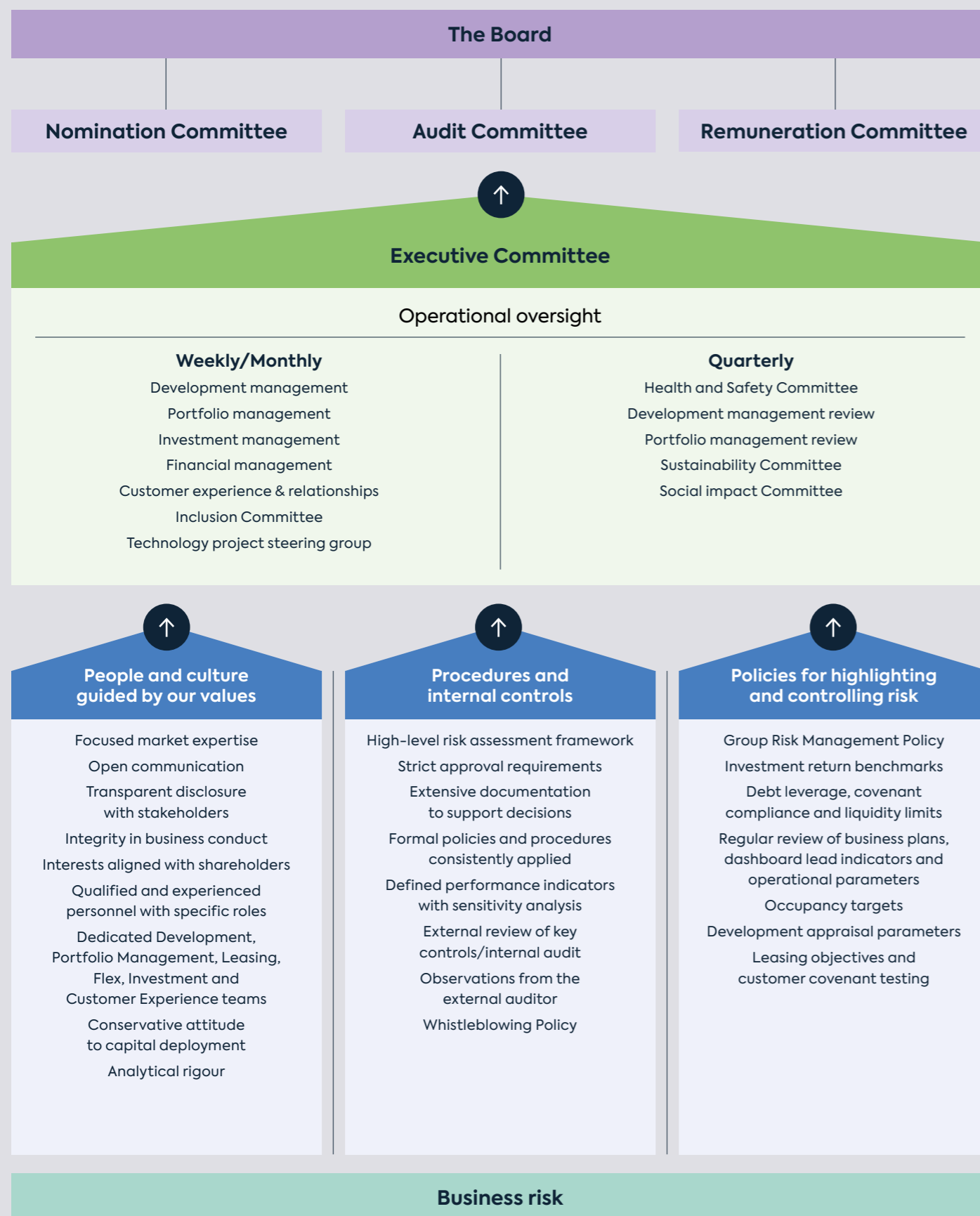


Our approach to risk

Board oversight of risk



The successful management of risk is critical for the Group to deliver its strategic priorities. While the ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is integral to the way we do business and the culture of our team.

Our attitude to risk is one of collective responsibility, with the identification and management of risks and opportunities being part of the mindset of the GPE team. Our organisational structure, including close involvement of senior management in all significant decisions and in-house management of our development, portfolio and occupational service activities, together with our prudent and analytical approach, is designed to align the Group's interests with those of shareholders.

Setting and monitoring our 'risk appetite'

The Group's overarching risk appetite is set in the context that we focus on a single market, that of central London, operating out of a single head office within close proximity to all of our activities. Central London's real estate markets have historically been highly cyclical and, as a result, we apply a disciplined approach to our capital allocation and managing our operational risk, in particular our development exposure, in tune with prevailing market conditions. Furthermore, we aim to operate with low financial risk by maintaining conservative financial leverage. Further details regarding our management of financial risks can be found in note 16 to the financial statements on [page 167](#).

We use a suite of key operational parameters as an important tool to set and then measure the Group's risk profile.

These parameters consider, among other matters, the Group's size, financial gearing, interest and fixed charge cover, level of speculative and total development exposure, level of Flex exposure and single asset concentration risk. These parameters are revisited annually as part of the Board's strategy review and are regularly reviewed at Board meetings. We monitor the Group's actual and forecast position over a five-year period against these parameters.

We set a target risk position for each of our principal risks to determine whether the net risk position of each principal risk is within the Board's risk appetite level, and to determine any appropriate risk response.

Our risk culture and how we manage our risks

Our overarching risk management process comprises four main stages, as summarised in the diagram below. We believe that effective management of risk is based on a top-down and bottom-up approach with appropriate controls and oversight, as outlined on [page 72](#), which include:

- our strategy setting process;
- the quality of our people and culture;
- established procedures and internal controls;
- policies for highlighting and controlling risks;
- oversight by the Board, Committees and management; and
- ongoing review of market conditions and the property cycle.

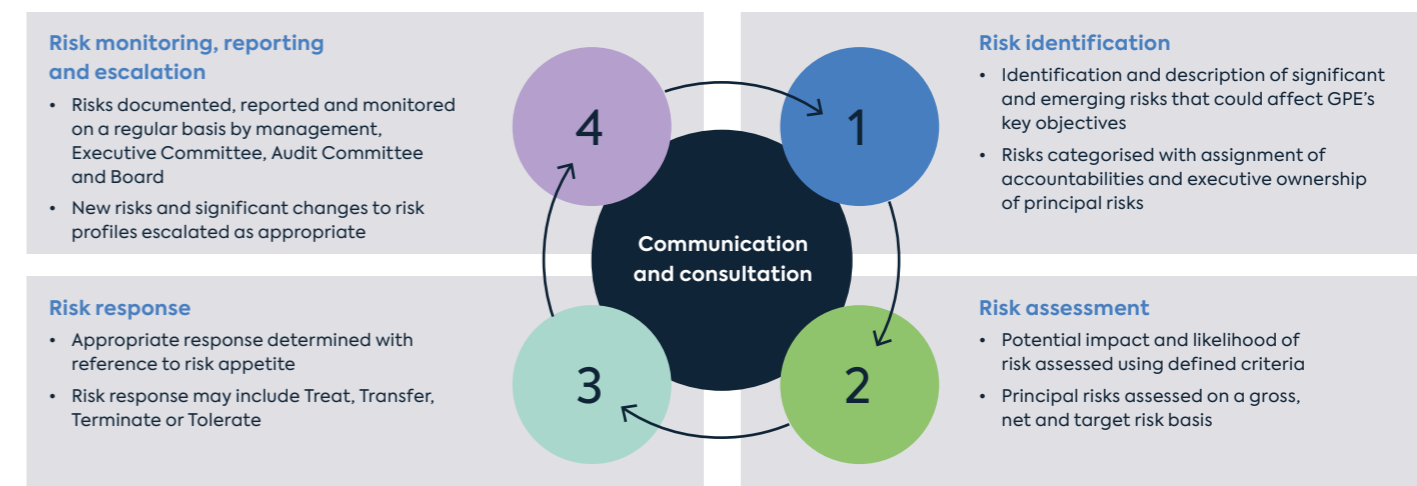
Moreover, risk management is an integral part of all our activities. We consider risks and, more positively, where these might also provide opportunities, as part of every business decision we make, including how they would affect the achievement of our strategic priorities and the long-term performance of our business.

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

The Board is responsible for monitoring the Company's risk management and internal control systems. As part of a robust assessment of the principal and emerging risks facing the Group, at the half year and year end, the Executive Committee, Audit Committee and Board formally review the Group's principal and emerging risks, including those that would threaten its business model, future performance, solvency or liquidity and reputation. Importantly, part of this review is the consideration of:

- the internal operational controls in place to mitigate the principal risks, how key controls have operated in the preceding six months and additional activities and controls to further reduce risks where desirable, including any instances where net risk assessments may exceed the target risk position;
- consideration of emerging risks and opportunities; and
- the Board's ongoing monitoring of these risks.

While emerging risks and opportunities are considered as part of this formal six-monthly assessment, the Board spends time at scheduled Board meetings considering possible emerging risks. Executive Committee members are tasked to provide a summary in their regular Board updates of the key areas concerning and exciting them the most. We also ask our functional Directors and Heads of Department the same question to continually challenge ourselves as to how we should evolve. Emerging risks are also considered by the Board as part of its annual strategy review. Further information on emerging risks can be found on [page 75](#).



Our approach to risk continued

Following an improvement in macro-economic conditions earlier in the year, the recent escalation of conflict in the Middle East has impacted the global economy, energy supplies and inflation and increased volatility across financial markets. The last 12 months have also seen the acceleration of AI advancement, investment and adoption, bringing new threats and opportunities to our markets.

The Board and the Audit Committee continue to oversee these risks and their potential impacts for the UK economy, our operations and London's attractiveness. This has included actions taken to mitigate risks, but also to position GPE to take advantage of the opportunities arising from uncertain markets. Further details on market impacts can be found in Our markets on pages 23 and 24 and our viability statement on page 81.

Our principal risks remain largely unchanged from the prior year, although we have since revised the descriptions and assessments of some of our principal risks to reflect their evolution over the past 12 months. Key developments include the following:

- our risk assessment of 'Adverse macro-economic conditions' had reduced at the half-year but is once again considered 'High' due to the macro uncertainties

discussed above, which have resulted in a weaker outlook for global GDP growth and greater risk of a global/UK recession. The outlook continues to evolve and is being closely monitored;

- AI-related risks have been incorporated into several of our principal risk descriptions. These capture the potential for AI to: alter the level and nature of demand for space in central London and reduce the overall attractiveness of operating in London; replace certain jobs and services, contributing to unemployment and business failures that lower our returns; and reduce demand for our products, impacting the profitability of new developments and increasing the possibility of suboptimal capital allocation decisions. While the implications of AI remain under review, we believe that premium workspaces in London will continue to attract AI talent and businesses, as evidenced by our leasing activity during the year;
- the cyber and technology risk description has been re-named 'Resilience and security of Information Technology systems' to reflect the broader range of risks associated with adopting and integrating new technologies, including AI. The risk description now also recognises risks arising from the increased use of

generative AI for business purposes which, if not used correctly, could adversely impact our management information, reporting, data security and operational performance;

- the 'London attractiveness' risk has been updated to reference the risk of UK political instability and tightening fiscal policies adversely impacting the appeal of operating and investing in London;
- our risk assessment of 'Failure to profitably deliver the development and/or refurbishment programme' has increased since last year, reflecting the greater risks from supply chain disruption and higher energy, material and labour costs, particularly following recent events in the Middle East, as well as the broader complexity of development and refurbishment activities; and
- as we continue to grow our Flex footprint, the 'Failure to profitably deliver the Flex Strategy' risk has also been updated to capture the risk of not achieving an appropriate scale for our Flex activities, which could impact our ability to generate our desired Flex returns and achieve our Flex ambitions.

A description of the Group's principal risks, and a summary of the key controls and steps taken to mitigate those risks, is shown on pages 76 to 80. The likelihood and impact of each principal risk is assessed on a gross, net (taking account of the Group's existing controls and mitigations) and target risk basis (to determine whether the net risk position is within the Board's appetite level). The net risk assessment for each principal risk is shown on the heatmap on page 74.

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

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

- relatively low levels of authority for transactions requiring Board approval, with investment transactions and development approvals requiring, among other matters, consideration of the impact on financial leverage, interest cover and portfolio risk and composition;
- the Executive Committee's oversight of all day-to-day significant decisions;
- the Chief Executive reporting on the market conditions dashboard, operational parameters, Flex, HR and customer experience activities, as appropriate, at each scheduled Board meeting;
- members of the Executive Committee regularly providing a review of the development programme, occupational markets and key property matters to the Board;
- the Chief Financial Officer reporting on Group forecasts, including actual and prospective leverage metrics, digital and technology, corporate communication and social impact matters at scheduled Board meetings;
- the Executive Director reporting at scheduled Board meetings on the customer watch list and delinquencies, voids and vacancy rates, sustainability and health and safety matters and investment market developments and opportunities;

- the Executive Directors communicating with the Board on any significant market and operational matters between Board meetings;
- senior managers attending the Board and Committee meetings as appropriate to discuss specific risks across the business, such as sustainability, customer experience, health and safety, regulatory, people, technology and cyber risks, or relating to transactions;
- the Audit Committee meeting with the valuers at least twice a year to better understand market conditions and challenge the assumptions underlying the valuation; and
- the Audit Committee receiving internal audit reports on key risk and control areas and observations from the external auditor.

Board consideration of emerging risks

As explained on page 73, the Board regularly considers emerging risks and opportunities which could impact the business. While risks relating to structural market changes and short- and medium-term climate change are considered within our principal risks, we have also spent time discussing emerging risks across a number of themes, examples of which are set out below:

- technological advances and other disruptive innovations could reshape how businesses operate and interact with physical space and impact the quantum and nature of demand for work and retail space in central London. Failure to evolve quickly enough could also result in the loss of customers to competitors. We continue to evolve and innovate to meet emerging trends, including through the use of technology to enhance our offer and the customer experience;

- rapid investment in AI and inflated valuations of AI companies could give rise to an 'AI bubble', creating risks of a crash in financial markets, business failures and higher unemployment, along with a greater risk of customer delinquencies by AI-led businesses in our portfolio. Other AI-related risks have been incorporated within several of our principal risks, as explained on page 74;
- the long-term impacts of climate change could impact the ability to travel to, live, work and shop in central London. Our approach to climate resilience is set out in our Sustainability Statement of Intent, Roadmap to Net Zero and Our Brief for Creating Sustainable Spaces;
- energy policies, including to transition away from the use of gas, and a shortage of energy supplies caused by conflict in the Middle East, could impact the ability to power London and our buildings;
- deglobalisation resulting from geopolitical tensions could lead to recognised world centres becoming less relevant, which could impact London's status as a capital city and global gateway; and
- increasing regulation, reporting and assurance requirements could increase operational costs and constrain resources, impacting returns.

Net risk heatmap

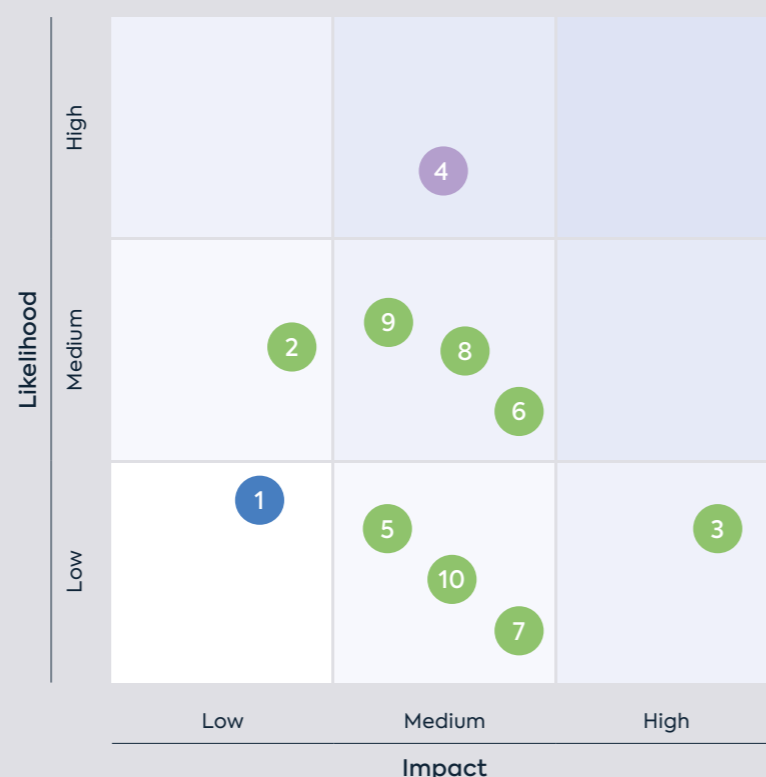
Principal risk

- Failure to meet customer needs
- Climate change and decarbonisation
- London attractiveness
- Adverse macro-economic conditions
- Poor capital allocation decisions and/or misreading market conditions
- Failure to profitably deliver the development and/or refurbishment programme
- People
- Health and safety
- Resilience and security of Information Technology systems
- Failure to profitably deliver the Flex Strategy

Risk severity

- Low
- Medium
- High

① Net risk rating as assessed after existing controls and mitigation



Our approach to risk continued

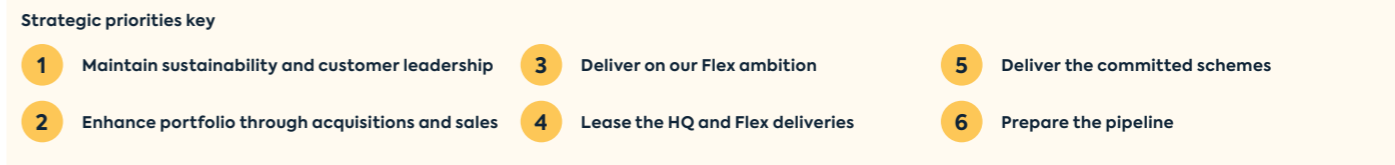
How we manage principal risks and uncertainties

Principal risk	How we monitor and manage risk
<p>Failure to meet customer needs</p> <p>We fail to identify and react effectively to shifting patterns of workspace use and/or understand and provide spaces or services that meet evolving customer needs, including potential structural changes in working and/or retail practices (including as a consequence of AI replacing certain jobs or services) that change the level and nature of demand for space in central London. This could lead to GPE failing to deliver space and lease terms that customers want and/or an inappropriate mix of Flex versus traditional space, resulting in poor investment returns, potentially stranded assets and losing customers to competitors. Our inability to manage the impact of our refurbishment activities on customers could also result in loss of customers, income and returns.</p> <p>Net risk movement over the last 12 months</p> <p>— No change</p> <p>We continue to see a bifurcation between the best spaces and the rest, as customers seek sustainable, well-designed and well-serviced buildings in prime locations which are in limited supply. Our strategy of focusing on premium HQ and flexible office spaces in prime London locations, is continuing to meet customer demand, helping to deliver a record leasing year and a strong office customer NPS score of +29.5. We continue to monitor the impacts of ongoing macro volatility and AI adoption on customer demand.</p>	<ul style="list-style-type: none"> HQ repositioning and Flex office strategy to meet evolving customer demand. Board annual strategy review informed by external market insight. Quarterly review of individual property business plans and the market more generally. Regular reporting to the Board and Executive Committee by the Customer Experience, Flex and operational teams, including on the evolution of our offer and performance against KPIs. Customer engagement and insights strategy and programme led by the in-house Customer Experience team, supported by our Customer Charter service commitments and customer relationship management system. Cross-functional customer and building action plans in place which are regularly reviewed to align the customer strategy with customer needs. Design and innovation activities in the areas of sustainability, technology, wellbeing and customer experience. Consistency of design is supported by Flex design guidelines and principles.

Link to Strategy: 1 2 3 4 5 6 Risk severity: ●

Principal risk	How we monitor and manage risk
<p>Climate change and decarbonisation</p> <p>The need to decarbonise our business increases the cost of our activities, driven by the need to retrofit buildings to improve their sustainability credentials (e.g. minimum energy efficiency standards and building ratings) and make them resilient to the impact of climate change. This also reduces our ability to redevelop due to planning restrictions, increased regulation and stakeholder expectations, the increased cost of low-carbon technology/materials (including utilisation of the circular economy) and potentially the pricing of carbon. Failure to meet the climate challenge could impact our ability to raise capital, deliver buildings, reduce the demand for the buildings we own, cause significant reputational damage and result in exposure to environmental activism and potentially stranded assets.</p> <p>Net risk movement over the last 12 months</p> <p>— No change</p> <p>The built environment remains a major contributor to the UK's carbon footprint, and sustainability continues to be a priority for our customers and wider stakeholders. We have maintained strong momentum in delivering our Sustainability Statement of Intent, The Time is Now v2.0. This includes continued progress on reducing embodied carbon through our circularity index, cutting energy consumption across the portfolio and advancing our route to net zero. While the wider climate debate has softened and some global corporates have stepped back from their commitments, our resolve is undiminished, with sustainability remaining a strategic and economic imperative.</p>	<ul style="list-style-type: none"> Regular Board and Executive Committee review of Sustainability Policy and response to climate risk. Sustainability Committee meets quarterly to consider strategy in respect of sustainability and climate-related risks. Its Portfolio and Development sub-committees meet regularly and report to the Sustainability Committee on progress. Steering group in place to assess and manage EPC risks across the portfolio. Social Impact Committee meets quarterly to oversee the delivery of our Social Impact Strategy. Roadmap to Net Zero adopted with challenging embodied carbon and energy intensity targets. Decarbonisation Fund and Internal Carbon Price established to support initiatives including energy efficiency retrofitting in existing buildings. Sustainability Implementation Plan in place, informed by priorities identified by double materiality and physical risk assessments. 'Circularity Score' targets to increase reused materials in developments and refurbishments and industry focus group established to drive innovation in the circular economy. Design Gateway meetings to review design brief for all buildings to ensure that forthcoming sustainability risks are considered. Sustainable Spaces Brief and Sustainability Strategy in place with climate resilience strategy. ESG-linked RCFs, Sustainable Finance Framework and sustainable debt instruments to support delivery of objectives.

Link to Strategy: 1 2 5 6 Risk severity: ●



Principal risk	How we monitor and manage risk
<p>London attractiveness</p> <p>London's appeal may be impacted by reduced appetite to travel to, work, live and shop in London due to changes in working patterns, changes in government (including fiscal) policies and political instability, the rise of alternative destinations for international trade, the impacts of AI, the impact of civil unrest, terrorism, a pandemic, the impact of long-term climate change (including risk of flooding), disruption to energy supplies and/or the relative expense of operating in London. This results in reduced international capital flows into London leading to a lack of investment and/or capital flight (including the diminished appeal of the London Stock Exchange), lower leasing demand and elevated vacancy, decreasing income, asset values and development viability.</p> <p>Net risk movement over the last 12 months</p> <p>— No change</p> <p>London remains one of the world's most resilient commercial, creative and financial centres, supported by a large and diverse real estate market that continues to attract a broad mix of occupiers and investors. Despite a more cautious investor sentiment, shaped by UK economic and political uncertainty, inflation and policy concerns, activity in our markets has remained strong. Investment volumes have increased, rents have continued to grow and demand for prime space is robust, with rising requirements from the expanding AI sector.</p>	<ul style="list-style-type: none"> Board annual strategy review with regular economic and market updates received from third parties. Strategic financial forecasts are updated prior to each Board meeting with scenario planning for different economic cycles and eventualities. Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters. Key London indicators are monitored to help inform the Group's view of London's economy. Active monitoring of external risks, including the potential impacts of international trading relationships, supply chain disruption and geopolitical developments, with regular reporting to the Executive Committee and Board. Active participation in industry groups to promote London. Business Continuity Plan in place to manage our response to a major incident or disruption.

Link to Strategy: 2 3 4 5 6 Risk severity: ●

Principal risk	How we monitor and manage risk
<p>Adverse macro-economic conditions</p> <p>Macro-economic and geopolitical conditions, including global conflicts in the Middle East and Ukraine, political instability, persistently higher inflation and interest rates, fiscal uncertainty or tight fiscal policies and supply chain disruptions, could trigger a recession in the UK and/or globally. Such an environment may dampen occupier and investor demand, delay leasing and investment decisions, reduce employment (alongside the possible impacts of AI), increase the risk of business failures and lead to declines in asset values and income. In addition, tighter credit markets could raise financing costs and restrict access to capital, heightening the risk of increased leverage or breaches of banking covenants. Access to capital may also be further constrained by reduced investor appetite for listed real estate companies or waning confidence in the London Stock Exchange.</p> <p>Net risk movement over the last 12 months</p> <p>▲ Increased</p> <p>Following some moderation in economic conditions and inflationary pressures, the conflict in the Middle East has increased macro-economic risks, resulting in higher than anticipated inflation and interest rates, a weaker outlook for global GDP growth and greater risk of UK and/or global recession. Macro conditions continue to impact market sentiment and share price performance across the real estate sector. The outlook continues to evolve and is being closely monitored.</p> <p>Against this backdrop, we have successfully maintained our disciplined approach to capital management and financial risk. We completed £490 million of sales in the year at an average 2% premium to book value. In October 2025, we extended our debt maturity profile with a new £525 million ESG-linked unsecured revolving credit facility. Leverage remains low and we have substantial headroom above our Group debt covenants.</p>	<ul style="list-style-type: none"> Regular review of financing and capital structure, including gearing levels, by the Chief Financial Officer and Executive Committee. Board annual strategy review including regular economic and market updates received from third parties. Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles and eventualities. Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters. Regular review of current and forecast debt, hedging levels and financing ratios under various market scenarios. The Group aims to maintain a consistent policy of conservative financial leverage. Investor relations programme, with regular broker consultation, to build a supportive investor base. The Group's funding measures are diversified across a range of bank and bond markets. Selection of customers, contractors and suppliers based on creditworthiness, close monitoring of rent and service charge collection rates and periodic customer financial health checks.

Link to Strategy: 2 3 4 5 6 Risk severity: ●

Our approach to risk continued

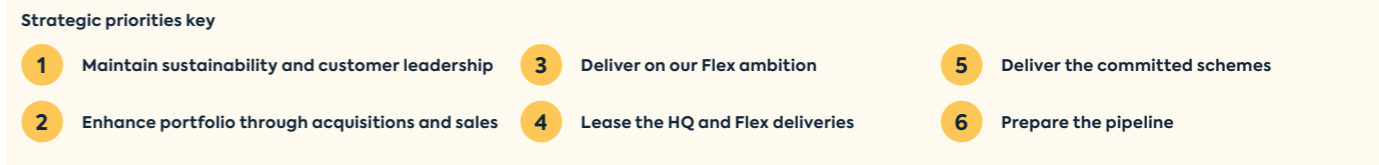
How we manage principal risks and uncertainties continued

Principal risk	How we monitor and manage risk
<p>Poor capital allocation decisions and/or misreading market conditions</p> <p>We make poor decisions regarding the allocation of capital and/or fail to adequately read the property cycle or market conditions (including global investor appetite for commercial real estate and offices and the impact of AI on demand for offices) such that our leasing, buying, selling or development activities deliver inadequate investment returns, restrict our ability to finance our operations or result in inappropriate asset concentration, building mix and/or level of development undertaken as a percentage of the portfolio.</p> <p>Net risk movement over the last 12 months</p> <p>— No change</p> <p>Our approach to conservative capital allocation remains contra-cyclical to enable us to create and crystallise value through the cycle. Since the deployment of the proceeds of our 2024 rights issue into high quality acquisitions, we have rotated towards sales as planned, completing £490 million of disposals in the year at an average 2% premium to book value. We have continued the roll out of our HQ development and Flex capex programme, which provides a strong platform for organic growth and development surpluses. These returns were accelerated during the year through major pre-lets at both 30 Duke Street, SW1 and The Delft, SE1, which also helped de-risk these developments.</p> <p>We continue to monitor the uncertain macro-economic environment in our capital allocation decisions, including buying opportunities that might arise from volatile markets.</p>	<ul style="list-style-type: none"> Board annual strategy review with regular economic and market updates received from third parties. Strategy review is forecast on an asset-by-asset basis to provide a business plan for each property which is reviewed against performance of the business as a whole. Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles. Regular reviews conducted of individual property IRRs, including quarterly review of individual property dashboards, and the market generally. Quarterly review of asset-by-asset business plans to assess performance and hold/sell decisions. Regular review of property cycle by reference to a dashboard of lead indicators. Dedicated in-house team with remit to research London sub-markets, seeking the right balance between investment and development opportunities for market conditions. Weekly investment meetings held and regular dialogue maintained with key intermediaries. Disciplined capital allocation and decision making, with detailed due diligence undertaken for all acquisitions and capital expenditure, and key decisions subject to Board/Executive Committee approval in line with the Group's authority levels.

Link to Strategy: **2 3 4 6** Risk severity: **●**

Principal risk	How we monitor and manage risk
<p>Failure to profitably deliver the development and/or refurbishment programme</p> <p>We fail to translate the development and/or refurbishment pipeline and current committed projects into profitable schemes. This may result from poor scheme management (including of supply chain disruption and the impacts of inflation – which have been heightened by the Middle East conflict, and are susceptible to volatile international trade arrangements – contractor risks or adverse yield movements), an increasingly challenging planning and regulatory environment, failure to agree acceptable terms with freeholders/adjoining owners/other stakeholders, poor timing of activity and/or inappropriate products for an evolving market and customer needs (including sustainability expectations and needs in response to the impacts of AI). This results in reduced development and/or refurbishment activity, weak leasing performance, reputational damage and reducing property returns.</p> <p>Net risk movement over the last 12 months</p> <p>▲ Increased</p> <p>Overall, our development risk has increased over the last 12 months, due to supply chain disruption and inflated energy, material and labour costs (particularly following recent events in the Middle East), the complexity of our development and refurbishment activities and a challenging planning environment. Unanticipated costs arose during the year at The Delft, SE1, albeit margins were maintained through successful leasing, and at 200 Gray's Inn Road, WC1. Occupational markets continue to be supportive while the supply of new prime spaces remains constrained. Our £600 million development programme is well positioned to meet this imbalance. In total, we expect these schemes to deliver development surpluses of £131 million, with further upside should rental growth strengthen.</p>	<ul style="list-style-type: none"> Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles. Development management quarterly updates to the Executive Committee with reporting to each scheduled Board meeting. Regular review of portfolio mix and asset concentration. Adjustments made as appropriate, including through the use of joint ventures or forward funding. Regular meetings with key cost advisers and contractors to monitor market conditions. Procurement routes and when to fix prices are kept under close review. All schemes subject to a detailed financial and operational appraisal process with progress, costs and returns closely monitored, including through regular pipeline review meetings and quarterly asset reviews. Post-completion final appraisals completed to identify learnings. Selection of contractors and suppliers based on their pricing, experience, track record of delivery and creditworthiness, corporate responsibility and sustainability credentials. Proactive engagement with key stakeholders, including potential customers, joint venture partners, local authorities, planning officers, local residents, community groups, adjoining owners and freeholders. Design Gateway meetings to review design briefs for sustainability considerations, including rating and circularity requirements. Flexible workspace and design team in place, with Flex Design Guidelines & Principles, to drive efficiencies across Flex refurbishment activities.

Link to Strategy: **1 3 4 5 6** Risk severity: **●**



Principal risk	How we monitor and manage risk
<p>People</p> <p>Failure to attract, incentivise and retain high quality, suitably diverse and experienced individuals negatively impacts our ability to deliver our strategic objectives and has a detrimental impact on our values and inclusive culture. Additionally, failure to design and implement the right organisational structure (structure, skills, resourcing levels) will impede our ability to achieve our strategic objectives.</p> <p>Net risk movement over the last 12 months</p> <p>— No change</p> <p>The motivation of our people and our inclusive culture remain central to the delivery of our strategy. The strength of our values and appeal of our culture was highlighted in our most recent employee survey which gave an overall employee and engagement inclusion score of 80.2% with a strong 90% response rate. We were also greatly encouraged by the strong support for GPE's positive culture highlighted by the whistleblowing investigation during the year (see → pages 84 and 92 for further details).</p> <p>We continue to place great emphasis on employee engagement, and the Board has continued to oversee our People Strategy and progress against our diversity and inclusion agenda, as well as the implementation of the actions identified by the whistleblowing investigation. We remain focused on supporting the wellbeing, development and diversity of our colleagues through a range of targeted programmes, helping to ensure we attract, retain and develop talent in a supportive and inclusive environment.</p>	<ul style="list-style-type: none"> Regular review of resourcing requirements, performance management, talent review and succession planning. Competitive employee value proposition strongly linked to performance and values and a formal six-monthly appraisal system to provide regular assessment of individual performance. Regular benchmarking of remuneration and non-financial packages. Remuneration policy cascaded through the business. Development planning and training support for employees, and focused initiatives to nurture potential successors, including talent development, mentoring and coaching programmes. Clear articulation of GPE values and behaviours which are embedded in key people practices. Strong emphasis on fostering an inclusive culture, supported by an Inclusion Committee and four employee-led impact groups. Board, Nomination and Executive Committee oversight of our People Strategy and Diversity & Inclusion Plan. Strong focus on colleague engagement with regular two-way communication and responsive employee-focused activities.

Link to Strategy: **1 3 4 5 6** Risk severity: **●**

Principal risk	How we monitor and manage risk
<p>Health and safety</p> <p>A health and safety incident (including by our contractors) results in loss of life, significant injury or widespread illness, and financial and/or reputational damage to GPE. Furthermore, significant changes in health and safety and fire safety regulations (including pursuant to the Building Safety Act 2022) and practice driven by government intervention increase compliance and development costs and/or risks of non-compliance.</p> <p>Net risk movement over the last 12 months</p> <p>— No change</p> <p>We remain focused on maintaining a strong, proactive health and safety culture, with practices and procedures kept under review to reflect evolving requirements, including the Fire Safety Act and Building Safety Act.</p> <p>Health and safety performance across the portfolio is monitored through proactive KPIs, supported by audits, assessments and regular training. The Group had one minor reportable accident in the year. Where incidents occur, we work closely with customers and our supply chain to investigate root causes, embed lessons learned and drive continuous improvement.</p>	<ul style="list-style-type: none"> Quarterly Health and Safety Committee meetings with regular reporting on health and safety to the Executive Committee and Board, including on progress against KPIs. Health and Safety Policy is reviewed annually by the Board. Formal reporting on near misses/significant incidents and accidents. Regular health and safety site checks by internal teams and third parties, along with regular senior leadership building tours. Pre-qualification and competency checks are undertaken for contractors and consultants with contractor management processes in place. Annual external cycle of health and safety, asbestos, fire safety and water safety risk assessments and surveys. Regular internal health and safety audits covering fire safety, water safety and general matters and compliance standards. Online health and safety risk management system in place. Fire safety management procedures with a fire safety working group that meets quarterly to consider risks and improvements. Health and safety training programme and activities to monitor and raise colleague awareness and understanding. Health and wellbeing programme for colleagues, with mental health first aiders and an employee assistance programme.

Link to Strategy: **1 5 6** Risk severity: **●**

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	How we monitor and manage risk
<p>Resilience and security of Information Technology systems</p> <p>A cyber attack or infrastructure failure leads to business or network disruption within our portfolio or loss of information or personal and/or customer data. This results in litigation, reputational damage and/or financial or regulatory penalties.</p> <p>Our failure to effectively implement our new finance and property management system or effectively manage the adoption of new technologies (e.g. generative AI) may adversely impact our operational performance, financial reporting and day-to-day business activities.</p> <p>Net risk movement over the last 12 months</p> <p>— No change</p> <p>Cyber security threats remain elevated amid ongoing geopolitical tensions combined with greater reliance on technology and the accelerated adoption of AI. We have continued to strengthen our response to this risk, including through the adoption of our new Cyber Security Strategy and IT Policies, and we remain vigilant.</p> <p>Operationally, we see AI as an emerging business enabler, to enhance productivity, insight and decision making. A new AI Policy was adopted in the year, with colleague training, to support appropriate AI-use while encouraging colleagues to explore business-use opportunities.</p> <p>The implementation of our new finance and property management system remains on track, with a comprehensive programme of testing and assurance.</p>	<ul style="list-style-type: none"> Digital & Technology updates regularly reported to the Executive Committee and Board. Cyber security systems and controls are in place and regularly reviewed, with external support, against best practice. New Cyber Strategy Security and IT Policy approved by the Board. A head office and portfolio IT risk register is maintained. Group IT Disaster Recovery Plan is regularly reviewed and tested, including for the recovery of data at an off-site recovery centre. Business Continuity Plan is regularly reviewed. Regular testing of IT security, including penetration testing of key systems. Bespoke Emergency Action Plan for each building, maintaining appropriate systems to mitigate any infrastructure failure. Partnerships with small number of network and infrastructure suppliers to reduce risk at site level. Regular colleague training on cyber risks plus the use of AI, supported by AI and data privacy policies and procedures. Cyber risk insurance is in place. Governance framework in place for the implementation of the new finance and property management system, including a programme steering group and close oversight by the Executive and Audit Committees and the Board.

Link to Strategy: 1 3 4 5 Risk severity: ●

Principal risk	How we monitor and manage risk
<p>Failure to profitably deliver the Flex Strategy</p> <p>The failure to appropriately structure or scale our activities, achieve appropriate pricing, maximise operational efficiencies, deliver target growth, or to adequately control costs (including through customer retention) impacts the delivery of our Flex office strategy and our ability to generate appropriate risk-adjusted returns. Furthermore, as we scale up our Flex office delivery and increase our focus on service provision, the failure by GPE and/or its service partners to deliver high quality service impacts customer satisfaction, demand, retention and asset values.</p> <p>Net risk movement over the last 12 months</p> <p>— No change</p> <p>With our Flex operating platform in place, a growing track record and economies of scale emerging, the Flex business has performed strongly against metrics, delivering a net operating income of £19.2 million (JVs at 100%) in the year. The performance of our Flex portfolio underpins our ambition to reach one million sq ft of Flex space and, during the year, we delivered three Fully Managed buildings at 141 Wardour Street, W1, 170 Piccadilly, W1 and 19 Wells Street, W1, and also committed to refurbishing The Courtyard, WC1 and The Howlett, W1.</p> <p>Demand for Fully Managed space has continued to be strong, while we continue to monitor the impacts of macro-economic and geopolitical volatility on business confidence, customer needs and operating costs.</p>	<ul style="list-style-type: none"> Board and management oversight of the development and implementation of the Flex strategy and business plan with reporting of Flex KPIs to monitor performance. Regular Flex updates to the Executive Committee and Board. Board annual strategy review with regular market updates. Dedicated Flex leadership and team in place with senior design and delivery, customer relationship and retention and operational capabilities. Regular review of team to ensure resourcing for the effective delivery of service and experience. Customer engagement and insights programme and strategy in place, led by our in-house Customer Experience team, supported by our Customer Charter service commitments and customer relationship management system. Quarterly review of individual asset plans and the market generally. Close management oversight of costs and services, including design and delivery. Flex Design Guidelines & Principles to provide consistency and increase efficiencies across the portfolio. Board and management oversight of technology and innovation initiatives to enhance the Flex offer and customer experience.

Link to Strategy: 1 2 3 4 5 6 Risk severity: ●

Viability statement

Assessment of the Group's prospects

In accordance with Provision 30 of the 2024 UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The work conducted for this longer-term assessment supports the Board's statements on both viability, as set out below, and going concern, as set out on [page 150](#).

The Group's future prospects are assessed regularly and at an annual Board strategy review in late March. This review is led by the Chief Executive drawing on expertise across the Group. This year it included an assessment of the macro-economic environment, forecasts of key property market metrics (including yields and rental value movements), annual valuation movements for each of our properties, the financial metrics associated with our Flex offerings, the costs associated with meeting emerging sustainability regulations and a selection of development scenarios. It also included a number of market assumptions, including target, upside and downside scenarios, to reflect different potential economic outcomes, including further disruption from political and economic uncertainty, and a number of business activity responses, including development activity, sales and acquisitions.

The key outputs from this process are full financial statements for a five-year forecast period, with a primary focus on the first three years. The forecasts are summarised in a dashboard, which analyses profits, cash flows, funding requirements, key financial ratios, compliance with the REIT rules and headroom in respect of the financial covenants contained in the Group's various loan arrangements. The strategy review was considered by the Board in March 2026, with updated forecasts, including a severe but plausible downside scenario to reflect the impact on the Group of a decline in property values.

An updated forecast was presented to the Board in May and contained a number of assumptions, including:

- estimated year on year movements in rental values and yields for each of our properties under a number of scenarios;
- the continued conversion of some of our office space to our Flex offerings;

- the refinancing of the Group's existing debt facilities as they fall due, as disclosed in note 16 to the financial statements;
- a number of sales and acquisition scenarios;
- the completion of the Group's committed development programme in line with our most recent estimated completion dates and the commencement of certain pipeline projects; and
- forecast interest rates.

Assessment of risks

The Group's principal risks are subject to regular review by the Executive Committee, the Audit Committee and the Board. The review conducted for the preparation of the Annual Report and the viability statement demonstrated limited change in our principal risks over the year.

The risks with the greatest potential impact on the Group's viability were considered as follows (see [pages 76 to 80](#)):

- London attractiveness: we rely on London's magnetism and relative appeal to other financial centres to continue to attract global capital, businesses and talent from around the world to support demand for our properties;
- Adverse macro-economic conditions: a challenging economic backdrop, including the impact of recent conflict in the Middle East, could instigate financial stress in our key markets, materially reducing property values, and the viability of Group's developments, and impairing the Group's income, risking a breach of our banking covenants; and
- Climate change and decarbonisation: a changing climate could impact the resilience of our buildings, impact our ability to deliver new developments and reduce the demand for the buildings we own.

Assessment of viability

A three-year viability period is considered an optimum balance between our need to plan for the long term and the shorter-term nature of our active business model, which often includes high levels of recycling of our property portfolio, an average lease length of around three years and a near-term development programme which will be commenced over the same period.

The assessment of viability included stress testing the resilience of the Group, and its business model, to the potential impact of the risks set out above. Specifically, given the ongoing macro-economic uncertainty, persistently higher inflation, interest

rates and disrupted global supply chains, our assessment of viability was based on the Group's performance under a severe but plausible downside market scenario, with further sensitivity analysis to understand the resilience of the Group to a significant economic shock.

The severe but plausible downside scenario reduced rental values across both offices and retail by 10% and assumed a near-term outward yield shift of 50 basis points. When combined, over the three-year period this scenario reduced property values by around a maximum of 13.1%, with a 22.9% peak to trough from 31 March 2022. The assessment demonstrated that, given the Group's low levels of debt and high liquidity, along with targeted capital recycling, it would be able to withstand the impact of this scenario over the period of the financial forecast and continue to operate with headroom above the financial covenants contained in its various loan arrangements. This analysis assumed the completion of existing developments but no new material commitments.

In addition, reverse stress tests were performed, to understand how extensive any valuation and income fall would be required to be to extinguish the Group's liquidity and/or breach the Group's gearing, interest cover ratio or inner borrowing covenants. In the three-year period, before any mitigating actions, rental income would need to fall by an additional 19% and property values would need to fall by a further 23% given targeted recycling activities, before the Group breached its banking covenants.

The assessment also included a review of the potential impact of climate change on the Group. Whilst it would be unlikely to affect the viability of the Group within the three-year review period, we ran a scenario to assess the impact of significant increases in the cost of development to meet sustainability requirements (an additional 10% on our committed development capex). This did not impact our viability assessment.

Viability statement

Based on the Board's assessments, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 March 2029.