

Appendix 1

Despite declines in both interest rates and the rate of inflation, sentiment for the sector remains volatile. Property yields have remained broadly stable, with property values rising for the first time since 2022 due to strong occupational demand. Looking forward, with the UK budget behind us, GDP is expected to deliver modest growth as interest rates are expected to reduce further, but many macro-economic risks remain.

Macro-economic backdrop

- IMF estimates global GDP growth to be stable at 3.2% in both 2024 and 2025.
- UK forecast to grow; 1.5% GDP growth in 2025, or 1.6% p.a. over the next three years, with London expected to outperform the UK as whole at 2.0% in 2025 (Oxford Economics).
- Consumer confidence softened since Summer 2024, back to levels last seen in early 2024.
- Deloitte CFO survey: sentiment among UK CFOs has edged lower but is running at above average levels.
- UK business activity PMI surveys remain greater than 50 and indicate expansion.
- Inflationary risks continue to abate, UK CPI is 1.7% in September 2024.

Occupational markets¹

- Occupational market active; central London take-up 10.9 million sq ft in year, up 6.0% on the same period last year.
- Central London active demand 7.7 million sq ft, up 2.6% year on year (Knight Frank).
- Availability remains elevated at 24.2 million sq ft, down from 31 March 2024, but remains 31.1% ahead of the ten-year average.
- Space under offer remains high at 4.1 million sq ft, above the ten-year average of 3.5 million sq ft.
- Central London vacancy rate is 8.5% at 30 September 2024; down from 8.8% at 31 March 2024, newly completed vacancy rate at 2.0%.
- Supply remains tight; availability of space newly completed or under construction low, at 34.1% of total stock (8.2 million sq ft).
- Rents for prime spaces to significantly outperform Grade B rents at +18.5% v -3.5% respectively for the West End between 2024 and 2028 (Savills).



The West End

- Office take-up 1.8 million sq ft, marginally down 2.5% on previous six months.
- Availability 6.2 million sq ft, down 1.7%.
- Vacancy 4.7%, no change from 31 March 2024; vacancy of newly completed space only 1.3%.
- Prime office rental values remains stable at £155 per sq ft in period, up 10.7% in year.
- Central London prime retail zone A rents grew by 4.3% in the period.



The City

- Office take-up 2.7 million sq ft, down 12.9% on previous six months.
- Availability 9.6 million sq ft, down 9.2%.
- Vacancy 10.8%, down from 11.8% at 31 March 2024; vacancy of newly completed space only 2.1%.
- Prime office rental values £80 per sq ft, up 3.9% in period.

Investment markets¹

- Investment market activity remains subdued given heightened interest rate environment.
- Office investment deals £2.0 billion in six months to 30 September 2024, up 3.0% on the previous period.
- We estimate that £4.9 billion of real estate is available in market to buy versus £20.5 billion of equity demand looking to invest.
- Given elevated global interest rates, prime yields remained stable; CBRE reports prime yields of 4.0% and 5.75% for the West End and City respectively.
- Prime retail yields 4.25% Regent Street, 4.5% Oxford Street both stable and Bond Street sharpened by 25 bps to 2.75%.

Near-term outlook¹

Our markets are cyclical, as a result, we actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last six months, given reduced levels of inflation and the first of a number of anticipated reductions in interest rates, our property capital value indicators have improved marginally from those we reported in May. Investment market activity remains subdued, with the improved interest rate environment yet to feed into investor confidence. However, September saw a number of high profile properties brought to

market suggesting that activity may pick up over the coming months.

In the occupational market, given the scarcity of high quality spaces in central London, particularly in the West End, we expect our leasing and rental performance of the portfolio in the first half of the year to continue, despite signs of weakening business confidence. Accordingly, we have maintained our rental value growth range for the financial year to 31 March 2025 at between 3.0% and 6.0%, prime offices 5.0% to 10.0%.

1. To 30 September 2024 and sourced from CBRE unless otherwise stated.

Appendix 1 continued

Selected lead indicators

Drivers of rents ¹	May 2024	November 2024
GDP/GVA growth	●	●
Business investment	●	●
Confidence	●	●
Employment growth	●	●
Active demand/take-up	●	●
Vacancy rates	●	●
Development completions	●	●
Drivers of yields		
Rental growth	●	●
Weight of money	●	●
Gilts	●	●
BBB Bonds	●	●
Exchange rates	●	●
Political risk	●	●

1. Offices.

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures ¹ £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	709.2	–	709.2	28.4	1.7
	Retail	156.3	37.5	193.8	7.8	1.5
	Residential	3.9	–	3.9	0.2	(1.6)
Rest of West End	Office	296.8	239.6	536.4	21.5	2.3
	Retail	192.8	109.5	302.3	12.1	0.6
	Residential	0.7	–	0.7	–	(2.8)
Total West End		1,359.7	386.6	1,746.3	70.0	1.7
City, Midtown and Southwark	Office	370.1	96.7	466.8	18.7	(0.7)
	Retail	8.0	–	8.0	0.3	2.1
	Residential	–	–	–	–	–
Total City, Midtown and Southwark		378.1	96.7	474.8	19.0	(0.7)
Investment property portfolio		1,737.8	483.3	2,221.1	89.0	1.1
Development property		275.4	–	275.4	11.0	(2.0)
Total properties held throughout the period		2,013.2	483.3	2,496.5	100.0	0.8
Acquisitions		–	–	–	–	–
Portfolio valuation		2,013.2	483.3	2,496.5	100.0	0.8

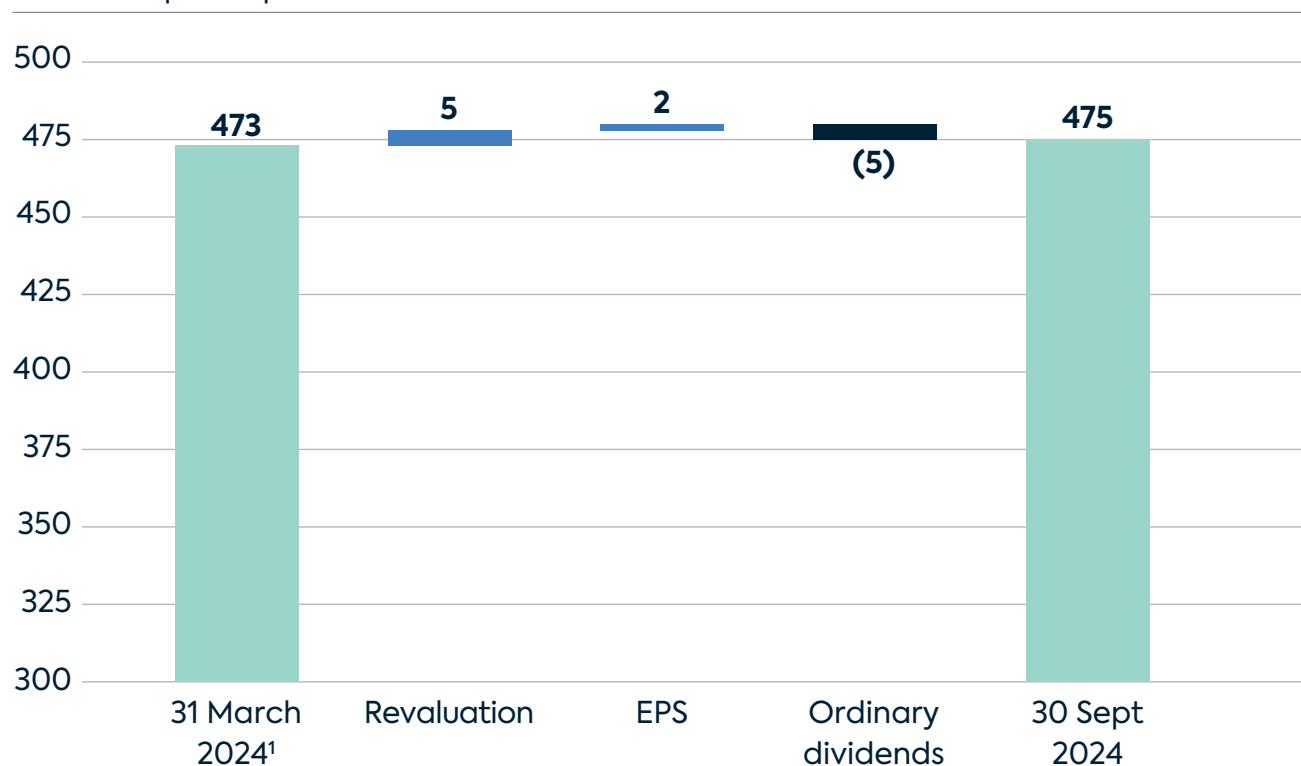
1. GPE share.

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		906.9	–	906.9	709.2	193.8	3.9	906.9	763
Rest of West End		839.4	56.1	895.5	588.5	306.3	0.7	895.5	662
Total West End		1,746.3	56.1	1,802.4	1,297.7	500.1	4.6	1,802.4	1,425
City, Midtown and Southwark		474.8	219.3	694.1	682.7	8.9	2.5	694.1	1,320
Total		2,221.1	275.4	2,496.5	1,980.4	509.0	7.1	2,496.5	2,745
By use:	Office	1,712.4	268.0	1,980.4					
	Retail	504.1	4.9	509.0					
	Residential	4.6	2.5	7.1					
Total		2,221.1	275.4	2,496.5					
Net internal area sq ft 000's		2,211	534	2,745					

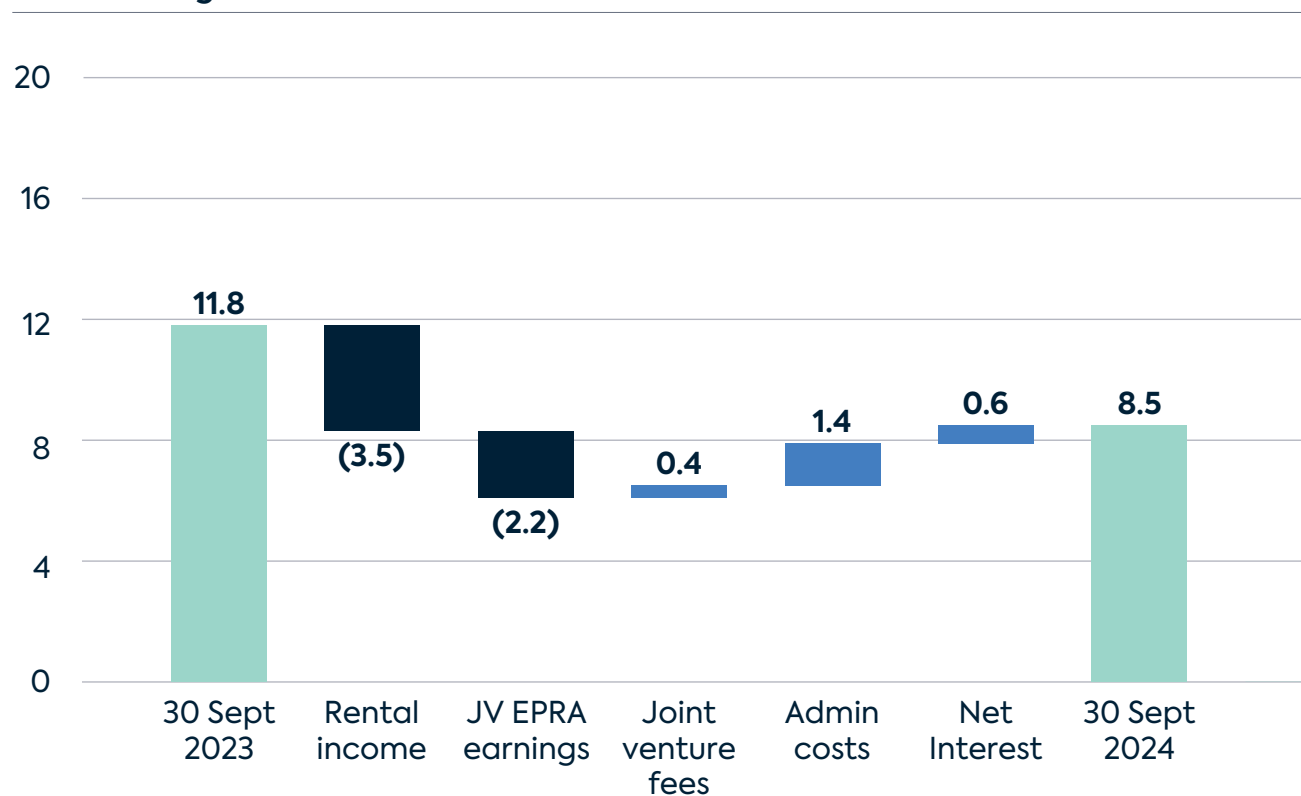
Appendix 3

EPRA NTA pence per share



1. Restated: pro forma for new shares and net proceeds from rights issue.

EPRA earnings £m



● Increase ● Decrease ● Total

Appendix 3 continued

Debt analysis

	September 2024	March 2024
Net debt excluding JVs (£m) ¹	547.7	738.0
Net gearing	28.5%	46.8%
Total net debt including 50% JV cash balances (£m) ¹	526.2	713.5
EPRA LTV	23.3%	32.6%
Interest cover	3.5x	3.7x
Weighted average interest rate	5.0%	4.3%
Weighted average cost of debt	5.3%	4.1%
% of drawn debt fixed/hedged	94%	87%
Cash and undrawn facilities (£m)	695.7	633.4

1. Excludes customer deposits.

Appendix 4

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	32.9	3.1	36.0	–	–	–	36.0
		Retail	8.4	0.8	9.2	3.0	(0.1)	2.9	12.1
	Rest of West End	Office	15.8	2.1	17.9	9.7	1.9	11.6	29.5
		Retail	7.6	0.8	8.4	5.4	0.1	5.5	13.9
Total West End			64.7	6.8	71.5	18.1	1.9	20.0	91.5
	City, Midtown and Southwark	Office	19.8	1.6	21.4	4.3	0.2	4.5	25.9
		Retail	2.9	(0.8)	2.1	–	–	–	2.1
Total City, Midtown and Southwark			22.7	0.8	23.5	4.3	0.2	4.5	28.0
Total let portfolio			87.4	7.6	95.0	22.4	2.1	24.5	119.5
Voids (A)					8.8			0.1	8.9
Premises under refurbishment and development					85.8			6.0	91.8
Total portfolio (B)					189.6			30.6	220.2
Vacancy rate % (A/B)					4.6			0.3	4.0

EPRA vacancy

			Wholly-owned £m	Joint ventures £m	Total £m
Voids and premises under refurbishment excluding development (A)			45.7	6.2	51.9
Total portfolio			189.6	30.6	220.2
Less: premises under development			(48.8)	–	(48.8)
Total (B)			140.8	30.6	171.4
EPRA vacancy rate % (A/B)			32.5	20.3	30.3

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Void %	Rent roll secure for five years %	Weighted average lease length Years	Void %
London	North of Oxford Street	Office	27.4	4.0	10.3	–	–	–
		Retail	40.6	5.1	1.1	24.9	5.0	–
	Rest of West End	Office	0.6	1.4	2.3	89.1	10.8	–
		Retail	29.5	5.1	0.7	21.5	4.6	–
Total West End			22.8	3.6	5.6	58.3	8.0	–
	City, Midtown and Southwark	Office	16.6	2.4	3.1	–	1.5	1.3
		Retail	10.7	1.6	–	–	–	–
Total City, Midtown and Southwark			15.8	2.3	3.1	–	1.5	1.3
Total portfolio			21.0	3.3	4.6	47.1	6.7	0.4

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	87	104	—	—	3.6	5.4	—	—
		Retail	66	68	81	81	4.1	5.4	0.7	5.7
	Rest of West End	Office	126	150	116	139	3.4	5.6	3.6	4.7
		Retail	97	112	111	113	2.9	5.0	4.2	4.3
Total West End			92	108	107	113	3.5	5.4	3.5	4.7
	City, Midtown and Southwark	Office	69	85	46	58	4.1	5.6	3.4	6.1
		Retail	42	29	—	—	3.9	5.0	—	—
Total City, Midtown and Southwark			64	77	46	58	4.1	5.6	3.4	6.1
Total portfolio			82	93	85	87	3.7	5.5	3.5	5.1