 million at a premium of 2.5% to the 31 March 2012 book value.

Joint ventures

Our seven joint ventures continued to perform well during an active period of development and refurbishment activity across a number of properties, combined with the sales and acquisitions detailed above. We categorise the joint ventures into three types:

- access to new properties (21.3% of GPE's net property value). The relevant joint ventures here are GCP with Capital & Counties Properties PLC, The Great Victoria Partnership ("GVP") with Liverpool Victoria Friendly Society, The Great Star Partnership ("GSP") with Starwood Capital and The Great Wigmore Partnership ("GWP") with Scottish Widows;

- risk sharing on development projects and/or large lot size properties (5.6% of GPE's net property value). The key joint ventures here are the 100 Bishopsgate Partnership with Brookfield and GRP with BP Pension Fund; and

- bank work out arrangements (6.6% of GPE's net property value) with Eurohypo in relation to our 33 Margaret Street and Newman Street developments. We anticipate that this joint venture will terminate on payment of the profit share arrangement to Eurohypo on practical completion of 33 Margaret Street in October 2012, which is described in more detail in Our financial position.

Overall our joint ventures represent a significant proportion of the Group's business. At 31 March 2012, they made up 33.5% of the portfolio valuation, 43.5% of net assets and 31.3% of rent roll (at 31 March 2011: 38.3%, 40.4% and 36.5% respectively).

Development management

Since 31 March 2011, our team has successfully completed four profitable development projects, secured more than £16.7 million p.a. of pre-let income, achieved significant planning consents and expanded the pipeline to enhance future growth.

We currently have three schemes on site (452,300 sq ft of space), two in the West End and one in Southwark and 59.4% of the rental income from these schemes is already secured. We have two further committed refurbishment schemes which will commence shortly. Our substantial pipeline of opportunities includes an additional 16 uncommitted projects, giving us a total potential programme of 3.3 million sq ft, covering 54% of GPE's existing portfolio. Taken together, our committed capital expenditure at 31 March 2012 totalled £117.2 million, including amounts to complete the enabling works at 100 Bishopsgate, EC2.

Pre-letting successes
Our committed development activity has been dominated this year by our four major pre-lettings, together representing around 290,000 sq ft of office space which will deliver £16.7 million (our share: £14.3 million) of total rent p.a.

In May 2011, we pre-let 86,500 sq ft of office space at our refurbishment of 160 Great Portland Street, W1 to Double Negative Limited on a 20 year term certain at an initial rent of £4.8 million p.a.

Following the pre-let of the majority of the office space at our redevelopment of 33 Margaret Street, W1 to Savills plc ("Savills") in December 2011, Savills pre-let all the remaining office space in March 2012. In total, Savills will occupy 95,600 sq ft, paying a total rent of £7.0 million p.a., equating to an average rent of £73.17 per sq ft. Savills will take seven separate 20 year leases, without breaks.

In January 2012, GRP, our 50:50 joint venture with BP Pension Fund, pre-let 105,700 sq ft of space to UBM plc ("UBM") at 240 Blackfriars Road, SE1. UBM will take separate fifteen year leases (without breaks) of the office floors (eleventh to nineteenth), ground/mezzanine and basement level, and will pay an initial rent of £4.9 million p.a. The initial rent equates to an average rent of £47.00 per sq ft on the office floors and the break-even rent on the remaining vacant space averages only £21.00 per sq ft.

Completed schemes
We have successfully completed four schemes since 31 March 2011, achieving a blended profit on cost of 31%. The three schemes which completed in the year were 184/190 Oxford Street, W1 (let to Aldo for £0.9 million p.a. on a ten year term and now sold), 24/25 Britton Street, EC1 (let to Kurt Geiger on a 15 year lease at £1.5 million p.a.) and 23/24 Newman Street, W1 (8 of the 16 residential units have now been sold).

The fourth scheme, 160 Great Portland Street, W1, was completed and handed over to Double Negative Limited in shell condition in May 2012.

Schemes on site
At 33 Margaret Street, W1 building works are expected to be completed in October 2012 prior to Savills taking occupation in early 2013. Following completion of ground works in December 2011, construction work has started at our mixed use scheme at Wigmore Street, W1 with practical completion set for June 2013.

Having secured the UBM pre-let, we commenced construction of 240 Blackfriars Road, SE1 in January 2012. Completion of this high quality 237,700 sq ft development scheme is scheduled for March 2014.

Other committed schemes
At the now wholly-owned Walmar House, W1, we expect to commence the 59,200 sq ft refurbishment in June 2012. We will also shortly commence the rolling refurbishment of City Tower, EC2, our 139,600 sq ft office scheme owned in 50:50 joint venture with Starwood Capital.

Project preparation and pipeline
In December 2011, we appointed Make Architects to work with us on a revised proposal for our major 2.3 acre freehold West End site at Rathbone Place, W1. We expect to submit a new planning application in the next twelve months.

At Hanover Square, W1, having achieved planning consent for our 207,900 sq ft new build, mixed use development in May 2011 and signed the masterplan agreement with Crossrail, the majority of the buildings on the 1.3 acre site have now been demolished. Work is underway by Crossrail to construct the Eastern ticket hall of the new Bond Street Crossrail station. Once the main station works are complete, scheduled for late 2015, we will commence development of our masterplan proposals.

At 100 Bishopsgate, EC2 (held in our 50:50 joint venture with Brookfield), enabling works are progressing well and are expected to be completed by July 2012. Construction of the 948,600 sq ft tower building will only be commenced once a suitable pre-let has been entered into and discussions with a number of potential occupiers are on-going.

We are continuing to prepare a number of other pipeline projects, including 20 St James's Street, W1 and Fetter Lane, EC4, for potential starts over the next 18 months, market conditions permitting.

Asset management

The highlights of a record leasing year were:

- 88 new leases and renewals completed (2011: 100 leases) generating annual rent of £25.2 million (our share: £20.9 million; 2011 £9.2 million), with the market lettings at 6.5% ahead of the valuer's 31 March 2011 ERV;

- a further 16 lettings were under offer at 31 March 2012 accounting for £1.8 million p.a. of rent (our share: £1.6 million);

- 17 rent reviews securing £5.5 million of rent (our share: £3.3 million; 2011 £5.4 million) were settled during the year, some 12.1% ahead of ERV at the rent review date;

- total space covered by new lettings, reviews and renewals during the year was 615,400 sq ft (2011: 477,000 sq ft); and

- a low investment portfolio EPRA vacancy rate of 3.3% at 31 March 2012 (2011: 2.7%).

New leasing activity
Leasing activity for the year was strong; of the 88 total lettings completed overall, the 60 open market transactions were at rents 6.5% ahead of the valuer's 31 March 2011 ERV estimates. Excluding the four pre-let deals in the year, the remaining market transactions were completed at 13.3% ahead of the 31 March 2011 ERV. The remaining 28 smaller lettings were below the 31 March 2011 ERV as they were short-term deals to maintain income ahead of potential future redevelopments.

During the year, we have had a number of significant letting events which have helped to secure rental income and drive capital growth, including the major pre-lettings detailed in the Development management section.

In September 2011, we made the decision to defer the redevelopment of the Piccadilly Buildings, SW1 (51,800 sq ft of office space) due to the prevailing economics of securing vacant possession across the entire scheme. Instead we adopted a revised strategy to retain existing tenants where appropriate and undertake refurbishment works on the balance of the space in order to achieve an increase in rental cash flow. By November 2011, we had 27,400 sq ft let or under offer at around a 13.0% premium to the valuer's 31 March 2011 ERV. We have now started the refurbishment of the remaining 24,400 sq ft of space. Together, this activity has helped us to set new benchmark ERVs across the property helping to drive the 16.1% valuation increase of the buildings during the year.

At Mount Royal, 508/540 Oxford Street, W1, our prime 88,400 sq ft retail holding, one of our tenants, a shoe retailer, went into administration in December 2011. We paid approximately £0.5 million to the administrator to regain control of the unit and immediately re-let the space to the international shoe retailer Geox. This transaction allowed us to increase the Zone A rent from £369 per sq ft to more than £500 per sq ft and created open market rental evidence that will flow across the rest of the holding as a number of rent reviews and lease renewals are due to be settled during 2012. This has helped the building to perform strongly with its value increasing by 14.8% in the year to 31 March 2012.

Tenant retention
In the year, 168 leases covering around 361,000 sq ft of space with a rental value of £11.6 million were subject to lease expiry or tenant break. After stripping out 61% where we are refurbishing the space or need vacant possession to enable development, tenants were retained for 23% of this space by area and by the end of March 2012, we had leased or put under offer a further 13%, leaving only 3% to transact.

Together, our strong letting and tenant retention performance has helped keep our EPRA vacancy rate low at 3.3% at 31 March 2012.

Financial management

Conservative, low-cost leverage and high liquidity are all core to our business model. We have secured £510.4 million of new debt facilities in the year and have maintained our debt book as one of the lowest cost in the sector.

Recent debt financing activity
We have had another successful year for debt financing with £510.4 million (our share: £473.9 million) of new debt facilities secured. In particular, we have sought to extend our debt maturity profile and, given the current low interest rate environment, lock in attractive borrowing rates. Key financings in the year include:

- in June 2011, we drew down on £159.7 million of sterling and US dollar unsecured private placement notes (mix of seven and ten year) with a weighted average fixed sterling interest rate of 5.3%. We hedged these fixed coupons into a capped arrangement and are currently bearing interest on these notes at 4.2%;

- in July 2011, we cancelled £150.0 million of the £200.0 million revolving credit facility which was due to mature in July 2012. The remaining £50.0 million was cancelled in February 2012;

- in November 2011, our GRP joint venture successfully completed a £73.0 million (our share: £36.5 million) non-recourse, seven year bank financing to part fund the purchase of 200 & 214 Gray's Inn Road. The loan was provided at an all-in rate of 4.5% swapped for the full term of the loan;

- in February 2012, we entered into a new £150.0 million five year unsecured revolving credit facility with four relationship banks. This facility has a margin grid related to gearing which varies from 175 to 250 basis points over Libor, and identical covenants to both our £350.0 million revolving credit facility which matures in November 2015 and our private placement notes; and

- in March 2012, we priced a follow-on private placement issue of £127.7 million US dollar unsecured notes (mix of seven and ten year). The notes were placed with a select group of institutional investors, more than half being new investors in GPE. The notes have a weighted average fixed sterling interest rate of 4.6% and will be drawn down on 30 May 2012.

Since March 2012, following our purchases from GCP and the completion of other sales by the partnership, the non-recourse bank debt in GCP has been paid down from £225.0 million to £162.0 million (our share: £81.0 million) and this will likely reduce further if additional sales by GCP are pursued. We are also making good progress in the refinancing of the non-recourse debt in GVP which matures in October 2012. The high quality properties in GVP are modestly debt financed at a loan to property value of 29% and we expect to refinance the existing £56.7 million (our share: £28.4 million) of bank debt in the coming months at an all-in cost below the current 5.5% interest rate.

Attractive debt maturity profile, diverse debt sources and strong liquidity

As a result of these activities, the Group has no significant near-term debt maturities, the debt maturity profile has been lengthened and our robust liquidity position has been further enhanced. Our sources of debt funding remain diverse. We maintain a combination of secured and unsecured financings, which we have accessed from the public and private bond markets, along with the bank market. At 31 March 2012, pro forma for our most recent £127.7 million private placement note issue, 59% of our total drawn debt was provided from non-bank sources and our weighted average drawn debt maturity was 7.6 years.

Our financial results

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

The Group's financial results reflect the successful execution of our strategic priorities and a robust central London investment market. Our capital recycling initiatives, proactive asset management and development programme have boosted the key balance sheet values compared to last year.

Net asset value
EPRA net assets per share (NAV) at 31 March 2012 was 403 pence per share, an increase of 11.9% over the year, largely due to the rise in value of the property portfolio. At 31 March 2012, the Group's net assets were £1,238.3 million, up from £1,112.7 million at 31 March 2011.

The main factors behind the 43 pence per share increase in NAV from the 31 March 2011 value were:

- the rise of 44 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 13 pence and the revaluation of our holdings at Hanover Square (following signing of the masterplan development agreement and the grant of planning permission) added a further 15 pence;
- profit on property disposals added 7 pence per share to NAV;
- EPRA earnings for the year of 6 pence per share enhanced NAV;
- dividends of 8 pence per share reduced NAV; and
- the provision for potential future payments to Eurohypo under the profit share agreement following the successful pre-letting of our development at 33 Margaret Street reduced NAV by 7 pence per share.

At 31 March 2012, the Eurohypo profit share provision was £22.0 million (compared to a maximum potential future payment of £25.5 million). It is anticipated that this payment will be made towards the end of 2012 on practical completion of 33 Margaret Street, at which point the joint venture arrangements with Eurohypo will terminate.

Triple net assets per share (NNNAV) was 395 pence per share at 31 March 2012 compared to 362 pence per share at 31 March 2011 (up 9.1%). At the year end, the difference between NAV and NNNAV was the negative mark to market of debt and derivatives of 8 pence, mainly arising from the Group's 2029 debenture, private placement notes and hedging derivatives in our joint ventures. There was no net movement in deferred tax provisions during the year.

Income statement and earnings per share
Although we have had a record leasing year, as we highlighted at the time of the Preliminary Results in May 2011, the income statement is witnessing the short-term effects of investing in our development and refurbishment projects, which, in particular, has reduced joint venture profits and increased property costs. As anticipated, the large surrender premium receipts in 2011 have also not been repeated in this financial year. As a result, EPRA profit before tax at £17.4 million was 65.5% lower than last year, or 33.3% lower if surrender premium receipts are excluded. The main reasons for this decline are set out in the chart in the Appendix.

Rental income from our wholly-owned properties was £46.4million, down £17.3 million on last year, predominantly due to lower surrender premium receipts, which this year totalled £5.3 million (2011: £21.5 million). Excluding surrender premium receipts, Group rental income was £41.1 million, down £1.1 million or 2.6% on last year. However, adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 2.6% on the prior year.

Joint venture fees for the year were £5.6 million, up 36.6% on last year. This increase was a result of property sales by GCP and the expansion of GRP.

Property costs for the wholly-owned properties were higher than last year at £6.3 million, principally due to void costs on properties being held vacant ahead of development or refurbishment and third party costs related to our management of joint ventures.

Administration costs were £19.9 million, an increase of £2.6 million on last year, reflecting our 21% increase in headcount over the last two years and costs associated with an aborted property purchase in the first half of the year.

EPRA profits from joint ventures (excluding fair value movements) were £5.7 million, down from £14.4 million on last year. This fall mainly resulted from the loss of rents at 100 Bishopsgate and Wigmore Street as vacant possession was achieved last year ahead of the commencement of development works. Our share of joint venture interest expenses and overhead costs were £3.5 million higher year on year.

Underlying net finance costs were 34.3% higher at £14.1 million (2011: £10.5 million) due to the increased Group net debt position and an increase in the Group's weighted average cost of debt following the drawdown of the £159.7 million private placement notes on 30 June 2011.

Revaluation gains and underlying profits enabled the Group to report an accounting profit after tax of £155.2 million (2011: £260.1 million). Basic EPS for the year was 50.2 pence, compared to 83.8 pence for 2011.

EPRA earnings per share were 5.6 pence (2011: 16.0 pence) and in line with our expectations.

Results of joint ventures

The Group's net investment in joint ventures was £538.2 million, up from £449.8 million at 31 March 2011, largely due to property valuation increases of £32.4 million, the purchase of 200 & 214 Gray's Inn Road in GRP and capital expenditure on 33 Margaret Street and 95 Wigmore Street, offset by a valuation decline at 100 Bishopsgate and £43.8 million of distributions, primarily from GCP following property sales.

Our share of joint venture net rental income was £24.4 million, down from £29.6 million last year, as a result of loss of rents as vacant possession was achieved as described above. The underlying joint venture profits are stated after charging £5.6 million of GPE management fees (2011: £4.1 million).

Our share of non-recourse net debt in the joint ventures increased to £187.8 million at 31 March 2012 from £164.9 million at 31 March 2011, principally due to the new debt financing secured by GRP following the purchase of 200 & 214 Gray's Inn Road.

Financial resources and capital management

Group consolidated net debt was £499.1 million at 31 March 2012 up from £349.1 million at 31 March 2011 as a consequence of acquisitions and development capital expenditure, partly mitigated by disposals and operational cash flow. Group gearing rose to 40.3% at 31 March 2012 from 31.4% at 31 March 2011 as higher debt levels prevailed over the portfolio valuation rise. Including the non-recourse debt in the joint ventures, total net debt was £686.9 million (31 March 2011: £514.0 million) equivalent to a loan to value ratio of 34.2% (31 March 2011: 31.1%).

Pro forma for property investment transactions which had not completed by 31 March 2012 (including the £150.0 million of purchases by the Group from GCP), gearing was 42.7% (representing a loan to property value ratio of 35.1%) and total debt (including joint ventures) was £685.1 million. The Group, including its joint ventures, is operating with substantial headroom over its bank, private placement note and debenture covenants.

At 31 March 2012, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £328.5 million, or £457.3 million pro forma for our most recent £127.7 million private placement, which will be drawn down on 30 May 2012, and property investment transactions which had not completed by 31 March 2012. The Group's weighted average cost of debt (including fees) for the period was 4.5%, a small increase of 20 basis points compared to the prior year. At 31 March 2012, 69% of the Group's total debt (including non-recourse joint ventures) was at fixed or hedged rates (2011: 57%). Interest cover for the year was 2.0x (2011: 4.0x). Looking ahead, our most recent private placement note issue will increase our proportion of fixed rate debt and may marginally increase our weighted average cost of debt.

Cash collection and tenant delinquencies

The quarterly cash collection profile has been strong throughout the year. We secured over 98% of rent after seven working days following the March 2012 quarter day, consistent with our performance for the September and December 2011 quarters. Tenants on monthly payment terms represent around 4% of our rent roll (March 2011: 8%). Two of our tenants went into administration around the March 2012 quarter day, accounting for 0.4% of total rent roll (March 2011: nil).

Taxation

The tax charge in the income statement for the year is £nil (2011: £0.9 million) and the underlying effective tax rate was 0% (2011: 0%) as a result of the tax free nature of much of the Group's income and other allowances being available to set against non-REIT profits. The charge in 2011 resulted from the REIT conversion charge on the purchase of 35 Portman Square, W1. The Group complied with all relevant REIT tests for the year to 31 March 2012.

Dividend
The Board has declared a final dividend of 5.2 pence per share (2011: second interim 5.1 pence) which will be paid in July 2012. Of this dividend, 1.7 pence per share will be a REIT Property Income Distribution (PID) in respect of the Group's tax exempt property rental business.

Outlook
We have had a strong year, outperforming the London commercial property market with a record level of leasing, significant development successes, accretive acquisitions, disposals ahead of book value and the efficient replenishment of our financial firepower with new, low-cost debt.

Whilst we can expect further turbulence in the UK and Eurozone economies, conditions in London's property markets, particularly in the West End, remain favourable. Tenant demand for new space is trending at the long-run average, with some pockets of strong interest from the likes of the TMT sector, whilst the supply of new space is low. Over the next few years, absent a material economic set back, given the scarcity of development finance and minimal development completions, we expect this balance to move further in landlords' favour, supporting the case for rental growth.

London continues to attract a significant flow of investment capital from around the world. As a result, we expect yields for prime assets, particularly in the West End, to remain stable for the time being.

In this market context, we expect to continue to outperform. Our developments are attracting healthy tenant interest and delivering material surpluses, whilst our conservative gearing combined with plentiful, low-cost firepower will enable us to deliver on our existing growth plans and exploit new opportunities as we find them.

Group income statement

For the year ended 31 March 2012

	Notes	**2012 £m**	2011 £m
Total revenue	2	**57.9**	73.6
Net rental income	3	**46.4**	63.7
Joint venture fee income	11	**5.6**	4.1
Rental and joint venture fee income		**52.0**	67.8
Property expenses	4	**(6.3)**	(4.0)
Net rental and related income		**45.7**	63.8
Administration expenses	5	**(19.9)**	(17.3)
Operating profit before surplus on investment property and results of joint ventures		**25.8**	46.5
Surplus from investment property	10	**97.2**	131.3
Share of results of joint ventures	11	**50.0**	97.9
Operating profit		**173.0**	275.7
Finance income	6	**5.1**	2.2
Finance costs	7	**(21.4)**	(13.8)
Charge on 2010 cancellation of derivatives	7	**(1.5)**	(3.1)
Profit before tax		**155.2**	261.0
Tax	8	**–**	(0.9)
Profit for the year		**155.2**	260.1
Basic and diluted earnings per share	9	**50.2p**	83.8p
EPRA earnings per share	9	**5.6p**	16.0p

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

Group statement of comprehensive income

For the year ended 31 March 2012

	Notes	**2012 £m**	2011 £m
Fair value movement on derivatives in joint venture in effective hedging relationships	11	**2.1**	2.0
Charge on 2010 cancellation of derivatives	7	**1.5**	3.1
Actuarial gain/(deficit) on defined benefit scheme	23	**0.4**	(0.2)
Net profit recognised directly in equity		**4.0**	4.9
Profit for the year		**155.2**	260.1
Total comprehensive income and expense for the year		**159.2**	265.0

Group balance sheet

At 31 March 2012

	Notes	**2012 £m**	2011 £m
Non-current assets			
Investment property	10	**1,366.0**	1,049.5
Investment in joint ventures	11	**538.2**	449.8
Plant and equipment	12	**0.9**	1.2
Pension asset	23	**0.4**	–
		1,905.5	1,500.5
Current assets			
Trade and other receivables	13	**54.2**	21.7
Cash and cash equivalents		**4.0**	3.0
		58.2	24.7
Total assets		**1,963.7**	1,525.2
Current liabilities			
Trade and other payables	14	**186.7**	31.5
Corporation tax payable		**–**	0.1
		186.7	31.6
Non-current liabilities			
Interest-bearing loans and borrowings	15	**507.4**	352.1
Obligations under finance leases	17	**31.3**	28.5
Pension liability	23	**–**	0.3
		538.7	380.9
Total liabilities		**725.4**	412.5
Net assets		**1,238.3**	1,112.7
Equity			
Share capital	18	**39.1**	39.1
Share premium account		**218.1**	218.1
Hedging reserve		**–**	(1.5)
Capital redemption reserve		**16.4**	16.4
Retained earnings		**976.2**	844.6
Investment in own shares	19	**(11.5)**	(4.0)
Total equity		**1,238.3**	1,112.7
Net assets per share	9	**402p**	359p
EPRA net assets per share	9	**403p**	360p

Approved by the Board on 23 May 2012 and signed on its behalf by

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Group statement of cash flows

For the year ended 31 March 2012

	Notes	**2012 £m**	2011 £m
Operating activities			
Operating profit		**173.0**	275.7
Adjustments for non-cash items	20	**(145.1)**	(223.7)
Decrease in receivables		**7.8**	18.6
Increase in payables		**0.2**	2.7
Cash generated from operations		**35.9**	73.3
Interest paid		**(19.4)**	(11.7)
Tax paid		**(0.1)**	–
Cash flows from operating activities		**16.4**	61.6
Investing activities			
Distributions from joint ventures		**43.8**	28.8
Purchase and development of property		**(159.2)**	(259.2)
Purchase of fixed assets		**(0.1)**	–
Sale of properties		**61.4**	114.1
Cash flows from investing activities		**(54.1)**	(116.3)
Financing activities			
Borrowings (repaid)/drawn		**(7.0)**	73.1
Draw down of private placement notes		**158.9**	–
Purchase of derivatives		**(2.7)**	–
Funds to joint ventures		**(74.7)**	(29.3)
Purchase of own shares		**(10.9)**	(5.7)
Equity dividends paid		**(24.9)**	(26.1)
Cash flows utilised in financing activities		**38.7**	12.0
Net increase/(decrease) in cash and cash equivalents		**1.0**	(42.7)
Cash and cash equivalents at 1 April		**3.0**	45.7
Cash and cash equivalents at balance sheet date		**4.0**	3.0

Group statement of changes in equity

For the year ended 31 March 2012

	Notes	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2011		**39.1**	**218.1**	**(1.5)**	**16.4**	**844.6**	**(4.0)**	**1,112.7**
Profit for the year		**–**	**–**	**–**	**–**	**155.2**	**–**	**155.2**
Charge on 2010 cancellation of derivatives	7	**–**	**–**	**1.5**	**–**	**–**	**–**	**1.5**
Actuarial gain on defined benefit scheme	23	**–**	**–**	**–**	**–**	**0.4**	**–**	**0.4**
Fair value movement on derivatives in joint ventures in effective hedging relationships	11	**–**	**–**	**–**	**–**	**2.1**	**–**	**2.1**
Purchase of shares for employee share plans	19	**–**	**–**	**–**	**–**	**–**	**(10.9)**	**(10.9)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	19	**–**	**–**	**–**	**–**	**–**	**3.0**	**3.0**
Dividends to shareholders	21	**–**	**–**	**–**	**–**	**(25.7)**	**–**	**(25.7)**
Transfer to retained earnings		**–**	**–**	**–**	**–**	**(0.4)**	**0.4**	**–**
Total equity at 31 March 2012		**39.1**	**218.1**	**–**	**16.4**	**976.2**	**(11.5)**	**1,238.3**

Group statement of changes in equity

For the year ended 31 March 2011

	Notes	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2010		39.1	218.1	(4.6)	16.4	608.0	(0.3)	876.7
Profit for the year		–	–	–	–	260.1	–	260.1
Charge on 2010 cancellation of derivatives	7	–	–	3.1	–	–	–	3.1
Actuarial deficit on defined benefit scheme	23	–	–	–	–	(0.2)	–	(0.2)
Fair value movement on derivatives in joint ventures in effective hedging relationships	11	–	–	–	–	2.0	–	2.0
Purchase of shares for employee share plans	19	–	–	–	–	–	(5.7)	(5.7)
Employee Long-Term Incentive Plan and Share Matching Plan charge	19	–	–	–	–	–	1.9	1.9
Dividends to shareholders	21	–	–	–	–	(25.2)	–	(25.2)
Transfer to retained earnings		–	–	–	–	(0.1)	0.1	–
Total equity at 31 March 2011		39.1	218.1	(1.5)	16.4	844.6	(4.0)	1,112.7

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

The financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 31 March 2012. Whilst the financial information included in this announcement has been presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, which therefore comply with Article 4 of EU IAS Regulation, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Company's statutory accounts for the year ended 31 March 2012, but is derived from those accounts. Those accounts give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole. The auditor's reports on the 2012 accounts were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under s498(2) or (3) Companies Act 2006 or preceding legislation and will be delivered to the Registrar of Companies in due course.

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

In the process of applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that may affect the financial statements. The directors believe that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the adoption of the external portfolio valuation without adjustment, the recognition of purchases and disposal of assets, the adoption of a single reporting segment and the level of control the Group has in respect of its joint ventures. The accounting policies for these areas of judgement are set out below. During 2012, the following accounting standards and guidance were adopted by the Group, the pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- IAS 24 (revised Nov 2009) – Related Party Disclosures
- IFRS 1 (Amendments) "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"
- IFRIC 14 (amended Nov 2009) – Prepayments of a Minimum Funding Requirement
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
- The improvements to IFRSs (May 2010)

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

- IFRS 7 (amended Dec 2011) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 7 (amended Oct 2010) – Disclosures – Transfers of Assets
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interest in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 1 (amended June 2011) – Presentation of Items of Other Comprehensive Income
- IAS 12 – Deferred Tax: Recovery of Underlying Assets

- IAS 19 (revised June 2011) – Employee Benefits
- IAS 27 (revised May 2011) – Separate Financial Statements
- IAS 28 (revised May 2011) – Investments in Associates and Joint Ventures

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

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2012. Subsidiary undertakings are those entities controlled by the Group. Control is assumed when the Group directs the financial and operating policies of an entity to benefit from its activities.

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

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

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

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

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

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

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

Investment property
Investment properties and investment properties under development are professionally valued quarterly, on a fair value basis, by qualified external valuers. The valuation is based on a number of assumptions including discount rates, estimates of future capital expenditure and rental income. Any surpluses or deficits on revaluation arising are taken to the income statement. All directly attributable costs of bringing a property to a condition suitable for letting, including third party obligations and costs incurred prior to gaining planning permission, are capitalised into the cost of the property. Purchases and disposals of properties are recognised where contracts have been exchanged during the accounting period and, in the directors' judgement, the significant risks and rewards of ownership of the property have been transferred.

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

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

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

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

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

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

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

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

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

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

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

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

how the business is managed and how they review performance and, in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by CBRE, are set out in the Appendix.

2 Total revenue

	2012 £m	2011 £m
Gross rental income	**40.3**	42.7
Amortisation of capitalised lease incentives	**0.9**	(0.4)
Surrender premium net of associated capitalised lease incentives	**5.3**	21.5
Service charge income	**5.8**	5.7
Joint venture fee income	**5.6**	4.1
	57.9	73.6

3 Net rental income

	2012 £m	2011 £m
Gross rental income	**40.3**	42.7
Amortisation of capitalised lease incentives	**0.9**	(0.4)
Ground rents payable	**(0.1)**	(0.1)
Rental income before surrender premium	**41.1**	42.2
Surrender premium net of associated capitalised lease incentives	**5.3**	21.5
	46.4	63.7

4 Property expenses

	2012 £m	2011 £m
Service charge income	**(5.8)**	(5.7)
Service charge expenses	**6.9**	6.9
Other property expenses	**5.2**	2.8
	6.3	4.0

5 Administration expenses

	2012 £m	2011 £m
Employee costs	**15.5**	14.5
Other	**4.4**	2.8
	19.9	17.3

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £3.0 million (2011: £1.9 million).

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

	2012 £m	2011 £m
Wages and salaries	**12.9**	12.1
Social security costs	**2.0**	1.9
Other pension costs	**1.2**	1.0
	16.1	15.0
Less: recovered through service charge	**(0.6)**	(0.5)
	15.5	14.5

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

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

	2012 Number	2011 Number
Head office and property management	**85**	77

Auditor's remuneration

	2012 £000's	2011 £000's
Audit of the Company's annual accounts	**75**	70
Audit of subsidiaries	**52**	53
Audit related assurance services, including the interim review	**30**	30
Services related to taxation	**3**	5
Other non-audit services	**50**	–
	210	158

6 Finance income

	2012 £m	2011 £m
Interest on balances with joint venture partners	**5.1**	2.2

7 Finance costs

	2012 £m	2011 £m
Interest on bank overdrafts and bank loans	**6.0**	4.4
Interest on private placement notes	**4.9**	–
Interest on debentures	**8.1**	8.0
Interest on obligations under finance leases	**1.3**	0.4
Gross finance costs	**20.3**	12.8
Less: capitalised interest at an average rate of 4.3% (2011: 3.2%)	**(1.1)**	(0.1)
	19.2	12.7
Fair value movement on derivatives in ineffective hedging relationships	**2.2**	1.1
	21.4	13.8

In the year to 31 March 2010, the Group terminated its interest rate swaps and collars to take advantage of the lower interest rate environment. On the termination of these derivatives, fair value movements previously charged to reserves are required to be recycled through the income statement where the facilities to which they relate are not expected to be utilised. During the year, the Group recycled £1.5 million (2011: £3.1 million) of losses from the hedging reserve to the income statement.

8 Tax

	2012 £m	2011 £m
Current tax		
UK corporation tax	–	1.1
Tax over provided in previous years	–	(0.2)
Total current tax	–	0.9
Deferred tax	–	–
Tax charge for the year	–	0.9

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

	2012 £m	2011 £m
Profit before tax	**155.2**	261.0
Tax charge on profit at standard rate of 26% (2011: 28%)	**40.4**	73.1
REIT tax-exempt rental profits and gains	**(11.6)**	(21.7)
Non-taxable revaluation surplus	**(31.7)**	(53.3)
REIT conversion charge in respect of corporate acquisition	–	1.1
Previous years' corporation tax	–	(0.2)
Other	**2.9**	1.9
Tax charge for the year	–	0.9

During the year £nil (2011: £nil) of deferred tax was credited directly to equity. The Group's net deferred tax at 31 March 2012 was £nil (2011: £nil). This consists of a deferred tax liability of £0.1 million (2011: £nil) arising from the Group's pension surplus and a deferred tax asset of £0.1 million (2011: £nil) in respect of capital allowances and other short-term differences.

A deferred tax asset of £8.2 million, mainly relating to tax losses carried forward at 31 March 2012 and deferred tax arising in respect of contingent share awards, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

As a REIT, the Group is largely exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax.

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

9 Earnings and net assets per share

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

Weighted average number of ordinary shares

	2012 Number of shares	2011 Number of shares
Issued ordinary share capital at 1 April	**312,676,149**	312,676,149
Investment in own shares	**(3,869,635)**	(2,381,988)
Weighted average number of ordinary shares	**308,806,514**	310,294,161

Basic, diluted and EPRA earnings per share

	Profit/ (loss) before tax 2012 £m	**Tax 2012 £m**	**Profit/ (loss) after tax 2012 £m**	**Earnings /(loss) per share 2012 pence**	Profit/ (loss) before tax 2011 £m	Tax 2011 £m	Profit/ (loss) after tax 2011 £m	Earnings/ (loss) per share 2011 pence
Basic and diluted	**155.2**	**–**	**155.2**	**50.2**	**261.0**	**(0.9)**	**260.1**	**83.8**
Surplus from investment property (see note 10)	**(97.2)**	**–**	**(97.2)**	**(31.5)**	**(131.3)**	**–**	**(131.3)**	**(42.3)**
Surplus from joint venture investment property (see note 11)	**(46.0)**	**–**	**(46.0)**	**(14.9)**	**(83.1)**	**–**	**(83.1)**	**(26.8)**
Movement in fair value of derivatives (see note 7)	**2.2**	**–**	**2.2**	**0.7**	**1.1**	**–**	**1.1**	**0.4**
Movement in fair value of derivatives in joint ventures (see note 11)	**1.7**	**–**	**1.7**	**0.6**	**(0.4)**	**–**	**(0.4)**	**(0.1)**
Charge on 2010 cancellation of derivatives (see note 7)	**1.5**	**–**	**1.5**	**0.5**	**3.1**	**–**	**3.1**	**1.0**
EPRA earnings	**17.4**	**–**	**17.4**	**5.6**	**50.4**	**(0.9)**	**49.5**	**16.0**

EPRA net assets per share

	Net assets 2012 £m	**Number of shares 2012 million**	**Net assets per share 2012 pence**	Net assets 2011 £m	Number of shares 2011 million	Net assets per share 2011 pence
Basic and diluted	**1,238.3**	**308.3**	**402**	1,112.7	310.2	359
Fair value of financial liabilities (see note 16)	**(19.6)**	**–**	**(7)**	11.0	–	3
Diluted triple net assets	**1,218.7**	**308.3**	**395**	1,123.7	310.2	362
Fair value of financial liabilities	**19.6**	**–**	**6**	(11.0)	–	(3)
Fair value of derivatives (see note 16)	**(0.5)**	**–**	**–**	(2.7)	–	(1)
Fair value of derivatives in joint ventures (see note 11)	**5.4**	**–**	**2**	5.8	–	2
EPRA net assets	**1,243.2**	**308.3**	**403**	1,115.8	310.2	360

10 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2010	618.9	138.8	757.7
Acquisitions	13.2	242.7	255.9
Costs capitalised	0.9	1.3	2.2
Disposals	(18.2)	(95.8)	(114.0)
Transfer of freehold interest	(18.5)	27.2	8.7
Transfer from investment property under development	17.5	–	17.5
Transfer to investment property under development	(70.0)	(26.3)	(96.3)
Net valuation surplus on investment property	81.5	33.0	114.5
Book value at 31 March 2011	625.3	320.9	946.2
Acquisitions	**194.1**	**53.7**	**247.8**
Costs capitalised	**13.0**	**6.1**	**19.1**
Interest capitalised	**–**	**0.4**	**0.4**
Disposals	**(24.6)**	**(72.0)**	**(96.6)**
Transfer from investment property under development	**23.8**	**34.9**	**58.7**
Net valuation surplus on investment property	**58.8**	**11.3**	**70.1**
Book value at 31 March 2012	**890.4**	**355.3**	**1,245.7**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2010	17.2	–	17.2
Acquisitions	12.6	–	12.6
Costs capitalised	1.0	0.7	1.7
Interest capitalised	0.1	–	0.1
Transfer from investment property	70.0	26.3	96.3
Transfer to investment property	(17.5)	–	(17.5)
Net valuation (deficit)/surplus on investment property under development	(14.7)	7.6	(7.1)
Book value at 31 March 2011	68.7	34.6	103.3
Acquisitions	**–**	**35.8**	**35.8**
Costs capitalised	**16.2**	**–**	**16.2**
Interest capitalised	**0.7**	**–**	**0.7**
Transfer to investment property	**(23.8)**	**(34.9)**	**(58.7)**
Net valuation surplus on investment property under development	**21.1**	**1.9**	**23.0**
Book value at 31 March 2012	**82.9**	**37.4**	**120.3**
Total investment property	**973.3**	**392.7**	**1,366.0**

The book value of investment property includes £31.3 million (2011: £28.5 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £1,334.7 million. Included within investment properties are assets for sale of £20.0 million (2011: £nil)

The cumulative interest capitalised in investment property was £1.2 million (2011: £0.1 million).

Surplus from investment property

	2012 £m	2011 £m
Net valuation surplus on investment property	**93.1**	107.4
Profit on sale of investment properties	**4.1**	23.9
	97.2	131.3

The Group's investment properties including those held in joint venture (note 11) were valued on the basis of Fair Value by CBRE, external valuers, as at 31 March 2012 in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors ("the Standards") and has been primarily derived using comparable recent market transactions on arm's-length terms.

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

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

At 31 March 2012 the Group had capital commitments of £70.3 million (2011: £25.1 million).

At 31 March 2012 properties with a carrying value of £257.3 million (2011: £319.5 million) were secured under first mortgage debenture stock (see note 15).

11 Investment in joint ventures
The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	Total £m
At 1 April 2011	433.9	15.9	449.8
Movement on joint ventures balances	–	**79.8**	**79.8**
Additions	**0.3**	–	**0.3**
Share of profit of joint ventures	**4.0**	–	**4.0**
Share of profit on disposal of joint venture properties	**13.6**	–	**13.6**
Share of revaluation surplus of joint ventures	**(4.1)**	**36.5**	**32.4**
Share of results of joint ventures	**13.5**	**36.5**	**50.0**
Fair value movement on derivatives taken to equity	**2.1**	–	**2.1**
Distributions	**(43.8)**	–	**(43.8)**
At 31 March 2012	**406.0**	**132.2**	**538.2**

Due to the structured nature of the returns on the share capital of G.P.E. (Marcol House) Limited its share capital is classified as a liability under IAS39. As a result, an element of the Group's return on its investment in the joint venture is shown as a return on this liability. This results in a revaluation deficit on the Group's equity investment and a revaluation surplus on the Group's balances with partners.

The investments in joint ventures comprise the following:

	Country	**2012 ownership**	2011 ownership
The 100 Bishopsgate Partnership	United Kingdom	**50%**	50%
G.P.E. (Marcol House) Limited	United Kingdom	**100%**	100%
The Great Capital Partnership	United Kingdom	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Star Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnerships	United Kingdom	**50%**	50%
The Great Wigmore Partnership	United Kingdom	**50%**	50%

G.P.E. (Marcol House) Limited is a joint venture with Eurohypo. Eurohypo has a profit share arrangement dependent on the success of the two development schemes held by G.P.E. (Marcol House) Limited. Eurohypo is able to exert influence over the development strategy for the buildings and because these are the only assets held by the entity this influence extends over the whole of the entity's operations. As a result of this arrangement, GPE and

Eurohypo are considered to have joint control over the business of the entity despite GPE having a 100% equity interest. Therefore, in accordance with IAS 31, G.P.E. (Marcol House) Limited has been treated as a joint venture. At 31 March 2012, a provision of £22.0 million was made in respect of the profit share arrangement with Eurohypo.

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

	The 100 Bishopsgate Partnership £m	G.P.E. (Marcol House) Ltd £m	The Great Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Star Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2012 Total £m	2011 Total £m
Balance sheets									
Investment property	**63.2**	**133.0**	**160.1**	**110.2**	**80.7**	**98.0**	**53.7**	**698.9**	665.1
Current assets	**1.7**	**0.8**	**99.6**	**1.2**	**0.9**	**0.3**	**0.4**	**104.9**	5.3
Cash	**1.5**	**8.3**	**6.8**	**3.1**	**4.5**	**2.3**	**1.0**	**27.5**	14.7
Balances (from)/to Partners	**(33.9)**	**(111.5)**	**96.5**	**(54.6)**	**(16.1)**	**(5.5)**	**(7.1)**	**(132.2)**	(15.9)
Bank loans	**–**	**–**	**(112.3)**	**(35.9)**	**(38.7)**	**(28.4)**	**–**	**(215.3)**	(179.6)
Derivatives	**–**	**–**	**(3.5)**	**(0.9)**	**(1.0)**	**–**	**–**	**(5.4)**	(5.8)
Current liabilities	**(3.5)**	**(25.5)**	**(5.5)**	**(4.8)**	**(3.5)**	**(2.1)**	**(1.4)**	**(46.3)**	(18.3)
Finance leases	**(4.2)**	**–**	**(5.7)**	**(5.2)**	**(11.0)**	**–**	**–**	**(26.1)**	(31.6)
Net assets	**24.8**	**5.1**	**236.0**	**13.1**	**15.8**	**64.6**	**46.6**	**406.0**	433.9
Income statements									
Net rental income	**0.2**	**0.3**	**11.5**	**3.1**	**5.1**	**4.0**	**0.2**	**24.4**	29.6
Property and administration costs	**(0.9)**	**(0.4)**	**(1.2)**	**(0.3)**	**(1.1)**	**(0.7)**	**(0.3)**	**(4.9)**	(3.7)
Net finance costs	**–**	**–**	**(6.1)**	**(3.0)**	**(3.1)**	**(1.6)**	**–**	**(13.8)**	(11.5)
Movement in fair value of derivatives	**–**	**–**	**0.3**	**(0.9)**	**(1.1)**	**–**	**–**	**(1.7)**	0.4
Share of profit from joint ventures	**(0.7)**	**(0.1)**	**4.5**	**(1.1)**	**(0.2)**	**1.7**	**(0.1)**	**4.0**	14.8
Revaluation of investment property	**(22.6)**	**(26.1)**	**20.2**	**5.3**	**(2.2)**	**12.1**	**9.2**	**(4.1)**	75.3
Profit on sale of investment property	**–**	**1.8**	**11.9**	**–**	**–**	**–**	**(0.1)**	**13.6**	–
Share of results of joint ventures	**(23.3)**	**(24.4)**	**36.6**	**4.2**	**(2.4)**	**13.8**	**9.0**	**13.5**	90.1

The non-recourse bank loans of the joint ventures at 31 March 2012 are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/ floating	Interest rate
The Great Capital Partnership	225.0	March 2013	Floating	LIBOR+ 0.75–1.15%
The Great Ropemaker Partnership	73.0	November 2018	Floating	LIBOR+ 2.25–2.70%
The Great Star Partnership	78.1	July 2015	Floating	LIBOR+ 1.90%
The Great Victoria Partnership	56.7	October 2012	Fixed	5.50%
Total	432.8			

The Great Capital Partnership has four interest rate swaps and an interest rate collar with notional principal amounts of £143.9 million and £25.0 million respectively. The interest rate swaps and collar expire coterminously with the bank loan in 2013. The weighted average contracted fixed interest rate for the interest rate swaps was 5.27%, and the collar has a floor of 4.85% and a cap of 6.5%. The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the bank loan in 2018. The Great Star Partnership has an interest rate swap with a fixed interest rate of 2.72% and a notional principal amount of £39.8 million and an interest rate cap at 4.00% with a notional principal amount of £39.8 million. The interest rate swap and cap expire coterminously with the bank loan in 2015.

Subsequent to a number of property disposals, including £150.0 million to the Group, the loan facility in the Great Capital Partnership was paid down after 31 March 2012 from £225.0 million to £162.0 million (Our share: £81.0 million).

All interest bearing loans are in sterling. At 31 March 2012 the joint ventures had £nil undrawn facilities (2011: £nil).

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

	2012 £m	2011 £m
Movement on joint venture balances during the year	**116.3**	31.5
Balances receivable at the year end from joint ventures	**(132.2)**	(15.9)
Distributions	**43.8**	28.8
Fee income	**5.6**	4.1
Property purchases from joint ventures by the Group	**150.0**	45.1

The joint venture balances bear interest as follows: the Great Ropemaker Partnership at 6.0%, the Great Star Partnership at 7.0%, the Great Wigmore Partnership at 4.0% and the 100 Bishopsgate Partnership at LIBOR +2.0%. The investment properties include £26.1 million (2011: £31.6 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £672.8 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's-length transactions.

At 31 March 2012, the Group had no contingent liabilities arising in its joint ventures (2011: £nil). At 31 March 2012, the Group had capital commitments in respect of its joint ventures of £89.8 million (2011: £56.7 million).

12 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2010	2.0	0.9	2.9
Costs capitalised	–	0.4	0.4
At 31 March 2011	2.0	1.3	3.3
Costs capitalised	**–**	**0.1**	**0.1**
At 31 March 2012	**2.0**	**1.4**	**3.4**
Depreciation			
At 1 April 2011	**1.1**	**1.0**	**2.1**
Charge for the year	**0.2**	**0.2**	**0.4**
At 31 March 2012	**1.3**	**1.2**	**2.5**
Carrying amount at 31 March 2011	0.9	0.3	1.2
Carrying amount at 31 March 2012	**0.7**	**0.2**	**0.9**

13 Trade and other receivables

	2012 £m	2011 £m
Trade receivables	**4.0**	6.9
Allowance for doubtful debts	**(0.3)**	(0.3)
	3.7	6.6
Prepayments and accrued income	**0.8**	0.8
Other trade receivables	**44.9**	11.6
Derivatives (non-current)	**4.8**	2.7
	54.2	21.7

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the tenant's lease. Trade receivables are provided for based on estimated irrecoverable amounts determined by past default experience and knowledge of the individual tenant's circumstance. At 31 March 2012, debtors past due but not impaired were £2.4 million (2011: £4.9 million). Other trade receivables at 31 March 2012 included £38.2 million in respect of property sales exchanged but not completed (2011: £nil).

	2012 £m	2011 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.3)**	(0.4)
Amounts provided for during the year	**(0.2)**	(0.5)
Amounts written off as uncollectable	**0.2**	0.6
	(0.3)	(0.3)

14 Trade and other payables

	2012 £m	2011 £m
Rents received in advance	**12.9**	11.6
Non-trade payables and accrued expenses	**173.8**	19.9
	186.7	31.5

Non-trade payables at 31 March 2012 included £153.3 million in respect of property purchases exchanged but not completed (2011: £nil).

15 Interest-bearing loans and borrowings

	2012 £m	2011 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**144.2**	144.2
Unsecured		
Bank loans	**200.1**	207.9
£30.0 million 5.09% private placement notes 2018	**29.8**	–
$130.0 million 4.81% private placement notes 2018	**80.6**	–
$78.0 million 5.37% private placement notes 2021	**48.4**	–
Non-current liabilities at fair value		
Derivatives	**4.3**	–
	507.4	352.1

The Group has two floating rate revolving credit facilities of £350.0 million and £150.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR, based on gearing, and expires in 2015. The £150.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 175–250 basis points above LIBOR, based on gearing, and expires in 2017. At 31 March 2012 the Group had £297.0 million (2011: £340.0 million) of undrawn committed credit facilities.

Post balance sheet event
GPE has agreed to issue US dollar notes through private placement. The notes were priced on 15 March 2012 with the respective coupons set as follows:

- $160.0 million, seven-year note at 4.20%; and
- $40.0 million, ten-year note at 4.82%.

The related legal documentation was signed on 9 May 2012 and the funds will be drawn on 30 May 2012.

As the Group operates solely in the United Kingdom, and all of its operating profits and net assets are sterling denominated, it entered into a cross currency swap in order to ensure the US dollar liability stream generated by the notes was fully hedged into sterling for the life of the transaction. Through entering into the cross currency swap the Group has created a synthetic sterling fixed rate liability exposure for seven and ten years totalling £127.7 million.

16 Financial instruments

Categories of financial instrument	Carrying amount 2012 £m	Income/ (expense) 2012 £m	Gain/(loss) to equity 2012 £m	Carrying amount 2011 £m	Income/ (expense) 2011 £m	Gain/(loss) to equity 2011 £m
Interest rate swaps, caps and collars	**(0.1)**	**(1.6)**	**1.5**	–	(3.1)	3.1
Cross currency swaps	**(4.2)**	**(4.2)**	–	–	–	–
Non-current liabilities at fair value	**(4.3)**	**(5.8)**	**1.5**	–	(3.1)	3.1
Interest rate swaptions	–	–	–	–	(1.1)	–
Interest rate floor	**4.8**	**3.7**	–	2.7	–	–
Non-current assets held at fair value	**4.8**	**3.7**	–	2.7	(1.1)	–
Trade receivables	**49.4**	**(0.3)**	–	19.0	(0.3)	–
Cash and cash equivalents	**4.0**	–	–	3.0	–	–
Loans and receivables	**53.4**	**(0.3)**	–	22.0	(0.3)	–
Trade and other payables	**(186.7)**	–	–	(31.6)	–	–
Interest-bearing loans and borrowings	**(503.1)**	**(20.6)**	–	(352.1)	(12.4)	–
Finance leases	**(31.3)**	**(1.3)**	–	(28.5)	(0.4)	–
Liabilities at amortised cost	**(721.1)**	**(21.9)**	–	(412.2)	(12.8)	–
Total financial instruments	**(667.2)**	**(24.3)**	**1.5**	(387.5)	(17.3)	3.1

Financial risk management objectives

Credit risk

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

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

The concentration of credit risk is limited due to the large and diverse tenant base. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of rent deposits obtained. Details of the Group's receivables are summarised in note 13 of the financial statements.

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

Capital risk

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

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

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

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

Key covenants	**Covenant**	**March 2012 actuals**
Group		
Net debt/net equity	**<1.25x**	**0.4x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**2.6x**
Interest cover	**>1.35x**	**2.0x**

The Group has undrawn credit facilities of £297.0 million and has substantial headroom above all of its key covenants. As a result the directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

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

At 31 March 2012	**Carrying amount £m**	**Contractual cash flows £m**	**Less than one year £m**	**One to two years £m**	**Two to five years £m**	**More than five years £m**
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	**144.2**	**278.1**	**8.0**	**8.0**	**24.1**	**238.0**
Bank loans	**200.1**	**220.2**	**4.6**	**4.6**	**211.0**	**–**
Private placement notes	**158.8**	**220.4**	**8.5**	**8.5**	**25.4**	**178.0**
Derivative financial instruments						
Interest rate swap	**0.1**	**0.2**	**0.1**	**0.1**	**–**	**–**
Interest rate floor	**(4.8)**	**(4.7)**	**(1.9)**	**(1.9)**	**(0.9)**	**–**
	498.4	**714.2**	**19.3**	**19.3**	**259.6**	**416.0**

At 31 March 2011	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	144.2	286.2	8.0	8.0	24.1	246.1
Bank loans	207.9	217.8	5.0	201.1	11.7	–
Derivative financial instruments						
Interest rate swap	–	0.2	0.1	0.1	–	–
Interest rate floor	(2.7)	(6.7)	(1.1)	(2.2)	(3.4)	–
	349.4	497.5	12.0	207.0	32.4	246.1

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

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

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

Interest rate floors
Under the terms of an interest rate floor, one party (the “seller”) makes a payment to the other party (the “buyer”) if an underlying interest rate is below a specified rate.

The Group has bought an interest rate floor, which, when combined with its fixed rate private placement notes raised in 2011, gives rise to the same economic effect as purchasing an interest rate cap in respect of floating rate debt.

Interest rate swaptions
An interest rate swaption provides the Group with an option to enter into an interest rate swap on a specified future exercise date at a set price. On the exercise date the Group can either enter into the interest rate swap or let the option lapse. Such contracts act as an insurance policy against future interest rate rises.

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

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

	Average contracted fixed interest rate		**Notional principal amount**		**Fair value**	
	2012 %	2011 %	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Cash flow hedges						
Interest rate swaps						
Between two and five years	**1.87%**	1.87%	**11.0**	11.0	**(0.1)**	–
Interest rate floor						
Between two and five years	**2.53%**	2.53%	**159.7**	159.7	**4.8**	2.7
	2.49%	2.49%	**170.7**	170.7	**4.7**	2.7

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

	Average exchange rate		Foreign currency		Notional principal amount		Fair value	
	2012 rate	2011 rate	**2012 US$m**	2011 US$m	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Cash flow hedges								
Cross currency swap								
In excess of five years	**1.585**	1.604	**408.0**	208.0	**257.4**	129.7	**(4.2)**	–
	1.585	1.604	**408.0**	208.0	**257.4**	129.7	**(4.2)**	–

As at 31 March 2012 the aggregate amount of unrealised losses in respect of cash flow hedges was £nil million (2011: £1.5 million).

Interest rate sensitivity
The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represents management's assessment of possible changes in interest rates. For the floating rate liabilities the analysis is prepared assuming the amount of the liability at 31 March 2012 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Increase of 100 basis points	**(1.0)**	(3.8)	**(0.3)**	(2.4)
Increase of 50 basis points	**(0.6)**	(2.3)	**(0.3)**	(1.3)
Decrease of 25 basis points	**0.4**	0.8	**0.2**	1.6
Decrease of 50 basis points	**0.7**	1.8	**0.4**	3.6

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

	Impact on profit		Impact on equity	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Increase of 20% in the exchange spot rate	**(30.5)**	(2.4)	**(30.5)**	(2.4)
Increase of 10% in the exchange spot rate	**(16.6)**	(1.3)	**(16.6)**	(1.3)
Decrease of 10% in the exchange spot rate	**20.3**	1.6	**20.3**	1.6
Decrease of 20% in the exchange spot rate	**45.7**	3.6	**45.7**	3.6

Fair value of interest-bearing loans and borrowings

	Book value 2012 £m	**Fair value 2012 £m**	Book value 2011 £m	Fair value 2011 £m
Non-current liabilities at amortised cost	**503.1**	**522.7**	352.1	341.1
Non-current liabilities at fair value (derivatives)	**4.3**	**4.3**	–	–
Non-current assets held at fair value (derivatives)	**(4.8)**	**(4.8)**	(2.7)	(2.7)
	502.6	**522.2**	349.4	338.4

The fair values of the Group's listed long-term borrowings have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 7 Financial Instruments: Disclosures. The fair values of the Group's outstanding interest rate swaps and interest rate floors have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value

measurements as defined by IFRS 7. The fair value of the Group's currency swaps have been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 7. None of the Group's financial derivatives are designated as financial hedges.

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

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

	Minimum lease payments 2012 £m	**Interest 2012 £m**	**Principal 2012 £m**	Minimum lease payments 2011 £m	Interest 2011 £m	Principal 2011 £m
Less than one year	**1.5**	**(1.5)**	–	1.3	(1.3)	–
Between two and five years	**6.0**	**(6.0)**	–	5.3	(5.3)	–
More than five years	**236.4**	**(205.1)**	**31.3**	221.9	(193.4)	28.5
	243.9	**(212.6)**	**31.3**	228.5	(200.0)	28.5

18 Share capital

	2012 Number	**2012 £m**	2011 Number	2011 £m
Allotted, called up and fully paid ordinary shares of 12.5 pence				
At 1 April and 31 March	**312,676,149**	**39.1**	312,676,149	39.1

19 Investment in own shares

	2012 £m	2011 £m
At 1 April	**4.0**	0.3
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(3.0)**	(1.9)
Purchase of shares	**10.9**	5.7
Transfer to retained earnings	**(0.4)**	(0.1)
At 31 March	**11.5**	4.0

The investment in the Company's own shares is held at cost and comprises 4,420,926 shares (2011: 2,482,630 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the year 554,195 shares (2011: 324,748 shares) were awarded to directors and senior employees in respect of the 2008 LTIP and SMP award. The fair value of shares awarded and outstanding at 31 March 2012 was £9.9 million (2011: £7.4 million).

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

	2012 £m	2011 £m
Surplus from investment property	**(97.2)**	(131.3)
Employee Long-Term Incentive Plan and Share Matching Plan charge	**3.0**	1.9
Amortisation of capitalised lease incentives	**(0.9)**	3.3
Share of results from joint ventures	**(50.0)**	(97.9)
Other non-cash items	–	0.3
Adjustments for non-cash items	**(145.1)**	(223.7)

21 Dividends

	2012 £m	2011 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2012 of 3.2 pence per share	**9.9**	–
Final dividend for the year ended 31 March 2011 of 5.1 pence per share	**15.8**	–
Interim dividend for the year ended 31 March 2011 of 3.1 pence per share	**–**	9.6
Second interim dividend for the year ended 31 March 2010 of 5.0 pence per share	**–**	15.6
	25.7	25.2

A final dividend of 5.2 pence per share was approved by the Board on 23 May 2012 and will be paid on 10 July 2012 to shareholders on the register on 1 June 2012. The dividend is not recognised as a liability at 31 March 2012. The 2011 final dividend and the 2012 interim dividend were paid in the year and are included within the Group statement of changes in equity.

22 Operating leases

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

	2012 £m	2011 £m
The Group as a lessor		
Less than one year	**43.8**	37.9
Between two and five years	**111.2**	104.8
More than five years	**95.4**	85.5
	250.4	228.2

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2012 was 5.3 years (2011: 5.0 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the year (2011: £nil).

23 Employee benefits

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

	2012 %	2011 %
Discount rate	**5.00**	5.50
Expected return on Plan assets	**4.12**	5.45
Expected rate of salary increases	**4.25**	4.50
Future pension increases	**3.25**	3.50

To develop the expected long-term rate of return on the Plan assets, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the long-term rate of return on Plan assets for the portfolio. This resulted in the selection of an assumption of 4.12% p.a. During the year, the Group has changed the basis on which inflation is estimated from the Retail Price Index to the Consumer Price Index. This has been accounted for as a change in accounting estimate and recorded as an actuarial gain. This decreased the present value of the defined benefit obligation by £0.4 million.

The Trustee Directors are currently investigating whether the normal pension retirement dates under the plan were equalised in 1991 in accordance with relevant case law. It is possible that this will result in the plan incurring additional benefit costs; however, it is not possible at this stage to reliably estimate the financial impact on the plan.

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

	2012 £m	2011 £m
Present value of unfunded obligations	**(19.9)**	(18.7)
Fair value of the Plan assets	**20.3**	18.4
Pension asset/(liability)	**0.4**	(0.3)

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

	2012 £m	2011 £m
Current service cost	**(0.3)**	(0.2)
Interest on obligation	**(1.0)**	(1.0)
Expected return on the Plan assets	**1.0**	0.9
	(0.3)	(0.3)

Actuarial gain/(deficit) recognised immediately in the Group statement of changes in equity	**0.4**	(0.2)
Cumulative actuarial gains recognised in the Group statement of changes in equity	**1.6**	1.2

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

	2012 £m	2011 £m
Defined benefit obligation at 1 April	**18.7**	17.5
Service cost	**0.3**	0.2
Interest cost	**1.0**	1.0
Actuarial loss	**0.4**	0.5
Benefits paid	**(0.5)**	(0.5)
Present value of defined benefit obligation at 31 March	**19.9**	18.7

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

	2012 £m	2011 £m
Fair value of the Plan assets at 1 April	**18.4**	17.3
Expected return on the Plan assets	**1.0**	0.9
Actuarial gain	**0.8**	0.3
Contributions	**0.6**	0.4
Benefits paid	**(0.5)**	(0.5)
Fair value of the Plan assets at 31 March	**20.3**	18.4
Net asset/(liability)	**0.4**	(0.3)

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

	2012 £m	2011 £m
Equities	**8.1**	7.4
Bonds	**12.2**	11.0
	20.3	18.4

The actual return on Plan assets was a surplus of £1.8 million (2011: surplus of £1.2 million).

Life expectancy assumptions:

	2012 £m	2011 £m
Male aged 65	**23**	23
Female aged 65	**26**	23
Male from age 65 if aged 40 today	**25**	25
Female from age 65 if aged 40 today	**28**	25

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

	2012	2011	2010	2009	2008
Net pension asset/(liability)					
Fair value of Plan assets £m	**20.3**	18.4	17.3	14.0	16.1
Present value of the pension obligation £m	**(19.9)**	(18.7)	(17.5)	(13.4)	(13.9)
Net pension asset/(liability) £m	**0.4**	(0.3)	(0.2)	0.6	2.2
Difference between expected and actual return on the scheme assets:					
Amount £m	**0.8**	0.3	2.6	(3.0)	(0.8)
Percentage of scheme assets	**4%**	1%	15%	(21%)	(5%)
Experience gains/(losses) on scheme liabilities:					
Amount £m	**0.8**	–	–	(1.7)	–
Percentage of scheme liabilities	**4%**	–	–	(13%)	–
Total gains and losses:					
Amount £m	**0.4**	(0.2)	(1.0)	(1.8)	1.9
Percentage of scheme assets	**2%**	(1%)	(6%)	(13%)	13%

The Group expects to contribute £0.6 million to the Plan in the year ended 31 March 2013.

Responsibility statement

The Statement of Directors' responsibilities below has been prepared in connection with the Company's full Annual Report for the year ended 31 March 2012. Certain parts of the Annual Report have not been included in the announcement as set out in note 1 of the financial information. We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Report of directors, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board on 23 May 2012 and signed on its behalf by

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Glossary

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

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

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

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

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

F&BS
Finance and Business Services sector.

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

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

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

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

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

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

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

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

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

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

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

Return on shareholders' equity
The growth in the 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.

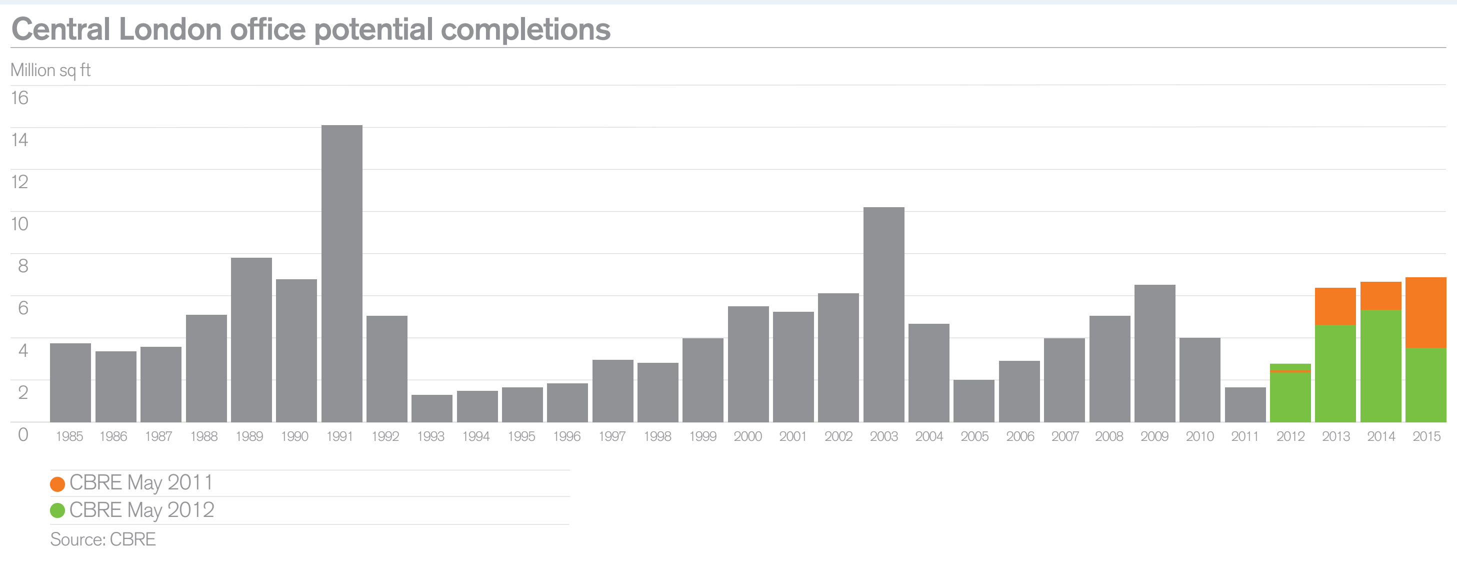
True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchaser's costs.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

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

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

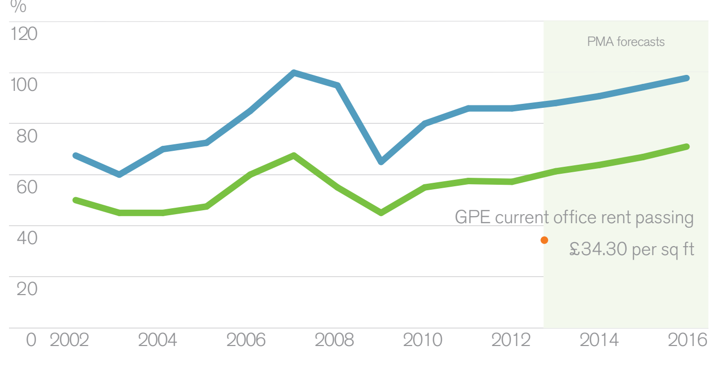
Appendix 1

Central London office potential completions



Source: CBRE

Headline rents (£ per sq ft)[1]



PMA Prime West End
PMA Prime City

1. Source: PMA/GPE, *10 year term, 10,000 sq ft in West End, 20,000 sq ft in City. PMA Prime Rents to 95th percentile

London asset supply and equity demand

	Nov 2011	May 2012
Asset supply		
City	£3.8bn	£2.4bn
West End	£1.2bn	£1.3bn
	£5.0bn	**£3.7bn**
Equity demand	**£16.8bn**	**£18.5bn**
	3.4x	**5.0x**

Source: CBRE/GPE

Appendix 1

Selected lead indicators	Trends in year
Property capital values	
Equity prices	No change
Bond prices	Up
Volume of new property lending by major UK and European banks	Down
Transaction volumes in central London direct real estate investment markets	Down
Direction of pricing on IPD based derivative contracts	Down
Rental values	
UK GDP growth	No change
West End London retail sales	No change
Business confidence levels in the central London economy	No change
UK output from the financial and business services sector	Down
Employment levels in London's finance and business services sectors	Up

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	425.8	53.2	479.0	23.8%	3.2%
	Retail	58.6	87.5	146.1	7.3%	8.8%
Rest of West End	Office	213.7	82.6	296.3	14.8%	15.8%
	Retail	66.9	59.0	125.9	6.3%	23.0%
Total West End		765.0	282.3	1,047.3	52.2%	9.5%
City, Midtown and Southwark	Office	183.9	69.6	253.5	12.6%	3.7%
	Retail	19.8	–	19.8	1.0%	(1.2)%
Total City, Midtown and Southwark		203.7	69.6	273.3	13.6%	3.3%
Investment property portfolio		968.7	351.9	1,320.6	65.8%	8.2%
Development property		82.5	251.9	334.4	16.7%	13.7%
Total properties held throughout the year		**1,051.2**	**603.8**	**1,655.0**	**82.5%**	**9.2%**
Acquisitions		283.5	69.0	352.5	17.5%	0.9%
Total property portfolio		**1,334.7**	**672.8**	**2,007.5**	**100.0%**	**7.7%**

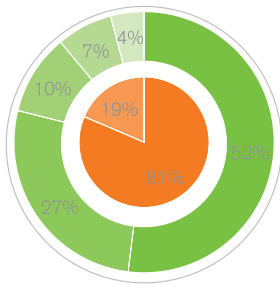
Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		755.7	295.5	1,051.2	854.0	197.2	1,051.2	1,463
Rest of West End		537.3	–	537.3	382.4	154.9	537.3	734
Total West End		**1,293.0**	**295.5**	**1,588.5**	**1,236.4**	**352.1**	**1,588.5**	**2,197**
City, Midtown and Southwark		342.4	76.6	419.0	399.1	19.9	419.0	1,266
Total		**1,635.4**	**372.1**	**2,007.5**	**1,635.5**	**372.0**	**2,007.5**	**3,463**
By use:	Office	1,294.3	341.2	1,635.5				
	Retail	341.1	30.9	372.0				
Total		**1,635.4**	**372.1**	**2,007.5**				
Net internal area sq ft 000's		2,845	618	3,463				

Portfolio characteristics

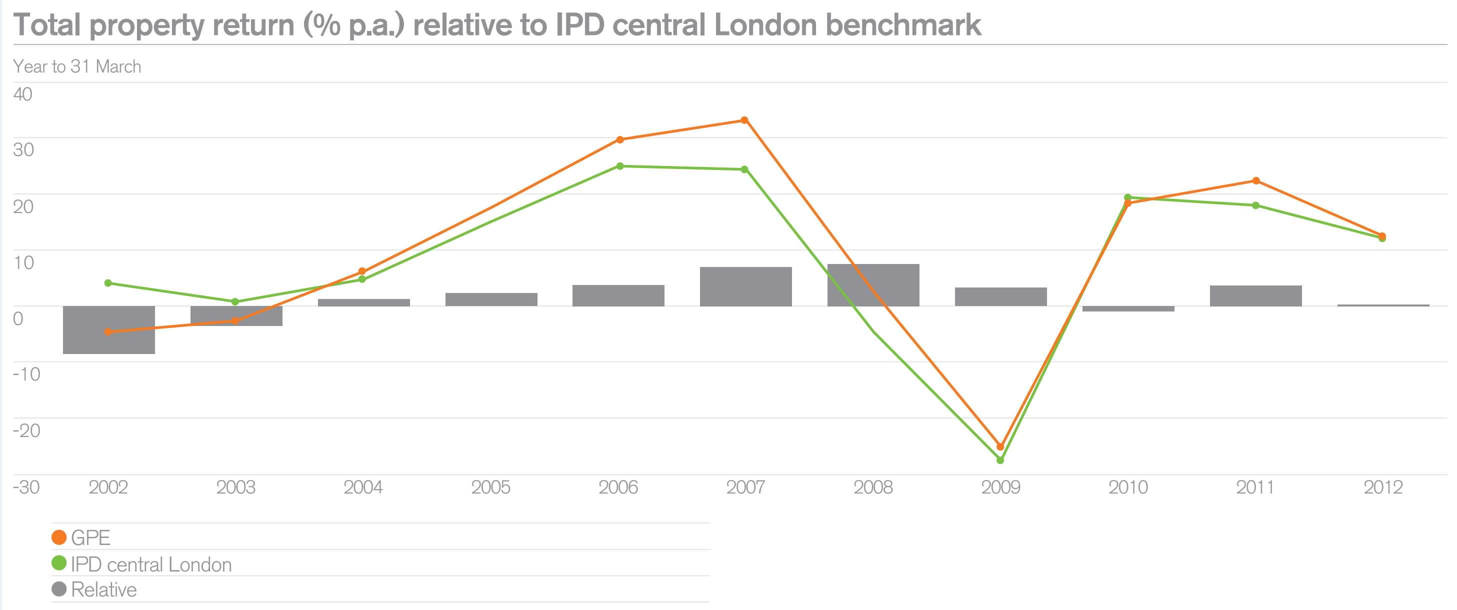
Our locations
- North of Oxford Street £1,051.2m
- Rest of West End £537.3m
- City £191.3m
- Midtown £141.4m
- Southwark £86.3m

Business mix
- Office £1,635.5m
- Retail £372.0m



Appendix 2

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



Appendix 3

Purchases for the year to 31 March 2012

Description	Price	NIY	No. of props	£ per sq ft
Rathbone Place	120.0	2.1%	1	313
200 & 214 Gray's Inn Road	66.0[1]	6.4%	1	455
GPE acquisitions from GCP	150.0	4.1%	5	773
Total	**336.0**		**7**	**464**

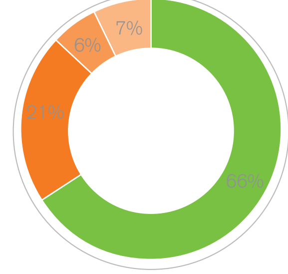
Note 1 Our share net of price adjustment to reflect tenant rent free period.

Sales for the year to 31 March 2012

Description	Price	NIY	No. of props	£ per sq ft
192/194 Oxford Street	19.1	3.9%	1	1,911
201/207 Kensington High Street	6.4	5.5%	1	726
26/40 Kensington High Street	31.3	4.5%	1	534
67/75 Kingsway	8.3	3.6%	1	533
Newman Street – residential	7.0	n/a	8	727
London Bridge Portfolio	27.0	5.5%	6	322
28/29 Savile Row	16.2	1.2%	1	1,017
Old Court Place	3.5	1.2%	1	2,484
Park Crescent East	23.5	2.9%	6	429
184/190 Oxford Street	38.5	4.4%	1	1,480
GCP disposals to GPE	75.0	4.1%	5	773
Total	**255.8**		**32**	**534**

Wholly owned and joint venture property values at 31 March 2012

- Wholly owned £1,334.7m
- Access to new properties £427.1m
- Risk sharing £112.7m
- Bank work out £133.0m



Net investment in joint ventures as at 31 March 2012 £m

Access to new properties		Risk sharing	
capco	139.5	Brookfield	58.7
LV=	70.1	bp	67.7
Scottish Widows	53.7	**Bank work out**	
Starwood Capital Group	31.9	Eurohypo	116.6
Total			**538.2**

Appendix 3

Committed schemes and pipeline

Development	Anticipated finish	New building area[1]	Cost to come £m[2]	Current ERV £m[2]	Secured income £m[2]
Committed – on site					
33 Margaret Street, W1	Oct 2012	103,200	12.1	7.5	7.3
95 Wigmore Street, W1	Jun 2013	111,400	14.7	3.7	–
240 Blackfriars Road, SE1	Mar 2014	237,700	44.7	5.3	2.5
		452,300	71.5	16.5	9.8
Committed					
Walmar House, 288/300 Regent Street, W1	Jan 2014	59,200	9.2	3.6	0.4
City Tower, Basinghall Street, EC2	Jun 2013	139,600	9.2	2.7	1.3
Total of committed		**651,100**	**89.9**	**22.8**	**11.5**
Near-term					
3 projects	2013–2016	573,700			
Pipeline					
13 Projects		2,056,000			
Total programme					
21 projects, 54% of GPE's existing portfolio		**3,280,800**			

1 Areas in sq ft and at 100%
2 For those held in JV, amounts shown at 50%

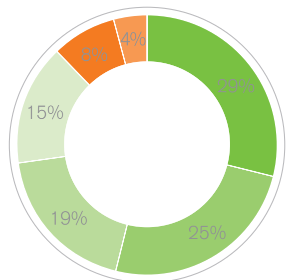
Appendix 3

Top ten tenants

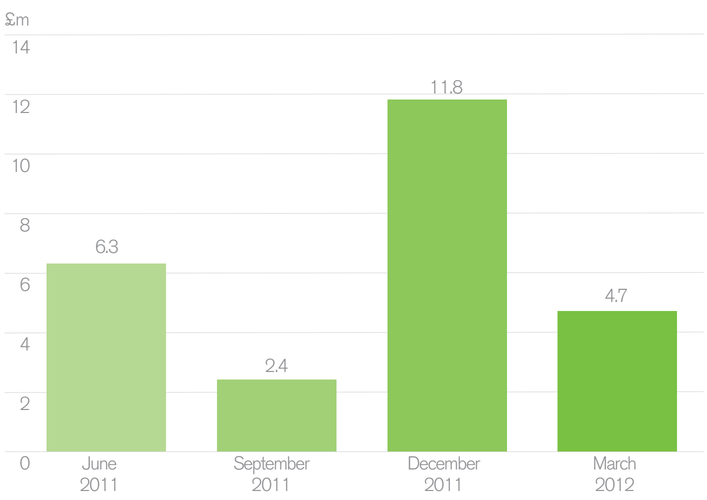
		Rent roll £m	Rent roll %
1	The Engine Group	3.8	5.3
2	Intesa Sanpaolo	2.9	4.0
3	Royal Mail Group	2.6	3.6
4	New Look	2.6	3.6
5	Carlton Communications	2.3	3.2
6	VNU Business Publications	1.8	2.5
7	Kurt Geiger	1.5	2.1
8	Fallon London	1.5	2.1
9	Independent Television News	1.5	2.1
10	Cleary Gottlieb Steen & Hamilton	1.4	1.9
	Total	21.9	30.4

GPE tenant mix (including share of joint ventures)

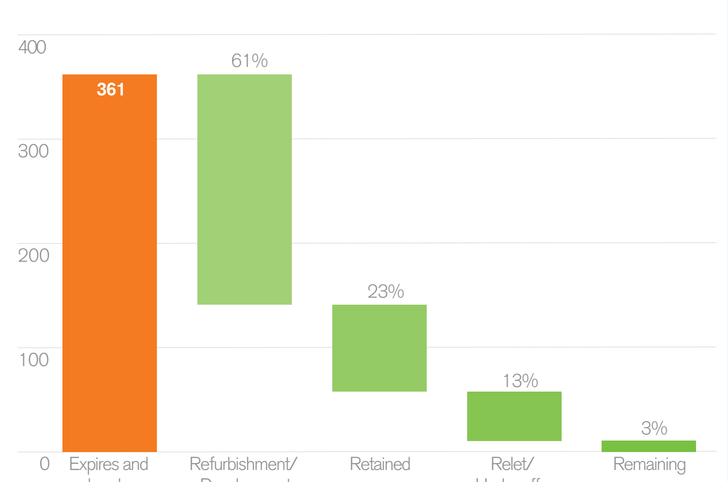
- Retailers and leisure
- Technology, media and telecoms
- Banking and finance
- Corporates
- Professional
- Government



New lettings and renewals by quarter

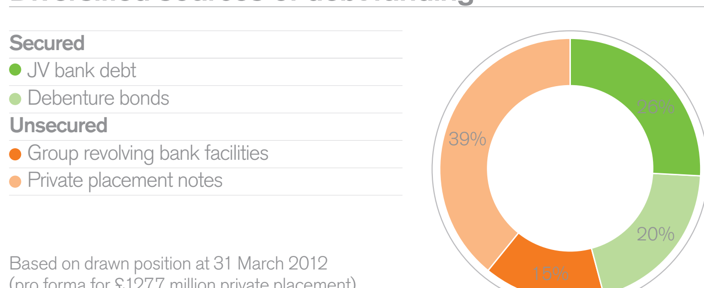


Tenant retention by area (000 sq ft)



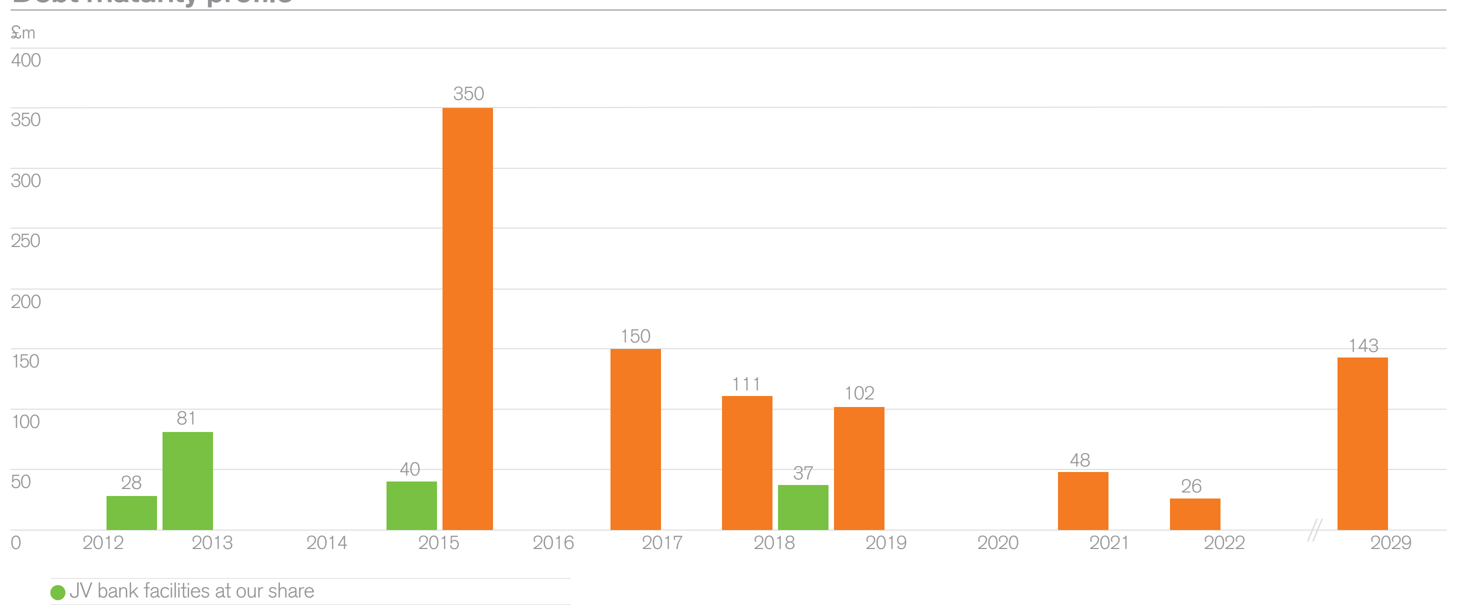
Net gearing and interest cover

Appendix 3



Based on drawn position at 31 March 2012 (pro forma for £127.7 million private placement).

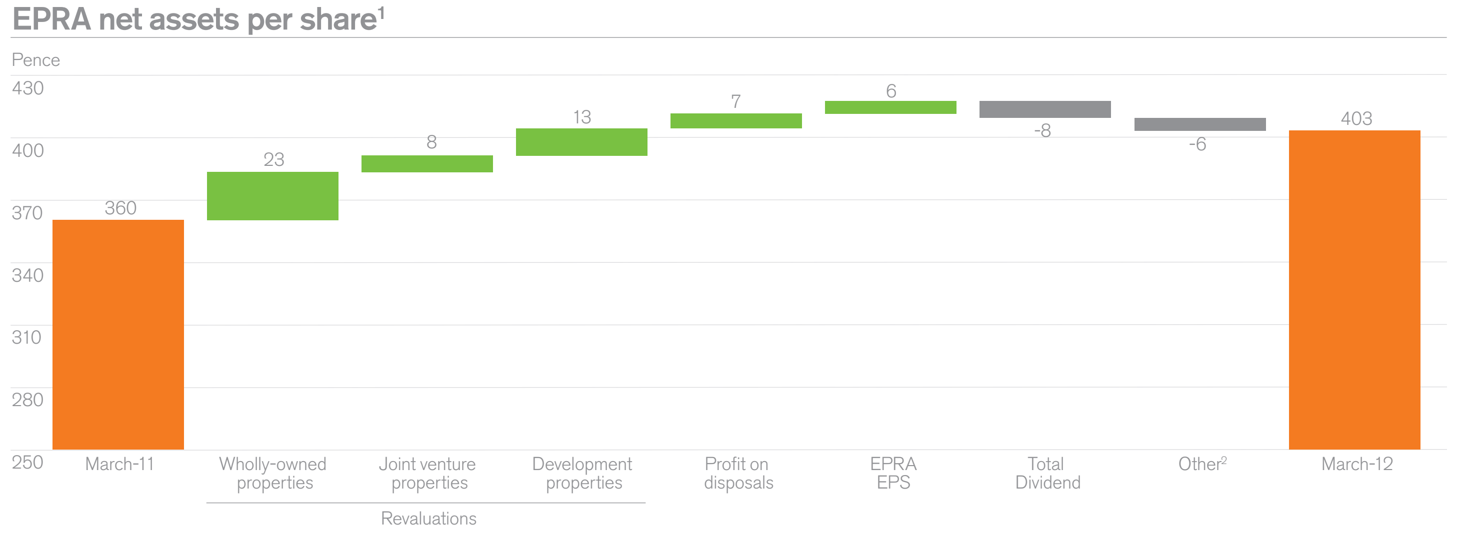
Debt maturity profile



Based on committed facilities at 31 March 2012 (pro forma for £127.7 million private placement to be drawn down in May 2012 and £63.0 million GCP debt paid down in April 2012)

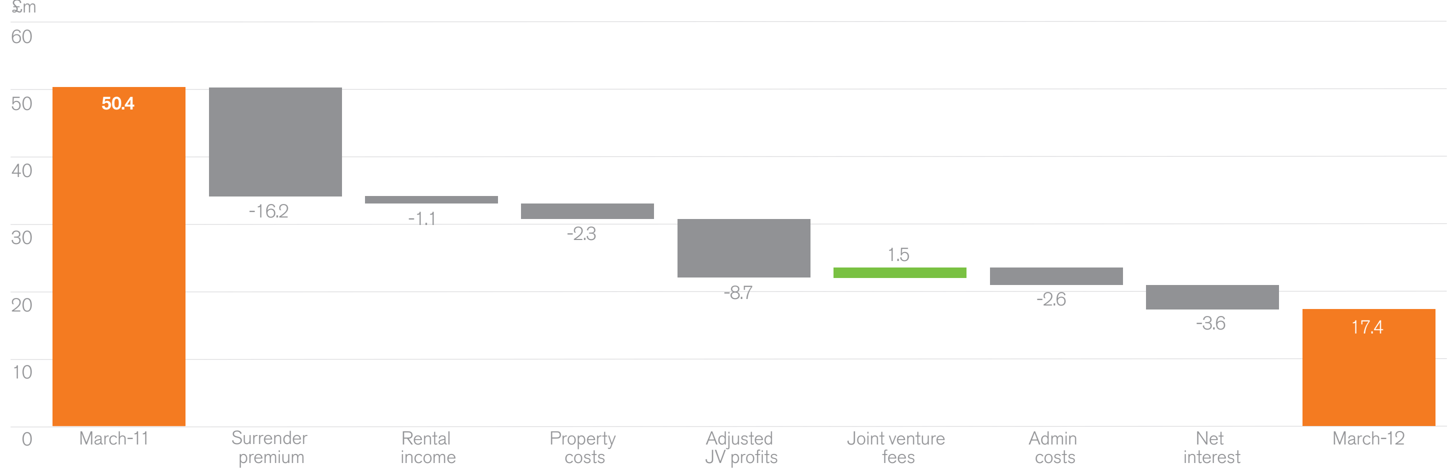
Appendix 4

EPRA net assets per share[1]



1. Adjusted per EPRA guidance
2. Includes 7 pence per share provision for potential profit share payment to Eurohypo

EPRA profits before tax[1]



1. Adjusted per EPRA guidance

Debt analysis

	March 2012 £m	March 2011 £m
Net debt excluding JVs	**499.1**	349.1
Net gearing	**40.3%**	31.4%
Total net debt including 50% JV non-recourse debt	**686.9**	514.0
Loan-to-property value	**34.2%**	31.1%
Total net gearing	**55.5%**	46.2%
Interest cover	**2.0x**	4.0x
Weighted average cost of debt	**4.5%**	4.3%
% of debt fixed/hedged	**69%**	57%
Cash and undrawn facilities	**457**[1]	518

Note 1: Pro forma for £127.7 million US private placement proceeds to be drawn own on 30 May 2012 and property investment transactions which had not completed by 31 March 2012.

Appendix 5

Rental income

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	23.7	1.5	25.2	1.3	0.1	1.4	26.6
		Retail	3.9	(0.1)	3.8	3.9	1.6	5.5	9.3
	Rest of West End	Office	9.0	2.1	11.1	4.2	0.7	4.9	16.0
		Retail	3.6	0.5	4.1	3.3	0.6	3.9	8.0
	Total West End		**40.2**	**4.0**	**44.2**	**12.7**	**3.0**	**15.7**	**59.9**
	City, Midtown and Southwark	Office	8.3	1.2	9.5	9.7	1.0	10.7	20.3
		Retail	0.9	0.5	1.4	–	–	–	1.3
	Total City, Midtown and Southwark		**9.2**	**1.7**	**10.9**	**9.7**	**1.0**	**10.7**	**21.6**
Total let portfolio			**49.4**	**5.7**	**55.1**	**22.4**	**4.0**	**26.4**	**81.5**
Voids					2.3			1.5	3.8
Pre-let developments/refurbishments					4.8			9.5	14.3
Premises under development/refurbishment					6.0			8.8	14.8
Total portfolio					**68.2**			**46.2**	**114.4**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Voids %	Rent roll secure for five years %	Weighted average lease length Years	Voids %
London	North of Oxford Street	Office	30.5	5.2	2.4	–	3.6	5.1
		Retail	50.2	7.7	1.3	70.9	7.9	4.2
	Rest of West End	Office	2.8	2.2	3.4	6.1	3.1	2.8
		Retail	36.9	4.9	8.7	79.4	13.2	0.6
	Total West End		**26.8**	**4.7**	**3.3**	**45.3**	**7.4**	**3.9**
	City, Midtown and Southwark	Office	81.1	8.0	4.4	39.8	5.3	1.9
		Retail	70.9	7.7	–	–	–	–
	Total City, Midtown and Southwark		**80.1**	**7.9**	**4.0**	**39.8**	**5.3**	**2.0**
Total let portfolio			**37.0**	**5.3**	**3.4**	**42.9**	**6.5**	**3.2**

Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	34	38	27	53	4.5	5.3	4.6	4.7
		Retail	30	31	78	103	5.1	5.2	4.2	5.0
	Rest of West End	Office	35	46	41	47	1.3	4.6	3.9	5.4
		Retail	56	61	53	63	1.4	4.7	4.3	5.2
	Total West End		**35**	**41**	**49**	**58**	**3.5**	**5.2**	**4.2**	**5.2**
	City, Midtown and Southwark	Office	31	36	35	40	3.8	5.8	5.6	6.5
		Retail	21	32	–	28	4.1	5.7	–	–
	Total City, Midtown and Southwark		**30**	**36**	**35**	**40**	**3.8**	**5.8**	**5.6**	**6.5**
Total let portfolio			**34**	**40**	**42**	**49**	**3.5**	**5.2**	**4.5**	**5.5**

Appendix 6

Risk and impact	Mitigation	Change from last year	Commentary
Market risk			
Central London real estate market underperforms other UK property sectors leading to poor relative financial results	Research into the economy and the investment and occupational markets is evaluated as part of the Group's annual strategy process covering the key areas of investment, development and asset management and updated regularly throughout the year.	⊖	The central London real estate market has considerably outperformed the wider UK Market during the year ended 31 March 2012, demonstrated by IPD's central London TPR exceeding IPD's universe by 5.8 percentage points and the outlook continues to be favourable.
Economic recovery falters resulting in worse than expected performance of the business given decline in economic output	Regular economic updates are received and scenario planning for different economic cycles. 50% of income from committed developments secured.	⬆	Over the last 12 months the UK has again witnessed the negative impact on business sentiment from the continued process of global financial deleveraging, the Eurozone debt crisis and political instability in many parts of the world, including the Arab states. The resulting uncertainty has seen GDP growth expectations decline.
Investment management			
Not sufficiently capitalising on market investment opportunities through difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and mis-timed recycling of capital	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans with Joint Venture partners.	⊖	The Group has continued to invest and recycle capital against a backdrop of moderate capital value growth in central London and a surfeit of buyers to sellers in the investment market. During the year acquisitions totalling £336.0 million with low average capital value of £464 per sq ft were made together with disposals of £255.8 million at an average capital value of £534 per sq ft.
Asset management			
Failure to maximise income from investment properties through poor management of voids, mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments. The Group has a diverse tenant base with its ten largest tenants representing around 30% of rent roll.	⊖	The Group continues to maintain a low void rate which was 3.3% at 31 March 2012. Tenant delinquencies were less than 1% of the rent roll for the year to 31 March 2012. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth.

Appendix 6

Risk and impact	Mitigation	Change from last year	Commentary
Development management			
Poor development returns relating to: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – level of speculative development; – contractor availability and insolvency risk; – quality and benchmarks of the completed buildings; and – poor development management	See market risk above. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. 50% of income from committed developments secured. Due diligence is undertaken on the financial stability of demolition and main contractors prior to awarding of contracts. Working with agents, potential occupiers' needs and aspirations are identified during the planning application and design stages. All our major developments are subject to BREEAM ratings with a target to achieve a rating of 'Very Good' on major refurbishments and 'Excellent' on new build properties. Regular review of the prospective performance of individual assets and their business plans with Joint Venture partners.	No change	The Group's development programme of high quality core central London projects continues to attract quality tenants with £16.7 million of pre-lets secured during the year.
Level of development undertaken as a percentage of the portfolio leads to underperformance against KPIs	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed to when pre-lets obtained and/or market supply considered to be sufficiently constrained.	No change	With forecasted supply of central London office space expected to be scarce in the near to medium term, the Group has continued its near-term development programme to capitalise on the expected resulting rental growth.
Financial risks			
Limited availability of further capital constrains the growth of the business	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.	Decreased	Since 31 March 2011, the Group has continued to diversify and extend the maturity ladder of its debt financing. Pro forma cash and undrawn credit facilities are £457 million.

Appendix 6

Risk and impact	Mitigation	Change from last year	Commentary
Financial risks continued			
Adverse interest rate movements reduce profitability Adverse market movements negatively impact on debt covenants through increased interest rates or a fall in capital values.	Regular review of current and forecast debt levels and financing ratios. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or hedged interest rates through derivatives. Significant headroom over all financial covenants at 31 March 2012.		The slow forecast recovery of the UK economy is expected to result in a continued low interest rate environment in the near term. Central London property values are expected to benefit from rental value growth and continued strong investment demand.
Inappropriate capital structure results in sub-optimal NAV per share growth	Regular review of current and forecast debt and gearing levels and financing ratios.		The Group's existing capital structure is well placed to take advantage of opportunities as they arise and to deliver our near-term development programme.
People			
Correct level, mix and retention of people to execute our Business Plan. Strategic priorities not achieved because of inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements and succession planning. The Group has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and identification of training needs.		Nick Sanderson joined as Finance Director in July 2011. Other senior managers remain unchanged. New employees recruited in 2010/11 to strengthen and broaden the team are performing well.
Regulatory			
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base and reduces flexibility	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies.		During 2013 new Building Regulations will come into effect requiring further reductions on carbon emissions whilst the risk to the Group from increasing regulation having unforeseen consequences and the impact of certain EU directives including the AIFM directive continues to be uncertain.
Health and Safety incidents Loss of or injury to employees, contractors or tenants and resultant reputational damage	The Group has dedicated Health and Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health and Safety areas including employee, contractor and tenant safety. On developments, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors.		The Group had one reportable accident during the year resulting in a contractor requiring three days off work. There were no other incidents across the Group's investment or development portfolio.