10 November 2010

Half year results

The Directors of Great Portland Estates plc, announce the results for the Group for the six months ended 30 September 2010.

Highlights of the first half:

- Portfolio valuation up 7.3%[1] since March 2010
- Total property return of 10.1% outperforming IPD's Central London index of 8.3%
- Rental value growth of 5.1%[1] (6.9% West End offices, 3.0% West End retail)

- Adjusted[2] net assets per share up 11.0% to 314 pence
- Net assets of £972.2 million up 10.9% from March 2010
- Adjusted[2] profit before tax of £15.0 million up 11.1% on 2009
- Adjusted[2] earnings per share of 4.8 pence down 11.1% on 2009
- After revaluation surplus, reported profit before tax of £116.8 million (2009: £29.8 million loss)
- Interim dividend per share of 3.1 pence (2009: 3.0 pence)
- New £350.0 million five year credit facility announced today, gearing low at 29.3%

- 11 near-term development projects, totalling 1.8 million sq. ft.
- Four schemes (205,000 sq. ft.) on site, progressing well towards autumn 2012 completion with seven schemes expected to start during 2011
- A further 1.1 million sq. ft. of pipeline projects in design stage

- New property acquisitions[3] of £118 million completed in the six month period
- Purchase of four properties from GCP for £45.1 million announced yesterday
- £320 million of total commitments since the rights issue. Acquisitions[3] up 17.9% in value in 7.8 month average hold period
- New leases, reviews and renewals signed securing annual income of £8.3 million (£5.4 million our share) covering 204,000 sq. ft.
- Void levels[3] stable at 3.4%

1 On a like for like basis
2 In accordance with EPRA guidance see note 6
3 Includes share of joint ventures

Toby Courtauld, Chief Executive, said:

"Growth rates in London's investment markets have slowed, as expected, over the past four quarters. Whilst there continues to be a surfeit of buyers over sellers, particularly from overseas, we believe these more sedate conditions will persist into 2011 as the uncertain macro environment will continue to affect sentiment in the short term. Looking ahead, we remain confident that London will retain its status as a leading financial centre.

We continue to be encouraged by the level of tenant demand across our portfolio, and we have delivered another quarter of good letting activity, with solid rental value growth and a consistently low void rate. This bodes well for our 1.8 million sq. ft. near term development programme where we expect to start seven schemes during 2011 to add to the four currently on site.

With some strong acquisitions during the half, adding to our portfolio already rich with opportunity, and low financial gearing providing ample capacity for further selective purchases and developments, we look to the future with confidence".

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The results presentation will be broadcast live at 9.30am today on:

http://www.gpe.co.uk/investors/presentations.

A conference call facility will be available to listen to the presentation at 9.30am today. To register for the conference call go to:

https://eventreg1.conferencing.com/webportal3/reg.html?Acc=568669&Conf=175438

Disclaimer

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

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

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

Half Year Results

Our market

Economic backdrop

According to most data points, the UK economy is gradually emerging from a period of significant contraction. GDP growth was recorded in the first three quarters of 2010 and Purchasing Managers' surveys and employment trends are moving in a positive direction. Business sentiment has been better in London than elsewhere in the UK largely due to the partial rehabilitation of the financial services industry and relative strength of the tourism and leisure sectors. London employment levels have risen over the last nine months and, if the net recruitment momentum continues in 2011, this will further strengthen office occupational markets. The impact of the UK Government Comprehensive Spending Review is unclear, however, Government tenants account for only 4% of our rent roll.

The main equity and bond markets indices are up since the start of 2010 although the Eurozone Sovereign debt crisis created downward pressure in the second quarter. Commercial property prices are also higher than at the beginning of 2010 and have moved steadily up, supported in part by declining benchmark fixed income rates. This favourable yield spread over bond and swap rates could sustain property values although we believe sustained rental value growth is essential for capital values to improve over the medium term.

Occupational markets

We have been anticipating for over a year that London's occupational markets would recover during the second half of 2010. This prediction looks to have been validated with reducing vacancy rates and, since the spring, rental growth in the core submarkets.

West End
Occupational markets have slowly improved during the first half with the take-up of new office space totalling 2.4 million sq. ft. 58% up on the same period last year. The volume of office space in the market to let fell throughout the first nine months of 2010, pushing West End office vacancy rates down from 6.4% at March 2010 to 5.8% at September 2010. CB Richard Ellis has reported that across the West End, rental values grew by 3% in the first half although prime headline and net effective rental values (adjusted for rent free periods and other incentives) remained flat.

Across the West End, viewings by potential tenants are marginally up on last year, and we anticipate that better economic conditions combined with restricted new office supply should help rental values increase throughout the balance of our financial year.

The West End retail market (comprising 34% of our West End portfolio by value) has been strong as retail sales in central London have continued to grow. London's retailers and restaurateurs continue to be popular with foreign visitors and tourists. The most recent available data shows that for the quarter to June 2010 like-for-like retail sales in London were 10.1% higher than the same period last year versus a 0% increase for the rest of the UK. We estimate that retail rental values in the main shopping streets of the West End have increased by up to 10% in the six month period to September 2010 depending on the location of the unit.

City and Southwark
Tenant demand for prime City offices was healthy during the first half of the financial year with take up of 2.7 million sq. ft. up 28% on the comparable period last year. With limited new and refurbished office space coming on stream, vacancy rates, at 6.7% in September 2010, have fallen for four out of the last five quarters helping to generate rental growth across well located, quality buildings. CB Richard Ellis City Prime Rent Index showed growing rents over the first half with an acceleration to a 4.2% increase for the quarter to 30 September 2010.

If the financial and business services community recovers further and the supply of available space continues to diminish, we can expect rental growth to broaden and strengthen during the rest of this financial year.

Investment markets

London's commercial property investment markets have continued to recover during 2010 with uplifts in capital values, reasonable investment volumes and improved levels of liquidity supported by the marginally improved availability of debt finance. A wide variety of potential buyers are evident ranging from UK institutions, private investors, international organisations, property companies, private equity funds and sovereign wealth funds. For the six months to 30 September central London investment market turnover, at £3.8 billion, was up on the previous six months despite the low availability of high quality properties.

The rate of monthly capital value growth, as measured by monthly IPD and CBRE indices has declined over the summer as investors await clearer evidence of enduring rental growth. We expect the market to enter a steadier phase with valuations being broadly neutral over coming quarters although specific asset types may see noticeable variance from this general trend. We anticipate that good-value acquisitions will continue to emerge for astute purchasers with creative business plans.

Lead indicators

We monitor numerous lead indicators to help identify key trends in our market place:

Selected Lead Indicators	Trends in period March – September 2010
Property Capital Values	
Equity and bond prices	Up
Changes in new lending by major UK and European banks	Neutral
Transaction volumes in Central London direct real estate investment markets	Up
Direction of pricing on IPD based derivative contracts	Down
Rental Values	
UK GDP growth	Up
London retail sales	Up
Business confidence levels in the Central London economy	Up
UK output from the financial and business services sector	Up
UK finance and business services employment statistics	Neutral

Since the spring of 2010, some of the property capital value lead indicators have turned up although sentiment in the credit and direct investment markets is mixed. Global capital markets are fragile and we anticipate further turbulence as governments and financial institutions deleverage. Rental values are increasing and we sense measured optimism within many segments of our occupier base.

Our business

Our business is accompanied by graphics (see Appendix 1)

Investment management

During the last six months we have continued to invest in properties which we believe have the potential for strong absolute and relative performance. We are appraising numerous opportunities at any one time and we sense that several financial institutions are increasing the tempo of solving their distressed real estate loan positions which could yield a number of interesting opportunities into 2011.

Our Great Star Partnership joint venture ("GSP") completed the acquisition of City Tower, 40 Basinghall Street, EC2 and City Place House, 55 Basinghall Street, EC2 at the end of July 2010. GPE and Starwood Capital each own a 50% interest in these properties which were valued at £136.3 million at 30 September 2010. City Tower is a 20 storey, 133,000 sq. ft. office building in a prime city location, immediately south of London Wall, held on a 100 year unexpired leasehold interest from the City Corporation with significant opportunity to increase the rental income of the property following targeted refurbishment and active asset management. City Place House is a 177,000 sq. ft. Grade A building situated directly west of City Tower, held on a head lease from the City Corporation with an unexpired term of 108 years. Our intention is to refurbish the common parts and floors as appropriate repositioning the building into a potential shortage of Grade A space in the City from 2011.

In June, we announced the acquisition of 35 Portman Square, W1 for £53.0 million from the shareholders of Portman Square Properties Holdings Ltd via a corporate acquisition, reflecting a net initial yield of 7.7%. The consideration was made up of £31.0 million cash and assumed debt of £22.0 million. 35 Portman Square is an eight storey, 73,000 sq. ft. building fronting Portman Square in the West End occupying an under-developed corner site of around 0.5 acres. The property is held on a lease from The Portman Estate expiring in 2060 and offers a wide variety of asset management opportunities.

In November, we announced the refocusing of the Great Capital Partnership through the disposal of four properties to GPE and the appointment of Capital and Counties Properties PLC ("Capco") as residential and retail strategy advisor to the joint venture. GPE will purchase 24/25 Britton Street, EC1, 12/14 New Fetter Lane & 43 Fetter Lane, EC4, Tasman House, Wells Street, W1 and 183/190 Tottenham Court Road, W1 for a combined price of £45.1 million, broadly in line with September 2010 book values. These sales represent a continuation of the joint venture's strategy to focus on its West End holdings and will enable it to recycle the sales receipts into a variety of refurbishment and development opportunities within its core holdings on Piccadilly, Regent Street and Park Crescent. Other non-core GCP properties may be sold in the medium term.

The restructuring enables the refurbishment and redevelopment of Britton Street and Fetter Lane which are described in the development section below.

In the summer, GPE disposed of two properties at 46/48 Foley Street, W1 and 38/40 Eastcastle Street, W1 for a total of £20.1 million which represent a premium of 10.4% over the March 2010 book value. We also received a further £14.1 million in respect of the compulsory purchase of 18/19 Hanover Square, W1. Negotiations are ongoing with Crossrail to resolve our outstanding claim.

Our joint ventures
Our seven joint ventures have had a successful start to the year - the GSP joint venture was initiated in May and good progress has been made across the variety of development schemes. We categorise the joint ventures into three types:

- access to new properties (31.3% of GPE's net property value). The relevant joint ventures here are The Great Capital Partnership with Capco, The Great Victoria Partnership with LV Asset Management, The Great Star Partnership with Starwood Capital and The Great Wigmore Partnership with Scottish Widows plc;
- development risk sharing (5.0% of GPE's net property value). The key joint ventures here are the 100 Bishopsgate Partnership with Brookfield and the Great Ropemaker Partnership with BP Pension Fund which hold our Bishopsgate and Blackfriars schemes respectively; and
- bank work out (4.1% of GPE's net property value) with Eurohypo in relation to our Marcol House and Newman Street developments.

The joint ventures have delivered good portfolio performance at Group level for the first half and, through them, we have brought in a number of assets with excellent repositioning potential.

Overall our joint ventures are material to the Group, making up 40.4% of the portfolio valuation, 41.4% of net assets and 39.6% of rent roll at 30 September 2010 (at 31 March 2010; 38.1%, 37.9% and 37.5% respectively.

We expect that the joint ventures will provide a competitive advantage to the Group as their portfolios provide us with a source of rental growth opportunities and we have supportive partners who enhance GPE's capital, reputation and relationships.

Asset management
Our asset management teams have again produced strong results in a challenging market environment:

- 49 new leases were completed (2009: 66 leases) generating annual rent of £4.0 million (our share £3.0 million; 2009: £4.3 million) or 4.0% of rent roll;
- 84% of all tenancies by area, with lease breaks or expiries in the year to 30 September 2010, were retained or re-let, consistent with 85% for the year to 31 March 2010;
- a further 31 lettings were under offer at 30 September 2010, accounting for £4.0 million p.a. in rent (our share £3.7 million);
- 13 rent reviews of £4.3 million (our share £2.4 million; 2009: £0.5 million) were settled during the half year, some 4% ahead of ERV at the rent review date; and
- total space covered by new lettings, reviews and renewals during the first half was 204,000 sq. ft. (2009: 203,000 sq. ft.).

These asset management successes maintained a low investment portfolio void rate of 3.4% at 30 September 2010 consistent with 31 March 2010. Leasing activity was encouraging with 35 market lettings in the first half at rents 4.1% ahead of the valuer's March 2010 estimates. The further 14 smaller lettings were below the March 2010 ERV because they were short term leases to allow future redevelopment.

In the year to 30 September 2010, 159 leases covering around 419,000 sq. ft. of space with a rental value of £9.7 million were subject to lease expiry or tenant break. Tenants were retained for 70% of this space by area and by the end of September we had leased or put under offer a further 21% leaving only 1% to transact after stripping out the 8% where we are refurbishing the space or need vacant possession to enable development.

Development
In addition to the two West End schemes we started earlier this year, we have a further two schemes on site at 184/190 Oxford Street, W1 and 24/25 Britton Street, EC1. In addition we have seven schemes which could start by the end of 2011 giving us around 1.8 million sq. ft. that could be delivered by mid 2013. Beyond that, our pipeline includes a further 15 projects giving us a total programme of 2.9 million sq. ft., covering 51% of GPE's existing portfolio.

Leasing. The 47,000 sq. ft. Woolyard, Bermondsey Street, SE1 project is now over 98% let or under offer following seven leasing transactions during the first half. At our refurbishment project at 184/190 Oxford Street, W1, we have pre-let the retail unit, to international fashion retailer Aldo, for an annual rent of £920,000 on a ten year term.
Projects on Site. The demolition of the existing buildings at Marcol House, 289/295 Regent Street, W1, and at 23/24 Newman Street, W1 is well underway. We are targeting practical completion of the larger office scheme in summer 2012 and the residential project in 2011.
We have recently commenced the residential element of our mixed use scheme at Wigmore Street, W1 and will potentially start the office component in the first half of 2011. At 24/25 Britton Street, EC1 we have pre-let the entire 51,000 sq. ft. development to Kurt Geiger for £1.5 million p.a. on a 15 year clear term lease. The refurbishment will start immediately.
At 240 Blackfriars Road, SE1 we have implemented the planning consent on our 235,000 sq. ft. development scheme by commencing preliminary ground works on the site. We are continuing with detailed design work to prepare the site for commencement in 2011.
Project preparation. The 100 Bishopsgate Partnership, our joint venture with Brookfield Properties, has made good progress in preparing this major City development for a potential start date during 2011, subject to a variety of partner approvals. Detailed design and specification studies have identified project improvements which could allow an increase in lettable area up from 815,000 sq. ft. to 925,000 sq. ft.

We continue to prepare schemes at Walmar House, Regent Street, W1 and Fetter Lane, EC4 for a potential start over the next 18 months. At Hanover Square, W1, discussions on our masterplan proposals continue with Crossrail and, having received a favourable response from a number of stakeholders to our design proposals, we anticipate submitting a planning application during the next six months.

Valuation

Valuation is accompanied by graphics (see Appendix 2)

The valuation of the Group's properties as at 30 September 2010, including our share of gross assets in joint venture, was £1,455.5 million, up 7.3% or £85.7 million on a like-for-like basis, net of capital expenditure, since 31 March 2010. Acquisitions increased the half year end portfolio value by £123.7 million. Wholly-owned properties were valued at £866.9 million and the Group had seven joint ventures which owned properties valued at £588.6 million (Group share) at 30 September 2010.

The second quarter saw a like-for-like valuation increase of 2.6%, lower than the 4.6% recorded the first quarter. This valuation rise was due to a consistent improvement in rental values and a modest fall in investment yields.

The key drivers behind the Group's valuation movement for the six month period were:

- Rental value growth – Since the start of the financial year, rental values have grown 5.1%. Office rental values have increased by 5.6%, with retail rental values rising by 2.7%. Growth in rental values was evenly spread over the first two quarters;
- Intensive asset management – During the period, 62 new leases, rent reviews and renewals were completed securing £5.4 million (our share) of annual income and reducing voids which supported valuation growth over the period;
- Development Properties – Significant growth of 21.1% increased their valuation to £68.0 million; and
- Favourable yield shift – Equivalent yields contracted by 21 basis points over the six month period (2009: 34 basis points) from 5.5% to 5.3% on a like-for-like basis, as investor appetite remained strong.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 30 September 2010 was 5.0%, 30 basis points lower than at the start of the financial year.

Our North of Oxford Street portfolio produced the strongest performance by geographic sector over the first half, increasing in value by 7.6% on a like-for-like basis. City and Southwark assets saw a 4.2% uplift in values and the Rest of West End properties grew by 6.5%. Our joint venture properties rose in value by 6.1% compared to a 6.9% rise for the wholly-owned portfolio over the half year.

The Group delivered a total property return ("TPR") for the half year of 10.1%, compared to the central London IPD benchmark of 8.3%. This out performance was driven by our holdings North of Oxford Street and development projects.

Our financial position

Our business is accompanied by graphics (see Appendix 3)

Financial results

Overall, the financial results have been in line with our expectations as valuations have boosted the balance sheet numbers and, compared to last year, the income statement had higher joint venture profits and a reduced interest expense.

Net asset value
Adjusted net assets per share at 30 September 2010 was 314 pence per share, an increase of 11.0% in the last six months, largely because of the rise in value of the property portfolio. At 30 September 2010, the Group's net assets were £972.2 million, up from £876.7 million at 31 March 2010.

The main factors behind the 31 pence per share increase in adjusted net assets per share ("NAV") from the 31 March 2010 value were:

- the rise of 29 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 4 pence;
- a further payment by Transport for London for 18/19 Hanover Square, W1 enhanced NAV by 5 pence per share;
- adjusted earnings for the half year of 5 pence per share enhanced NAV;
- the second interim dividend of 5 pence paid in April 2010 also impacted NAV; and
- other items including the purchase of shares in our LTIP trust and pension movements reduced net assets by a further 3 pence per share.

Triple net assets per share ("NNNAV") was 316 pence per share at 30 September 2010 compared to 291 pence per share at 31 March 2010 (up 8.6%). At year end the difference between adjusted net assets per share and NNNAV was the positive mark to market of debt of 2 pence, mainly arising from the low interest rate of the Group's 2029 debenture. There was no net movement in deferred tax provisions during the period.

Income statement and earnings per share
Adjusted profit before tax at £15.0 million was 11.1% higher than the same period last year driven by increased joint venture profits and lower interest charges.

Rental income from wholly-owned properties and joint venture fees for the period were £21.9 million and £1.6 million respectively, generating a combined income of £23.5 million, down 1.7% on last year. Including our share of joint venture rental income, total Group revenue was £37.1 million, up 10.4% on the same period in 2009. Rental income was higher than last year due to recent acquisitions and the effect of rent reviews, lease renewals and new lettings.

Property costs for the wholly-owned properties were down at £1.6 million (2009: £2.1 million) whilst administration costs were £2.6 million up on last year at £8.6 million driven by increased head count, higher provisions for bonuses and share based incentive schemes. Adjusted profits from joint ventures (excluding valuation movements and gains/losses on property sales) were £6.7 million, up from £4.3 million on last year, mainly due to the acquisition of 103/113 Regent St, W1, City Place House and City Tower, EC2 and the creation of the 100 Bishopsgate Partnership which increased rental income this year versus last year. Underlying net finance costs were 24.2% lower at £5.0 million due to the repayment of debt at the Group level and lower interest rates.

Adjusted earnings per share were 4.8 pence, 11.1% lower than last year as a consequence of the higher weighted average number of shares as a result of last year's rights issue which completed in June 2009.

Revaluation gains and solid underlying profits enabled the Group to report an accounting profit after tax of £115.8 million (2009: £30.0 million loss). Basic EPS for the six months was 37.3 pence, compared to 12.2 pence loss for 2009.

Results of joint ventures
The Group's net investment in joint ventures was £402.6 million, greater than the comparative at 31 March 2010 of £332.4 million, largely due to valuation increases of £35.3 million and the creation of the GSP joint venture. Our share of joint venture net rental income was £13.6 million, up on £9.7 million for the same period last year, as a result of new joint ventures described above. The underlying joint venture profits are stated after charging £1.6 million of GPE management fees (2009: £1.5 million).

Our share of non-recourse net debt in the joint ventures rose to £165.9 million at 30 September 2010 from £126.6 million at 31 March 2010 due to the refinancing of GSP.

Financial resources and capital management
Cash generated from operations was £26.5 million, compared to a £1.1 million outflow last year due to increased underlying profits and movements in working capital. Group consolidated net debt was £285.1 million at 30 September 2010 up from £232.6 million at 31 March 2010 as a consequence of acquisitions and development capex partly mitigated by disposals and operational cash flow. The Group invested £35.3 million in wholly owned acquisitions and £28.4 million in joint ventures whilst disposals of properties, including the portion of the Hanover Square receipt received in the period, generated £28.4 million in net proceeds. Group gearing rose to

29.3% at 30 September 2010 from 26.5% at 31 March 2010 as higher debt levels prevailed over the portfolio valuation rise. We expect the gearing ratio to increase gradually in the coming years as the programme of development and acquisition investment continues.

Including the non-recourse debt in the joint ventures, total net debt was £451.0 million (31 March 2010: £359.2 million) equivalent to a loan to value ratio of 31.0% (31 March 2010: 28.8%). The Group, including its joint ventures, is operating with substantial headroom over its bank and debenture covenants.

In the summer we negotiated a 2015 term loan in the GSP joint venture, our share of which is £39.8 million. In November, we replaced the Group’s £300 million facility which was due to mature in March 2012 and a £50 million facility which was due to mature in November 2010 with a new £350 million five year revolving credit facility with a small group of relationship banks. The new facility has a margin grid related to gearing which varies from 155 to 230 basis points.

Taken together, we have executed two new 2015 facilities of £390 million which takes the place of £350 million of short term arrangements, so extending the debt maturity profile of the Group.

At 30 September 2010, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £446.6 million. The Group’s weighted average interest rate, including joint venture debt for the period, was 4.1%, a decrease of 71 basis points compared to the year to 31 March 2010. This was mainly due to our exposure to low short-term floating rates. At 30 September 2010, 65% of the Group’s total debt (including non-recourse joint ventures) was at fixed or capped rates (31 March 2010: 61%). Interest cover for the half year improved to 4.1x (year to 31 March 2010: 3.4x).

Cash collection and tenant delinquencies
The quarterly cash collection profile has been broadly similar throughout 2010. We secured over 91% of rent after seven working days following the quarter day (March 2010: 93%). Tenants on monthly payment terms represent around 7.5% of our rent roll. Two of our tenants went into administration around September 2010 quarter day, accounting for approximately 0.3% of rent roll (March 2010: four tenants, 0.5% of rent roll), the largest being a small media company in a property north of Oxford Street.

Taxation
The tax provision on the income statement for the half year was £1.0 million (2009: £0.2 million) as a result of the REIT conversion charge on the purchase of 35 Portman Square, W1. The low level of underlying taxable profits for the year meant the Group’s underlying effective tax rate was 0% (2009: 1%). The Group complied with all relevant REIT tests for the half year to 30 September 2010.

Dividend
The Board has declared an interim dividend of 3.1 pence per share (2009: 3.0 pence) which will be paid in January 2011. None of this interim dividend will be a REIT Property Income Distribution (PID) in respect of the Group’s tax exempt property rental business. Further information on the tax treatment of dividends can be found on the Group’s website at www.gpe.co.uk/investors/reits/

Outlook
Growth rates in London’s investment markets have slowed, as expected, over the past four quarters. Whilst there continues to be a surfeit of buyers over sellers, particularly from overseas, we believe these more sedate conditions will persist into 2011 as the uncertain macro environment will continue to affect sentiment in the short term. Looking ahead, we remain confident that London will retain its status as a leading financial centre.

We continue to be encouraged by the level of tenant demand across our portfolio, and we have delivered another quarter of good letting activity, with solid rental value growth and a consistently low void rate. This bodes well for our 1.8 million sq. ft. near term development programme where we expect to start seven schemes during 2011 to add to the four currently on site.

With some strong acquisitions during the half, adding to our portfolio rich with opportunity, and low financial gearing providing ample capacity for further selective purchases and developments, we look to the future with confidence.

Group income statement

For the six months ended 30 September 2010

Year to 31 March 2010 Audited £m		Notes	**Six months to 30 September 2010 Unaudited £m**	Six months to 30 September 2009 Unaudited £m
45.7	Rental income	2	**21.9**	22.4
3.0	Joint venture fee income	9	**1.6**	1.5
48.7	Rental and joint venture fee income		**23.5**	23.9
6.0	Service charge income		**2.7**	3.3
(7.2)	Service charge expenses		**(3.7)**	(3.8)
(1.2)			**(1.0)**	(0.5)
(2.8)	Other property expenses		**(0.6)**	(1.6)
44.7	**Net rental and related income**		**21.9**	21.8
(12.6)	Administrative expenses		**(8.6)**	(6.0)
0.1	Development management profit		–	–
32.2	**Operating profit before surplus/(deficit) on investment property and results of joint ventures**		**13.3**	15.8
89.8	Surplus/(deficit) from investment property	7	**70.0**	(24.5)
59.0	Share of results of joint ventures	9	**41.3**	(4.6)
181.0	**Operating profit/(loss) before financing costs**		**124.6**	(13.3)
0.4	Finance income	3	**0.7**	0.1
(13.2)	Finance costs	4	**(6.9)**	(6.6)
(11.6)	Loss on cancellation of derivatives		**(1.6)**	(10.0)
156.6	**Profit/(loss) before tax**		**116.8**	(29.8)
(0.2)	Tax	5	**(1.0)**	(0.2)
156.4	**Profit/(loss) for the period**		**115.8**	(30.0)
55.5p	**Basic and diluted earnings/(loss) per share**	6	**37.3p**	(12.2)p
10.1p	**Adjusted earnings per share**	6	**4.8p**	5.4p

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

Group statement of comprehensive income

For the six months ended 30 September 2010

Year ended 31 March 2010 Audited £m		**Six months to 30 September 2010 Unaudited £m**	Six months to 30 September 2009 Unaudited £m
0.2	Fair value movement on derivatives in effective hedging relationships	–	0.2
0.1	Fair value movement on derivatives in joint ventures in effective hedging relationships	**(0.2)**	0.9
11.6	Loss on cancellation of derivatives	**1.6**	10.0
(1.0)	Actuarial deficit on defined benefit scheme	**(1.7)**	(1.2)
0.2	Deferred tax on actuarial deficit on defined benefit scheme	–	0.2
11.1	Net (loss)/gain recognised directly in equity	**(0.3)**	10.1
156.4	Profit/(loss) for the period	**115.8**	(30.0)
167.5	**Total comprehensive income for the period**	**115.5**	(19.9)

Group balance sheet

At 30 September 2010

Year to 31 March 2010 Audited £m		Notes	**30 September 2010 Unaudited £m**	30 September 2009 Unaudited £m
	Non-current assets			
774.9	Investment property	7	**868.9**	737.2
1.2	Plant and equipment	8	**1.3**	1.4
332.4	Investment in joint ventures	9	**402.6**	179.5
1,108.5			**1,272.8**	918.1
	Current assets			
32.8	Trade and other receivables	10	**13.3**	10.1
0.8	Corporation tax receivable		–	0.8
45.7	Cash and cash equivalents		**7.8**	2.7
79.3			**21.1**	13.6
1,187.8	**Total assets**		**1,293.9**	931.7
	Current liabilities			
30.6	Trade and other payables	11	**24.5**	24.2
–	Corporation tax payable		**0.2**	–
30.6			**24.7**	24.2
	Non-current liabilities			
278.3	Interest-bearing loans and borrowings	12	**293.1**	207.3
2.0	Obligations under finance leases		**2.0**	2.0
0.2	Pension liability		**1.9**	0.6
280.5			**297.0**	209.9
311.1	**Total liabilities**		**321.7**	234.1
876.7	**Net assets**		**972.2**	697.6
	Equity			
39.1	Share capital	13	**39.1**	39.1
218.1	Share premium		**218.1**	218.1
16.4	Capital redemption reserve		**16.4**	16.4
(4.6)	Hedging reserve		**(3.0)**	(6.2)
608.0	Retained earnings		**706.2**	431.5
(0.3)	Investment in own shares	14	**(4.6)**	(1.3)
876.7	**Total equity**		**972.2**	697.6
280p	**Net assets per share**	6	**311p**	223p
283p	**Adjusted net assets per share**	6	**314p**	225p

Group statement of cash flows

For the six months ended 30 September 2010

Year to 31 March 2010 Audited £m		Notes	**Six months to 30 September 2010 Unaudited £m**	Six months to 30 September 2009 Unaudited £m
	Operating activities			
181.0	Operating profit/(loss) before financing costs		**124.6**	(13.3)
(150.3)	Adjustments for non-cash items	15	**(111.0)**	27.8
(26.2)	Decrease/(increase) in receivables		**23.2**	(4.5)
2.9	(Decrease)/increase in payables		**(4.6)**	(3.9)
7.4	**Cash generated by operations**		**32.2**	6.1
0.4	Interest received		**–**	0.1
(12.5)	Interest paid		**(5.7)**	(7.3)
(4.7)	**Cash flows from operating activities**		**26.5**	(1.1)
	Investing activities			
(44.0)	Purchase of interests in joint ventures		**(14.8)**	–
40.7	Distributions from joint ventures		**–**	39.2
(55.2)	Purchase and development of property		**(35.3)**	(3.6)
168.7	Sale of properties		**28.4**	39.7
110.2	**Cash flows from investing activities**		**(21.7)**	75.3
	Financing activities			
166.4	Issue of share capital – net proceeds from rights issue		**–**	166.4
(100.0)	Borrowings repaid		**(7.0)**	(171.0)
(18.2)	Cancellation of derivatives		**–**	(18.2)
(2.3)	Purchase of derivatives		**–**	–
(86.1)	Funds to joint ventures		**(13.6)**	(39.2)
(3.5)	Purchase of shares for employee share plans		**(5.6)**	(3.4)
(23.4)	Equity dividends paid		**(16.5)**	(13.4)
(67.1)	**Cash flows utilised in financing activities**		**(42.7)**	(78.8)
38.4	Net (decrease)/increase in cash and cash equivalents		**(37.9)**	(4.6)
7.3	Cash and cash equivalents at 1 April		**45.7**	7.3
45.7	**Cash and cash equivalents at balance sheet date**		**7.8**	2.7

Group statement of changes in equity

For the six months ended 30 September 2010 (unaudited)

	Share Capital £m	Share Premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained Earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2010	**39.1**	**218.1**	**(4.6)**	**16.4**	**608.0**	**(0.3)**	**876.7**
Profit for the period	–	–	–	–	**115.8**	–	**115.8**
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	**(0.2)**	–	**(0.2)**
Loss on cancellation of derivatives	–	–	**1.6**	–	–	–	**1.6**
Actuarial deficit on defined benefit scheme	–	–	–	–	**(1.7)**	–	**(1.7)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	–	**1.2**	**1.2**
Purchase of shares for employee share plans	–	–	–	–	–	**(5.6)**	**(5.6)**
Transfer to retained earnings	–	–	–	–	**(0.1)**	**0.1**	–
Dividends	–	–	–	–	**(15.6)**	–	**(15.6)**
Total equity at 30 September 2010	**39.1**	**218.1**	**(3.0)**	**16.4**	**706.2**	**(4.6)**	**972.2**

Group statement of changes in equity

For the six months ended 30 September 2009 (unaudited)

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

Group statement of changes in equity

For the year ended 31 March 2010 (audited)

	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2009	22.6	68.2	(16.4)	16.4	478.0	(0.2)	568.6
Profit for the year	–	–	–	–	156.4	–	156.4
Loss on termination of derivatives	–	–	11.6	–	–	–	11.6
Actuarial deficit on defined benefit scheme	–	–	–	–	(1.0)	–	(1.0)
Deferred tax on actuarial deficit on defined benefit scheme	–	–	–	–	0.2	–	0.2
Fair value movement on derivatives in effective hedging relationships	–	–	0.2	–	–	–	0.2
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	0.1	–	0.1
Purchase of shares for employee share plans	–	–	–	–	–	(3.5)	(3.5)
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	–	1.5	1.5
Issue of shares – rights issue	16.5	149.9	–	–	–	–	166.4
Dividends to shareholders	–	–	–	–	(23.8)	–	(23.8)
Transfer to retained earnings	–	–	–	–	(1.9)	1.9	–
Total equity at 31 March 2010	39.1	218.1	(4.6)	16.4	608.0	(0.3)	876.7

Notes forming part of the half year report

1 Basis of preparation

The financial information contained in this report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The full financial statements for the year ended 31 March 2010 were prepared under IFRS and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006, and, together with an unqualified audit report in accordance with section 495 of the Companies Act 2006 which did not draw attention to any matters by way of emphasis, have been delivered to the Registrar of Companies.

The annual financial statements of Great Portland Estates plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The Group has only one reportable operating segment as disclosed in the Groups latest annual audited financial statements. The same accounting policies, presentations and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

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

Going concern

Details of the market in which the Group operates, together with factors likely to affect its future development and performance are set out in the 'Our market' and 'Our business' sections of this report. The financial position of the Group, its liquidity position and borrowing facilities are described in 'Our financial position' and in the notes of the half year results.

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

2 Rental income

Year to 31 March 2010 £m		**Six months to 30 September 2010 £m**	Six months to 30 September 2009 £m
42.9	Gross rental income	**21.2**	20.8
2.9	Capitalised lease incentives	**0.9**	1.7
(0.1)	Ground rents	**(0.2)**	(0.1)
45.7		**21.9**	22.4

3 Finance income

Year to 31 March 2010 £m		**Six months to 30 September 2010 £m**	Six months to 30 September 2009 £m
–	Interest on short-term deposits	–	0.1
0.4	Interest on joint venture balances	**0.7**	–
0.4		**0.7**	0.1

4 Finance costs

Year to 31 March 2010 £m		**Six months to 30 September 2010 £m**	Six months to 30 September 2009 £m
3.8	Interest on bank overdrafts and loans	**1.5**	2.7
8.1	Interest on debentures	**4.1**	4.1
0.3	Interest on obligations under finance leases	**0.1**	0.2
12.2	Gross finance costs	**5.7**	7.0
(0.2)	Less: capitalised interest	**–**	(0.3)
12.0		**5.7**	6.7
1.2	Fair value movement on derivatives in ineffective hedging relationships	**1.2**	(0.1)
13.2		**6.9**	6.6

5 Tax

Year to 31 March 2010 £m		**Six months to 30 September 2010 £m**	Six months to 30 September 2009 £m
	Current tax		
–	UK corporation tax	**1.1**	–
–	Tax (over)/underprovided in previous years	**(0.1)**	–
–	Total current tax	**1.0**	–
0.2	**Deferred tax**	**-**	0.2
0.2	Tax charge for the period	**1.0**	0.2

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

Year to 31 March 2010 £m		**Six months to 30 September 2010 £m**	Six months to 30 September 2009 £m
156.6	Profit/(loss) before tax	**116.8**	(29.8)
43.8	Tax charge/(credit) on profit/(loss) at standard rate of 28% (2009: 28%)	**32.7**	(8.3)
(44.6)	Non-taxable revaluation (surplus)/deficit	**(25.2)**	8.7
(0.3)	REIT tax-exempt rental income and gains	**(8.1)**	(0.7)
-	REIT conversion charge in respect of corporate acquisition	**1.1**	-
-	Previous years’ corporation tax	**(0.1)**	-
1.3	Other	**0.6**	0.5
0.2	Tax charge for the period	**1.0**	0.2

During the period £nil (2009: £0.2 million) of deferred tax was credited directly to equity in respect of the Group’s pension fund. The Group’s deferred tax at 30 September 2010 is £nil (2009: £nil).

A deferred tax asset of £8.6 million (2009: £7.0 million), mainly relating to tax losses carried forward at 30 September 2010 and the fair value of derivatives, was not recognised because it is uncertain whether future taxable profits against which these losses can be offset will arise.

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

6 Earnings and net assets per share

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

Weighted average number of ordinary shares

Year to 31 March 2010 No. of shares		**Six months to 30 September 2010 No. of shares**	Six months to 30 September 2009 No. of shares
181,023,034	Issued ordinary share capital at 1 April	**312,676,149**	181,023,034
101,715,557	Rights issue	**–**	66,186,265
(851,512)	Investment in own shares	**(2,281,896)**	(395,689)
281,887,079	Basic and diluted weighted average number of ordinary shares	**310,394,253**	246,813,610

Basic, diluted and adjusted earnings per share

Year to 31 March 2010 Earnings per share pence		**Six months to 30 September 2010 Profit after tax £m**	**Six months to 30 September 2010 Earnings per share pence**	Six months to 30 September 2009 Profit/(loss) after tax £m	Six months to 30 September 2009 Earnings/(loss) per share pence
55.5	Basic and diluted	**115.8**	**37.3**	(30.0)	(12.2)
(31.8)	(Surplus)/deficit from investment property	**(70.0)**	**(22.6)**	24.5	10.0
(18.2)	(Surplus)/deficit from joint venture property	**(35.3)**	**(11.3)**	9.0	3.6
0.4	Movement in fair value of derivatives	**1.2**	**0.4**	(0.1)	–
–	Movement in fair value of derivatives in joint ventures	**0.7**	**0.2**	(0.1)	–
4.1	Loss on cancellation of derivatives	**1.6**	**0.5**	10.0	4.0
–	Conversion charge	**1.0**	**0.3**	–	–
0.1	Conversion charge in joint ventures	**–**	**–**	–	–
10.1	Adjusted (diluted)	**15.0**	**4.8**	13.3	5.4

Net assets per share

31 March 2010 Net assets per share pence		**30 September 2010 Shareholders' funds £m**	**30 September 2010 No. of shares million**	**30 September 2010 Net assets per share pence**	30 September 2009 Shareholders' funds £m	30 September 2009 No. of shares million	30 September 2009 Net assets per share pence
280	Basic and diluted	**972.2**	**312.7**	**311**	697.6	312.7	223
11	Fair value of financial liabilities	**16.1**		**5**	28.9		9
291	Diluted triple net assets	**988.3**		**316**	726.5		232
(11)	Fair value of financial liabilities	**(16.1)**		**(5)**	(28.9)		(9)
–	Fair value of derivatives	**0.2**		**–**	–		–
3	Fair value of derivatives in joint ventures	**9.0**		**3**	7.2		2
283	Adjusted net assets	**981.4**		**314**	704.8		225

7 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2010	**618.9**	**138.8**	**757.7**
Acquisitions	**–**	**149.6**	**149.6**
Costs capitalised	**2.4**	**0.8**	**3.2**
Disposals	**(18.2)**	**(95.8)**	**(114.0)**
Transfer from investment property – development	**17.5**	**–**	**17.5**
Net valuation surplus on investment property	**37.1**	**17.8**	**54.9**
Book value at 30 September 2010	**657.7**	**211.2**	**868.9**

Investment property – development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2010	**17.2**	**–**	**17.2**
Costs capitalised	**0.3**	**–**	**0.3**
Transfer to investment property	**(17.5)**	**–**	**(17.5)**
Book value at 30 September 2010	–	–	–
Book value of total investment property at 30 September 2010	**657.7**	**211.2**	**868.9**

	30 September 2010 £m	30 September 2009 £m
Net valuation surplus/(deficit) on investment property	**54.9**	(20.9)
Profit/(loss) on sale of investment properties	**15.1**	(3.6)
Surplus/(deficit) from investment property	**70.0**	(24.5)

The investment and properties were valued on the basis of Market Value by CB Richard Ellis, external valuers, as at 30 September 2010 in accordance with the sixth edition of the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuation has been primarily derived using comparable recent market transactions on arm's length terms. CBRE have advised us that the total fees paid by the Group represent less than five per cent of their total revenue in any year. The book value of investment properties includes £2.0 million (2009: £2.0 million) in respect of the present value of future ground rents net of these amounts the market value of the investment properties is £866.9 million. At 30 September 2010 the Group had capital commitments of £nil million (2009: £nil million).

8 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	**–**	**0.3**	**0.3**
At 30 September 2010	**2.0**	**1.2**	**3.2**
Depreciation			
At 1 April 2010	**0.9**	**0.8**	**1.7**
Charge for the period	**0.1**	**0.1**	**0.2**
At 30 September 2010	**1.0**	**0.9**	**1.9**
Carrying amount at 31 March 2010	**1.1**	**0.1**	**1.2**
Carrying amount at 30 September 2010	**1.0**	**0.3**	**1.3**

9 Investment in joint ventures

	Equity £m	Balances with partners £m	Total £m
At 1 April 2010	**355.8**	**(23.4)**	**332.4**
Movement on joint venture balances	**–**	**14.3**	**14.3**
Acquisitions	**14.8**	**–**	**14.8**
Share of profit of joint ventures	**6.0**	**–**	**6.0**
Share of revaluation surplus of joint ventures	**31.5**	**3.8**	**35.3**
Share of results of joint ventures	**37.5**	**3.8**	**41.3**
Fair value movements on derivatives taken to equity	**(0.2)**	**–**	**(0.2)**
Distributions	**–**	**–**	**–**
At 30 September 2010	**407.9**	**(5.3)**	**402.6**

In July 2010 the Great Star Partnership was formed with an affiliate of Starwood Capital Group Global, L.P. In a series of transactions it acquired City Tower, 40 Basinghall Street, EC2 and City Place House, 55 Basinghall Street EC2.

The investments in joint ventures are all resident in the United Kingdom and comprise the following:

Ownership 31 March 2010		**Ownership 30 September 2010**	Ownership 30 September 2009
50%	The 100 Bishopsgate Partnership	50%	–
100%	G.P.E. Marcol House Limited*	100%	–
50%	The Great Capital Partnership	50%	50%
50%	The Great Ropemaker Partnership	50%	50%
–	The Great Star Partnership	50%	–
50%	The Great Victoria Partnership	50%	50%
50%	The Great Wigmore Partnership	50%	50%

* G.P.E. Marcol House is designated as a joint venture due to the nature of the Group's relationship with Eurohypo whereby control over the joint venture's development properties is shared.

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

31 March 2010 £m		**30 September 2010 £m**	30 September 2009 £m
88.9	Movement on joint venture balances during the period	**18.1**	(39.2)
23.4	Balances outstanding at the period end from joint ventures	**5.3**	73.1
40.7	Distributions	**–**	39.2
3.0	Fee income	**1.6**	1.5

The joint ventures have bank loans with a total nominal value of £361.4 million. The Great Capital Partnership has a £225 million facility which is secured, attracts a floating rate of between 0.75% and 1.15% above LIBOR and expires in 2013. The Great Victoria Partnership has a £56.8 million facility which is secured, attracts a fixed rate of 5.495% and expires in 2012. The Great Star Partnership has an £79.6 million secured credit facility, which attracts a floating rate of 1.90% above LIBOR and expires in 2015. All interest bearing loans are in sterling. At 30 September 2010 the joint ventures had £nil undrawn facilities (2009: £nil).

The Great Capital Partnership has four interest rate swaps and an interest rate collar with notional principal amounts of £143.8 million and £25.0 million respectively. The interest rate swaps and collar expire coterminously with the bank loan in 2013. The weighted average contracted fixed interest rate for the interest rate swaps was 5.27%, and the collar has a floor of 4.845% and a cap of 6.5%. The Great Star Partnership has an interest rate swap with a fixed interest rate of 2.715% and a notional principal amount £39.8 million and an interest rate cap at 4.0% with a notional principal amount £39.8 million. The interest rate swap and cap expire coterminously with the bank loan in 2015.

At 30 September 2010 the negative fair value of these derivatives was £18.0 million (our share £9.0 million), (2009: £8.3 million).

The investment properties include £25.5 million (2009: £7.7 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 £588.6 million. At 30 September 2010 the Group's share of joint venture capital commitments was £2.9 million (2009: £nil million).

9 Investment in joint ventures (continued)

Summarised balance sheets

31 March 2010 Total £m		The 100 Bishopsgate Partnership £m	G.P.E. Marcol House Limited £m	Great Capital Partnership £m	Great Ropemaker Partnership £m	Great Star Partnership £m	Great Victoria Partnerships £m	Great Wigmore Partnership £m	30 September 2010 Total £m	30 September 2009 Total £m
483.2	Investment property	**47.4**	**59.4**	**284.8**	**31.3**	**79.2**	**81.1**	**30.9**	**614.1**	326.5
17.3	Current assets	**2.0**	**1.2**	**9.9**	**1.0**	**2.2**	**2.2**	**0.5**	**19.0**	16.7
23.4	Balances to/(from) partners	**(2.0)**	**(42.2)**	**88.6**	**(17.8)**	**(14.6)**	**(5.5)**	**(1.2)**	**5.3**	73.1
(140.3)	Bank loans	**–**	**–**	**(112.1)**	**–**	**(39.3)**	**(28.3)**	**–**	**(179.7)**	(140.3)
(8.2)	Derivatives	**–**	**–**	**(8.4)**	**–**	**(0.6)**	**–**	**–**	**(9.0)**	(7.2)
(11.2)	Current liabilities	**(2.0)**	**(2.5)**	**(6.5)**	**(0.5)**	**(2.3)**	**(1.9)**	**(0.6)**	**(16.3)**	(8.5)
(8.4)	Finance leases	**–**	**–**	**(8.4)**	**(6.1)**	**(11.0)**	**–**	**–**	**(25.5)**	(7.7)
355.8	Net assets	**45.4**	**15.9**	**247.9**	**7.9**	**13.6**	**47.6**	**29.6**	**407.9**	252.6

Summarised income statements

19.8	Net rental income	**2.3**	**0.2**	**7.3**	**0.6**	**1.1**	**1.7**	**0.4**	**13.6**	9.7
(2.8)	Property and administration costs	**(0.2)**	**(0.1)**	**(0.7)**	**(0.1)**	**(0.2)**	**(0.2)**	**(0.2)**	**(1.7)**	(1.3)
(8.8)	Net finance costs	**–**	**–**	**(3.1)**	**(0.6)**	**(0.7)**	**(0.8)**	**–**	**(5.2)**	(4.1)
(0.5)	Movement in fair value of derivatives	**–**	**–**	**(0.1)**	**–**	**(0.6)**	**–**	**–**	**(0.7)**	0.1
7.7	Share of profit of joint ventures	**2.1**	**0.1**	**3.4**	**(0.1)**	**(0.4)**	**0.7**	**0.2**	**6.0**	4.4
47.4	Revaluation of investment property	**0.4**	**5.8**	**14.9**	**2.3**	**(0.9)**	**4.7**	**4.3**	**31.5**	(10.0)
1.1	Profit on sale of investment property	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	1.0
56.2	Share of results of joint ventures	**2.5**	**5.9**	**18.3**	**2.2**	**(1.3)**	**5.4**	**4.5**	**37.5**	(4.6)

10 Trade and other receivables

31 March 2010 £m		**30 September 2010 £m**	30 September 2009 £m
3.6	Trade receivables	**5.9**	4.1
(0.4)	Allowance for doubtful debts	**(0.4)**	(0.4)
3.2		**5.5**	3.7
15.4	Prepayments and accrued income	**0.8**	1.0
13.1	Other trade receivables	**7.0**	5.4
1.1	Derivatives	**–**	–
32.8		**13.3**	10.1

11 Trade and other payables

31 March 2010 £m		**30 September 2010 £m**	30 September 2009 £m
10.3	Trade payables	**10.7**	11.5
20.3	Non-trade payables and accrued expenses	**13.8**	12.7
30.6		**24.5**	24.2

12 Interest-bearing loans and borrowings

31 March 2010 £m		**30 September 2010 £m**	30 September 2009 £m
	Non-current liabilities		
	Secured		
144.3	£142.9 million 5 5/8% debenture stock 2029	**144.2**	144.3
	Unsecured		
134.0	Bank loans	**148.7**	63.0
	Non-current liabilities at fair value		
–	Derivatives	**0.2**	–
278.3		**293.1**	207.3

The Group has three floating rate revolving credit facilities of £300 million, £200 million and £50 million and a term loan of £22 million.

The £300 million facility is unsecured, attracts a floating rate of 0.525% above LIBOR and was due to expire in March 2012, this facility was cancelled on 10 November 2010. The £200 million facility is unsecured, attracts a floating rate of 0.50% above LIBOR and expires in July 2012. The £50 million facility is unsecured, attracts a floating rate of 0.65% above LIBOR and expires in November 2010. The £22 million term loan is secured, attracts a floating rate of 2.25% above LIBOR and expires in October 2013, this loan was repaid in full on 1 November 2010. All interest bearing loans and borrowings are in sterling. At 30 September 2010 the Group had £424 million (2009: £488 million) of undrawn credit facilities

At 30 September 2010, properties with a carrying value of £322.4 million (2009: £244.3 million) were secured under first mortgage debenture stock.

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

	Average contracted fixed interest rate		Notional principal amount		Fair value	
Cash flow hedges	**2010 %**	2009 %	**2010 £m**	2009 £m	**2010 £m**	2009 £m
Interest rate swaptions						
In excess of five years	**4.0%**	–	**100.0**	–	**–**	–
Interest rate swaps						
Between two and five years	**1.9%**	–	**11.0**	–	**(0.2)**	–
	3.8%	–	**111.0**	–	**(0.2)**	–

12 Interest-bearing loans and borrowings (continued)

Fair value of financial liabilities

31 March 2010 Book value £m	31 March 2010 Fair value £m		**30 September 2010 Book value £m**	**30 September 2010 Fair value £m**	30 September 2009 Book value £m	30 September 2009 Fair value £m
278.3	245.4	Non-current liabilities at amortised cost	**292.9**	**276.8**	207.3	178.4
(1.1)	(1.1)	Non-current assets held at fair value	–	–	–	–
–	–	Non-current liabilities held at fair value	**0.2**	**0.2**	–	–
277.2	244.3		**293.1**	**277.0**	207.3	178.4

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

13 Share capital

Year to 31 March 2010 Number	Year to 31 March 2010 £m		**Six months to 30 September 2010 Number**	**Six months to 30 September 2010 £m**	Six months to 30 September 2009 £m	Six months to 30 September 2009 Number
		Allotted, called up and fully paid				
181,023,034	22.6	At the beginning of the period	**312,676,149**	**39.1**	181,023,034	22.6
131,653,115	16.5	Issue of new ordinary shares - rights issue	**–**	**–**	131,653,115	16.5
312,676,149	39.1	At the end of the period	**312,676,149**	**39.1**	312,676,149	39.1

14 Investment in own shares

Year to 31 March 2010 £m		**Six months to 30 September 2010 £m**	Six months to 30 September 2009 £m
0.2	At the beginning of the period	**0.3**	0.2
(1.5)	Employee Long-Term Incentive Plan and Share Matching Plan charge	**(1.2)**	(0.4)
3.5	Purchase of shares for employee share plans	**5.6**	3.4
(1.9)	Transfer to retained earnings	**(0.1)**	(1.9)
0.3	At the end of the period	**4.6**	1.3

The investment in the Company's own shares is held at cost and comprises 2,482,630 shares (2009: 1,022,179 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the period 324,768 shares (2009: 499,231 shares) were awarded to directors and senior employees in respect of the 2007 LTIP award.

The fair value of shares awarded and outstanding at 30 September 2010 was £10.4 million (2009: £9.2 million).

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

Year to 31 March 2010 £m		**Six months to 30 September 2010 £m**	Six months to 30 September 2009 £m
(89.8)	(Surplus)/deficit from investment property	**(70.0)**	24.5
1.5	Employee Long-Term Incentive and Share Matching Plan charge	**1.2**	0.4
(2.9)	Amortisation of capitalised lease incentives	**(0.9)**	(1.7)
(59.0)	Share of results from joint ventures	**(41.3)**	4.6
(0.1)	Other items	–	–
(150.3)	Adjustments for non-cash items	**(111.0)**	27.8

16 Dividends

The proposed interim dividend of 3.1 pence per share (2009: 3.0 pence per share) was approved by the Board on 10 November 2010 and is payable on 5 January 2011 to shareholders on the register on 19 November 2010. The dividend is not recognised as a liability in the half year report. The second 2010 interim dividend of £15.6 million was paid on 1 April 2010 and is included within the Group Statement of Changes in Equity.

17 Operating leases

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

31 March 2010 £m		**30 September 2010 £m**	30 September 2009 £m
	The Group as a lessor		
36.9	Less than one year	**39.8**	39.5
107.0	Between one and five years	**109.4**	101.8
91.4	More than five years	**83.1**	95.5
235.3		**232.3**	236.8

The Group leases its investment properties under operating leases. The weighted average length of lease at 30 September 2010 was 5.3 years (2009: 5.1 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the period (2009: £nil).

Directors’ responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’;

(b) the half-yearly report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the half -yearly report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By the order of the Board

Toby Courtauld	**Timon Drakesmith**
Chief Executive	Finance Director
10 November 2010	10 November 2010

Independent review report to Great Portland Estates plc

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 which comprises the group income statement, the group balance sheet, the group statement of cash flows, the group statement of comprehensive income, the group statement of changes in equity and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

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

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

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
10 November 2010

Directors and shareholders' information

Directors

Martin Scicluna
Chairman, Non-Executive

Toby Courtauld
Chief Executive

Timon Drakesmith
Finance Director

Neil Thompson
Portfolio Director

Charles Irby
Senior Independent Director

Jonathan Nicholls
Non-Executive Director

Phillip Rose
Non-Executive Director

Jonathan Short
Non-Executive Director

Shareholders' information

Financial calendar	2010
Ex-dividend date for interim dividend	17 November
Registration qualifying date for interim dividend	19 November
	2011
Interim dividend payable	5 January
Announcement of full year results	25 May*
Circulation of Annual Report and Accounts 2011	4 June*
Annual General Meeting	7 July*
Final dividend payable	12 July*

*Provisional.

Shareholder enquiries
All enquiries relating to holdings of shares, bonds or debentures in Great Portland Estates, including notification of change of address, queries regarding dividend/interest payments or the loss of a certificate, should be addressed to the Company's Registrars:
Capita Registrars
Northern House
Fenay Bridge
Huddersfield
HD8 0GA
Tel: 0871 664 0300 (from within the UK calls cost 10p per minute plus network extras, lines are open 8.30 am – 5.30 pm Monday to Friday). If you are calling from overseas please dial +44 208 639 3399.

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

Company Secretary
Desna Martin
Registered office
33 Cavendish Square
London W1G 0PW
Tel: 020 7647 3000
Fax: 020 7016 5500
Registered Number 596137

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

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

Online dealing - www.capitadeal.com

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

Glossary

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

Adjusted net assets per share
NAV adjusted to exclude deferred tax on capital allowances and property revaluations on a diluted basis.

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

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

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

F&BS
Finance and business services sector.

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

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

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

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

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

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

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

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

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

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

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

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

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

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

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

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

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

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

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

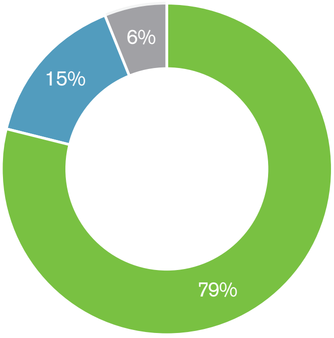
Voids
The element of a property which is unoccupied but available for letting, usually expressed as the ERV of the void space divided by the existing rent roll plus the ERV of the void space.

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

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

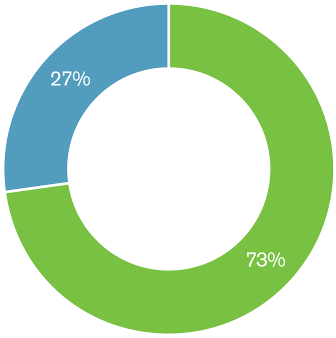
Appendix 1

Our locations[1]



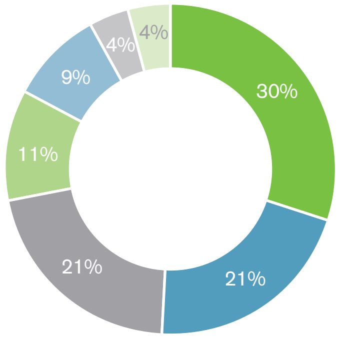
- West End £1,156.6 million
- City £211.9 million
- Southwark £87.0 million

Our business mix[1]



- Office £1,065.6 million
- Retail £389.9 million

Tenant diversity[1]

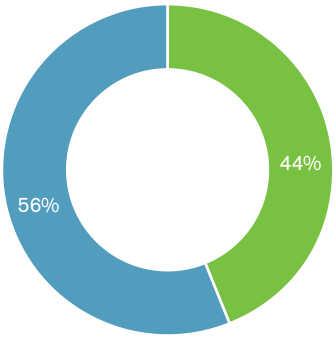


- Retailers and leisure
- Media and marketing
- Banking and finance
- Corporates
- Professional
- Government
- IT and telecoms

[1] Includes Group's share of joint ventures.

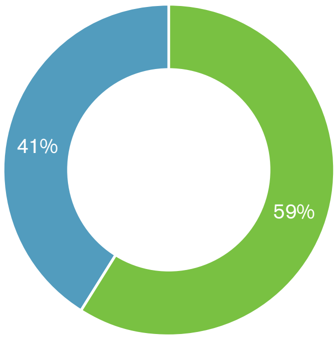
Joint venture business – contribution to the Group

Gross property assets[1]



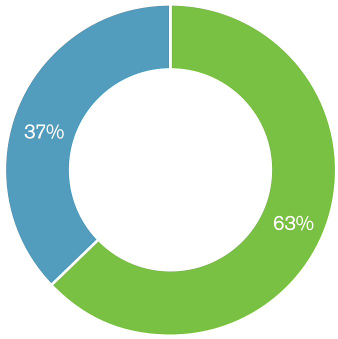
- Wholly-owned £866.9 million
- Joint ventures £1,117.8 million

Net assets[2]



- Wholly-owned £569.6 million
- Joint ventures £402.6 million

Net debt[2]



- Wholly-owned £285 million
- Joint ventures £166 million

[1] 100% values at 30 September 2010.
[2] GPE share.

Lease profile

At 30 September 2010

			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	23.9	(1.1)	22.8	3.5	0.9	4.4	27.2
		Retail	5.0	0.7	5.7	4.5	1.3	5.8	11.5
	Rest of West End	Office	3.5	(0.1)	3.4	7.3	(0.4)	6.9	10.3
		Retail	2.6	0.4	3.0	5.2	–	5.2	8.2
	Total West End		**35.0**	**(0.1)**	**34.9**	**20.5**	**1.8**	**22.3**	**57.2**
	City and Southwark	Office	9.0	0.2	9.2	8.7	1.2	9.9	19.1
		Retail	0.9	0.5	1.4	0.3	–	0.3	1.7
	Total City and Southwark		**9.9**	**0.7**	**10.6**	**9.0**	**1.2**	**10.2**	**20.8**
Total let portfolio			**44.9**	**0.6**	**45.5**	**29.5**	**3.0**	**32.5**	**78.0**
Voids					2.1			1.2	3.3
Premises under refurbishment					0.7			8.3	9.0
Total portfolio					**48.3**			**42.0**	**90.3**

Rent roll security, lease lengths and voids

At 30 September 2010

			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	52.7	6.5	3.0	18.9	2.6	2.6
		Retail	59.0	6.3	0.5	71.4	8.5	–
	Rest of West End	Office	1.3	1.9	10.9	29.4	3.9	3.4
		Retail	4.0	2.7	16.8	76.6	11.7	0.9
	Total West End		**44.4**	**5.7**	**4.6**	**49.6**	**6.8**	**2.0**
	City and Southwark	Office	19.0	3.4	2.6	49.5	3.9	4.1
		Retail	72.2	9.2	–	35.6	4.5	–
	Total City and Southwark		**23.6**	**3.9**	**2.4**	**46.9**	**3.8**	**3.8**
Total let portfolio			**39.8**	**5.3**	**4.2**	**48.8**	**5.9**	**2.5**

Rental values and yields

At 30 September 2010

			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	45	43	22	38	4.7	5.3	4.1	5.2
		Retail	36	41	61	78	4.2	5.1	5.0	5.1
	Rest of West End	Office	33	34	36	33	3.0	4.0	5.5	5.5
		Retail	52	60	47	47	3.3	4.6	4.8	5.0
	Total West End		**42**	**42**	**39**	**41**	**4.3**	**5.0**	**4.9**	**5.2**
	City and Southwark	Office	30	30	31	35	6.1	6.1	5.8	6.5
		Retail	21	34	34	39	4.6	6.7	4.0	6.5
	Total City and Southwark		**29**	**30**	**31**	**35**	**5.9**	**6.1**	**5.7**	**6.5**
Total portfolio			**38**	**39**	**36**	**39**	**4.6**	**5.2**	**5.1**	**5.6**

Appendix 1

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

Risk and impact	Mitigation
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.
Economic recovery falters resulting in worse than expected performance of the business given decline in economic output	Regular economic updates received and scenario planning for different economic cycles. Limited commitment to capital expenditure.
Investment	
Not sufficiently capitalising on market investment opportunities through difficulty in sourcing investment opportunities at attractive prices and poor investment decisions	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.
Failure to maximise income from investment properties through poor management of voids, 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.
Development	
Poor development returns relating to: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – level of development undertaken as a percentage of the portfolio; – level of speculative development; – quality of the completed buildings; – contractor availability and insolvency risk; 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. 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.

Risk and impact	Mitigation
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.
Adverse interest rate movements reduce profitability	Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives.
Inappropriate capital structure results in suboptimal NAV per share growth	Regular review of current and forecast debt levels.
People	
Incorrect 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. The Company has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and identification of training needs.
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.
Health and safety incidents Loss of or injury to employees, contractors or tenants and resultant reputational damage	The Company has dedicated Health & Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health & Safety areas including employee, contractor and tenant safety.

Portfolio performance to 30 September 2010

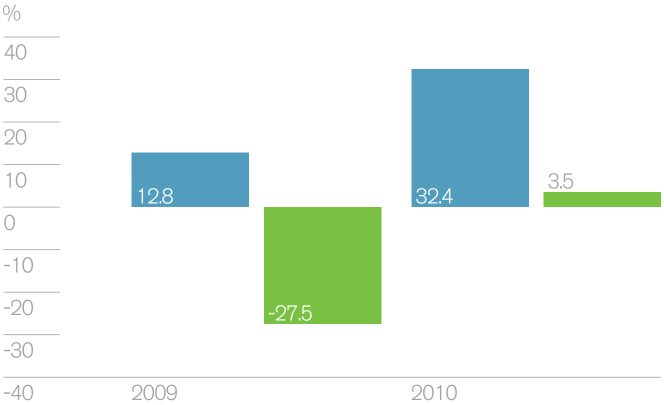
		Wholly-owned £m	Share of joint venture £m	Total £m	Proportion of portfolio %	Six month valuation movement %
North of Oxford Street	Office	398.0	90.2	488.2	33.5	6.9
	Retail	91.1	86.4	177.5	12.2	9.5
Rest of West End	Office	91.4	111.6	203.0	13.9	7.2
	Retail	77.0	96.0	173.0	11.9	5.6
Total West End		657.5	384.2	1,041.7	71.5	7.2
City and Southwark	Office	136.6	66.3	202.9	13.9	4.3
	Retail	17.3	1.9	19.2	1.4	3.7
Total City and Southwark		153.9	68.2	222.1	15.3	4.2
Investment property portfolio		811.4	452.4	1,263.8	86.8	7.1
Development property		–	68.0	68.0	4.7	21.1
Total properties held throughout the period		**811.4**	**520.4**	**1,331.8**	**91.5**	**7.3**
Acquisitions		55.5	68.2	123.7	8.5	1.7
Total portfolio		**866.9**	**588.6**	**1,455.5**	**100.0**	**6.8**

Portfolio characteristics as at 30 September 2010

		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		721.2	59.4	780.6	583.9	196.7	**780.6**	1,348
Rest of West End		376.0	–	376.0	203.1	172.9	**376.0**	840
Total West End		1,097.2	59.4	1,156.6	787.0	369.6	**1,156.6**	2,188
City and Southwark		290.3	8.6	298.9	278.6	20.3	**298.9**	1,057
Total		1,387.5	68.0	1,455.5	1,065.6	389.9	**1,455.5**	3,245
By use:	Office	1,001.2	64.4	1,065.6				
	Retail	386.3	3.6	389.9				
Total		**1,387.5**	**68.0**	**1,455.5**				
Net internal area sq ft 000's		3,117	128	3,245				

Group key performance indicators

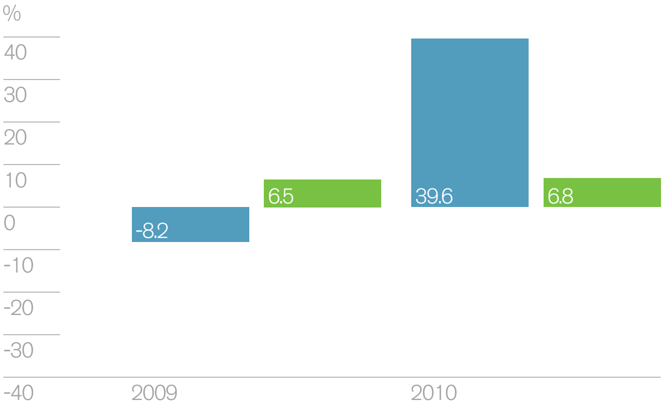
Total Shareholder Return (TSR)*



Commentary

The TSR of the Group outperformed the FTSE 350 Real Estate Index by 28.9 percentage points and in absolute terms it was 32.4%

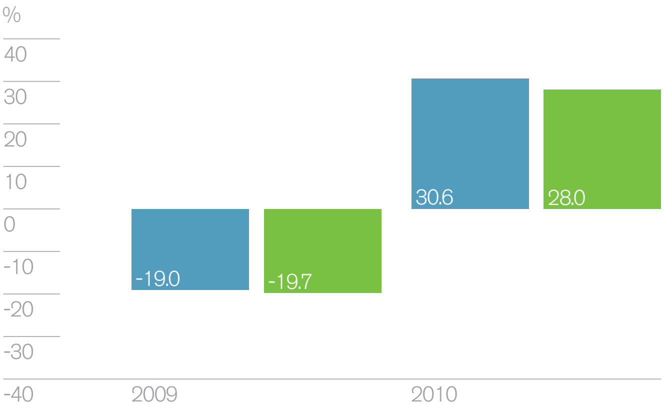
Adjusted net assets per share growth*



Commentary

Net assets per share increased by 39.6% over the year as driven by the recovery in the property investment market. Our RPI benchmark stayed at broadly the same level as last year causing a 32.8 percentage point relative outperformance for the year.

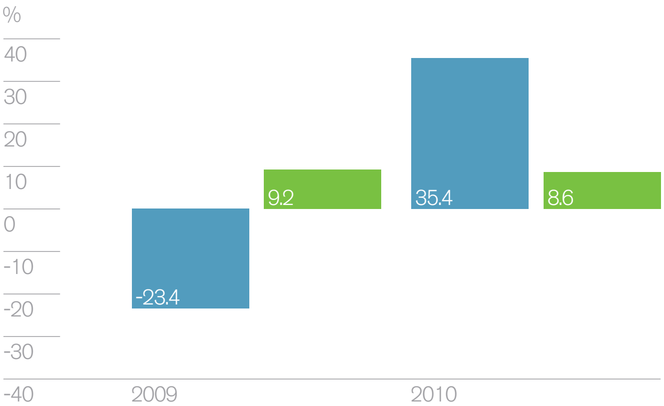
Portfolio Total Property Return (TPR)*



Commentary

The Group generated a portfolio TPR of 30.6% in the year whereas the benchmark produced a return of 28.0% resulting in a relative outperformance of 2.0 percentage points.

Return on Capital Employed (ROCE)*



Commentary

ROCE for the year was 35.4% . Primarily due to the ongoing recovery in the property values from the lows of 2008/2009. Our ROCE outpaced the Group's WACC by 26.8 percentage points.

GPE Benchmark

* Year to September.