

Identifying and responding to key market trends

Over the last twelve months, inflation had eased in major economies, allowing central banks to begin lowering rates, though borrowing costs remain above pre-pandemic levels. However, geopolitical tensions, including the Iran conflict and rising geoeconomic confrontation, have increased volatility across financial markets. Against this backdrop, the UK GDP outlook remains marginally positive, but risks are elevated, with the impact of energy shocks uncertain, fiscal headroom limited and the labour market showing signs of weakness.

Macro-economic backdrop

- IMF global GDP growth downgraded to 3.1% and 3.2% in 2026 and 2027 respectively, given the impact of the Middle East conflict on global inflation.
- UK forecasts reduced; 0.6% GDP growth in 2026, or c.1.0% p.a. over the next three years, but London is expected to outperform the UK as a whole (Oxford Economics).
- Consumer confidence dropped to minus 25, the largest decline in a year and the lowest level since October 2023 (Trading Economics).
- Deloitte CFO survey: optimism among UK CFOs reduced sharply to the lowest levels seen since the start of the pandemic, given outlook for energy costs, inflation and interest rates.
- UK composite PMI surveys indicate expansion at 50.3 at March 2026; London leads the UK at 54.2 (Natwest).
- Inflationary risks resurgent: UK CPI 3.4% in March 2026, anticipated to increase as the impact on the price of oil from the conflict in the Middle East feeds into supply chains.

Occupational markets¹

- Occupational market active; central London take-up 11.1 million sq ft in year, down 3.7% on the prior year.
- Central London active demand 13.8 million sq ft, up 13.1% year on year (JLL).
- Availability remains elevated at 20.0 million sq ft, down 3.2 million sq ft on 31 March 2025 but still marginally ahead of the ten-year average.
- Space under offer 3.8 million sq ft, up from 3.8 million sq ft at 31 March 2025 and marginally above the ten-year average of 3.5 million sq ft.
- Central London vacancy rate 8.8% at 31 March 2026; down from 8.9% last year; newly completed vacancy rate at 1.1%, down from 1.4% last year (JLL).
- Supply remains tight; 39% of all space under construction already pre-let.
- Rents for prime spaces at +4.2% p.a. are expected to significantly outperform non-prime rents at +1.4% p.a. over next four years (Savills).

The West End

- Office take-up 3.2 million sq ft, down 15.4% on preceding year.
- Availability 6.6 million sq ft, in line with the prior year.
- Vacancy 9.1%, up from 8.6% at 31 March 2025; vacancy of newly completed space only 1.5% (JLL).
- Prime office rents hit £200 per sq ft at 31 March 2026, up 17.6% in year.
- Central London prime retail zone A rents grew by 10.1% year on year.

The City

- Office take-up 5.1 million sq ft, down 8.9% on preceding year.
- Availability 7.7 million sq ft, down 16.3% in year.
- Vacancy 7.6%, down from 8.1% at 31 March 2025; vacancy of newly completed space only 0.7% (JLL).
- Prime office rental values £92.50 per sq ft, up 10.1% in year.
- City space under offer 1.3 million sq ft, down from 1.8 million sq ft at 31 March 2025.

Investment markets¹

- Investment markets have improved despite macro-economic uncertainty.
- Office investment deals £7.3 billion in 2025, up c.50% from £4.9 billion in 2024.
- Turnover in Q1 2026 decreased to £1.4 billion, down 19% on equivalent quarter in previous year.

- We estimate that £5.2 billion of real estate is currently on the market to buy versus £25.0 billion of equity demand looking to invest.
- Prime yields stable: CBRE reports prime yields at 4.0% for the West End and 5.50% City (25bps lower over 12 months).
- Prime retail yields; 2.75% Bond Street, and Oxford Street softened by 25 bps to 4.25%.

Near-term outlook

We actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last year, our property capital value indicators have improved, along with a continued reduction in interest rates. However, risks remain, including continued macro-economic uncertainty and ongoing geopolitical tensions including the ongoing conflict in the Middle East.

Today we expect the flight to quality to continue and, absent a long-term impact from the ongoing Middle East crisis, investment demand is expected to support prime yields in the near term. In the occupational market, given a strong leasing and rental performance of the portfolio, our rental value growth range for the financial year to 31 March 2027 remains positive at between 4.0% and 7.0%, predominantly driven by our prime HQ and Fully Managed spaces.

1. To 31 March 2026 and sourced from CBRE unless otherwise stated.

Appendix 1 continued

Selected lead indicators

Drivers of rents ¹	May 2025	May 2026
GDP/GVA growth	●	●
Business investment	●	●
Business 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	587.4	–	587.4	19.9	4.0
	Retail	73.9	39.8	113.7	3.9	(4.6)
	Residential	3.0	–	3.0	0.1	(17.5)
Rest of West End	Office	396.3	282.8	679.1	23.0	7.2
	Retail	151.9	79.7	231.6	7.8	(2.8)
	Residential	1.1	–	1.1	–	54.2
Total West End		1,213.6	402.3	1,615.9	54.7	3.6
City, Midtown and Southwark	Office	729.7	125.9	855.6	28.9	(1.1)
	Retail	8.9	–	8.9	0.3	6.2
	Residential	–	–	–	–	–
Total City, Midtown and Southwark		738.6	125.9	864.5	29.2	(1.0)
Investment property portfolio		1,952.2	528.2	2,480.4	83.9	1.8
Development property		402.3	–	402.3	13.6	22.2
Total properties held throughout the year		2,354.5	528.2	2,882.7	97.5	4.3
Acquisitions		73.1	–	73.1	2.5	(2.8)
Portfolio valuation		2,427.6	528.2	2,955.8	100.0	4.1

1. GPE share.

Portfolio characteristics

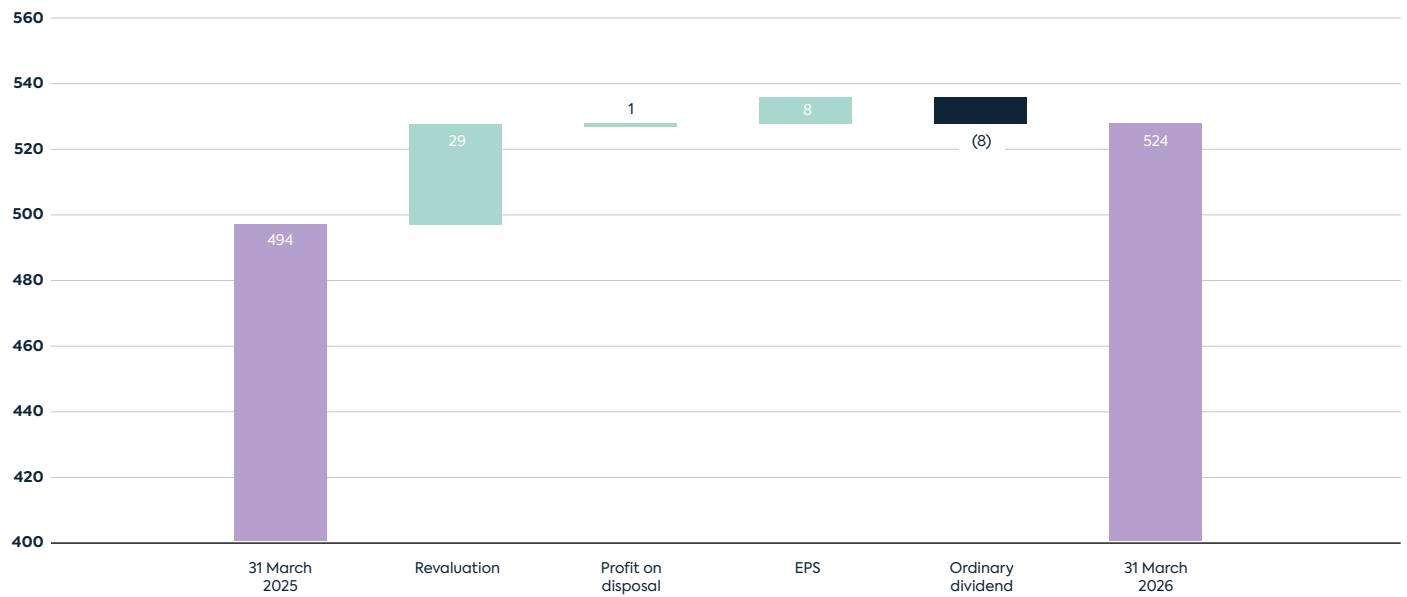
	Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000s
North of Oxford Street	777.2	63.9	841.1	720.0	118.1	3.0	841.1	821
Rest of West End	911.8	193.9	1,105.7	857.4	247.2	1.1	1,105.7	598
Total West End	1,689.0	257.8	1,946.8	1,577.4	365.3	4.1	1,946.8	1,419
City, Midtown and Southwark	864.5	144.5	1,009.0	995.9	10.6	2.5	1,009.0	1,229
Total	2,553.5	402.3	2,955.8	2,573.3	375.9	6.6	2,955.8	2,648
By use:								
Office	2,190.8	382.5	2,573.3					
Retail	358.6	17.3	375.9					
Residential	4.1	2.5	6.6					
Total	2,553.5	402.3	2,955.8					
Net internal area sq ft 000s	2,360	288	2,648					

Top ten customers

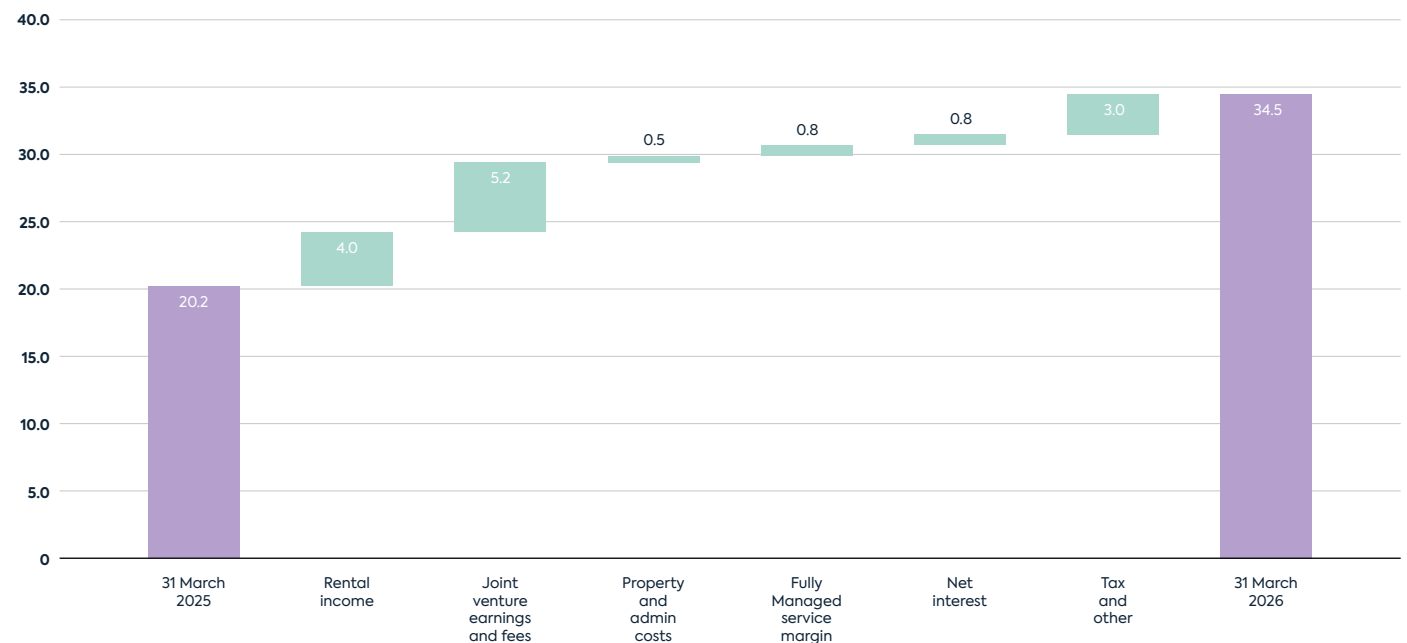
Customer	Use	Rent roll (our share) £m	% of rent roll (our share)
1 Clifford Chance London Limited	Office	24.8	16.1
2 Kohlberg Kravis Roberts LLP	Office	5.8	3.8
3 Gardiner & Theobald LLP	Office	4.7	3.1
4 Glencore UK Limited	Office	4.3	2.8
5 Runway East	Office	4.1	2.7
6 Richemont UK Limited	Office	3.1	2.0
7 Vanta Technology UK Limited	Office	2.8	1.9
8 Next Holdings Limited	Office	2.7	1.7
9 Duolingo UK Limited	Office	2.2	1.4
10 Independent Television News Limited	Office	2.1	1.3
Total		56.6	36.8

Appendix 3

EPRA NTA pence per share



EPRA earnings £m



Debt analysis

	March 2026	March 2025
Net debt excluding JVs (£m) ¹	799.7	835.7
Net gearing	37.7%	41.9%
Total net debt including 50% JV cash balances (£m) ¹	785.0	820.9
EPRA net debt (£m)	846.5	883.0
EPRA LTV	28.6%	30.8%
Interest cover	22.8x	10.9x
Weighted average interest rate	4.3%	4.7%
Weighted average cost of debt	5.0%	5.2%
% of drawn debt fixed/hedged	65%	85%
Cash and undrawn facilities (£m)	411.9	376.0

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	36.3	4.2	40.5	–	–	–	40.5
		Retail	6.3	0.2	6.5	3.4	0.4	3.8	10.3
	Rest of West End	Office	24.5	1.0	25.5	12.9	0.8	13.7	39.2
		Retail	7.8	0.3	8.1	2.9	0.4	3.3	11.4
Total West End			74.9	5.7	80.6	19.2	1.6	20.8	101.4
	City, Midtown and Southwark	Office	54.6	4.4	59.0	4.5	–	4.5	63.5
		Retail	0.4	–	0.4	–	–	–	0.4
Total City, Midtown and Southwark			55.0	4.4	59.4	4.5	–	4.5	63.9
Total let portfolio			129.9	10.1	140.0	23.7	1.6	25.3	165.3
Voids (A)					15.3			0.1	15.4
Premises under refurbishment and development					69.6			5.8	75.4
Total portfolio (B)					224.9			31.2	256.1
Vacancy rate % (A/B)					6.8			0.3	6.0

EPRA vacancy

			Wholly-owned £m	Joint ventures £m	Total £m
Voids and premises under refurbishment excluding developments (A)			48.7	5.9	54.6
Total portfolio			224.9	31.2	256.1
Less: premises under development			(36.2)	–	(36.2)
Total (B)			188.7	31.2	219.9
EPRA vacancy rate % (A/B)			25.8	18.9	24.8

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	0.7	2.0	3.6	–	–	–
		Retail	23.4	4.4	5.2	65.9	7.5	–
	Rest of West End	Office	0.4	1.5	15.1	91.8	9.8	–
		Retail	23.9	4.1	–	39.5	4.5	–
Total West End			5.0	2.2	7.4	79.2	8.6	–
	City, Midtown and Southwark	Office	46.3	9.8	5.7	4.1	3.1	1.3
		Retail	89.8	6.0	11.2	–	–	–
Total City, Midtown and Southwark			46.5	9.8	5.8	4.1	3.1	1.3
Total portfolio			22.6	5.4	6.8	64.8	7.5	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	109	141	–	–	3.9	5.9	–	–
		Retail	50	46	74	85	5.3	6.0	3.7	6.2
	Rest of West End	Office	181	193	154	163	3.4	5.2	4.3	4.7
		Retail	109	89	145	165	4.1	5.0	3.6	4.1
Total West End			112	128	128	133	3.8	5.5	4.1	4.7
	City, Midtown and Southwark	Office	86	100	49	61	1.9	6.0	3.2	6.1
		Retail	34	34	–	–	3.3	5.9	–	–
Total City, Midtown and Southwark			85	94	49	61	1.9	5.9	3.2	6.1
Total portfolio			99	113	98	96	3.2	5.7	3.9	5.1