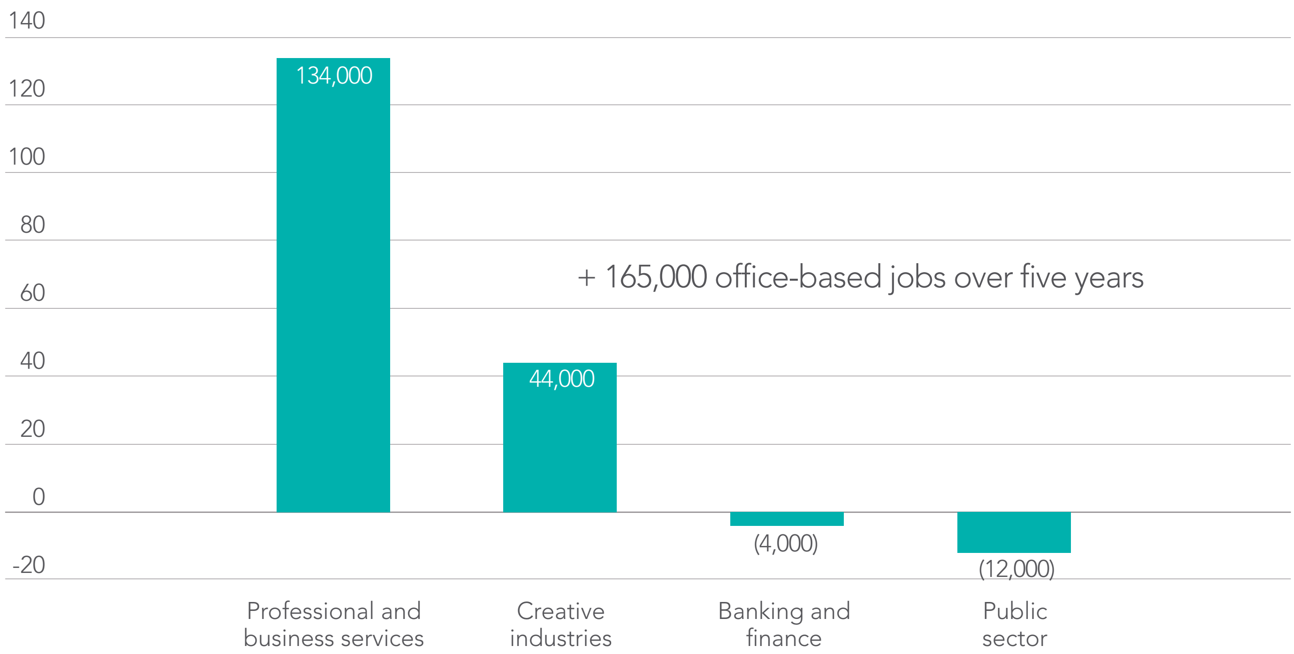
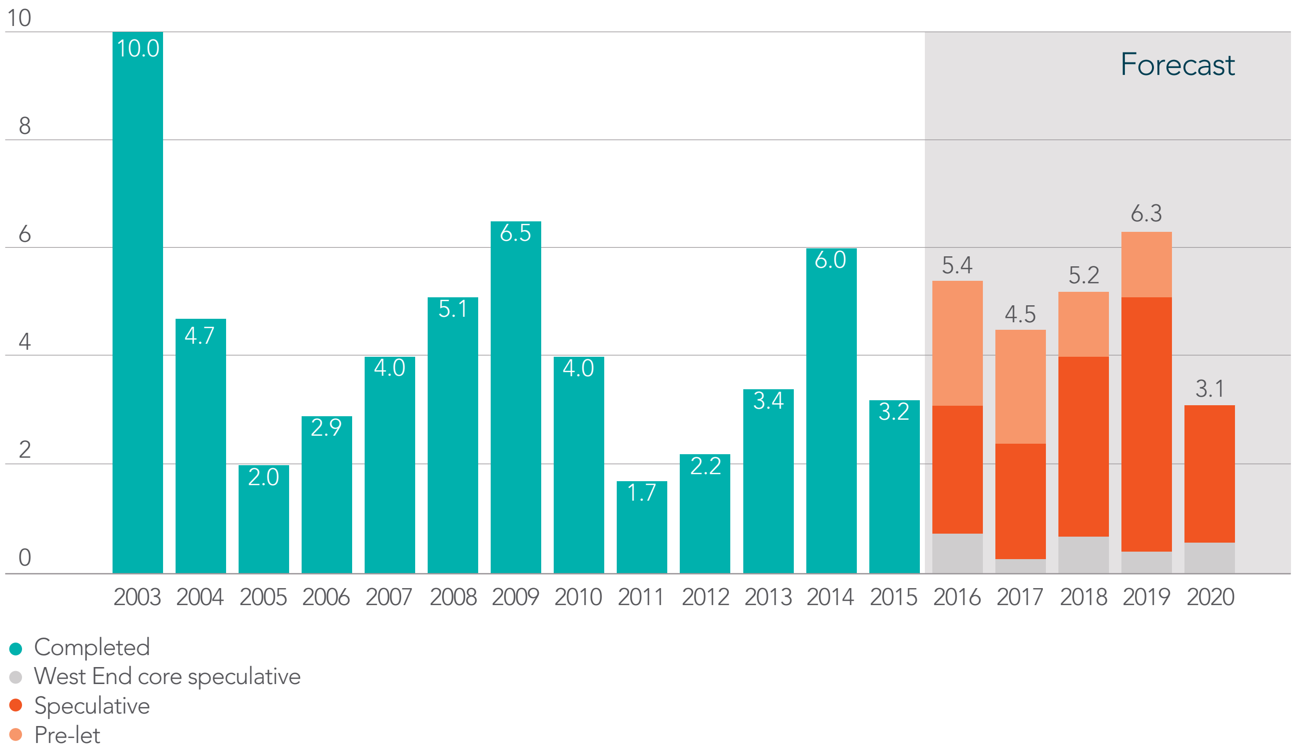
Appendix 1

Forecast office-based employment growth in London (next five years) thousands of people



Source: CBRE/Oxford Economics

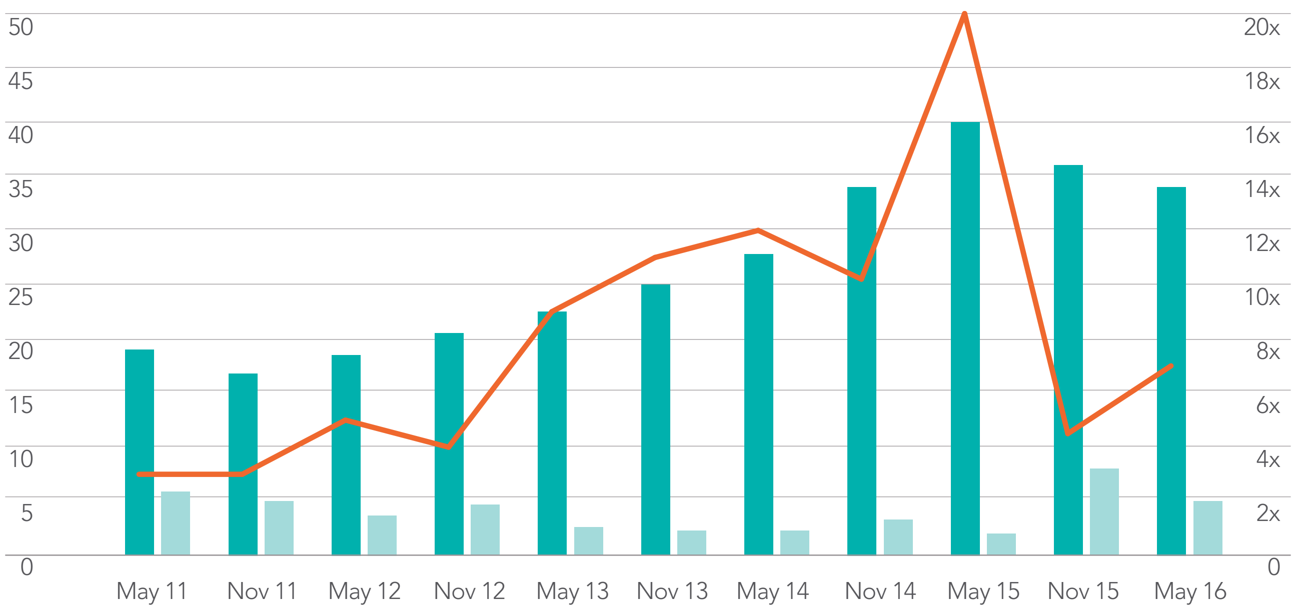
Central London office potential completions million sq ft



Source: CBRE/GPE

Appendix 1

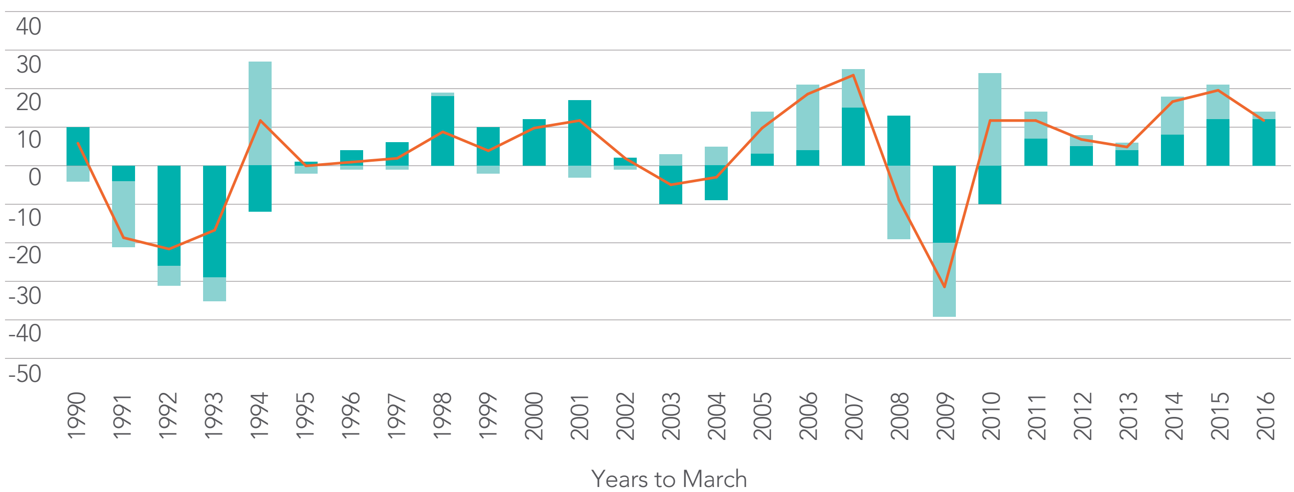
London equity demand and asset supply £bn



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

Source: CBRE/GPE

Capital growth attribution – IPD West End and Midtown %



- Rental value growth
- Yield impact
- Capital growth

Source: IPD UK monthly property index

Appendix 1

Selected lead indicators	Change over 12 months to March 2016
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 rate of growth	↘
Forecast London GVA rate of growth	↘
Business confidence levels in the central London economy	↘
UK output from the financial and business services sector	↗
Employment levels in London's finance, creative and professional services sectors	↑
Vacancy rate (central London offices)[2]	↓
Central London office market balance[3]	↑

1. West End property yields over ten year gilt yields adjusted for inflation.
2. The reduction in the vacancy rate over the 12 months is supportive to rental values.
3. 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	808.0	–	808.0	21.8	10.7
	Retail	257.3	127.3	384.6	10.4	11.2
	Residential	6.8	11.0	11.8	0.5	14.1
Rest of West End	Office	263.9	118.2	393.9	10.3	9.6
	Retail	183.6	76.3	259.9	7.0	9.1
	Residential	14.3	3.0	5.5	0.5	40.9
Total West End		1,533.9	335.8	1,869.7	50.5	10.7
City, Midtown and Southwark	Office	257.5	257.0	516.1	13.9	10.3
	Retail	5.9	2.0	7.9	0.2	3.1
	Residential	1.7	1.8	1.9	0.1	6.5
Total City, Midtown and Southwark		265.1	260.8	525.9	14.2	10.2
Investment property portfolio		**1,799.0**	**596.6**	**2,395.6**	**64.7**	**10.6**
Development property		931.7	31.1	962.8	26.0	26.2
Total properties held throughout the year		**2,730.7**	**627.7**	**3,358.4**	**90.7**	**14.7**
Acquisitions		345.5	–	345.5	9.3	7.0
Total property portfolio		**3,076.2**	**627.7**	**3,703.9**	**100.0**	**13.9**

* GPE share.

Portfolio characteristics

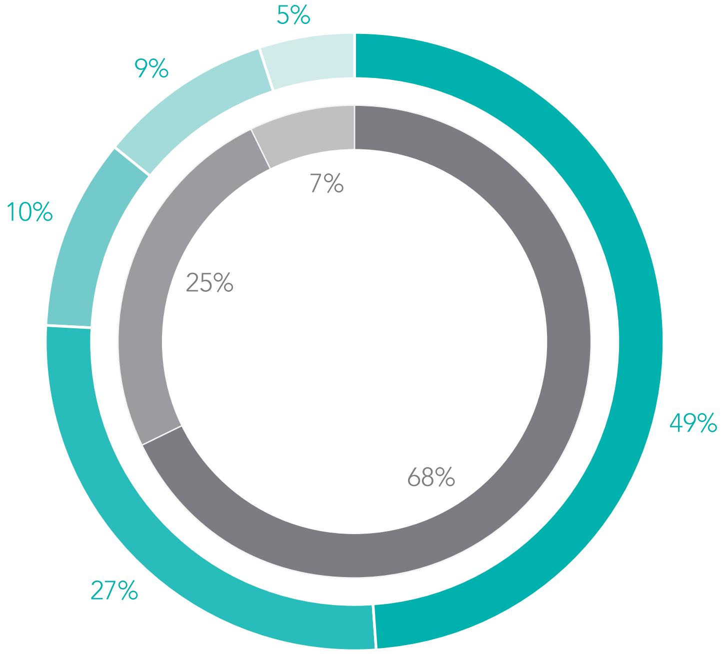
		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		1,210.4	581.2	1,791.6	1,094.5	468.2	228.9	1,791.6	1,432
Rest of West End		659.3	350.5	1,009.8	570.7	421.8	17.3	1,009.8	652
Total West End		**1,869.7**	**931.7**	**2,801.4**	**1,682.5**	**890.0**	**229.1**	**2,801.4**	**2,084**
City, Midtown and Southwark		871.4	31.1	902.5	874.5	26.3	1.7	902.5	1,472
Total		**2,741.1**	**962.8**	**3,703.9**	**2,539.7**	**916.3**	**247.9**	**3,703.9**	**3,556**
By use:	Office	2,033.4	506.3	2,539.7					
	Retail	670.9	245.4	916.3					
	Residential	36.8	211.1	247.9					
Total		**2,741.1**	**962.8**	**3,703.9**					
Net internal area sq ft 000's		2,705	851	3,556					

Appendix 2

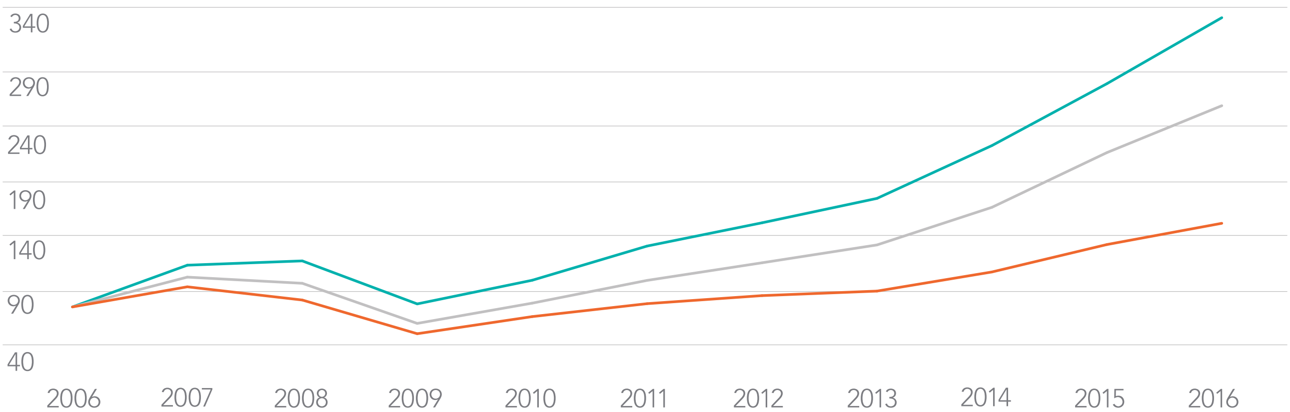
Our portfolio – 100% central London

Locations
- North of Oxford Street £1,791.6m
- Rest of West End £1,009.8m
- City £376.6m
- Southwark £341.5m
- Midtown £184.4m

Business mix
- Office £2,539.7m
- Retail £916.3m
- Residential £247.9m



Capital return (indexed)
Cumulative relative performance to IPD benchmarks
Years to 31 March



- GPE
- IPD Central & Inner London
- IPD Universe

Appendix 3

Purchases for the year ended 31 March 2016

	Price paid[1] £m	NIY	Area sq ft	Cost per sq ft £
City Tower, EC2	43.3	4.7%	134,300	645
City Place House, EC2	52.0	4.8%	176,500	580
50 Finsbury Square, EC2	119.0	5.3%	126,500	941
Total	**214.3**	**5.1%**	**437,300**	**704**

1. Joint ventures at share.

Sales for the year ended 31 March 2016

	Gross price[1] £m	Premium to book value	NIY	Price per sq ft £
95 Wigmore Street, W1	111.2	16.2%	3.4%	2,209
60 Great Portland Street, W1	103.2	3.0%	3.9%	1,308
33 Margaret Street, W1	216.3	12.7%	3.3%	2,085
Rathbone Residential, W1	39.0	–	n/a	2,437
Total	**469.7**	**10.0%**	**3.5%**	**1,943**

1. Joint ventures at share.

GPE's net investment in joint ventures %

Joint venture – partner

	31 March 2016
GRP – BP Pension Fund	£282.8m
GHS – Hong Kong Monetary Authority	£135.7m
GVP – Liverpool Victoria	£106.9m
GWP – Aberdeen AM	£17.9m
GCP – Capital & Counties	£0.1m
Total	**£543.4m**
As % of Group net assets	**18.7%**

Appendix 3

Our total development pipeline

	Anticipated finish	New build 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	Mar-17	267,000	155.1	19.6	73.35	17.9	91.5%	24.8%
– Residential	Jun-17	151,700		–	–	262.1	93.1%	
148 Old Street, EC1	Dec-17	161,900	28.4	4.2	52.50	–	–	16.6%
30 Broadwick Street, W1	Sept-16	91,800	16.3	8.0	87.70	–	–	41.9%
73/89 Oxford Street, W1	May-17	90,700	35.0	9.9	85.55	6.2	62.9%	31.5%
Tasman House, W1	Oct-17	37,300	20.6	2.8	84.95	–	–	19.9%
78/82 Great Portland Street, W1	Sept-16	18,900	5.3	0.3	–	–	–	28.0%
84/86 Great Portland Street, W1	Dec-16	23,100	8.3	1.0	57.00	–	–	12.0%
90/92 Great Portland Street, W1	Jun-16	8,800	0.9	0.1	–	–	–	9.4%
Committed total		**851,200**	**269.9**	**45.9**			**61.1%**	**27.1%**

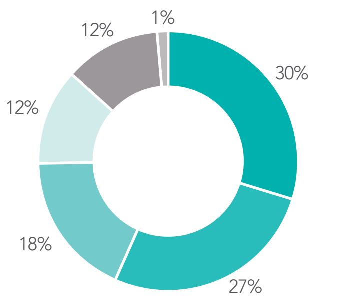
	New build area sq ft	Existing area sq ft	Earliest start	Planning status
Near-term				
Oxford House, 76 Oxford Street, W1	88,200	79,400	2017	Application
Hanover Square, W1	223,600	58,500	2017	Consented
Near-term total	**311,800**	**137,900**		

	Target area sq ft	Existing area sq ft	Earliest start	Opportunity area
Pipeline				
40/48 Broadway, SW1	82,100	73,200	2018	Other
City Place House, EC2	176,500	176,500	2018	Crossrail
50 Finsbury Square, EC2	126,500	126,500	2020	Crossrail
New City Court, SE1	303,700	97,800	2021	London Bridge
35 Portman Square, W1	73,000	73,000	2021	Core West End
Elm House, WC1	85,000	48,800	2021	Crossrail
52/54 Broadwick Street, W1	47,000	25,900	2021	Core West End
Jermyn Street Estate, SW1	132,600	132,600	2022	Core West End
31/34 Alfred Place, WC1	43,700	43,700	2022	Crossrail
French Railways House and 50 Jermyn Street, SW1	75,000	54,500	2022	Core West End
Mount Royal, W1	92,100	92,100	2022	West End Retail
Kingsland/Carrington House, W1	51,400	39,800	2022	West End Retail
Minerva House, SE1	120,000	105,200	2022	London Bridge
95/96 New Bond Street, W1	10,000	10,000	2023	West End Retail
Pipeline total	**1,418,600**	**1,099,600**		
Total programme; 24 projects	**2,581,600**			**59% of GPE's existing portfolio**

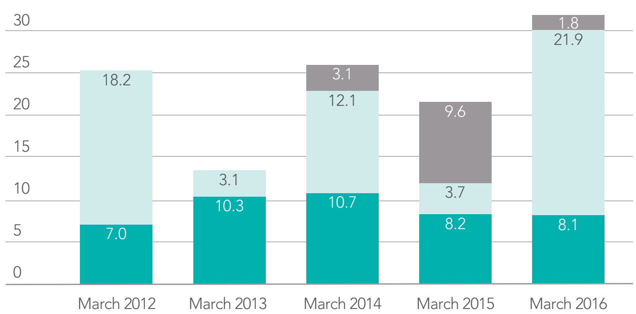
1. Agreed pre-let rent or CBRE ERV at March 2016.
2. Based on ERV of property.
3. Based on CBRE estimate of completed value.

GPE tenant mix %

- Retailers and leisure
- Technology, media and telecoms
- Professional services
- Banking and finance
- Corporates
- Government



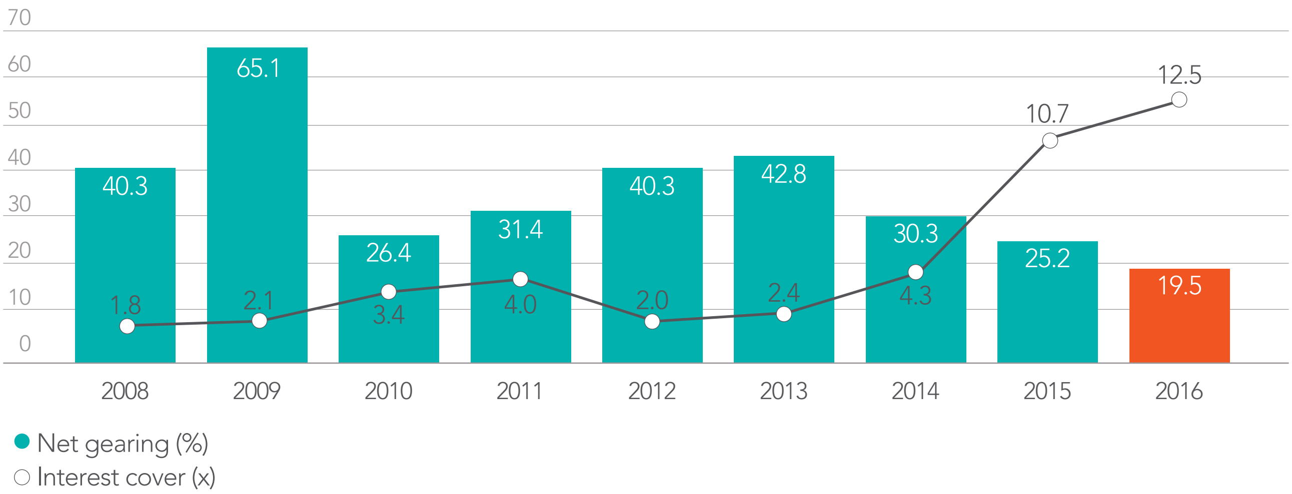
Annual lettings by type and year £m



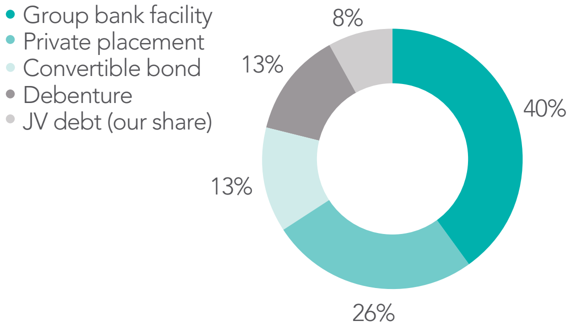
- Investment lettings
- Pre-lets
- Other development lettings

Appendix 3

Net gearing and interest cover



Sources of debt funding[1]



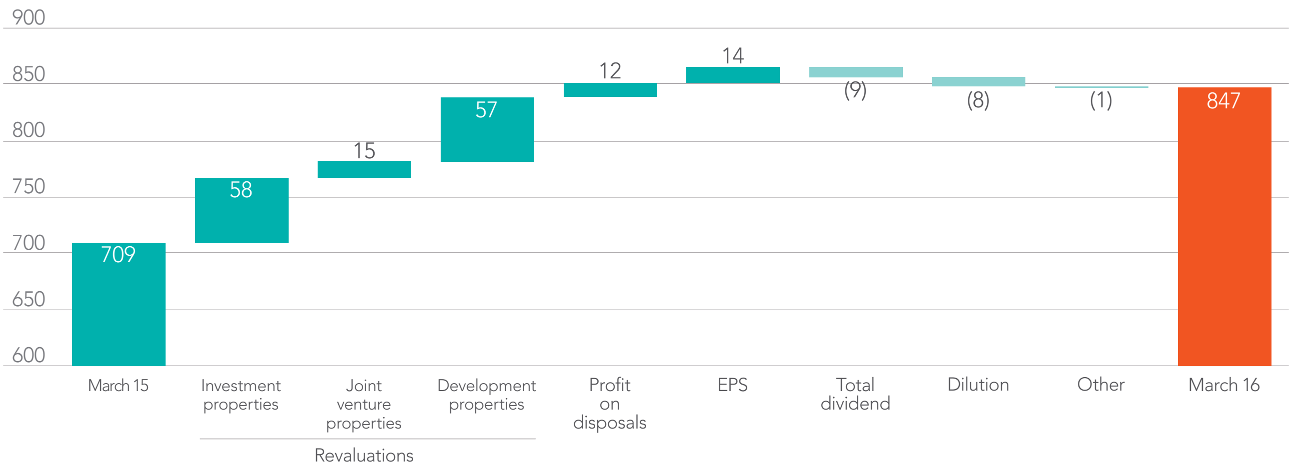
1. Based on committed facilities at 31 March 2016.

Debt maturity profile[1] £m

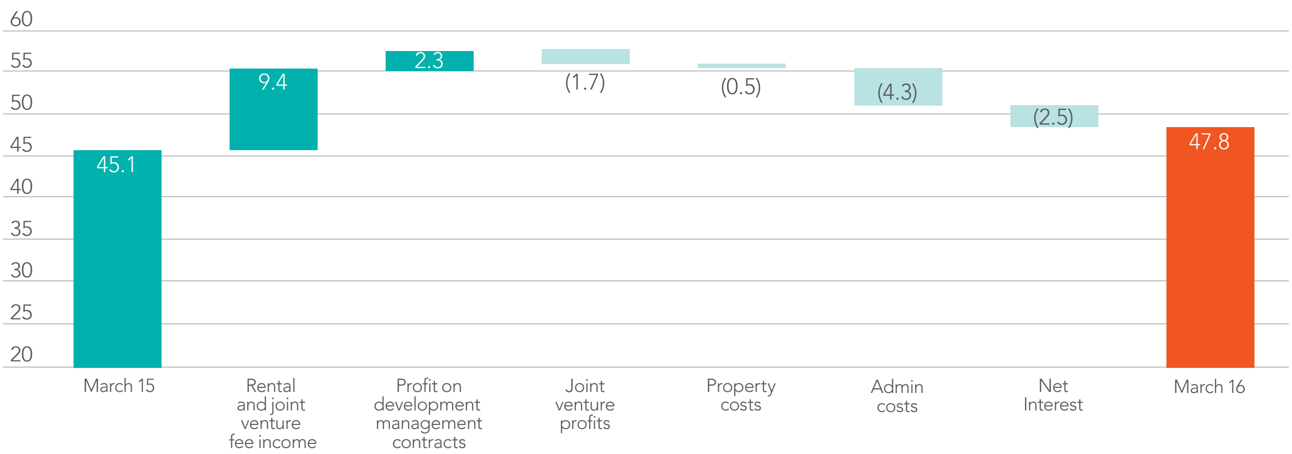
1. Based on committed facilities at 31 March 2016.

Appendix 4

EPRA net assets per share pence



EPRA profit before tax £m



Appendix 4

Debt analysis

	March 2016	March 2015
Net debt excluding JVs (£m)	**568.0**	601.2
Net gearing	**19.5%**	25.2%
Total net debt including 50% JV non-recourse debt (£m)	**644.1**	698.8
Loan-to-property value	**17.4%**	21.8%
Total net gearing	**22.1%**	29.2%
Interest cover	**12.5x**	10.7x
Weighted average interest rate	**3.7%**	3.7%
Weighted average cost of debt	**3.9%**	4.1%
% of debt fixed/hedged	**100%**	96%
Cash and undrawn facilities (£m)	**472**	442

EPRA performance measures

Measure	Definition of Measure	March 2016	March 2015
EPRA earnings	Recurring earnings from core operational activities	**£47.8m**	£45.1m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**14.0p**	13.2p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**13.5p**	12.7p
EPRA costs (by portfolio value)	EPRA costs (including direct vacancy costs) divided by market value of the portfolio	**0.8%**	0.8%
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£3,079.5m**	£2,431.0m
EPRA net assets per share	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**847p**	709p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£3,022.6m**	£2,345.8m
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	**831p**	684p
EPRA NIY	Annualised rental income based on cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the market value of the property increased by estimated purchasers' costs	**2.8%**	2.6%
EPRA "topped up" NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives)	**3.1%**	3.2%
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**7.0%**	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	27.5	8.8	36.3	–	–	–	36.3
		Retail	8.7	2.5	11.2	5.7	1.0	6.7	17.9
	Rest of West End	Office	9.0	2.9	11.9	0.7	1.1	1.8	13.7
		Retail	6.8	2.4	9.2	2.1	0.1	2.2	11.4
	Total West End		**52.0**	**16.6**	**68.6**	**8.5**	**2.2**	**10.7**	**79.3**
	City, Midtown and Southwark	Office	25.4	10.6	36.0	9.5	2.4	11.9	47.9
		Retail	1.3	0.3	1.6	0.1	0.1	0.2	1.8
	Total City, Midtown and Southwark		**26.7**	**10.9**	**37.6**	**9.6**	**2.5**	**12.1**	**49.7**
Total let portfolio			**78.7**	**27.5**	**106.2**	**18.1**	**4.7**	**22.8**	**129.0**
Voids					5.1			0.6	5.7
Premises under refurbishment					48.4			6.8	55.2
Total let portfolio					**159.7**			**30.2**	**189.9**

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	37.6	6.2	0.9	–	–	–
		Retail	52.5	5.3	3.3	70.7	6.0	0.4
	Rest of West End	Office	23.7	3.1	4.0	38.6	3.8	0.5
		Retail	71.0	5.5	1.7	100.0	11.0	–
	Total West End		**41.9**	**5.4**	**2.1**	**75.6**	**7.1**	**0.6**
	City, Midtown and Southwark	Office	23.7	3.9	6.5	83.0	8.2	3.0
		Retail	41.2	8.9	–	100.0	12.2	30.8
	Total City, Midtown and Southwark		**24.5**	**4.2**	**6.5**	**83.1**	**8.3**	**3.1**
Total let portfolio			**36.0**	**5.0**	**3.2**	**79.6**	**7.7**	**2.1**

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	71	–	–	3.0	4.3	–	–
		Retail	55	64	113	132	2.8	3.8	4.4	3.9
	Rest of West End	Office	59	83	19	41	2.8	4.5	0.5	3.7
		Retail	78	115	74	73	3.0	4.2	1.9	3.6
	Total West End		**57**	**67**	**74**	**76**	**2.9**	**4.2**	**2.3**	**3.7**
	City, Midtown and Southwark	Office	39	55	39	51	3.7	5.0	1.7	4.7
		Retail	62	71	43	43	4.5	4.7	3.1	4.6
	Total City, Midtown and Southwark		**40**	**55**	**39**	**50**	**3.7**	**5.0**	**1.7**	**4.7**
Total let portfolio			**50**	**64**	**50**	**58**	**3.2**	**4.4**	**2.0**	**4.2**

Appendix 5

Top ten tenants

	Tenant	Rent roll (our share) £m	% of rent roll (our share)
1	Bloomberg L.P.	5.7	5.9
2	Double Negative Limited	4.8	5.0
3	New Look	3.8	3.9
4	Cleary Gottlieb Steen & Hamilton LLP	2.8	2.8
5	Richemont UK Limited	2.6	2.7
6	UBM Plc	2.5	2.5
7	C-Retail Ltd	2.1	2.2
8	Winckworth Sherwood LLP	1.9	2.0
9	Guy's and St Thomas's NHS Foundation Trust	1.8	1.8
10	Fallon London Limited	1.6	1.7
	Total	**29.6**	**30.5**

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 2016, demonstrated by IPD's central London TPR exceeding IPD's universe by 5.4 percentage points on an absolute basis. Following an extended period of outperformance by central London real estate, the likelihood of this risk has marginally increased.
Economic recovery falters.	Worse than expected performance of the business.	Regular economic updates are received and scenario planning is undertaken for different economic cycles, including potential UK exit from the EU. The Group aims to maintain low financial leverage throughout the property cycle.	→	→	Over the past 12 months, the positive growth outlook for the London economy has been maintained. However, uncertainties around the economic outlook persist given continued stock market volatility, ongoing concerns on China and other emerging market economies' weakness and the outlook for global interest rates.
Heightened political uncertainty including upcoming UK referendum on EU relationship.	Reluctance by investors and occupiers to make investment decisions whilst outcomes remain uncertain.	The Group's strategic priorities and transactions are considered in light of these uncertainties. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies.	↑	↑	The upcoming UK referendum on EU membership appears to be weighing on broader business confidence and investment appetite. While it is too early to tell what the impact will be on the London property market, in the event of a UK vote to leave the EU, property valuations, capital markets and occupier demand could be impacted during the subsequent transition period while the terms of exit and future relationships are negotiated.

Appendix 6

Investment management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Incorrect reading of the property cycle through poor investment decisions and/or 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 £214.3 million were made together with four disposals of £469.7 million at premium to book value of 10.0%.
Inappropriate asset concentration, building mix, tenant covenant quality and exposure, 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 has a diverse tenant base with its ten largest tenants representing only 30.5% 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 its portfolio mix and asset concentration risk. Our largest asset is only 14.0% of the total portfolio and 16.9% of the portfolio was held in joint ventures at 31 March 2016.

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. 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. Although tenants all-in occupational costs are expected to increase in 2017 given an anticipated increase in business rates, our low average office rents of only £45.30 per sq ft are expected to provide some protection to our tenants.	→	→	The Group continues to monitor a low void rate which was 3.1% at 31 March 2016. Tenant delinquencies were 0.3% of the rent roll for the year to 31 March 2016. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. During the year, we secured £31.8 million of new rental income including £23.7 million of development lettings.

Appendix 6

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; – incorrect cost estimation; – 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. Benchmarking of costs with comparative schemes. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk with construction costs now fixed on over 98% of committed schemes' capital expenditure. Internal and external resourcing requirements regularly reviewed by the Executive Committee, Development Director 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 with eight schemes currently on-site with a gross development value (GDV) of £1,430.3 million (compared to six schemes with a GDV of £1,096.2 million a year ago). 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 pre-letting of the entire office space at Rathbone Square, W1 to Facebook on a 15 year lease for £17.8 million p.a.; – the pre-letting of all the retail space at 73/89 Oxford Street, W1; – the continued sales programme of the residential element of Rathbone Square, W1 with £39.0 million of sales during the year and today only three private units remain to be sold; and – placing construction contracts on three further schemes since 31 March 2015, meaning that we now have cost certainty on over 98% of our committed capex.

Appendix 6

Development management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
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 forecast supply of central London office space expected to remain low 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, 61.1% 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 further reduced its already conservative financial leverage. At 31 March 2016 LTV was 17.4%.

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 Group has continued to extend the maturity ladder of its debt financing and maintain diverse funding sources. During the year, the Group extended the maturity of its £450 million revolving credit facility to October 2020 and refinanced the secured bank debt in the Great Ropemaker Partnership, taking the maturity to December 2020. Cash and undrawn credit facilities were £472 million at 31 March 2016.
Increased interest rates and/or a fall in capital values.	Adverse market movements negatively impact on debt covenants.	Consistent policy of conservative financial leverage. Regular review of current and forecast debt levels and financing ratios. Our annual Business Plan which is regularly updated includes stress tests considering the impact of a significant deterioration in the markets in which we operate. 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 2016. We estimate that, absent any mitigating management actions, values could fall by around 67% from their 31 March 2016 levels before Group debt covenants could be endangered.	→	↗	Following continued strong rental growth and further compression of already record low yields during the year, we expect the pace of rental growth to moderate and some modest expansion of yields over the coming year. Whilst broader economic and political uncertainties have kept global interest rates at very low levels, there remains an expectation of modest increase in UK interest rates in the medium term. However, this risk likelihood after mitigation is unchanged given our significant headroom against debt covenants and 100% of the Group's debt being at fixed or hedged interest rates.

Appendix 6

Financial risks

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
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.

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 talent.	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. High profile, attractive development programme and high quality assets to manage.	→	→	With the Group 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. However, staff retention is high at 88% against a backdrop of an increasingly competitive employment market and the risk likelihood after mitigation has marginally reduced over the year given our recruitment activities with four net new hires, various internal promotions (including expansion of our Executive Committee) and other Human Resources initiatives.

Regulatory

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Adverse regulatory risk, particularly following the recent appointment of the new London Mayor, 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.	↗	↗	The likelihood of this risk marginally increased during the year given increased uncertainty around our future relationship with the EU, increases to SDLT rates on property and the recent election of a new London mayor which may lead to policy changes, including investment in public transport infrastructure. 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, with the real estate sector sometimes perceived by regulators to be part of the financial services sector rather than as an operating business. As a result, the industry could be adversely affected by regulation designed to stabilise financial markets, such as the proposed OECD BEPS project.

Appendix 6

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Regulatory					
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 reporting to the Executive Committee and Board as appropriate.	→	↗	With heightened levels of development activity, the likelihood of this risk marginally increased over the year. The Group had no reportable accidents and no reportable incidents during the year.
Business interruption risk					
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.	→	↗	The UK Government maintained the UK's external terrorism threat at severe during the year, and while the likelihood of a major incident remains low, the risk has marginally increased following recent incidents in other major European cities.