Press Release

20 May 2015

Annual Results – successful strategy is delivering

The Directors of Great Portland Estates plc announce the results for the Group for the year to 31 March 2015. Highlights for the year:

Strong capital value growth - driven by rental growth and development surpluses
- Portfolio valuation up 18.0%[1] in year (developments: 28.2%[1]) and 3.1%[1] in Q4
- Rental value growth of 10.3%[1] (10.0% offices, 11.4% retail) v 9.5% for IPD Central London; 3.1% in Q4
- 12 month capital return of 18.8% v 20.3% for IPD Central London Index, with Total Property Return of 21.5% v 24.3% for IPD Central London; 5 year capital return of 96.8% v 76.8% for IPD Central London

Excellent financial performance - increased NAV and earnings
- EPRA[2] NAV per share of 709 pence, up 24.6% in year and 4.3% in Q4
- Net assets of £2,390.9 million (March 2014: £1,931.9 million)
- EPRA[2] profit before tax of £45.1 million, up 17.4% on 2014. EPRA[2] EPS of 12.7 pence, up 15.5%
- After revaluation surplus, reported profit before tax of £507.4 million (March 2014: £422.2 million)
- Total dividend per share of 9.0 pence (2014: 8.8 pence), up 2.3%

Expanded development programme delivering surpluses – long, flexible pipeline
- Two schemes completed (296,800 sq ft), total profit of £69.8 million, profit on cost of 54.9%
- Six committed schemes (626,100 sq ft), 30% pre-let or pre-sold, 100% in West End and 95% at east end of Oxford Street. Expected profit on cost of 18.2%
- 375,300 sq ft of new planning consents with positive progress preparing six near-term schemes (548,600 sq ft), 76% in West End, 100% near Crossrail stations[3]
- Committed and near-term schemes equate to 25% of core West End speculative deliveries over next 4 years
- Major development opportunity from additional 12 uncommitted pipeline schemes (1.3 million sq ft)
- Total development programme of 2.5 million sq ft covering 54% of existing portfolio, 69% in West End, 45% with planning permission

Continued successful leasing activity reflecting quality of portfolio - 6.0% ahead of ERV
- 76 new lettings (367,600 sq ft) securing annual income of £21.5 million (our share: £17.4 million), including £3.7 million of pre-lets and £9.6 million development lettings
- Market lettings were 6.0% ahead of valuers' March 2014 ERV
- Vacancy rate of 2.0% (March 2014: 3.7%), average office rent only £45.50 sq ft
- Reversionary potential of 28.4% (March 2014: 22.6%)
- Further £2.3 million of new lettings currently under offer, 1.9% premium to March 2015 ERV

Profitable capital recycling and selective bolt-on acquisition activity
- Disposals of £343.6 million in year at an average 11.0% premium to March 2014 book value, including £223.1 million of exchanged residential sales at Rathbone Square, W1
- Sale of 95 Wigmore Street, W1 by GWP joint venture in April 2015 for £222.4 million (net initial yield of 3.4%), 16.4% premium to March 2015 book value, crystallising profit on cost of 105%
- Acquisitions of £37.1 million (average capital value of £526 per sq ft) in year; in April 2015, secured full ownership of City Tower and City Place House, EC2 through purchase of JV partner's 50% interest in GSP (£608 per sq ft capital value and 5.3% yield on contracted rent roll)

Financial strength – firepower to fund further organic growth
- Loan-to-value of 21.8%, low weighted average interest rate of 3.7%, drawn debt 96% fixed or capped
- Cash and undrawn committed facilities of £442 million, capex to come[4] of £533 million

[1] On a like for like basis, including Joint Ventures
[2] In accordance with EPRA guidance
[3] Within 800 metres of nearest Crossrail station
[4] At committed and near-term development schemes

Toby Courtauld, Chief Executive, said:

"We are delighted to be able to report another year of strong results, driven by our development successes and rental growth, and maintaining our track record of long-term outperformance against all of our industry benchmarks.

London's economy has continued to outpace that of the rest of the UK and we can expect this to continue, assuming the inevitable uncertainty surrounding the outcome of the proposed EU referendum does not damage London's appeal as a business capital; both the risk appetite and employment intentions of the Capital's businesses remain expansionary and we anticipate their space needs to follow suit. As a result, with falling vacancy rates and the supply of new space to let in the near-term remaining extremely tight, we can look forward to further increases in rents.

In the context of these supportive market conditions, the Group's strategic positioning feels right: having bought more than 59% of our properties at opportune prices resulting from the financial crisis, we are in execution mode, delivering organic growth through developing, refurbishing and growing income across our 3.6 million sq ft portfolio.

Our 1.2 million sq ft committed and near-term development programme is the largest we have ever undertaken and accounts for circa 25% of all core West End speculative deliveries over the next four years. It contains some exceptional schemes, including a major contribution towards the regeneration of the east end of Oxford Street. In addition, our long, flexible pipeline of future projects contains many enticing prospects, often near to Crossrail stations, stretching well into the next decade.

With a deep and talented team, plentiful low cost finance and supportive market conditions, we are confident that we will continue generating attractive returns for shareholders."

Contacts:

Great Portland Estates plc **44 (0) 20 7647 3000**
Toby Courtauld, Chief Executive
Nick Sanderson, Finance Director

Finsbury Group **44 (0) 20 7251 3801**
James Murgatroyd
Gordon Simpson

The results presentation will be broadcast live at 9.00am today on:

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

A conference call facility will be available to listen to the presentation at 9.00am today on the following numbers:

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

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

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

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

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

Statement from the Chief Executive

We are delighted to be able to report another year of strong results, driven by our development successes and rental growth, and maintaining our track record of long-term outperformance against all of our industry benchmarks.

EPRA NAV per share increased by 24.6% over the year and the property portfolio delivered underlying capital growth of 18.0% with a total property return of 21.5%. The total shareholder return for the year was 30.3%, well ahead of our FTSE 350 Real Estate benchmark of 25.1%.

Flexing operational risk – in the execution phase of the cycle
Central London's property markets strengthened further over the year as economic growth continued to drive employment and business expansion across the Capital. The resulting increase in tenant demand along with record low vacancy levels in central London and the constrained supply of new space has combined to enable us to deliver a strong annual rental growth rate of around 10%. We expect this rate to be sustained over the next year.

In the investment market, the weight of money means transaction volumes and competition for assets have remained high, driving yields lower still over the year. Looking ahead, we expect yields to remain firm over the next 12 months and to move up in the medium-term as rental growth is captured.

In this market context, with rental growth expected to be the principal driver of capital returns for the next few years, we have increased our operational gearing through development whilst maintaining our consistently low financial gearing as we recycle capital, selling into the strong investment market.

Unlocking potential through well-timed development
Since 2009, we have successfully delivered 846,600 sq ft of well-designed space across nine projects, generating an average profit on cost of 50%. This includes two projects completed this year at 240 Blackfriars Road, SE1 and Walmar House, W1, together delivering a profit on cost of 55%. We have also expanded our committed programme which currently comprises six schemes (626,100 sq ft), all in the West End and focused on the regeneration of the east end of Oxford Street, including our largest ever development of 408,800 sq ft at Rathbone Square, W1. With construction contracts successfully secured, these schemes are all due to complete ahead of the forecast opening of Crossrail in 2018.

We have made significant progress in preparing our growing pipeline of development opportunities, with 375,300 sq ft of new planning consents secured across our six near-term projects (548,600 sq ft), including an enhanced consent for our 223,600 sq ft Hanover Square, W1 scheme. In total, our 2.5 million sq ft development programme covers over half of the existing portfolio and our upcoming deliveries in the core West End represent around 25% of this sub-market's total forecast speculative supply over the next four years.

Leasing ahead of plan
Another busy year of leasing has delivered total new lettings and renewals of £21.5 million in annual rent, with market lettings on average 6.0% above our valuer's ERV. With our low vacancy rate of 2.0%, development lettings were 62% (or £13.3 million) of this total, including leasing all of the office space at Walmar House, W1 and pre-letting a flagship retail store at 73/89 Oxford Street, W1 for a record zone A rent in the area.

Disciplined and profitable recycling
As expected, we were again a net seller as we crystallised profits, recycling capital into our development programme. Our sales of £344 million included 79% of the apartments at Rathbone Square, W1 and the forward sale of our pre-let development at 12/14 New Fetter Lane, EC4, delivering an ungeared IRR of 55%. Our approach to acquisitions remains highly selective and we were able to unlock £37 million of predominantly bolt-on purchases in the year.

Financial strength and talented team to deliver organic growth
Our balance sheet remains in great shape. With a loan to value of 21.8% and £442 million of committed undrawn liquidity, we have significant financial firepower. Moreover, these financial results and the successful delivery of our growth plans are a testament to the dedication of our experienced first-class team.

Positive outlook
In spite of the short-term uncertainty facing London as a result of the proposed EU referendum, we expect to continue delivering market-leading returns. With a portfolio full of opportunity, increased development commitments and supportive market conditions, we can expect to at least maintain last year's rental growth as we continue to deliver on our plans, generating strong returns for shareholders.

Toby Courtauld
Chief Executive

Our market

Our market is accompanied by graphics (see Appendix 1)

Central London's economy and commercial property markets continue to thrive with rents rising and investment appetite strong.

London – our growing global city
London is thriving with a population of nearly nine million people, generating 22% of UK GDP and with the largest GDP of any city in Europe. With the outlook for the UK economy remaining positive, with consensus estimates forecasting steady GDP growth of 2.0–2.5% over the next few years, London is expected to continue to punch above its weight with Oxford Economics forecasting annual growth of 3.4% over the next five years, making it Europe's fastest growing major city. Moreover, confidence and employment intention indicators across London's businesses show that they remain in growth mode.

With London's population forecast to grow to more than ten million by 2030, Oxford Economics has also revised upwards its forecasts for London employment to 6.0 million, growth of 8.3% over the next five years and expect more than 256,650 of new office jobs to be created in London. In addition, London's position as one of only a handful of true global cities continues to strengthen, attracting international capital for real estate investment as well as occupiers seeking access to its deep pool of talented labour.

Notwithstanding these positive prospects, the UK economic recovery has been slower than in recent cycles and with UK inflation materially below the long-run average, interest rates remain at very low levels, albeit they are expected to increase in the medium-term. Uncertainties around the economic outlook persist given, amongst others, uncertainty relating to a possible referendum on our EU membership, Eurozone deflation and Grexit risk, along with moderating economic growth in the USA and China. Unfortunately we also have a heightened risk of terrorism in London.

Occupational markets favouring landlords
On the demand side, improved business confidence is feeding into business expansion and, in turn, healthy tenant demand for new space. For the year ended March 2015, central London take-up was 15.2 million sq ft, exceeding both the preceding 12 months and the ten year annual average of 12.5 million sq ft. This trend is expected to continue with office-based employment in inner London, a key driver of demand for office space, expected to increase by an average of 2% p.a. over the coming five years. Moreover, this take-up has been from a broad range of industries, including creative businesses (25%), banking and finance (23%) and business services (15%). As a result, the central London availability rate has fallen to 4.9%, its lowest level since 2007.

On the supply side, although development completions across central London are rising, this is from a low base. Across the central London office market as a whole, development completions in the year to 31 March 2015 were 5.1 million sq ft, up from 4.5 million sq ft in the preceding 12 months. However, in the core of the West End, the focus of our development activities, completions totalled only 0.8 million sq ft in the year. This supply shortage has meant that pre-lets continue to represent around 20% of central London office take-up.

Looking ahead, as shown in the chart in Appendix 1, we expect to see a pick-up in the speculative development pipeline as developers respond to stronger occupier demand levels and the prospect of rental growth. However, the significant barriers to development in the West End combined with the lead time between development starts and completions means that we expect it will take several years for any meaningful amount of new space to be delivered. These barriers increasingly include a shortage of contractor capacity which is both reducing market access to new entrants or those developers without meaningful pipelines of work and supporting construction cost inflation. Whilst construction costs are rising from a relatively low base, the major cost consultants are forecasting annual cost inflation of 4–7% over the coming years for commercial schemes. Across our business, we expect to be able to largely mitigate these cost increases and capacity constraints through rental growth, our deep relationships with contractors, effective supply chain management and our pipeline of opportunities.

West End occupational markets
Over the year to 31 March 2015, West End office take-up was 4.4 million sq ft, up 7.0% on the preceding year, while availability has reduced to 3.7 million sq ft. Vacancy rates remain low at 2.4% with grade A space vacancy estimated by CBRE to be only 1.8%.

Across the West End, CBRE has reported that prime office rental values rose by around 11.9% over the year. Looking ahead, rents are forecast by CBRE to show strong growth, with North of Oxford Street prime office rents expected to show the strongest rental growth in the core West End of 19% over the next two years following the completion of new developments, including our own scheme at Rathbone Square, W1.

The West End retail market (where 28.4% of our West End portfolio by value is located) has continued to witness very strong rental growth. Over the last year, strong demand for retail space has maintained a near zero vacancy, with significant leasing activity supporting prime rental values. Our own recent experience at the East End of Oxford Street has demonstrated our ability to re-rate rental levels upwards on the back of our development activities.

City, Midtown and Southwark occupational markets
Over the year to 31 March 2015, City office take-up was 6.7 million sq ft, up 19.0% on the preceding year, while availability has reduced to 3.9 million sq ft. Although higher than in the West End, vacancy rates remain low at 4.2% with grade A space vacancy estimated by CBRE to be only 3.3%. CBRE has also reported that City prime rental values were up 11.1% during the period.

Midtown and Southwark continue to witness significant leasing activity, driven largely by demand for new space from the TMT sector, as evidenced by our own lettings at 240 Blackfriars Road, SE1. This has supported strong rental growth of 12.5% and 15.0% respectively for the year, with prime office rents of £67.50 and £57.50 per sq ft respectively at 31 March 2015.

Positive outlook for our occupational markets
The upturn in central London take-up over the past 12 months has been driven by strengthening occupier confidence which has delivered office rental growth ahead of our expectations. We expect this trend to continue in 2015 as the economy grows.

With the imbalance between improving occupational demand and restricted supply favouring the landlord, we can expect further rental growth in our key markets. As the chart in Appendix 1 shows, independent forecaster PMA is predicting healthy rental growth in both the West End and the City office markets over the medium-term. We estimate that for the next 12 months rental growth across our portfolio will be around 10%. Additionally, with our office portfolio let off low average rents of only £45.50 per sq ft, there is further reversionary potential across the Group of 28.4%.

Buoyant investment market
Following a record year with £19.9 billion of central London office investment transactions to 31 December 2013, activity has remained buoyant with £18.5 billion of deals in 2014. The small decrease in activity reflects the continued shortage of stock available on the market to buy rather than diminished purchasing appetite amongst a growing pool of buyers. Overseas investors continue to be the largest buyer constituency, accounting for 69% of transactions, with Asian buyers again the largest regional international investor. Healthy investment activity has continued with £3.7 billion of deals in the quarter to 31 March 2015 and it is interesting to note that UK buyers represented 43% of the total.

In the West End, 2014 was a record year with £6.3 billion of investment transactions. Volumes fell in the quarter to 31 March 2015 with £1.0 billion of deals compared to £1.8 billion in the prior quarter.

Strong competition for limited stock has driven investment yields for office properties lower with prime yields in the West End and City of 3.65% and 4.25% respectively at 31 March 2015, according to CBRE. Prime retail yields in the West End are currently 2.25%.

While price growth and transaction activity has slowed in the prime central London residential market, in part due to the political landscape, our experience at Rathbone Square, W1 demonstrated that appropriately priced, well specified, modern apartments in attractive locations in our core West End market continued to be in high demand during the year.

Weight of money supporting positive investment market outlook
As the chart in Appendix 1 shows, the excess of equity capital to invest over commercial property available to buy across central London remains high (estimated at £40 billion versus £2 billion respectively).

Moreover, with bond yields at near record lows and instances of negative yields in the Eurozone, the increased availability of real estate debt funding and investors' increased willingness to move up the risk curve means that competition for stock remains intense, narrowing the yield spread between prime and secondary. In the near-term, we expect yields to remain firm, and as expectations of interest rate increases in the UK continue to be pushed back, the real yield spread remains above the long-term average. For the medium-term, we maintain our view that yields will increase as rental growth is captured.

Rental growth to be the principal driver of capital value growth
As the chart in Appendix 1 shows, yield compression tends to drive capital value growth early in the cycle, although its contribution has been more sustained this cycle given elevated liquidity levels due to quantitative easing and unprecedentedly loose monetary policy. Over the next few years, we expect that rental growth will continue to increase and will become the principal driver of capital growth across the central London commercial real estate market.

Our lead indicators remain supportive
Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our marketplace.

Overall, our property capital value indicators remain supportive, with no indications to date of any slowdown in the weight of capital seeking to purchase well located, quality buildings in our core central London markets. The reduction in net new property lending appears to be due to a lack of demand given the increased availability of debt funding for investment property. Our rental value indicators continue to improve with upward revisions to London GDP forecasts, supported by positive business confidence and employment levels in central London. Accordingly, we expect that rental values will continue to rise for sensibly priced, well specified space in attractively located central London properties in the medium-term.

Valuation

Valuation is accompanied by graphics (see Appendix 2)

The valuation of the Group's properties rose to £3,206.2 million during the year, delivering valuation growth of 18.0% on a like-for-like basis. Our development properties delivered valuation growth of 28.2%.

At 31 March 2015, the wholly-owned portfolio was valued at £2,457.1 million and the Group had five active joint ventures which owned properties valued at £749.1 million (our share) by CBRE. The combined valuation of the portfolio of £3,206.2 million was up 18.0% on a like-for-like basis or £482.1 million since 31 March 2014.

Rental income growth is now the main driver of valuation uplift
The key drivers behind the Group's valuation movement for the year were:

- rental value growth – robust tenant demand outstripped the supply of good quality well-located buildings in our key markets. This positive market backdrop, combined with our active management of the portfolio, increased rental values by 10.3% during the year, comprising a 10.0% and 11.4% increase for office and retail rental values respectively. In the last quarter of the financial year, rental growth accounted for nearly all the valuation rise. At 31 March 2015, the portfolio was 28.4% reversionary;
- intensive asset management – during the year, 101 new leases, rent reviews and renewals were completed, securing £24.6 million (our share) of annual income which supported valuation growth over the year;
- development properties – the valuation of current development properties increased by 28.2% to £535.2 million during the year. In particular, 73/89 Oxford Street, W1 delivered a strong valuation gain (net of capex) of 53.0% following commencement on-site and pre-letting activity; and
- lower investment yields – a continued surfeit of buyers over sellers of commercial property helped to reduce investment yields across central London during the year and increase pricing. Our portfolio equivalent yield reduced by 27 basis points (2014: 45 basis point reduction) during the year due to both this strength of demand for properties and our activities to improve the quality of the portfolio. At 31 March 2015, the portfolio equivalent yield was 4.5%.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 31 March 2015 was 3.4%, 50 basis points lower than at the start of the financial year.

Our Rest of West End portfolio produced a strong performance over the year, increasing in value by 18.7% on a like-for-like basis, in part driven by retail capital value growth of 19.5%. Our North of Oxford Street assets saw a 13.1% uplift in values and the City, Midtown and Southwark properties grew by 21.7%. Our joint venture properties rose in value by 13.4% over the year while the wholly-owned portfolio rose by 19.4% on a like-for-like basis.

The Group delivered a total property return (TPR) for the year of 21.5%, compared to the central London IPD benchmark of 24.3% and a capital return of 18.8% versus 20.3% for IPD. This relative under-performance resulted from our lower relative income return due to the scale of our development activities and the greater rate of capital growth this year for secondary properties compared to our more prime portfolio.

Our business

Our business is accompanied by graphics (Appendix 3)

Investment management

Overview
As expected, we were a net seller with sales of £344 million during the year as we continued to recycle capital into our development programme and capitalise on the strong investment market. However, we were also able to unlock £37 million of acquisitions in the year.

Profitable recycling continues with £343.6 million of sales in the year
Our investment management activities continue to focus on profitable recycling opportunities. During the year, we completed four sales generating £343.6 million in initial gross proceeds and at a blended premium of 11.0% to 31 March 2014 book values.

We launched the pre-sales marketing programme of the 142 private residential units at Rathbone Square, W1 on the commencement of the development in July 2014, first in the UK and then overseas, to owner occupiers and private investors. During the year, we exchanged contracts to sell 130 apartments for an aggregate amount of £223.1 million; 79% by value, reflecting an average capital value of £1,875 per sq ft. Since 31 March 2015, we have sold a further two units bringing total sales to £228.9 million or £1,886 per sq ft. The 132 apartments sold equate to 85% of the total private residential by area and 81% by value. The ten remaining apartments, eight of which are penthouse units, have a total quoting price of £52.8 million.

In July 2014, we also sold our 7,370 sq ft freehold building at Tudor House, 35 Gresse Street, W1 for £8.4 million, reflecting a net initial yield of 3.1%, a capital value of £1,140 per sq ft and a 5.0% premium to the March 2014 book value.

In November 2014, we exchanged contracts to sell our 142,500 sq ft pre-let office development scheme which is under construction at 12/14 New Fetter Lane, EC4. Following receipt of freeholder consent in December, the purchaser acquired the site from GPE for £96.3 million (11.8% ahead of the adjusted September 2014 book value) and is now funding all development costs up to maximum of £165.8 million, reflecting a yield of 4.5%. Based on the current cost and programme, GPE will also receive a final payment of approximately £5.0 million on practical completion in late 2015. The sale crystallises a return on capital since committing to the scheme of 82.7% and an unlevered IRR of 55.1%.

In December 2014, we also sold our remaining 12.5% interest in the 100 Bishopsgate Partnership to Brookfield for £15.8 million, following our exercise of the 'put' option that we secured on the sale of a 37.5% interest in the partnership in October 2012.

Since 31 March 2015, the Great Wigmore Partnership, our 50:50 joint venture with Aberdeen Asset Management, sold 95 Wigmore Street, W1 its 98,800 sq ft newly constructed and fully-let office and retail property. The purchaser acquired the property for £222.4 million, reflecting a net initial yield of 3.4% and a capital value of £2,209 per sq ft. The sale crystallises a profit on cost for GPE since commitment to the development in 2011 of 105%.

Selective acquisitions of £37.1 million during the year
During the year, we made three acquisitions totalling £50.1 million (our share: £37.1 million).

In July 2014, the Great Ropemaker Partnership ('GRP'), our 50:50 joint venture with BP Pension Fund, completed the purchase of the freehold interest in Elm House, 13/16 Elm Street, WC1 for £26.0 million (our share: £13.0 million). Elm House is a prominent, 11 storey office building, adjoining GRP's 200 Gray's Inn Road, totalling approximately 48,800 sq ft with vacant possession, providing a near-term refurbishment opportunity in a rapidly improving location with good rental prospects.

In September 2014, we completed the purchase of the virtual freehold interest in 6 Brook Street, W1 for £7.6 million. The 3,600 sq ft office and retail building adjoins our interests at Hanover Square, W1.

In March 2015, we acquired two buildings on Alfred Place, W1 held by way of two head leases from the Corporation of London; the head leases have circa 38 years unexpired and are at minimal fixed head rents. The currently vacant buildings comprise 42,750 sq ft and we expect to undertake a refurbishment of the space in the near-term. The price paid was £16.5 million, representing only £386 per sq ft. Alfred Place runs parallel to and east of Tottenham Court Road, north of the London Underground station, and should benefit from the infrastructure and public realm improvements in the immediate locality. Off a price of £386 per sq ft, the acquisition provides a conservative entry level from which to drive a healthy income return in the near-term, as well as a potentially interesting longer-term development proposition.

Finally, since 31 March 2015, we purchased Starwood Capital's 50% interest in The Great Star Partnership ('GSP') joint venture for £61.4 million and redeemed all of the £73.1 million in outstanding bank debt secured against GSP's properties. The transaction equates to a property price of £190.6 million and gives GPE full ownership of the leasehold interests in City Tower, 40 Basinghall Street, EC2 and the adjacent City Place House, 55 Basinghall Street, EC2 which together occupy a 1.3-acre core City site. The acquisition price reflects £608 per sq ft and a yield of 5.3% on the contracted rent roll, or 4.8% after deducting current void costs on the vacant space. The running yield can be quickly enhanced to 6.1% if the vacant accommodation is leased in its existing condition, preserving the opportunity for a larger scale refurbishment of City Place House in the medium-term, in an area set to benefit from the introduction of Crossrail in 2018.

Development management

Overview
With the business firmly in the execution phase, our development activities continue to help drive shareholder returns. We have six committed schemes, which are forecast to deliver a profit on cost of 18.2%, and a further six schemes with potential starts in the next 24 months.

Firmly in the execution phase – developing in scale
Since 2009 we have completed nine schemes, including two this year, delivering 846,600 sq ft of high quality space with an average profit on cost of 50%. We currently have six committed schemes (626,100 sq ft of space), all in the West End. Taken together, these schemes have an expected profit on cost of 18.2% and, to date, 29.5% of the space has been pre-let or pre-sold, helping to manage our development risk.

Our substantial pipeline of opportunities includes an additional 18 uncommitted projects including six schemes (548,600 sq ft) with potential starts in the next 24 months, giving us a total potential development programme of 2.5 million sq ft, covering 54% of GPE's existing portfolio. Capital expenditure to come at our committed schemes totals £324.6 million, which could rise to £533.4 million (our share) if the six near-term uncommitted schemes were started. At 31 March 2015, the committed development properties were valued at £535.2 million and the near-term development properties at £334.0 million (our share).

Two schemes completed during the year – 54.9% profit on cost

At 240 Blackfriars Road, SE1, our 236,700 sq ft development owned in the Great Ropemaker Partnership ('GRP'), construction works completed in April 2014 with 11 of the 19 office floors already let and delivering a profit on cost of 55.9% at completion. We have subsequently let a further six office floors, one of the three retail units and sold eight of the ten residential units.

In October 2014, we completed our 60,100 sq ft mixed-use comprehensive refurbishment of Walmar House, Regent Street, W1. Shortly after completion, we let the entire office accommodation (37,700 sq ft) on a 15 year lease (no breaks) to Richemont, the luxury goods retailer, paying £2.6 million p.a. We have also let four of the five retail units (11,100 sq ft) for £1.1 million per annum and have strong interest in the remaining unit. Despite the scheme completing eight months later than planned, it delivered a profit on cost of 53.8% and an ungeared IRR of 25.8%.

Six committed schemes on-site – 100% West End

At Rathbone Square, W1 our 408,800 sq ft mixed-use development scheme at the eastern end of Oxford Street, the main construction contract has been agreed with Lend Lease and construction work is fully underway and progressing well. As set out in the investment management section, the successful sales programme in respect of the 142 private residential units continues and we expect to commence our pre-letting campaign for the 214,900 sq ft of office space in summer 2015. The project is expected to complete in June 2017 and, based on current market assumptions, is expected to deliver GPE a pre-tax profit on cost of 19.2%. This is a healthy increase on the 15.7% expected on commitment to the scheme in spring 2014, as our residential sales success and increased market rental levels have more than outweighed an increase in construction costs and programme length. The eventual profit on cost to GPE will be influenced by a variety of factors, including the overage arrangements agreed with the Royal Mail Group on purchase of the site in September 2011.

At 30 Broadwick Street, W1 (formerly St Lawrence House), demolition works are also complete and construction works for our 92,400 sq ft new-build, fully consented office and retail scheme have commenced. The project is expected to complete in autumn 2016 and, based on current market assumptions, is expected to deliver GPE a profit on cost of 20.5%. We also expect to commence imminently construction works for our 18,900 sq ft mixed use scheme at 78/82 Great Portland Street, W1, which will accommodate the off-site residential space associated with our scheme at 30 Broadwick Street, W1 and 90/92 Great Portland Street, W1, which will provide the off-site residential for Hanover Square, W1.

In January 2015, we committed to our fully consented development scheme at 73/89 Oxford Street, W1, which will deliver 90,700 sq ft of new-build retail and office space directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station. With vacant possession achieved, strip-out of the existing property has completed with full demolition works now underway and the main construction contract agreed with Brookfield Multiplex. Following a strong valuation performance over the last 12 months (up 53%), based on current market assumptions, the scheme is expected to deliver GPE a profit on cost of 14.1% on planned completion in spring 2017.

Shortly after committing to the development of 73/89 Oxford Street, we pre-let the majority of the retail space as a new flagship store to fast-fashion brand New Look. On completion of the development, they will occupy 31,800 sq ft on basement, ground, first and second floors on a 20 year lease, paying rent of £3.65 million p.a. after receiving 12 months rent free from lease commencement. The letting was conditional upon GPE securing a change of use on the second floor from office to retail which we received in May 2015. Following this pre-letting, GPE has a second flagship store of 15,300 sq ft and 43,600 sq ft of Grade A offices at 1 Dean Street still to lease.

We have also now committed to our development at 48/50 Broadwick Street, W1 which will provide the off-site residential space associated with the development at 73/89 Oxford Street, W1.

Six schemes in the near-term pipeline

Our near-term development programme comprises six schemes (548,600 sq ft), all with potential starts over the next 24 months.

At 148 Old Street, EC1, we have obtained planning permission for a major refurbishment of the existing 97,800 sq ft building to create around 151,700 sq ft of high quality office space. We will have vacant possession this month and we are targeting completion of the scheme by early 2017.

At Hanover Square, W1, we have obtained a revised resolution to grant planning for our mixed-use development scheme which will now deliver 223,600 sq ft of space and enhanced urban realm. The development scheme is owned in our 50:50 joint venture with the Hong Kong Monetary Authority with a potential start upon delivery of the station structure by Crossrail.

At Tasman House, 59/63 Wells Street, W1, we have submitted a planning application to replace a tired 1950's building with 36,500 sq ft of new office and retail space.

At Oxford House, 76 Oxford Street, W1, we continue to work up our plans ahead of a planning application submission for a 90,500 sq ft major refurbishment of the mixed use property incorporating a significant increase in the retail space. The building sits directly to the south of Rathbone Square, W1 and is opposite 73/89 Oxford Street, W1.

The Group's near-term programme also includes proposed refurbishments of Mortimer House, W1 (23,100 sq ft) and 84/86 Great Portland Street, W1 (23,200 sq ft).

Asset management

Overview
It has been another busy year; we have agreed 76 new lettings, securing £21.5 million of annual rent, with market lettings 6.0% ahead of the valuer's March 2014 ERV.

Following record leasing last year, activity has remained high
The highlights of the year were:

- 76 new leases and renewals agreed (2014: 84 leases) generating annual rent of £21.5 million (our share: £17.4 million; 2014: £25.9 million, our share £20.8 million), market lettings 6.0% ahead of ERV;
- 25 rent reviews securing £7.2 million of rent (our share: £7.2 million; 2014: £6.0 million) were settled at an increase of 29.5% over the previous rent;
- total space covered by new lettings, reviews and renewals was 510,100 sq ft (2014: 557,000 sq ft); and
- a low investment portfolio vacancy rate of 2.0% at 31 March 2015 (2014: 3.7%).

Since 31 March 2015, we have completed four lettings delivering £0.5 million (our share: £0.5 million) with a further 17 lettings currently under offer accounting for £2.3 million p.a. of rent (our share: £2.3 million), 1.9% ahead of March 2015 ERV.

Leasing activity including significant development lettings
We had another strong leasing year; of the 76 total lettings agreed overall, the 61 open-market transactions were at rents 6.0% ahead of the valuer's 31 March 2014 ERV. The remaining 15 smaller lettings were below the 31 March 2014 ERV as they were short-term deals to maintain income ahead of potential future redevelopments.

Our letting activity was dominated by leasing in our development portfolio, as detailed in the Development management section. Of the total rent secured in new lettings during the year, £13.3 million, or 62%, was achieved in our committed or recently completed developments. In addition to our £3.65 million pre-let to New Look at 73/89 Oxford Street, W1, we let a further £9.6 million in newly completed buildings including £2.6 million to Richemont at Walmar House, W1, £3.5 million in four new lettings at 240 Blackfriars Road, SE1, and £2.8 million at City Tower, EC2. Today, 240 Blackfriars Road and the refurbished element of City Tower are 89% and 100% let respectively.

During the financial year, we also continued to capture the significant reversionary upside across our investment portfolio, with notable lettings including the fifth floor (15,700 sq ft) at Wells & More, W1 to Lionsgate at £75.00 per sq ft (£1.2 million), almost double the previous passing rent, and 24,500 sq ft (£1.2 million) of lettings at 200 Gray's Inn Road, WC1 to Warner Brothers.

Tenant retention has helped keep our vacancy rate low
In the financial year, 110 leases covering around 403,000 sq ft of space with a rental value of £11.2 million were subject to lease expiry or tenant break. After removing 45.4% of the space where we are refurbishing or need vacant possession to enable development, tenants were retained for 32.5% of this space by area and by the end of March 2015, we had leased or put under offer a further 17.1%, leaving only 5.0% to transact. Together, our strong letting and tenant retention performance has helped keep our vacancy rate low at 2.0% at 31 March 2015.

Rent collection remains very strong
The quarterly cash collection performance has been very strong throughout the year. We secured 99.3% of rent after seven working days following the March 2015 quarter date, with an average collection rate of 99.2% across the four quarter ends in the year. Tenants on monthly payment terms represent around 4.0% of our rent roll (March 2014: 3.6%).

Financial management

Overview
Conservative levels of flexible, low-cost financial leverage are consistently maintained to enhance shareholder returns. With a loan to value of 21.8% and £442 million of committed undrawn liquidity, our strong balance sheet provides a solid platform to fund further organic growth.

Another successful year of financing activity enhances our liquidity
We have continued to be successful in our financing activities, again focusing on our objectives of maximising operational flexibility, ensuring the cost of our debt remains one of the lowest in the sector and maintaining a good diversity of funding sources. In October 2014, we replaced the Group's £350 million facility which was due to mature in November 2015 and a £150 million facility which was due to mature in February 2017 with a new £450 million revolving credit facility with a small group of relationship banks. The new facility has a margin grid related to gearing which varies from 105 to 165 basis points and has a maturity of five years which may be extended to a maximum of seven years on our request, and on each bank's approval for its participation. The lower margins and commitment fees on the new facility compared to the two replaced facilities are expected to deliver annual cash savings to the Group of around £2 million.

Since the year end, the non-recourse bank debt facility (£37 million our share) held by the Great Star Partnership has been repaid (ahead of maturity in July 2015) following GPE's purchase of Starwood's interest in the partnership.

At 31 March 2015, we had £442 million of cash and undrawn committed facilities. Looking ahead, although we will continue to monitor opportunities to enhance our liquidity through our excellent access to a variety of financing sources, our proven track record of capital recycling and our already strong financing position means that we have no immediate additional debt funding requirements.

Diverse low-cost debt sources delivering an attractive debt maturity profile
Having refinanced almost our entire debt book in the last five years, we have increased our diversity of funding sources whilst maintaining our preference for the majority of our debt to be on an unsecured basis. At 31 March 2015, 86% of our total drawn debt (and 54% of our total debt) was from non-bank sources with 64% (and 78% of total debt) borrowed on an unsecured basis. Our weighted average drawn debt maturity was 6.0 years (2014: 6.9 years) at 31 March 2015.

As detailed in Our financial results section later, our debt metrics continue to be conservative and appropriate given our development activities. With our weighted average interest rate only 3.7% (on drawn debt), which we believe continues to be one of the lowest in the sector, and both capitalised interest and earnings increasing (with EPRA earnings per share rising 15.5% to 12.7 pence for the year), interest cover has improved to 10.7 times.

At 31 March 2015, net gearing was 25.2% and our loan to value ratio was 21.8%. Adjusting for our investment transaction activity in April 2015, our loan to value ratio falls to 21.5%. Pro forma for the total potential capex to come of around £533.4 million at our committed and near-term development schemes, our loan to value ratio would rise to approximately 32% before considering the development surpluses to come and potential receipts from recycling.

Given our strong credit metrics, our NAIC designation (used by US private placement investors) improved to '1 minus' during the year.

Joint ventures

Joint ventures continue to be an important part of our business and currently represent 20.1% of the Group's net assets following our recent purchase of our partner's share of the Great Star Partnership and the sale of 95 Wigmore Street, W1.

We categorise our joint ventures into two types:

- access to new properties (11.2% of GPE's net asset value). The relevant joint ventures are the Great Victoria Partnership ('GVP') with Liverpool Victoria Friendly Society, the Great Wigmore Partnership ('GWP') with Aberdeen Asset Management (formerly Scottish Widows) and the Great Star Partnership ('GSP') with Starwood Capital; and
- risk sharing on development projects and/or large lot size properties (15.4% of GPE's net asset value). The relevant joint ventures are the GHS Limited Partnership ('GHS') with the Hong Kong Monetary Authority ('HKMA') and the Great Ropemaker Partnership ('GRP') with BP Pension Fund.

Overall, during the year our five active joint ventures represented a significant proportion of the Group's business. At 31 March 2015, they made up 23.4% of the portfolio valuation, 26.6% of net assets and 29.1% of rent roll (at 31 March 2014: 23.9%, 27.2% and 23.3% respectively).

As detailed in the Investment management section, since the year end we have purchased the other 50% of GSP from our partner, bringing the joint venture to a close, and GWP has profitably sold its largest property, 95 Wigmore Street, W1. Pro forma for these transactions, joint ventures now contribute 17.4% of the portfolio valuation, 20.1% of net assets and 18.6% of rent roll.

Our financial results

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

The Group's strong financial results reflect the successful execution of our strategic priorities combined with a portfolio well positioned to take advantage of the robust demand in the central London property market.

Net asset value growth
EPRA net assets per share (NAV) at 31 March 2015 was 709 pence per share, an increase of 24.6% over the year, largely due to the rise in value of the property portfolio. At 31 March 2015, the Group's net assets were £2,390.9 million, up from £1,931.9 million at 31 March 2014.

The main drivers of the 140 pence per share increase in NAV from 31 March 2014 were:

- the rise of 136 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 33 pence;
- profit on property disposals, including the forward sale of 12/14 New Fetter Lane, EC4, added 4 pence per share to NAV;
- EPRA earnings for the year of 13 pence per share enhanced NAV;
- dividends of 9 pence per share reduced NAV; and
- other movements reduced NAV by 4 pence per share.

Triple net assets per share (NNNAV) was 685 pence at 31 March 2015 compared to 550 pence at 31 March 2014 (up 24.5%). At the year end, the difference between NAV and NNNAV was due to the negative mark to market of the Group's 2029 debenture, convertible bond and private placement notes more than offsetting the positive valuation of the Group's derivatives.

Enhanced earnings per share
EPRA profit before tax was £45.1 million, 17.4% higher than last year driven by our development activities including the associated higher levels of capitalised interest.

Rental income from wholly-owned properties and joint venture fees for the year were £66.0 million and £4.2 million respectively, generating a combined income of £70.2 million, down £6.4 million or 8.4% on last year. This decrease predominantly resulted from the full year impact of property sales in the prior year, including 90 Queen Street, EC4 and removing income from buildings ahead of redevelopment including 73/89 Oxford Street, W1 and 30 Broadwick Street, W1 both of which started on-site during the year. Lower joint venture fees resulted from reduced joint venture development activity on the completion of 95 Wigmore Street, W1 and 240 Blackfriars Road, SE1. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including joint ventures) increased 4.0% on the prior year.

EPRA profits from joint ventures were £5.5 million, down £1.9 million from £7.4 million last year, as increased joint venture finance costs outweighed the 23% growth in net rental income.

Property expenses were stable at £7.7 million and administration costs were £20.1 million, a reduction of £4.5 million on last year, largely as a result of lower provisions for performance related pay including payments under share incentive plans. Profit on construction contracts of £1.7 million (2014: £nil) relates to our forward sale of 12/14 New Fetter Lane, EC4, where construction is due to complete in late 2015.

Underlying net finance costs were £4.5 million (2014: £13.3 million). Gross interest paid on our debt facilities was lower due to reduced Group net debt during the period and the full year benefit of our low coupon convertible bond. Moreover, during the period we capitalised £11.4 million (2014: £6.4 million) of interest as we progressed our development schemes including Rathbone Square, W1, 30 Broadwick Street, W1 and Walmar House, W1.

Revaluation gains and underlying profits enabled the Group to report an accounting profit after tax of £508.2 million (2014: £422.2 million). Basic EPS for the year was 148.3 pence, compared to 123.4 pence for 2014. Diluted EPS for the year was 147.4 pence compared to 122.5 pence for 2014. Diluted EPRA earnings per share were 12.7 pence (2014: 11.0 pence), an increase of 15.5%.

Results of joint ventures
The Group's net investment in joint ventures was £636.7 million, an increase from £524.8 million at 31 March 2014, largely due to investment into GRP for the purchase of Elm House, WC1 and valuation surpluses. Our share of joint venture net rental income was £24.8 million, an increase of 23.4% on last year due to our letting activity at our completed developments at City Tower, EC2, 240 Blackfriars Road, SE1 and 95 Wigmore Street, W1.

Our share of non-recourse net debt in the joint ventures was broadly stable at £97.6 million at 31 March 2015 (2014: £101.0 million).

In April 2015, the Group purchased Starwood Capital's interest in GSP and sold 95 Wigmore Street, W1, the largest asset in GWP. Pro forma for these transactions, the Group's net investment in joint ventures fell to £481.3 million.

Strong financial resources
Group consolidated net debt was £601.2 million at 31 March 2015, up from £586.1 million at 31 March 2014 as the Group's capital expenditure more than offset cash inflows from property disposals against a backdrop of broadly stable working capital. Group gearing fell to 25.2% at 31 March 2015 from 30.3% at 31 March 2014, primarily as a result of the increased portfolio value. Including non-recourse debt in the joint ventures, total net debt was £698.8 million (2014: £687.1 million) equivalent to a loan to value of 21.8% (2014: 25.7%). Pro forma for the sale of 95 Wigmore Street, W1 and the Group's purchase of Starwood's interest in GSP, loan to value was 21.5%. The proportion of the Group's total net debt represented by our share of joint venture net debt was 14.0% at 31 March 2015, compared to 14.7% a year earlier.

At 31 March 2015, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £442 million. The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 4.1%, an increase of 20 basis points compared to the prior year. As expected, the weighted average interest rate (excluding fees) at the year end was slightly higher at 3.7% (2014: 3.5%) primarily due to the renewed hedging arrangements on our private placement notes issued in 2011 being at a higher rate than those replaced.

At 31 March 2015, 96% of the Group's total debt (including non-recourse joint ventures) was at fixed or capped rates (2014: 98%). Interest cover for the year was 10.7x (2014: 4.3x). The Group, including its joint ventures, is operating with substantial headroom over its debt covenants. The financial covenants on our unsecured private placement notes are identical to those on our £450 million unsecured revolving credit facility which matures in October 2019.

Robust tenant base
None of our tenants went into administration around the March 2015 quarter day (March 2014: one). Tenant delinquencies in the year were low at 0.7% of total rent roll (2014: 0.7%) and rent deposits have predominantly mitigated their financial impact. We are vigilant and continue to monitor the financial position of our tenants on a regular basis.

Taxation
The current tax charge in the income statement for the year is £nil (2014: £nil) as a result of the tax-free nature of much of the Group's income and other allowances being available to set against non-REIT profits. The deferred tax credit in the income statement for the year is £0.8 million (2014: £nil) and relates to non-REIT Group activities. The underlying effective tax rate was 0% (2014: 0%). The Group complied with all relevant REIT tests for the year to 31 March 2015.

All entities within the Group are UK tax resident; as our business is located wholly in the UK, we consider this to be appropriate. The Group maintains an open working relationship with HMRC and seeks pre-clearance in respect of complex transactions as part of its low-risk tax strategy.

As a REIT, we are exempt from UK corporation tax in respect of our property rental business, provided we meet a number of conditions including distributing at least 90% of the rental income profits of this business (known as Property Income Distributions ('PIDs')) on an annual basis. These PIDs are then typically treated as taxable income in the hands of shareholders. The Group's REIT exemption does not extend to either profits arising from the sale of investment properties which have undergone a major redevelopment within the preceding three years or profits arising from trading properties (including the sale of the residential units at Rathbone Square, W1).

Despite being a REIT, we are subject to a number of other taxes and certain sector specific charges in the same way as non-REIT companies. During the year, we incurred £9.8 million in respect of stamp duty land tax, empty rates in respect of vacant space, s106 contributions and community infrastructure levies.

Dividend
The Board has declared a final dividend of 5.5 pence per share (2014: 5.4 pence) which will be paid in July 2015. All of this final dividend will be a REIT PID in respect of the Group's tax exempt property rental business. Together with the interim dividend of 3.5 pence, the total dividend for the year is 9.0 pence per share (2014: 8.8 pence).

Change to Quarterly Trading Statements
Following recent changes to EU regulation on financial disclosure, the Financial Conduct Authority has removed its requirement for UK companies to publish Interim Management Statements. We remain committed to full and transparent disclosure, and will continue to publish interim trading updates for the first and third quarters of the year, along with comprehensive full-year and half-year reports. However, quarterly property valuations will no longer be provided in the interim trading updates as we have concluded that the additional information that these valuations provided does not justify the considerable investment in their preparation and analysis.

Our next interim trading update will be released on the morning of Wednesday 8 July 2015, ahead of our Annual General Meeting.

Group income statement

For the year ended 31 March 2015

	Notes	**2015 £m**	2014 £m
Total revenue	2	**88.8**	85.2
Net rental income	3	**66.0**	69.7
Joint venture fee income	12	**4.2**	6.9
Rental and joint venture fee income		**70.2**	76.6
Property expenses	4	**(7.7)**	(7.7)
Net rental and related income		**62.5**	68.9
Administration expenses	5	**(20.1)**	(24.6)
Development management revenue		**10.6**	–
Development management costs		**(8.9)**	–
		1.7	–
Trading property – cost of sales		**(4.8)**	(1.6)
Operating profit before surplus on property and results of joint ventures		**39.3**	42.7
Surplus from investment property	10	**380.6**	325.6
Share of results of joint ventures	12	**84.7**	105.6
Operating profit		**504.6**	473.9
Finance income	6	**11.8**	9.9
Finance costs	7	**(9.0)**	(61.6)
Profit before tax		**507.4**	422.2
Tax	8	**0.8**	–
Profit for the year		**508.2**	422.2
Basic earnings per share	9	**148.3p**	123.4p
Diluted earnings per share	9	**147.4p**	122.5p
Diluted EPRA earnings per share	9	**12.7p**	11.0p

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

Group statement of comprehensive income

For the year ended 31 March 2015

	Notes	**2015 £m**	2014 £m
Profit for the year		**508.2**	422.2
Items that will not be reclassified subsequently to profit and loss:			
Actuarial deficit on defined benefit scheme	25	**(3.1)**	(0.7)
Total comprehensive income and expense for the year		**505.1**	421.5

Group balance sheet

At 31 March 2015

	Notes	**2015 £m**	2014 £m
Non-current assets			
Investment property	10	**2,348.2**	1,972.7
Investment in joint ventures	12	**636.7**	524.8
Other investment	13	**–**	18.3
Plant and equipment	14	**0.2**	0.3
		2,985.1	2,516.1
Current assets			
Trading property	11	**115.9**	93.3
Trade and other receivables	15	**28.1**	26.7
Deferred tax	8	**0.8**	–
Cash and cash equivalents		**4.3**	7.8
		149.1	127.8
Total assets		**3,134.2**	2,643.9
Current liabilities			
Trade and other payables	16	**(73.1)**	(58.7)
		(73.1)	(58.7)
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(638.5)**	(623.5)
Obligations under finance leases	19	**(28.5)**	(29.1)
Pension liability	25	**(3.2)**	(0.7)
		(670.2)	(653.3)
Total liabilities		**(743.3)**	(712.0)
Net assets		**2,390.9**	1,931.9
Equity			
Share capital	20	**43.0**	43.0
Share premium account		**352.0**	352.0
Capital redemption reserve		**16.4**	16.4
Retained earnings		**1,991.2**	1,519.5
Investment in own shares	21	**(11.7)**	1.0
Total equity		**2,390.9**	1,931.9
Net assets per share	9	**701p**	564p
EPRA net assets per share	9	**709p**	569p

Approved by the Board on 20 May 2015 and signed on its behalf by

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Group statement of cash flows

For the year ended 31 March 2015

	Notes	**2015 £m**	2014 £m
Operating activities			
Operating profit		**504.6**	473.9
Adjustments for non-cash items	22	**(471.2)**	(433.9)
Deposits received on forward sale of residential units		**22.3**	–
Development of trading property		**(18.1)**	–
(Increase)/decrease in receivables		**(2.9)**	2.2
Increase in payables		**1.8**	1.6
Cash generated from operations		**36.5**	43.8
Interest paid		**(28.4)**	(28.3)
Interest received		**–**	1.5
Tax paid		**–**	–
Cash flows from operating activities		**8.1**	17.0
Investing activities			
Distributions from joint ventures		**8.2**	153.3
Purchase and development of property		**(93.9)**	(170.7)
Purchase of fixed assets		**(0.2)**	–
Sale of properties		**102.7**	312.8
Investment in joint ventures		**(1.0)**	(61.9)
Exercise of put option on 100 Bishopsgate Partnership		**15.8**	–
Sale of joint ventures		**15.8**	15.8
Cash flows from investing activities		**47.4**	249.3
Financing activities			
Issue of convertible bond		**–**	146.7
Borrowings drawn/(repaid)		**15.0**	(224.0)
Purchase of derivatives		**(2.2)**	–
Funds to joint ventures		**(22.6)**	(153.8)
Purchase of own shares		**(19.1)**	(4.1)
Equity dividends paid		**(30.1)**	(29.6)
Cash flows from financing activities		**(59.0)**	(264.8)
Net increase in cash and cash equivalents		**(3.5)**	1.5
Cash and cash equivalents at 1 April		**7.8**	6.3
Cash and cash equivalents at balance sheet date		**4.3**	7.8

Group statement of changes in equity

For the year ended 31 March 2015

	Notes	**Share capital £m**	**Share premium £m**	**Capital redemption reserve £m**	**Retained earnings £m**	**Investment in own shares £m**	**Total equity £m**
Total equity at 1 April 2014		**43.0**	**352.0**	**16.4**	**1,519.5**	**1.0**	**1,931.9**
Profit for the year		**–**	**–**	**–**	**508.2**	**–**	**508.2**
Actuarial deficit on defined benefit scheme	25	**–**	**–**	**–**	**(3.1)**	**–**	**(3.1)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	21	**–**	**–**	**–**	**–**	**3.5**	**3.5**
Purchase of own shares	21	**–**	**–**	**–**	**–**	**(19.1)**	**(19.1)**
Dividends to shareholders	23	**–**	**–**	**–**	**(30.5)**	**–**	**(30.5)**
Transfer to retained earnings		**–**	**–**	**–**	**(2.9)**	**2.9**	**–**
Total equity at 31 March 2015		**43.0**	**352.0**	**16.4**	**1,991.2**	**(11.7)**	**2,390.9**

Group statement of changes in equity

For the year ended 31 March 2014

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2013		43.0	352.0	16.4	1,130.0	(3.7)	1,537.7
Profit for the year		–	–	–	422.2	–	422.2
Actuarial deficit on defined benefit scheme	25	–	–	–	(0.7)	–	(0.7)
Employee Long-Term Incentive Plan and Share Matching Plan charge	21	–	–	–	–	6.5	6.5
Purchase of own shares	21	–	–	–	–	(4.1)	(4.1)
Dividends to shareholders	23	–	–	–	(29.7)	–	(29.7)
Transfer to retained earnings		–	–	–	(2.3)	2.3	–
Total equity at 31 March 2014		43.0	352.0	16.4	1,519.5	1.0	1,931.9

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

The financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 31 March 2015. Whilst the financial information included in this announcement has been computed in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Company's statutory accounts for the years ended 31 March 2015 or 2014, but is derived from those accounts. Those accounts give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole. Statutory accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's Annual General Meeting. The auditor's reports on both the 2015 and 2014 accounts were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under s498(2) or (3) of the Companies Act 2006 or preceding legislation.

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

Key accounting judgements

In the process of applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that may affect the financial statements. The directors believe that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the adoption of the external portfolio valuation without adjustment, the recognition of purchases and disposal of assets and the adoption of a single reporting segment. The accounting policies for these areas of judgement are set out in the accounting policies below.

New accounting standards

During the year ended 31 March 2015, the following accounting standards and guidance were adopted by the Group:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (revised May 2011) Separate Financial Statements
- IAS 28 (revised May 2011) Investments in Associates and Joint Ventures
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The adoption of the Standards and Interpretations has not significantly impacted these financial statements with the exception of IFRS 12 resulting in more extensive disclosure in the consolidated financial statements.

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

- IFRS 9 Financial Instruments (will impact both the measurement and disclosure of financial instruments)
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRIC 21 Levies
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Amendments to IAS 27 Equity Method in Separate Financial Statements

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group, except as set out above.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2015. Subsidiary undertakings are those entities controlled by the Group. Control is assumed when the Group directs the financial and operating policies of an entity to benefit from its activities.

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

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

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

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

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

Share-based payment
The cost of granting share-based payments to employees and directors is recognised within administration expenses in the income statement. The Group has used the Stochastic model to value the grants which is dependent upon factors including the share price, expected volatility and vesting period and the resulting fair value is amortised through the income statement over the vesting period. The charge is reversed if it is likely that any non-market based criteria will not be met.

Investment property
Investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the directors must ensure that they are satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts without adjustment.

The valuations of investment properties and investment properties under development have been prepared in accordance with the RICS Valuation – Professional Standards (2012) (the Red Book).

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

Sales and purchases of investment properties are recognised when the risks and rewards of ownership transfer.

Trading property
Trading property is being developed for sale or being held for sale after development is complete, and is carried at the lower of cost and net realisable value. Cost includes direct expenditure and capitalised interest. Cost of sales, including costs associated with off-plan residential sales, are expensed to the income statement as incurred.

Other investments
Other investments are carried at fair value through profit and loss, with the loan element carried at cost less any recognised impairment loss.

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

Fixtures and fittings – over three to five years.

Leasehold improvements – over the term of the lease.

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

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

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

Capitalisation of interest
Interest associated with direct expenditure on investment and trading properties under development is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop, but does not include the original book cost of a site where no intention existed. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

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

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

iii Convertible bond The Group's convertible bond can be settled in shares, cash or a combination of both at the Group's discretion. The bonds have been designated at fair value through profit and loss upon initial recognition, with any gains or losses arising subsequently due to re-measurement being recognised in the income statement.

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

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

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

Segmental analysis
All of the Group's revenue is generated from investment properties located in central London. The properties are managed as a single portfolio by an asset management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed use, therefore the office, retail

and any residential space is managed together. Within the property portfolio, the Group has a number of properties under development. The directors view the Group's development activities as an integral part of the life-cycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed, it returns to the investment property portfolio, or if it is a trading property, it is sold. The directors have considered the nature of the business, how the business is managed and how they review performance and, in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by CBRE, are set out in note 10.

Development management agreements

The Group sold a development property prior to its completion and has a development management agreement with the buyer to construct the remainder of the building on their behalf. Where the outcome of this development management agreement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the balance sheet date. This is normally measured as the proportion that contract costs incurred for work performed bear to the estimated total contract costs. Variations in work, claims and incentive payments are included to the extent that they have been agreed with the counter-party.

Where the outcome of the development management agreement cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred where it is probable they will be recoverable. Costs are recognised as expenses in the period in which they are incurred. When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

2 Total revenue

	2015 £m	2014 £m
Gross rental income	**58.6**	60.5
Spreading of tenant lease incentives	**7.6**	9.2
Service charge income	**7.8**	8.6
Joint venture fee income	**4.2**	6.9
Development management revenue	**10.6**	–
	88.8	85.2

3 Net rental income

	2015 £m	2014 £m
Gross rental income	**58.6**	60.5
Spreading of tenant lease incentives	**7.6**	9.2
Ground rents	**(0.2)**	–
	66.0	69.7

4 Property expenses

	2015 £m	2014 £m
Service charge income	**(7.8)**	(8.6)
Service charge expenses	**9.7**	10.6
Other property expenses	**5.8**	5.7
	7.7	7.7

5 Administration expenses

	2015 £m	2014 £m
Employee costs	**16.5**	21.1
Other head office costs	**3.6**	3.5
	20.1	24.6

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £3.5 million (2014: £6.5 million).

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

	2015 £m	2014 £m
Wages and salaries	**15.1**	19.6
Social security costs	**2.9**	3.5
Other pension costs	**1.4**	1.2
	19.4	24.3
Less: recovered through service charges	**(1.0)**	(0.8)
Less: capitalised into development projects	**(1.9)**	(2.4)
	16.5	21.1

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

Employee information

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

	2015 Number	2014 Number
Head office and property management	**96**	91

Auditor's remuneration

	2015 £000's	2014 £000's
Audit of the Company's annual accounts	**99**	92
Audit of subsidiaries	**83**	81
	182	173
Audit-related assurance services, including the interim review	**61**	74
Total audit and audit-related services	**243**	247
Services related to taxation (advisory)	**9**	109
Other non-audit services	**118**	8
	370	364

6 Finance income

	2015 £m	2014 £m
Interest on balances with joint venture partners	**11.8**	8.5
Interest on deferred receipts in respect of 100 Bishopsgate Partnership sale	**–**	1.4
	11.8	9.9

7 Finance costs

	2015 £m	2014 £m
Interest on revolving credit facilities	**4.3**	7.4
Interest on private placement notes	**12.5**	11.5
Interest on debenture stock	**8.0**	8.0
Interest on convertible bond	**1.5**	0.8
Issue costs of convertible bond	**–**	3.3
Interest on obligations under finance leases	**1.4**	1.8
Break costs on refinanced revolving credit facilities	**1.4**	–
Other interest	**–**	0.1
Gross finance costs	**29.1**	32.9
Less: capitalised interest at an average rate of 4.1% (2014: 3.9%)	**(11.4)**	(6.4)
	17.7	26.5
Fair value movement on convertible bond	**21.7**	11.3
Fair value movement on derivatives	**(30.4)**	23.8
	9.0	61.6

8 Tax

	2015 £m	2014 £m
Current tax		
UK corporation tax	**–**	–
Tax over provided in previous years	**–**	–
Total current tax	**–**	–
Deferred tax	**(0.8)**	–
Tax credit for the year	**(0.8)**	–

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

	2015 £m	2014 £m
Profit before tax	**507.4**	422.2
Tax charge on profit at standard rate of 21% (2014: 23%)	**106.6**	97.1
REIT tax-exempt rental profits and gains	**(13.1)**	(16.9)
Non-taxable revaluation surplus	**(93.7)**	(90.0)
Other	**(0.6)**	9.8
Tax credit for the year	**(0.8)**	–

During the year, £nil (2014: £nil) of deferred tax was credited directly to equity. The Group's net deferred tax at 31 March 2015 was £0.8 million (2014: £nil), based on a 20% tax rate. This consists of a deferred tax liability of £8.5 million (2014: £nil) and a deferred tax asset of £9.3 million (2014: £nil).

Movement in deferred tax

	At 1 April 2014 £m	Recognised in the income statement £m	At 31 March 2015 £m
Revaluation surpluses	–	**(8.5)**	**(8.5)**
Revenue losses recognised in respect of revaluation surpluses	–	**8.5**	**8.5**
Revenue losses recognised in respect of trading property – cost of sales	–	**0.8**	**0.8**
Net deferred tax asset	–	**0.8**	**0.8**

In accordance with IAS 12 – Income Taxes, deferred tax liabilities have been recognised in respect of revaluation surpluses relating to properties which do not benefit from the Group's REIT status.

A deferred tax asset of £5.5 million (2014: £10.1 million) mainly relating to contingent share awards, the pension liability and the convertible bond, was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

As a REIT, the Group is largely exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax. In particular, the Group's REIT exemption does not extend to either profits arising from the sale of investment properties which have undergone a major redevelopment within the preceding three years or profits arising from trading properties (including the sale of the residential units at Rathbone Square, W1).

In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (including a minimum distribution test) must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Corporation Tax Act 2010.

9 Performance measures and EPRA metrics

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

Weighted average number of ordinary shares

	2015 Number of shares	2014 Number of shares
Issued ordinary share capital at 1 April	**343,926,149**	343,926,149
Investment in own shares	**(1,178,160)**	(1,883,427)
Weighted average number of ordinary shares – Basic	**342,747,989**	342,042,722

Basic and diluted earnings per share

	Profit after tax 2015 £m	**Number of shares 2015 million**	**Earnings per share 2015 pence**	Profit after tax 2014 £m	Number of shares 2014 million	Earnings per share 2014 pence
Basic	**508.2**	**342.7**	**148.3**	422.2	342.0	123.4
Dilutive effect of LTIP shares	**–**	**2.0**	**(0.9)**	–	2.6	(0.9)
Diluted	**508.2**	**344.7**	**147.4**	422.2	344.6	122.5

Basic and diluted EPRA earnings per share

	Profit after tax 2015 £m	**Number of shares 2015 million**	**Earnings per share 2015 pence**	Profit after tax 2014 £m	Number of shares 2014 million	Earnings per share 2014 pence
Basic	**508.2**	**342.7**	**148.3**	422.2	342.0	123.4
Surplus from investment property (note 10)	**(380.6)**	**–**	**(111.0)**	(325.6)	–	(95.2)
Surplus from joint venture investment property (note 12)	**(80.1)**	**–**	**(23.4)**	(96.2)	–	(28.1)
Movement in fair value of derivatives (note 7)	**(30.4)**	**–**	**(8.9)**	23.8	–	6.9
Movement in fair value of convertible bond (note 7)	**21.7**	**–**	**6.3**	11.3	–	3.3
Issue costs of convertible bond (note 7)	**–**	**–**	**–**	3.3	–	1.0
Movement in fair value of derivatives in joint ventures (note 12)	**0.9**	**–**	**0.3**	(2.0)	–	(0.6)
Trading property – cost of sales	**4.8**	**–**	**1.4**	1.6	–	0.5
Break costs on refinanced revolving credit facilities (note 7)	**1.4**	**–**	**0.4**	–	–	–
Deferred taxation (note 8)	**(0.8)**	**–**	**(0.2)**	–	–	–
Basic EPRA earnings	**45.1**	**342.7**	**13.2**	38.4	342.0	11.2
Dilutive effect of LTIP shares	**–**	**2.0**	**(0.1)**	–	2.6	(0.1)
Dilutive effect of convertible bond	**1.5**	**21.0**	**(0.4)**	0.8	11.6	(0.1)
Diluted EPRA earnings	**46.6**	**365.7**	**12.7**	39.2	356.2	11.0

EPRA net assets per share

	Net assets 2015 £m	**Number of shares 2015 million**	**Net assets per share 2015 pence**	Net assets 2014 £m	Number of shares 2014 million	Net assets per share 2014 pence
Basic	**2,390.9**	**341.0**	**701**	1,931.9	342.3	564
Dilutive effect of LTIP shares	**–**	**2.0**	**(4)**	–	2.6	(4)
Diluted	**2,390.9**	**343.0**	**697**	1,931.9	344.9	560
Surplus on revaluation of trading property (note 11)	**21.5**	**–**	**6**	–	–	–
Fair value of financial liabilities (note 18)	**(62.0)**	**–**	**(18)**	(36.0)	–	(11)
Fair value of financial liabilities in joint ventures (note 12)	**(0.5)**	**–**	**–**	2.4	–	1
EPRA triple net assets	**2,349.9**	**343.0**	**685**	1,898.3	344.9	550
Fair value of financial liabilities (note 18)	**62.0**	**–**	**18**	36.0	–	11
Fair value of financial liabilities in joint ventures (note 12)	**0.5**	**–**	**–**	(2.4)	–	(1)
Fair value of convertible bond (note 18)	**33.0**	**–**	**10**	11.3	–	4
Fair value of derivatives (note 18)	**(15.1)**	**–**	**(4)**	17.5	–	5
Fair value of derivatives in joint ventures (note 12)	**1.5**	**–**	**–**	0.6	–	–
Deferred tax (note 8)	**(0.8)**	**–**	**–**	–	–	–
EPRA net assets	**2,431.0**	**343.0**	**709**	1,961.3	344.9	569

The Group has £150.0 million of convertible bonds in issue with an initial conversion price of £7.15 per share. The dilutive effect of the contingently issuable shares within the convertible bond is required to be recognised in accordance with IAS 33 – Earnings per Share. For the year ended 31 March 2015, there was no dilutive impact on the calculation of earnings per share or net assets per share as a result of the convertible bond. In accordance with the EPRA Best Practice Recommendations, we have presented EPRA earnings per share on a basic and diluted basis.

EPRA cost ratio (including share of joint ventures)

	2015 £m	2014 £m
Administration expenses	**20.1**	24.6
Property expenses	**7.7**	7.7
Joint venture management fees	**(4.2)**	(6.9)
Joint venture property and administration costs	**2.5**	2.6
EPRA costs (including direct vacancy costs) (A)	**26.1**	28.0
Direct vacancy costs	**(3.2)**	(2.3)
Joint venture direct vacancy costs	**(0.8)**	(1.0)
EPRA costs (excluding direct vacancy costs) (B)	**22.1**	24.7
Net rental income	**66.0**	69.7
Joint venture net rental income	**24.8**	20.1
Gross rental income (C)	**90.8**	89.8
Portfolio at fair value including joint ventures (D)	**3,206.2**	2,678.1
Cost ratio (including direct vacancy costs) (A/C)	**28.7%**	31.2%
Cost ratio (excluding direct vacancy costs) (B/C)	**24.3%**	27.5%
Cost ratio (by portfolio value) (A/D)	**0.8%**	1.0%

10 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2013	1,104.1	747.4	1,851.5
Acquisitions	93.7	–	93.7
Costs capitalised	8.5	12.4	20.9
Disposals	(248.4)	(57.0)	(305.4)
Transfer to investment property under development	(136.7)	(28.0)	(164.7)
Net valuation surplus on investment property	128.9	92.6	221.5
Book value at 31 March 2014	950.1	767.4	1,717.5
Acquisitions	**–**	**25.4**	**25.4**
Costs capitalised	**5.7**	**8.3**	**14.0**
Disposals	**(8.0)**	**–**	**(8.0)**
Transfer to investment property under development	**(74.9)**	**(84.4)**	**(159.3)**
Transfer from investment property under development	**–**	**92.4**	**92.4**
Net valuation surplus on investment property	**154.4**	**99.6**	**254.0**
Book value at 31 March 2015	**1,027.3**	**908.7**	**1,936.0**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2013	–	48.0	48.0
Costs capitalised	26.4	17.6	44.0
Interest capitalised	3.6	2.8	6.4
Transfer from investment property	136.7	28.0	164.7
Net revaluation surplus on investment property under development	40.8	44.6	85.4
Transfer to trading property	(93.3)	–	(93.3)
Book value at 31 March 2014	114.2	141.0	255.2
Costs capitalised	**28.4**	**22.7**	**51.1**
Interest capitalised	**5.4**	**2.3**	**7.7**
Disposals	**–**	**(80.6)**	**(80.6)**
Transfer from investment property	**74.9**	**84.4**	**159.3**
Transfer to investment property	**–**	**(92.4)**	**(92.4)**
Net revaluation surplus on investment property under development	**53.6**	**58.3**	**111.9**
Book value at 31 March 2015	**276.5**	**135.7**	**412.2**

Total investment property	**1,303.8**	**1,044.4**	**2,348.2**

The book value of investment property includes £28.5 million (2014: £29.1 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £2,319.7 million. The market value of the Group’s total property portfolio, including trading properties, was £2,457.1 million (2014: £2,036.9 million).

At 31 March 2015, properties with a carrying value of £356.6 million (2014: £311.9 million) were secured under the first mortgage debenture stock (see note 17).

The cumulative interest capitalised in investment property was £17.4 million (2014: £8.4 million).

Surplus from investment property

	2015 £m	2014 £m
Net valuation surplus on investment property	**365.9**	306.9
Profit on sale of investment properties	**14.7**	18.7
	380.6	325.6

The Group's investment properties, including those held in joint venture (note 12), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2015 in accordance with the RICS Valuation - Professional Standards (January 2014) (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

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

The principal signatories of the CBRE valuation reports have continuously been the signatories of valuations for the same addressee and valuation purpose as this report since 2012. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years. CBRE has carried out valuation, agency and professional services on behalf of the Group for in excess of 20 years.

Real estate valuations are complex and derived using comparable market transactions which are not publicly available and involve an element of judgement. Therefore, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the year. Inputs to the valuation, including capitalisation yields (typically the true equivalent yield) and rental values, are defined as 'unobservable' as defined by IFRS 13.

Key inputs to the valuation

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	**67**	**33 – 82**	**4.4**	**4.1 – 5.9**
	Retail	**60**	**16 – 181**	**4.1**	**3.7 – 5.4**
Rest of West End	Office	**73**	**55 – 94**	**4.6**	**3.5 – 5.9**
	Retail	**110**	**15 – 231**	**4.3**	**3.6 – 5.0**
City, Midtown and Southwark	Office	**44**	**41 – 48**	**4.9**	**4.7 – 6.2**
	Retail	**26**	**25 – 32**	**5.1**	**4.7 – 5.4**
		Capital value			
		Average £ per sq ft	Range £ per sq ft		
Residential		**1,691**	**165 – 2,523**	**n/a**	**n/a**

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and vice versa. However, the relationship between capitalisation yields and the property valuation is negative; therefore an increase in capitalisation yields will reduce the valuation of a property and vice versa. There are interrelationships between these inputs as they are determined by market conditions and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease) valuation movements can be amplified whereas if they move in the same direction they may offset reducing the overall net valuation movement.

At 31 March 2015, the Group had capital commitments of £324.6 million (2014: £54.4 million).

EPRA capital expenditure

	2015 £m	2014 £m
Group		
Acquisitions	**25.4**	93.7
Developments (including trading properties)	**70.0**	44.0
Investment property	**14.0**	20.9
Interest capitalised (including trading properties)	**11.4**	6.4
Joint ventures (at share)		
Acquisitions (excluding those from the GPE Group)	**13.9**	–
Developments	**–**	31.6
Investment property	**10.0**	4.2
Interest capitalised	**–**	3.5
	144.7	204.3

11 Trading property

	Total £m
At 1 April 2014	93.3
Costs capitalised	**18.9**
Interest capitalised	**3.7**
At 31 March 2015	**115.9**

The Group is developing a large mixed use scheme at Rathbone Square, W1. Part of the approved scheme consists of residential units which the Group holds for sale. As a result, the residential element of the scheme is classified as trading property. The fair value of the trading property was £137.4 million, representing an uplift of £21.5 million during the year.

12 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	**Balances with partners £m**	**2015 Total £m**	2014 Total £m
At 1 April	350.8	174.0	524.8	348.3
Movement on joint venture balances	**–**	**34.4**	**34.4**	162.3
Additions	**1.0**	**–**	**1.0**	61.9
Share of profit of joint ventures	**4.6**	**–**	**4.6**	9.4
Share of revaluation surplus of joint ventures	**80.2**	**–**	**80.2**	93.5
Share of profit on disposal of joint venture properties	**(0.1)**	**–**	**(0.1)**	2.7
Share of results of joint ventures	**84.7**	**–**	**84.7**	105.6
Distributions	**(8.2)**	**–**	**(8.2)**	(153.3)
At 31 March	**428.3**	**208.4**	**636.7**	524.8

The investments in joint ventures comprise the following:

	Country of incorporation	2015 ownership	2014 ownership
The GHS Limited Partnership	Jersey	**50%**	50%
The Great Capital Partnership	United Kingdom	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Star Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnerships	United Kingdom	**50%**	50%
The Great Wigmore Partnership	United Kingdom	**50%**	50%

All of the Group's joint ventures operate solely in the United Kingdom.

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

	The GHS Limited Partnership £m	The Great Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Star Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2015 Total £m	2015 At share £m	2014 At share £m
Balance sheets									
Investment property	**230.5**	**–**	**593.2**	**212.6**	**270.6**	**223.7**	**1,530.6**	**765.3**	657.4
Current assets	**0.3**	**0.1**	**–**	**0.7**	**0.5**	**–**	**1.6**	**0.8**	1.0
Cash	**1.1**	**0.2**	**13.5**	**7.4**	**4.2**	**3.8**	**30.2**	**15.1**	12.4
Balances from Partners	**(67.0)**	**–**	**(273.5)**	**(57.4)**	**10.9**	**(29.8)**	**(416.8)**	**(208.4)**	(174.0)
Bank loans	**–**	**–**	**(72.4)**	**(73.5)**	**(79.5)**	**–**	**(225.4)**	**(112.7)**	(113.4)
Derivatives	**–**	**–**	**(2.9)**	**–**	**–**	**–**	**(2.9)**	**(1.5)**	(0.6)
Current liabilities	**(0.4)**	**–**	**(15.1)**	**(5.2)**	**(5.0)**	**(2.6)**	**(28.3)**	**(14.1)**	(15.8)
Finance leases	**–**	**–**	**(10.4)**	**(22.0)**	**–**	**–**	**(32.4)**	**(16.2)**	(16.2)
Net assets	**164.5**	**0.3**	**232.4**	**62.6**	**201.7**	**195.1**	**856.6**	**428.3**	350.8
Income statements									
Net rental income	**1.4**	**–**	**19.8**	**10.4**	**10.8**	**7.2**	**49.6**	**24.8**	20.1
Property and administration costs	**(0.3)**	**–**	**(2.1)**	**(1.7)**	**(0.5)**	**(0.5)**	**(5.1)**	**(2.5)**	(2.6)
Net finance costs	**(3.4)**	**–**	**(19.0)**	**(6.9)**	**(3.1)**	**(1.2)**	**(33.6)**	**(16.8)**	(10.1)
Movement in fair value of derivatives	**–**	**–**	**(1.8)**	**0.1**	**–**	**–**	**(1.7)**	**(0.9)**	2.0
Share of profit from joint ventures	**(2.3)**	**–**	**(3.1)**	**1.9**	**7.2**	**5.5**	**9.2**	**4.6**	9.4
Revaluation of investment property	**20.9**	**–**	**97.9**	**9.7**	**24.9**	**7.0**	**160.4**	**80.2**	93.5
Profit on sale of investment property	**–**	**–**	**(0.2)**	**(0.1)**	**–**	**0.1**	**(0.2)**	**(0.1)**	2.7
Share of results of joint ventures	**18.6**	**–**	**94.6**	**11.5**	**32.1**	**12.6**	**169.4**	**84.7**	105.6

In April 2015, the Group acquired Starwood Capital Group's 50% interest in The Great Star Partnership for £61.4 million. On completion, the Group redeemed all of the outstanding non-recourse bank debt at that date being £73.1 million. The transaction equates to a property price of £190.6 million, in line with the March 2015 valuation.

In April 2015, The Great Wigmore Partnership, the 50:50 joint venture between the Group and Aberdeen Asset Management, sold its interest in 95 Wigmore Street, W1 and 35 James Street, W1 for a price of £222.4 million (our share: £111.2 million) ahead of the March 2015 valuation of £191.0 million (our share: £95.5 million). At 31 March 2015 these buildings were held for sale.

The non-recourse debt facilities of the joint ventures at 31 March 2015, are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/floating	Interest rate
The Great Ropemaker Partnership	73.0	November 2018	Floating	LIBOR +2.25%-2.70%
The Great Star Partnership	73.6	July 2015	Floating	LIBOR +1.75%-1.90%
The Great Victoria Partnership	80.0	July 2022	Fixed	3.74%
Total	226.6			

The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the bank loan in 2018. The Great Star Partnership has an interest rate swap with a fixed interest rate of 1.00% and a notional principal amount of £36.8 million and an interest rate cap at 4.00% with a notional principal amount of £36.8 million. In April 2015, the Group acquired Starwood Capital Group's 50% interest in GSP and the loan and derivatives were repaid and cancelled respectively. At 31 March 2015, the Great Victoria Partnership loan had a fair value of £80.9 million (2014: £75.3 million). All interest-bearing loans are in sterling. At 31 March 2015, the joint ventures had £nil undrawn facilities (2014: £nil).

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

	2015 £m	2014 £m
Movement on joint venture balances during the year	**34.4**	162.3
Balances receivable at the year end from joint ventures	**(208.4)**	(174.0)
Distributions	**8.2**	153.3
Fee income	**4.2**	6.9
Property sales from the Group to joint ventures	**–**	202.0

The joint venture balances bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances, the Great Ropemaker Partnership at 6.0%, the Great Star Partnership at 7.0% and the Great Wigmore Partnership at 4.0%. The investment properties include £16.2 million (2014: £16.2 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 £749.1 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's length transactions.

At 31 March 2015, the Group had £nil contingent liabilities arising in its joint ventures (2014: £nil). At 31 March 2015, the Group had capital commitments in respect of its joint ventures of £43.7 million (2014: £40.5 million).

13 Other investment

	Equity £m	Loans £m	Total £m
At 1 April 2014	6.1	12.2	18.3
Disposals	**(6.1)**	**(12.2)**	**(18.3)**
At 31 March 2015	**–**	**–**	**–**

The other investment represented a 12.5% interest in The 100 Bishopsgate Partnership. The Group's 12.5% holding was subject of 'put and call' options, with GPE able to 'put' its remaining investment, net of the associated loan (see note 17), onto Brookfield Properties Corporation. The Group exercised the put option in October 2014 at the agreed transfer price of £15.8 million, net of an associated loan.

14 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2013 and 31 March 2014	2.0	1.5	3.5
Costs capitalised	**0.1**	**0.1**	**0.2**
At 31 March 2015	**2.1**	**1.6**	**3.7**
Depreciation			
At 1 April 2014	1.7	1.5	3.2
Charge for the year	**0.2**	**0.1**	**0.3**
At 31 March 2015	**1.9**	**1.6**	**3.5**
Carrying amount at 31 March 2014	**0.3**	**–**	**0.3**
Carrying amount at 31 March 2015	**0.2**	**–**	**0.2**

15 Trade and other receivables

	2015 £m	2014 £m
Trade receivables	**2.4**	3.6
Allowance for doubtful debts	**(0.1)**	(0.3)
	2.3	3.3
Prepayments and accrued income	**0.8**	0.8
Work in progress on development management contracts	**6.0**	–
Other trade receivables	**3.9**	21.8
Derivatives	**15.1**	0.8
	28.1	26.7

Work in progress on development management contracts is an amount due to the Group in relation to a development property sold prior to its completion where the Group has a contract with the buyer to construct the remainder of the building on their behalf. During the year the Group received payments on account of £4.6 million (2014: £nil). At 31 March 2015, the aggregate cumulative cost incurred was £8.9 million (2014: £nil) and the cumulative profits less losses recognised were £1.7 million (2014: £nil). There are no material project retentions.

At 31 March 2015, other trade receivables included £nil in respect of deferred sale proceeds (2014: £15.8 million). At 31 March 2015, the derivatives were due in excess of one year (see note 18). Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the tenant's lease. Trade receivables are provided for based on estimated irrecoverable amounts determined by past default experience and knowledge of the individual tenant's circumstance. Debtors past due but not impaired were £0.9 million (2014: £1.6 million) of which £0.3 million is over 30 days.

	2015 £m	2014 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.3)**	(0.5)
Amounts provided for during the year	**–**	–
Amounts written off as uncollectable	**0.2**	0.2
	(0.1)	(0.3)

16 Trade and other payables

	2015 £m	2014 £m
Rents received in advance	**16.7**	16.0
Deposits received on forward sale of residential units (see note 11)	**22.3**	–
Non-trade payables and accrued expenses	**34.1**	42.7
	73.1	58.7

17 Interest-bearing loans and borrowings

	2015 £m	2014 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million $5\frac{5}{8}$% debenture stock 2029	**144.0**	144.1
Other loan	**–**	2.6
Unsecured		
Revolving credit facilities – bank loans	**25.0**	11.0
£30.0 million 5.09% private placement notes 2018	**29.9**	29.9
$130.0 million 4.81% private placement notes 2018	**80.9**	80.8
$78.0 million 5.37% private placement notes 2021	**48.5**	48.4
$160.0 million 4.20% private placement notes 2019	**101.8**	101.7
$40.0 million 4.82% private placement notes 2022	**25.4**	25.4
Non-current liabilities at fair value		
Unsecured		
£150.0 million 1.00% convertible bonds 2018	**183.0**	161.3
Derivatives	**–**	18.3
	638.5	623.5

In October 2014, the Group issued a new floating rate £450.0 million revolving credit facility and cancelled two existing facilities of £350.0 million and £150.0 million each. The new £450.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 105–165 basis points above LIBOR, based on gearing, and expires in 2019 which may be extended by a maximum further two years on our request, and on each bank's approval for its participation. At 31 March 2015, the Group had £423.0 million (2014: £488.0 million) of undrawn committed credit facilities.

The other loan related to the Group's funding requirements in respect of its 12.5% interest in The 100 Bishopsgate Partnership (note 13). Brookfield Properties Corporation met the Group's funding obligations in respect of the 100 Bishopsgate Partnership until October 2014 when the facility expired and was repaid.

18 Financial instruments

Categories of financial instrument	**Carrying amount 2015 £m**	**Income/ (expense) 2015 £m**	**Gain/(loss) to equity 2015 £m**	Carrying amount 2014 £m	Income/ (expense) 2014 £m	Gain/(loss) to equity 2014 £m
Interest rate swap	**–**	**–**	**–**	–	0.1	–
Cross currency swaps	**–**	**–**	**–**	(18.3)	(18.0)	–
Non-current liabilities at fair value	**–**	**–**	**–**	(18.3)	(17.9)	–
Other investment – equity element	**–**	**–**	**–**	6.1	–	–
Interest rate floor	**3.3**	**3.3**	**–**	0.8	–	–
Cross currency swaps	**11.8**	**29.6**	**–**	–	(3.3)	–
Non-current assets held at fair value	**15.1**	**32.9**	**–**	6.9	(3.3)	–
Trade receivables	**12.2**	**–**	**–**	25.1	1.3	–
Other investment – loan element	**–**	**–**	**–**	12.2	–	–
Cash and cash equivalents	**4.3**	**–**	**–**	7.8	–	–
Loans and receivables	**16.5**	**–**	**–**	45.1	1.3	–
Trade and other payables	**(42.9)**	**–**	**–**	(24.6)	–	–
Interest-bearing loans and borrowings	**(638.5)**	**(40.5)**	**–**	(605.2)	(38.6)	–
Finance leases	**(28.5)**	**(1.4)**	**–**	(29.1)	(1.8)	–
Liabilities at amortised cost	**(709.9)**	**(41.9)**	**–**	(658.9)	(40.4)	–
Total financial instruments	**(678.3)**	**(9.0)**	**–**	(625.2)	(60.3)	–

Financial risk management objectives

Credit risk

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

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

The concentration of credit risk is limited due to the large and diverse tenant base. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of rent deposits obtained. Details of the Group's receivables are summarised in note 15 of the financial statements.

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

Capital risk

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

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

Liquidity risk

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

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

Key covenants	Covenant	March 2015 actuals
Group		
Net debt/net equity	<1.25x	0.25x
Inner borrowing (unencumbered asset value/unsecured borrowings)	>1.66x	3.89x
Interest cover	>1.35x	10.72x

The Group has undrawn credit facilities of £423.0 million and has substantial headroom above all of its key covenants. As a result the directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

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

At 31 March 2015	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	144.0	254.0	8.0	8.0	24.1	213.9
Revolving credit facilities – bank loans	25.0	29.7	0.5	0.5	28.7	–
Private placement notes	286.5	345.9	13.0	13.1	239.9	79.9
£150.0 million 1.00% convertible bonds 2018	183.0	155.1	1.5	1.5	152.1	–
Derivative financial instruments						
Cross currency swaps (note 15)	(11.8)	2.1	0.5	0.5	0.9	0.2
Interest rate floor (note 15)	(3.3)	(4.0)	(1.3)	(1.8)	(0.9)	–
	623.4	782.8	22.2	21.8	444.8	294.0

At 31 March 2014	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	144.1	262.0	8.0	8.0	24.1	221.9
Other loan	2.6	2.6	2.6	–	–	–
Revolving credit facilities – bank loans	11.0	13.4	0.3	13.1	–	–
Private placement notes	286.2	359.1	13.0	13.2	146.5	186.4
£150.0 million 1.00% convertible bonds 2018	161.3	156.6	1.5	1.5	153.6	–
Derivative financial instruments						
Cross currency swaps	18.3	2.4	0.5	0.4	1.1	0.4
Interest rate floor (note 15)	(0.8)	(1.5)	(1.5)	–	–	–
	622.7	794.6	24.4	36.2	325.3	408.7

Market risk

Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20%–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements.

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

Interest rate floors
Under the terms of an interest rate floor, one party (the 'seller') makes a payment to the other party (the 'buyer') if an underlying interest rate is below a specified rate. The Group has bought an interest rate floor, which, when combined with its fixed rate private placement notes raised in 2011, gives rise to the same economic effect as purchasing an interest rate cap in respect of floating rate debt.

Put option
A put option is a contract between two parties to exchange an asset at a specified price by a set date. The Group had a 12.5% holding in The 100 Bishopsgate Partnership and had a put option to enable it to sell its net investment to Brookfield Properties Corporation for £15.8 million. The Group exercised this option in October 2014.

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

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

	Average contracted fixed interest rate		**Notional principal amount**		**Fair value (asset)/liability**	
	2015 %	2014 %	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Cash flow hedges						
Interest rate floor						
Less than one year	–	2.53	–	159.7	–	(0.8)
Between two and five years	**1.80**	–	**159.7**	–	**(3.3)**	–
	1.80	2.53	**159.7**	159.7	**(3.3)**	(0.8)

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

	Average exchange rate		**Foreign currency**		**Notional principal amount**		**Fair value (asset)/liability**	
	2015 rate	2014 rate	**2015 US$m**	2014 US$m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Cash flow hedges								
Cross currency swaps								
Between two and five years	**1.583**	1.603	**290.0**	130.0	**183.2**	81.1	**(9.4)**	3.7
In excess of five years	**1.591**	1.577	**118.0**	278.0	**74.2**	176.3	**(2.4)**	14.6
	1.585	1.585	**408.0**	408.0	**257.4**	257.4	**(11.8)**	18.3

As at 31 March 2015, the aggregate amount of unrealised losses in respect of cash flow hedges was £nil (2014: £nil).

Interest rate sensitivity
The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represents management's assessment of possible changes in interest rates. For the floating rate liabilities the analysis is prepared assuming the amount of the liability at 31 March 2015 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Increase of 100 basis points	**0.8**	1.2	**0.8**	1.2
Increase of 50 basis points	**0.5**	0.7	**0.5**	0.7
Decrease of 25 basis points	**(0.3)**	(0.4)	**(0.3)**	(0.4)
Decrease of 50 basis points	**(0.6)**	(0.9)	**(0.6)**	(0.9)

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

	Impact on profit		Impact on equity	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Increase of 20% in the exchange spot rate	**(52.8)**	(47.2)	**(52.8)**	(47.2)
Increase of 10% in the exchange spot rate	**(28.8)**	(25.7)	**(28.8)**	(25.7)
Decrease of 10% in the exchange spot rate	**35.2**	31.4	**35.2**	31.4
Decrease of 20% in the exchange spot rate	**79.3**	70.8	**79.3**	70.8

Fair value of interest-bearing loans and borrowings

	Book value 2015 £m	**Fair value 2015 £m**	Book value 2014 £m	Fair value 2014 £m
Level 1				
£150.0 million 1.00% convertible bonds 2018	**183.0**	**183.0**	161.3	161.3
Level 2				
Cross currency swaps	**(11.8)**	**(11.8)**	18.3	18.3
Interest rate floor	**(3.3)**	**(3.3)**	(0.8)	(0.8)
Other items not carried at fair value				
£142.9 million 5⅝% debenture stock 2029	**144.0**	**179.1**	144.1	158.0
Private placement notes	**286.5**	**313.4**	286.2	308.3
Other loan	–	–	2.6	2.6
Revolving credit facilities – bank loans	**25.0**	**25.0**	11.0	11.0
	623.4	**685.4**	622.7	658.7

The fair value of the Group's listed convertible bonds has been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 13 Fair Value Measurement. The fair value of the Group's outstanding interest rate floor has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. The fair value of the Group's cross currency swaps has been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 13. None of the Group's financial derivatives are designated as financial hedges.

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

19 Finance leases

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

	Minimum lease payments 2015 £m	**Interest 2015 £m**	**Principal 2015 £m**	Minimum lease payments 2014 £m	Interest 2014 £m	Principal 2014 £m
Less than one year	**1.4**	**(1.4)**	**–**	1.5	(1.5)	–
Between two and five years	**5.8**	**(5.8)**	**–**	5.9	(5.9)	–
More than five years	**238.5**	**(210.0)**	**28.5**	242.4	(213.3)	29.1
	245.7	**(217.2)**	**28.5**	249.8	(220.7)	29.1

20 Share capital

	2015 Number	**2015 £m**	2014 Number	2014 £m
Allotted, called up and fully paid ordinary shares of 12.5 pence				
At 1 April and 31 March	**343,926,149**	**43.0**	343,926,149	43.0

At 31 March 2015, the Company's authorised share capital was 600,000,000 shares.

21 Investment in own shares

	2015 £m	2014 £m
At 1 April	**(1.0)**	3.7
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(3.5)**	(6.5)
Purchase of shares	**19.1**	4.1
Transfer to retained earnings	**(2.9)**	(2.3)
At 31 March	**11.7**	(1.0)

The investment in the Company's own shares is held at cost and comprises 2,854,551 shares (2014: 1,663,230 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met. During the year, 1,385,643 shares (2014: 1,975,805 shares) were awarded to directors and senior employees in respect of the 2011 LTIP and SMP award and a further 2,576,964 shares (2014: 700,000 shares) were acquired by the Trust at an average cost of £7.43 per share (2014: £5.79 per share). The fair value of shares awarded and outstanding at 31 March 2015 was £5.2 million (2014: £11.8 million).

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

	2015 £m	2014 £m
Surplus from investment property	**(380.6)**	(325.6)
Employee Long-Term Incentive Plan and Share Matching Plan charge	**3.5**	6.5
Spreading of tenant lease incentives	**(7.6)**	(9.2)
Profit on development management contracts	**(1.7)**	–
Share of results of joint ventures	**(84.7)**	(105.6)
Other non-cash items	**(0.1)**	–
Adjustments for non-cash items	**(471.2)**	(433.9)

23 Dividends

	2015 £m	2014 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2015 of 3.5 pence per share	**12.0**	–
Final dividend for the year ended 31 March 2014 of 5.4 pence per share	**18.5**	–
Interim dividend for the year ended 31 March 2014 of 3.4 pence per share	**–**	11.6
Final dividend for the year ended 31 March 2013 of 5.3 pence per share	**–**	18.1
	30.5	29.7

A final dividend of 5.5 pence per share was approved by the Board on 20 May 2015 and will be paid on 13 July 2015 to shareholders on the register on 29 May 2015. The dividend is not recognised as a liability at 31 March 2015. The 2014 final dividend and the 2015 interim dividend were paid in the year and are included within the Group statement of changes in equity.

24 Operating leases

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

	2015 £m	2014 £m
The Group as a lessor		
Less than one year	**61.7**	52.9
Between two and five years	**175.9**	174.7
More than five years	**240.7**	259.1
	478.3	486.7

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2015 was 6.9 years (2014: 7.0 years). All investment properties, except those under development, generated rental income and no contingent rents were recognised in the year (2014: £nil).

25 Employee benefits

The Group contributes to a defined benefit final salary pension plan (‘the Plan’), the assets of which are held by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2015 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2015 %	2014 %
Discount rate	**3.40**	4.60
Expected rate of salary increases	**4.00**	4.40
RPI inflation	**3.00**	3.40
Future pension increases	**5.00**	5.00

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

	2015 £m	2014 £m
Present value of unfunded obligations	**(31.7)**	(24.4)
Fair value of the Plan assets	**28.5**	23.7
Pension liability	**(3.2)**	(0.7)

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

	2015 £m	2014 £m
Current service cost	**(0.3)**	(0.3)
Net interest cost	**–**	–
	(0.3)	(0.3)

Actuarial deficit recognised immediately in the Group statement of changes in equity	**(3.1)**	(0.7)
Cumulative actuarial (deficit)/gain recognised in the Group statement of changes in equity	**(2.4)**	0.7

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

	2015 £m	2014 £m
Defined benefit obligation at 1 April	**24.4**	23.1
Service cost	**0.3**	0.3
Interest cost	**1.1**	1.1
Effect of changes in demographic assumptions	**–**	0.6
Effect of changes in financial assumptions	**6.2**	(0.1)
Effect of experience adjustments	**0.3**	–
Benefits paid	**(0.6)**	(0.6)
Present value of defined benefit obligation at 31 March	**31.7**	24.4

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

	2015 £m	2014 £m
Fair value of the Plan assets at 1 April	**23.7**	22.8
Expected return on the Plan assets	**1.1**	1.1
Actuarial gain/(loss)	**3.4**	(0.2)
Contributions	**0.9**	0.5
Benefits paid	**(0.6)**	(0.5)
Fair value of the Plan assets at 31 March	**28.5**	23.7
Net liability	**(3.2)**	(0.7)

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

	2015 £m	2014 £m
Equities	**11.4**	9.9
Bonds	**17.1**	13.8
	28.5	23.7

Life expectancy assumptions at age 65:

	2015 Years	2014 Years
Retiring today age 65	**24**	24
Retiring in 25 years (age 40 today)	**26**	26

The Group expects to contribute £1.0 million to the Plan in the year ended 31 March 2016.

Responsibility statement

The statement of Directors' responsibilities below has been prepared in connection with the Company's full Annual Report for the year ended 31 March 2015. Certain parts of the Annual Report have not been included in the announcement as set out in note 1 of the financial information. We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Approved by the Board on 20 May 2015 and signed on its behalf by

Toby Courtauld	**Nick Sanderson**
Chief Executive	Finance Director

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)
Building Research Establishment method of assessing, rating and certifying the sustainability of buildings.

Core West End
Areas of London with W1 and SW1 postcodes.

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

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

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

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

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 March annual valued universes.

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

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

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

Net gearing
Total Group borrowings (including the convertible bonds at nominal value) less short-term deposits and cash as a percentage of equity shareholders' funds, calculated in accordance with our bank covenants.

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.

PMI
Purchasing Managers Index.

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

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

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

Reversionary
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.

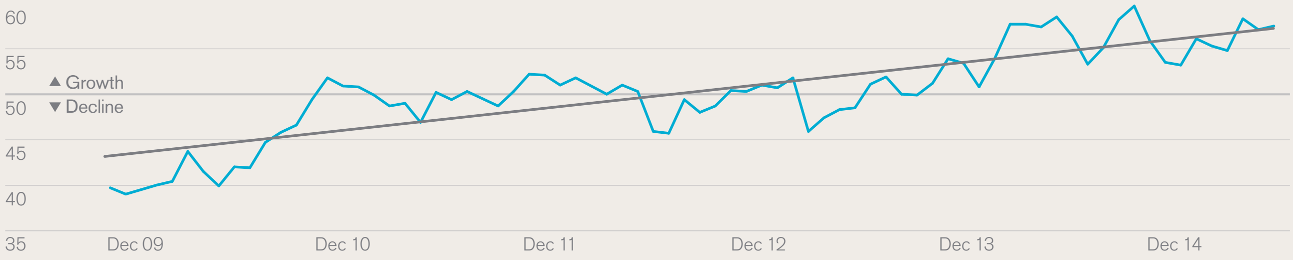
True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchaser's costs.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

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

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

Appendix 1

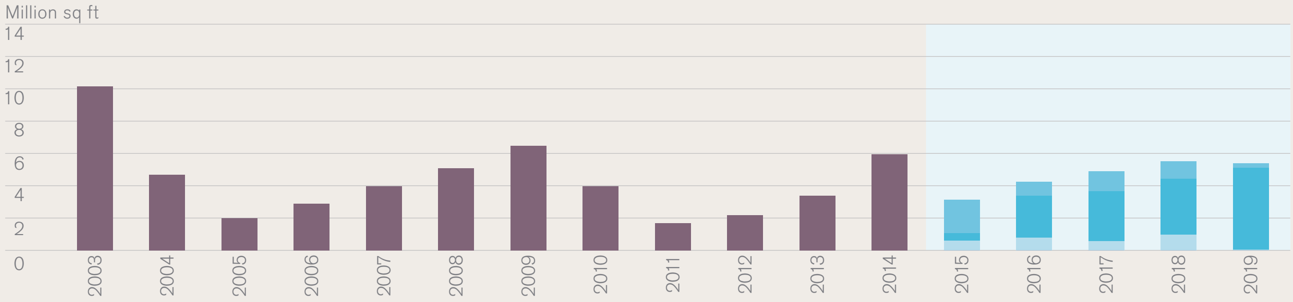
London office-based employment growth



● Employment intentions
● Trend

Source: Lloyds Purchasing Manager Index (PMI) Report.

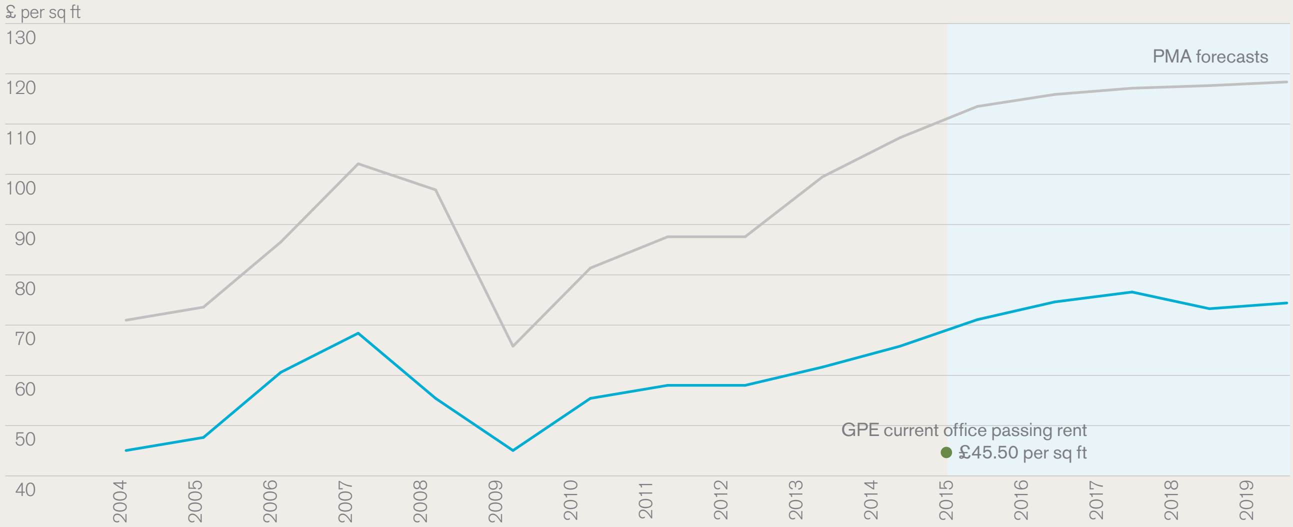
Central London office potential completions



● Completed
● West End core speculative
● Speculative
● Pre-let

Source: CBRE/GPE data.

Headline office rents

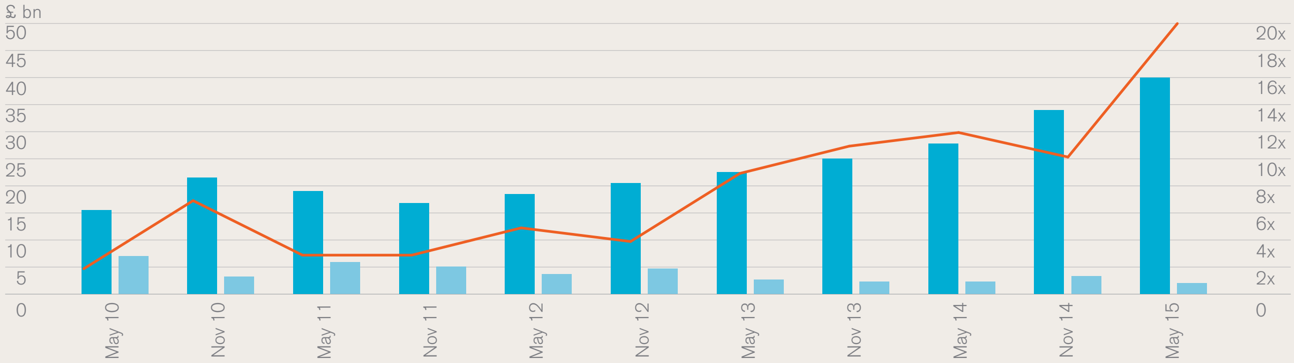


● PMA Prime West End
● PMA Prime City

Source: PMA

Appendix 1

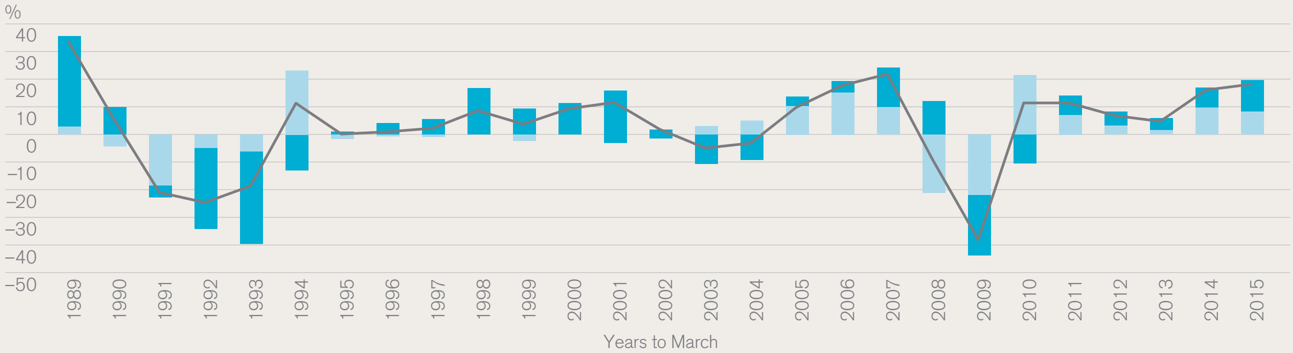
London equity demand and asset supply



- Equity demand
- Asset supply
- Demand multiple (RHS)

Source: CBRE/GPE data.

Capital growth attribution – IPD West End and Midtown



- Rental value growth
- Yield impact
– Capital growth

Source: IPD UK monthly property index.

Appendix 1

Our lead indicators remain supportive

Selected lead Indicators	12 months to March 2015
Property capital values	
Equity prices	▲
Bond prices	▲
Real yield spread (West End property)[1]	▼
Volume of net new property lending (including from non-bank sources)	▼
Transaction volumes in central London direct real estate investment markets	▶
Weight of money seeking to invest in central London commercial property	▲
Rental values	
Forecast UK GDP growth	▶
Forecast London GVA growth	▲
Business confidence levels in the central London economy	▲
UK output from the financial and business services sector	▲
Employment levels in London's finance and business services sectors	▶
Vacancy rate (central London offices)	▼
Central London office market balance[2]	▼

1. West End property yields over ten year gilt yields adjusted for inflation.
2. Amount of space available to let given current rates of take-up expressed in terms of months, with a reduction being supportive to rental values.

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures* £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	998.1	82.0	1,080.1	33.7	9.8
	Retail	253.7	132.1	385.8	12.1	24.5
	Residential	8.4	10.5	18.9	0.5	(2.2)
Rest of West End	Office	232.4	103.3	335.7	10.5	18.1
	Retail	166.6	66.9	233.5	7.3	19.5
	Residential	3.9	–	3.9	0.1	36.4
Total West End		1,663.1	394.8	2,057.9	64.2	14.6
City, Midtown and Southwark	Office	228.4	336.6	565.0	17.7	21.6
	Retail	5.6	2.0	7.6	0.2	26.0
	Residential	0.1	1.7	1.8	–	10.3
Total City, Midtown and Southwark		234.1	340.3	574.4	17.9	21.7
Investment property portfolio		**1,897.2**	**735.1**	**2,632.3**	**82.1**	**16.1**
Development property		535.2	–	535.2	16.7	28.2
Total properties held throughout the year		**2,432.4**	**735.1**	**3,167.5**	**98.8**	**18.0**
Acquisitions		24.7	14.0	38.7	1.2	(1.6)
Total property portfolio		**2,457.1**	**749.1**	**3,206.2**	**100.0**	**17.7**

* GPE share.

Portfolio characteristics

	Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street	1,501.3	316.3	1,817.6	1,240.6	411.7	165.3	1,817.6	1,699
Rest of West End	581.3	218.9	800.2	459.2	332.2	8.8	800.2	650
Total West End	**2,082.6**	**535.2**	**2,617.8**	**1,699.8**	**743.9**	**174.1**	**2,617.8**	**2,349**
City, Midtown and Southwark	588.4	–	588.4	579.0	7.6	1.8	588.4	1,290
Total	**2,671.0**	**535.2**	**3,206.2**	**2,278.8**	**751.5**	**175.9**	**3,206.2**	**3,639**

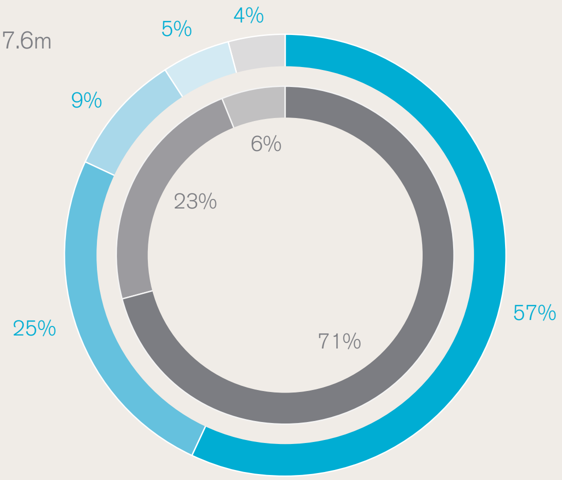
		Investment properties £m	Development properties £m	Total property portfolio £m
By use:	Office	2,017.6	261.2	2,278.8
	Retail	628.8	122.7	751.5
	Residential	24.6	151.3	175.9
Total		**2,671.0**	**535.2**	**3,206.2**
Net internal area sq ft 000's		3,013	626	3,639

Appendix 2

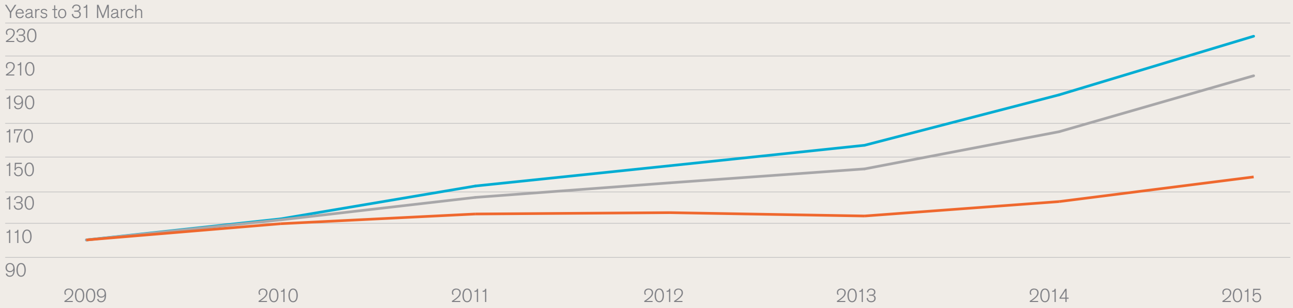
Our portfolio – 100% central London

Locations
- North of Oxford Street £1,817.6m
- Rest of West End £800.2m
- Southwark £306.2m
- Midtown £162.2m
- City £120.0m

Business mix
- Office £2,278.8m
- Retail £751.5m
- Residential £175.9m



Capital return (indexed)
Cumulative relative performance to IPD benchmarks



- GPE
- IPD Central & Inner London
- IPD Universe

Appendix 3

Purchases for the year ended 31 March 2015

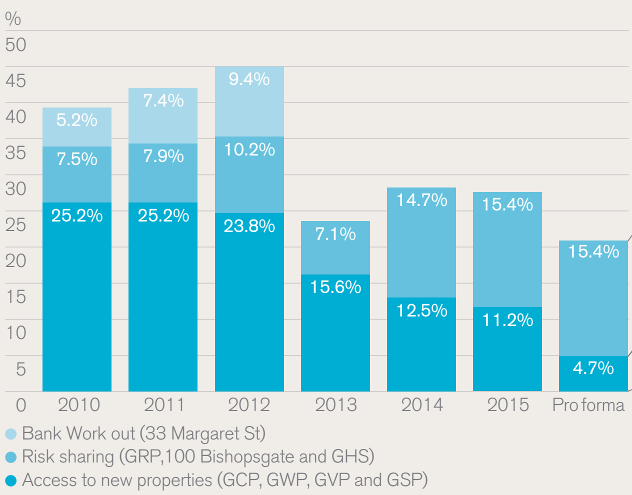
	Price paid £m	NIY %	Area sq ft	Cost £ per sq ft
Elm House[1], W1	13.0	n/a	48,800	533
6 Brook Street, W1	7.6	3.0%	3,600	2,111
31/34 Alfred Place, W1	16.5	n/a	42,750	386
Total	**37.1**	**3.0%**	**95,150**	**526**

1. Our share.

Sales for the year ended 31 March 2015

Description	Gross price £m	Book value at 31 March 2014 adj. for capex £m	NIY %	Price per sq ft
Rathbone Square, W1 residential units	223.1	202.3	n/a	1,875
Tudor House, W1	8.4	8.0	3.1%	1,140
12/14 New Fetter Lane, EC4	96.3	80.4	4.5%	1,158
12.5% share of 100 Bishopsgate, EC2	15.8	15.8	n/a	n/a
Total	**343.6**	**306.5**	**4.4%**	**1,475**

GPE's net investment in Joint Ventures



Joint venture – partner	31 March 2015	Pro forma
GRP – BP Pension fund	£253.1m	£253.1m
GHS – Hong Kong Monetary Authority	£115.7m	£115.7m
GVP – Liverpool Victoria	£95.4m	£95.4m
GWP – Aberdeen AM	£112.4m	£17.0m
GSP – Starwood Capital	£60.0m	–
GCP – Capital & Counties	£0.1m	£0.1m
Total	**£636.7m**	**£481.3m**
As % of Group net assets	**26.6%**	**20.1%**

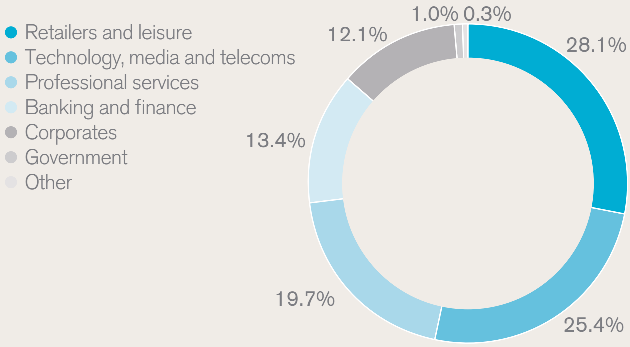
Appendix 3

Our total development pipeline

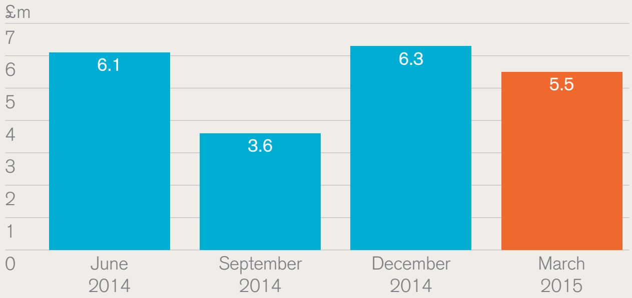
Development	Anticipated finish	New building area sq ft	Cost to complete £m	ERV[1] £m	Office ERV[1] avg £psf	Income/GDV secured £m	% let[2]/ sold	Profit on cost[3]
Committed								
Rathbone Square, W1								
– Commercial	Jun-17	254,900	228.5	17.8	73.00	–	–	19.2%
– Residential		153,900				228.9	81%	
30 Broadwick Street, W1	Sep-16	92,400	34.1	7.2	78.25	–	–	20.5%
73/89 Oxford Street, W1	Apr-17	90,700	47.5	9.2	76.75	3.7	40%	14.1%
78/82 Great Portland St, W1	Jul-16	18,900	8.8	0.3	–	–	–	19.6%
90/92 Great Portland St, W1	May-16	8,800	3.1	0.1	–	–	–	5.0%
48/50 Broadwick Street, W1	Sep-15	6,500	2.6	–	–	–	–	10.8%
Total of committed		**626,100**	**324.6**	**34.6**			**29.5%**	**18.2%**
Near-term								
6 projects	2016–2020	**548,600**						
Pipeline								
12 projects		**1,279,000**						
Total programme								
24 projects		**2,453,700**		**54% of GPE's existing portfolio**				

1. Agreed pre-let rent or CBRE ERV at March 2015. 2. Based on ERV of property. 3. Based on CBRE estimate of completed value.

GPE tenant mix

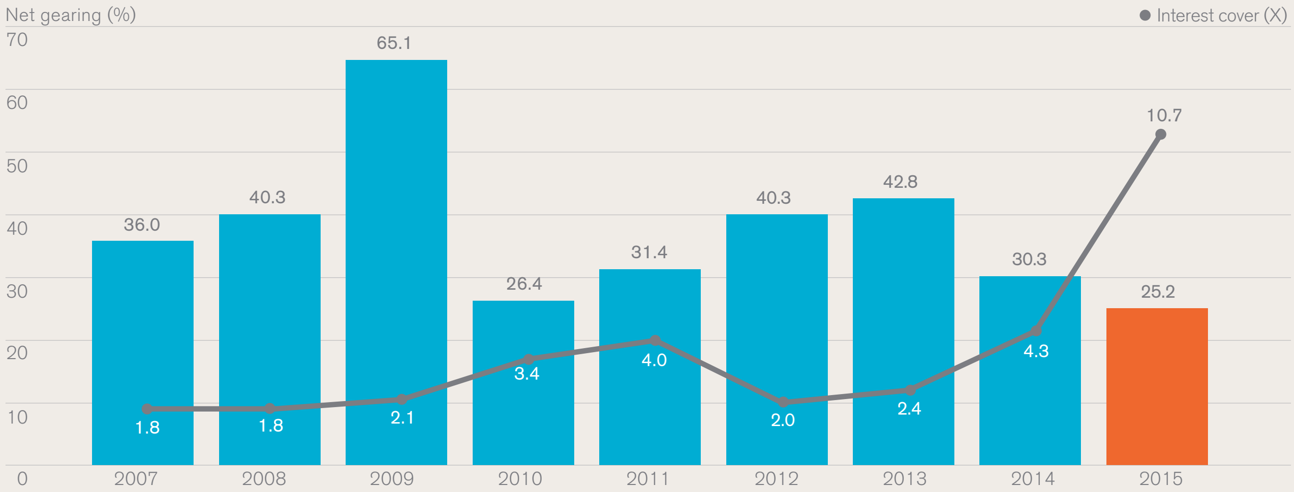


New lettings and renewals by quarter

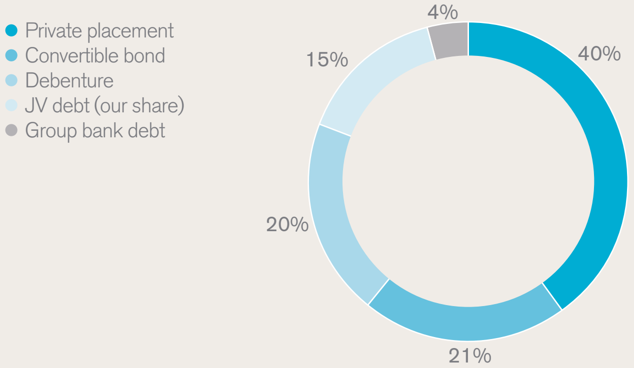


Appendix 3

Net gearing and interest cover

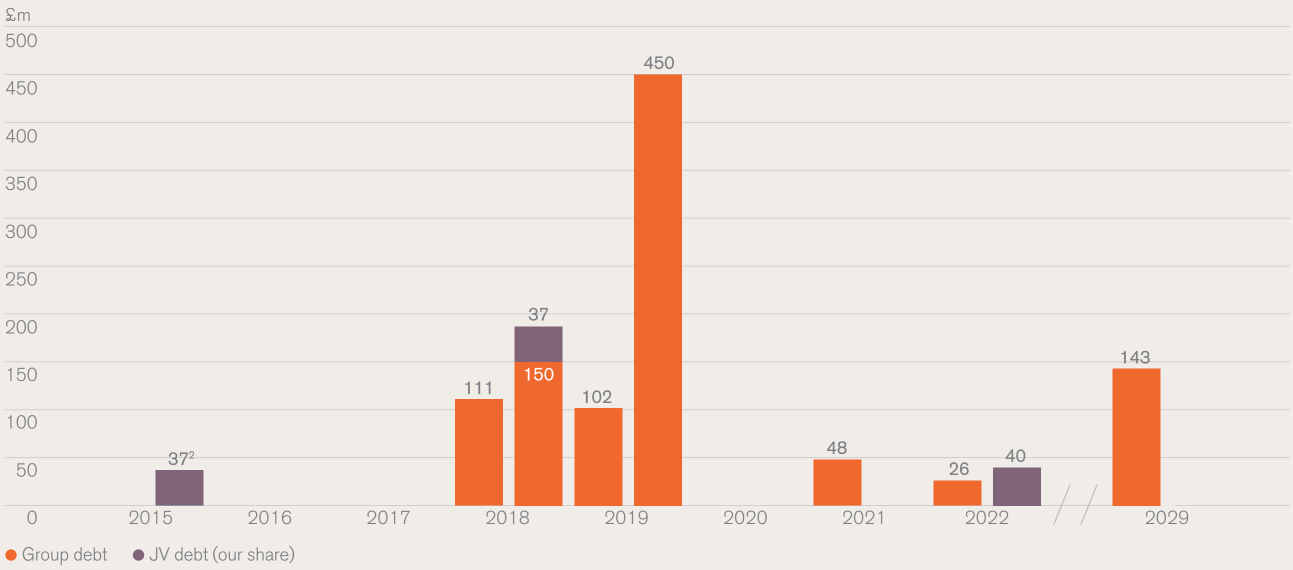


Sources of debt funding[1]



1. Based on drawn position at 31 March 2015.

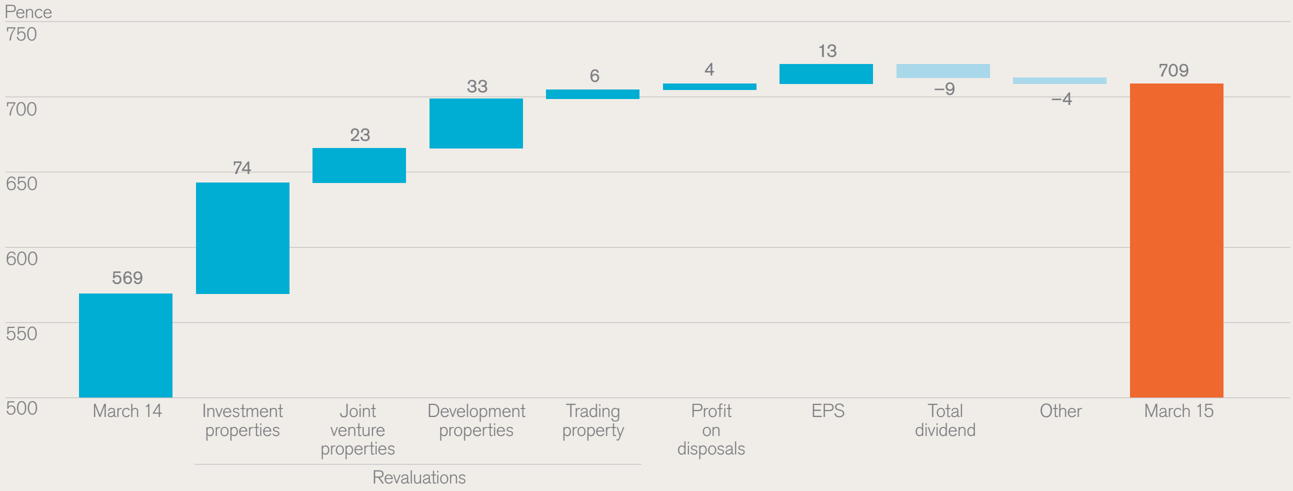
Debt maturity profile[1]



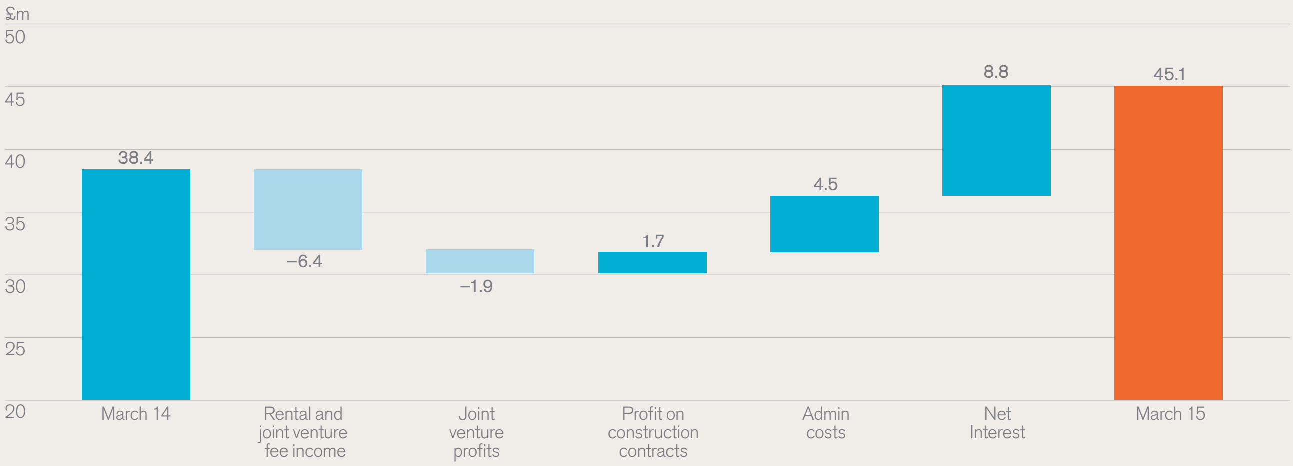
1. Based on committed facilities at 31 March 2015.
2. Repaid in April 2015 on the purchase of Starwood's interest in GSP.

Appendix 4

EPRA net assets per share



EPRA profit before tax



Appendix 4

Debt analysis

	March 2015	March 2014
Net debt excluding JVs (£m)	**601.2**	586.1
Net gearing	**25.2%**	30.3%
Total net debt including 50% JV non-recourse debt (£m)	**698.8**	687.1
Loan-to-property value	**21.8%**	25.7%
Total net gearing	**29.2%**	35.6%
Interest cover	**10.7x**	4.3x
Weighted average interest rate	**3.7%**	3.5%
Weighted average cost of debt	**4.1%**	3.9%
% of debt fixed/hedged	**96%**	98%
Cash and undrawn facilities (£m)	**442**	508

EPRA performance measures

Measure	Definition of Measure	March 2015	March 2014
EPRA earnings	Recurring earnings from core operational activities	**£45.1m**	£38.4m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**13.2p**	11.2p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**12.7p**	11.0p
EPRA costs (by portfolio value)	EPRA costs (including direct vacancy costs) divided by market value of portfolio	**0.8%**	1.0%
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£2,431.0m**	£1,961.3m
EPRA net assets per share	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**709p**	569p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£2,349.9m**	£1,898.3m
EPRA triple net assets per share	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**685p**	550p
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**5.1%**	5.1%

Appendix 5

Rental income

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	35.4	8.4	43.8	3.5	0.2	3.7	47.5
		Retail	7.8	2.9	10.7	5.9	1.1	7.0	17.7
	Rest of West End	Office	9.4	2.9	12.3	1.1	0.8	1.9	14.2
		Retail	6.6	2.3	8.9	1.5	0.9	2.4	11.3
	Total West End		**59.2**	**16.5**	**75.7**	**12.0**	**3.0**	**15.0**	**90.7**
	City, Midtown and Southwark	Office	9.2	3.1	12.3	16.2	4.9	21.1	33.4
		Retail	0.3	–	0.3	–	–	–	0.3
	Total City, Midtown and Southwark		**9.5**	**3.1**	**12.6**	**16.2**	**4.9**	**21.1**	**33.7**
Total let portfolio			**68.7**	**19.6**	**88.3**	**28.2**	**7.9**	**36.1**	**124.4**
Voids					2.4			1.0	3.4
Premises under refurbishment					42.0			2.8	44.8
Total let portfolio					**132.7**			**39.9**	**172.6**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Voids %	Rent roll secure for five years %	Weighted average lease length Years	Voids %
London	North of Oxford Street	Office	52.5	9.0	2.0	100.0	10.1	–
		Retail	31.6	4.5	–	88.1	7.3	–
	Rest of West End	Office	11.5	2.5	3.6	22.1	2.7	0.7
		Retail	61.8	5.9	0.5	82.6	10.1	–
	Total West End		**44.3**	**7.0**	**2.0**	**85.1**	**8.1**	**0.1**
	City, Midtown and Southwark	Office	55.7	6.2	–	43.7	5.8	3.9
		Retail	85.4	15.1	–	100.0	14.7	53.8
	Total City, Midtown and Southwark		**56.5**	**6.4**	–	**43.8**	**5.8**	**4.1**
Total let portfolio			**46.0**	**6.9**	**1.8**	**61.4**	**6.8**	**2.5**

Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	54	65	84	88	2.7	4.4	2.4	4.2
		Retail	45	57	101	119	2.7	4.1	4.0	4.2
	Rest of West End	Office	54	73	19	33	2.8	4.6	0.9	3.9
		Retail	76	110	44	68	3.4	4.3	1.6	3.9
	Total West End		**54**	**62**	**63**	**75**	**2.8**	**4.4**	**2.4**	**4.1**
	City, Midtown and Southwark	Office	33	44	37	50	3.9	4.9	2.3	5.1
		Retail	25	26	42	43	5.0	5.1	2.8	4.7
	Total City, Midtown and Southwark		**33**	**42**	**37**	**49**	**3.9**	**5.0**	**2.3**	**5.1**
Total let portfolio			**50**	**59**	**45**	**57**	**2.9**	**4.5**	**2.4**	**4.6**

Appendix 5

Top ten tenants

	Tenant	Rent roll (our share) £m	% of rent roll (our share)
1	Savills plc	7.0	7.2
2	Double Negative	4.8	5.0
3	The Engine Group	3.8	3.9
4	New Look	3.8	3.9
5	UBM plc	2.5	2.5
6	Ipsos Mori UK	2.0	2.1
7	Standard Chartered Bank	1.7	1.7
8	Fallon London Limited	1.6	1.7
9	Lane Clark & Peacock	1.5	1.6
10	Carlton Communications	1.5	1.6
	Total	**30.2**	**31.2**

Appendix 6

Market risk

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Central London real estate market underperforms other UK property sectors.	Reduced performance.	The execution of the Group's strategy covering the key areas of investment, development and asset management is adjusted and updated throughout the year, informed by regular research into the economy, the investment and occupational markets. The Group's strategic priorities and transactions are considered in light of regular review of dashboard lead indicators and operational parameters. The Group aims to maintain low financial leverage throughout the property cycle.	→	→	The central London real estate market continued to outperform the wider UK market during the year ended 31 March 2015, demonstrated by IPD's central London TPR exceeding IPD's universe by 6.8 percentage points on an absolute basis and the outlook continues to be favourable.
Economic recovery falters.	Worse than expected performance of the business.	Regular economic updates are received and scenario planning is undertaken for different economic cycles. The Group aims to maintain low financial leverage throughout the property cycle.	→	→	Over the past 12 months, the outlook for the London economy has improved. However, uncertainties around the economic outlook persist given a possible referendum on UK membership of the EU along with an uncertain outlook for the Eurozone and UK interest rates.

Investment management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Poor investment decisions and mis-timed recycling of capital.	Not sufficiently capitalising on market investment conditions.	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Regular review of property cycle by reference to dashboard of lead indicators. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate rotation of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans with joint venture partners.	→	→	The Group has continued to invest and recycle capital against a backdrop of strong capital value growth in central London and a surfeit of buyers to sellers in the investment market. Lack of available stock mitigated by depth of opportunity in current portfolio. During the year, three acquisitions totalling £37.1 million were made together with disposals of £343.6 million at premium to book value of 11.0%.
Inappropriate asset concentration, mix and lot size.	Reduced liquidity and relative property performance.	Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding.	→	→	The Group continues to monitor its portfolio mix and asset concentration risk. Our largest asset is only 9.5% of the total portfolio and 23.4% of the portfolio was held in joint ventures at 31 March 2015.

Appendix 6

Asset management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Poor management of voids, rental mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments.	Failure to maximise income from investment properties.	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 and liaise regularly with external advisers to ensure correct pricing of lease transactions. The Group has a diverse tenant base with its ten largest tenants representing only 31.2% of rent roll. Tenants' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions.	→	→	The Group continues to monitor a low void rate which was 2.0% at 31 March 2015. Tenant delinquencies were 0.7% of the rent roll for the year to 31 March 2015. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. During the year, we secured £21.5 million of new rental income including £13.3 million of development lettings.

Development management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Poor execution of development programme through: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – failure to reach agreement with adjoining owners on acceptable terms; – level of speculative development; – construction cost inflation; – contractor availability and insolvency risk; – insufficient human resources; – a building being inappropriate to tenant demand; – weak demand for residential apartments; – quality and benchmarks of the completed buildings; – construction and procurement delays; – ineffective marketing to prospective tenants; and – poor development management.	Poor development returns.	See Market risk. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Early engagement and strong relationships with planning authorities. Early engagement with adjoining owners. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk. Internal and external resourcing requirements regularly reviewed by the Executive Committee, Head of Development and Head of Projects. Third party resource expertise used to support in-house teams, where appropriate. Due diligence is undertaken of the financial stability of demolition, main contractors and material sub-contractors prior to awarding of contracts. Working with agents, potential occupiers' and purchasers' needs and aspirations are identified during the planning application and design stages. In-house Leasing/Marketing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing/marketing objectives. 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. Pro-active liaison with existing tenants before and during the development process. Selection of contractors and suppliers based on track record of delivery and credit worthiness. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Regular review of the prospective performance of individual assets and their business plans with joint venture partners. Post-completion reviews undertaken on all developments to identify best practice and areas for improvement.	↗	↗	The Group has increased its development commitments over the last year with six schemes currently on-site with a gross development value of £1,096.2 million, against a backdrop of increasing construction costs and tightening contractor capacity. However the Group has continued to de-risk its development programme and, as a result, the risk likelihood after mitigation is unchanged over the year. Key initiatives during the year included: – the successful sales programme of the residential element of Rathbone Square, W1, securing £228.9 million of the gross development value since 1 April 2014; – the forward sale of 12/14 New Fetter Lane, EC4 crystallising an 83% return on capital employed; – successful letting on newly completed schemes with £13.3 million of development lettings secured since 1 April 2014; – placing construction contracts on four schemes since 31 March 2014 providing cost certainty across all of our committed schemes albeit Rathbone Square, W1, was ahead of our anticipated cost plan; and – the Group secured 375,300 planning permissions during the year including 148 Old Street, EC1 and Hanover Square, W1, where revised planning has delivered a much improved building design.

Appendix 6

Development management					
An inappropriate level of development undertaken as a percentage of the portfolio.	Underperformance against KPIs.	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed to when pre-lets obtained and/or market supply considered to be sufficiently constrained.	↗	→	With forecasted supply of central London office space expected to be scarce in the near to medium term, the Group has expanded its development exposure to capitalise on the expected resulting rental growth given improving tenant demand. Our increased development activity has increased the potential impact of this risk. However, 29.5% of income or gross development value of the committed developments has already been secured and, given the level of current development commitments, the Group has maintained its conservative approach to financial leverage. At 31 March 2015 LTV remained low at 21.8%.

Financial risks

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Limited availability of further capital.	Growth of business is constrained or unable to execute business plans.	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.	→	↘	The likelihood of this risk has reduced over the year given the increased availability and improved pricing of both equity and debt capital. Moreover, the Group has continued to extend the maturity ladder of its debt financing and maintain diverse funding sources. In October 2014, the Company replaced two revolving credit facilities totalling £500 million due to mature in November 2015 and January 2017 with a new £450 million five year revolving credit facility, which can be extended to a maximum of seven years. Cash and undrawn credit facilities were £442 million at 31 March 2015.
Increased interest rates and/or a fall in capital values.	Adverse market movements negatively impact on debt covenants.	Regular review of current and forecast debt levels and financing ratios. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 31 March 2015. We estimate that values could fall by 56.7% from their 31 March 2015 levels before Group debt covenants could be endangered.	→	↗	Whilst investment yields are at cyclical lows, central London property values are expected to benefit from rental value growth and continued strong investment demand. Short-term interest rates have remained at or near historical lows over the last 12 months, although there is a growing expectation of increases in the medium term as the economy grows. However, this risk likelihood after mitigation is unchanged given our headroom against debt covenants and 96% of the Group's debt being at fixed or hedged interest rates.
Inappropriate capital structure.	Sub-optimal NAV per share growth.	Regular review of current and forecast capital requirements and gearing levels and financing ratios.	→	→	The Group's existing capital structure is well placed to take advantage of opportunities as they arise and to deliver our development programme.

Appendix 6

People

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Incorrect level and mix/retention of people to execute our business plan, combined with inability to attract, develop, motivate and retain talented employees.	Strategic priorities not achieved.	Regular review is undertaken of the Group's resource requirements and succession planning. The Company has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance and identification of training and development needs. Benchmarking of remuneration packages of all employees is undertaken annually.	↗	↗	With the Group firmly in the execution phase of the cycle and increased levels of development activity, the motivation of our people remains fundamental to the delivery of our strategic priorities. When combined with a more active and competitive recruitment market, the likelihood of this risk has marginally increased over the year. Staff retention is high at 87% against a backdrop of an increasingly competitive employment market. A new Head of Human Resources was recruited in early 2015 to further enhance the development of our people. From 1 April 2015, the corporate measures under the Employee Annual Bonus Plan have been changed to mirror the Executive Annual Bonus Plan.

Regulatory

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base.	Reduces flexibility and may influence potential investor and occupier interest in buildings.	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. Environmental Policy Committee meets at least quarterly to consider strategy in respect of environmental legislation.	→	→	In 2015, Minimum Energy Efficiency Standards came into force which will impact the ability to let less energy efficient buildings from 2018. A watch list of all buildings' EPC ratings and proposed actions is, therefore, maintained. Uncertainty remains as to the taxation and regulatory environment.
Health and Safety incidents. Loss of life or injury to employees, contractors, members of the public or tenants.	Resultant reputational damage.	The Group has dedicated Health and Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health and Safety areas including employee, contractor, members of the public and tenant safety. On developments, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors which includes a Health and Safety assessment. Contractors' responses to accidents and near misses are actively monitored and followed-up by our Project Managers and Head of Sustainability.	→	↗	With heightened levels of development activity, the likelihood of this risk marginally increased over the year, although remains unchanged after mitigation. The Group had one reportable accident and one reportable incident during the year.

Appendix 6

Business interruption risk[1]

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
An external event such as a power shortage, extreme weather, environmental incident, civil unrest or terrorist or cyber attack that significantly affects the Group's operations, particularly given our portfolio concentration in central London.	Significant damage, disruption and/or reputational damage to the Group's portfolio and operations.	The Group has a Business Continuity Plan with predetermined processes and escalation for the Crisis Management Team. Asset emergency plans exist for individual properties. Physical security measures are in place at properties and security threats are regularly assessed through links with security agencies. Regular testing of IT security is undertaken. The Group's insurance policies include cover for catastrophic events including fire, storm, riots and terrorism.			Whilst the likelihood of a major incident remains low, the UK Government increased the UK's external terrorism threat to severe during the year.

1. New risk for 2014/15.