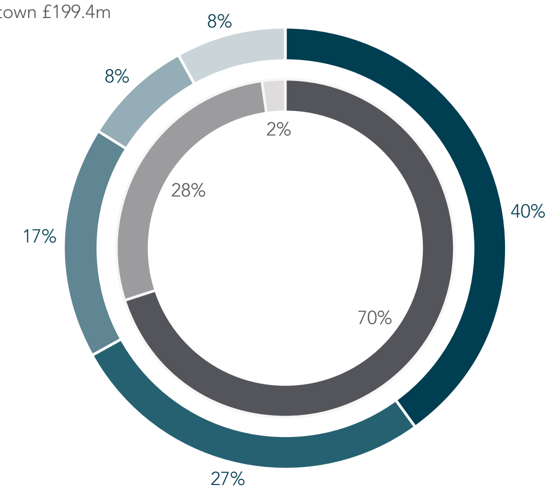
Appendix 1

Portfolio characteristics[1]

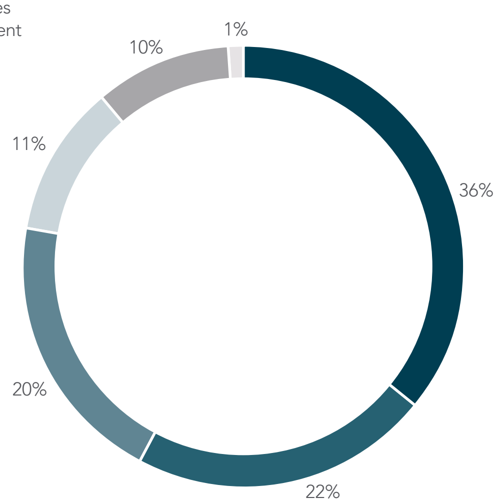
Locations
- North of Oxford Street £1,042.1m
- Rest of West End £699.9m
- City £443.4m
- Southwark £210.9m
- Midtown £199.4m

Business mix
- Office £1,818.7m
- Retail £730.6m
- Residential £46.4m



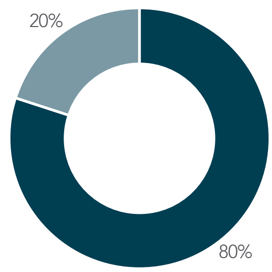
GPE tenant mix[1]

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

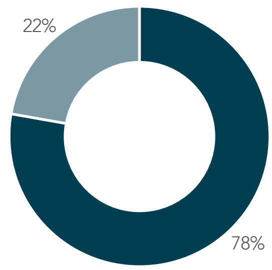


Joint venture business – contribution to the Group

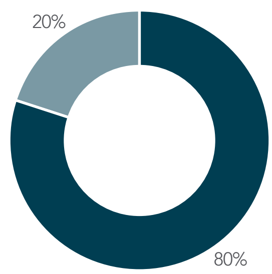
Property assets
- Wholly-owned £2,066.6m
- Joint ventures £529.1m



Net debt
- Wholly-owned £116.3m
- Joint ventures £33.3m



Net assets
- Wholly-owned £1,897.0m
- Joint ventures £484.4m



1. GPE share at 30 September 2018.

Appendix 1

Selected lead indicators

Drivers of rents	March 2018 Outlook	September 2018 Outlook
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	●	●

Appendix 1

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	23.5	0.8	24.3	–	–	–	24.3
		Retail	7.0	0.2	7.2	6.5	(0.1)	6.4	13.6
	Rest of West End	Office	11.6	0.3	11.9	–	–	–	11.9
		Retail	9.4	2.1	11.5	2.1	0.1	2.2	13.7
	Total West End		**51.5**	**3.4**	**54.9**	**8.6**	**–**	**8.6**	**63.5**
	City, Midtown and Southwark	Office	26.4	5.2	31.6	10.2	1.2	11.4	43.0
		Retail	2.6	–	2.6	–	–	–	2.6
	Total City, Midtown and Southwark		**29.0**	**5.2**	**34.2**	**10.2**	**1.2**	**11.4**	**45.6**
Total let portfolio			**80.5**	**8.6**	**89.1**	**18.8**	**1.2**	**20.0**	**109.1**
Voids					6.5			0.9	7.4
Premises under refurbishment					24.4			13.1	37.5
Total portfolio					**120.0**			**34.0**	**154.0**

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	53.0	5.6	5.1	–	–	–
		Retail	60.7	6.0	–	30.8	4.5	–
	Rest of West End	Office	6.8	3.0	13.7	–	–	–
		Retail	30.6	5.3	1.5	100.0	8.5	–
	Total West End		**39.6**	**5.0**	**5.3**	**47.9**	**5.5**	**–**
	City, Midtown and Southwark	Office	21.4	3.0	5.2	60.6	7.5	5.7
		Retail	66.7	13.0	9.5	–	–	100.0
	Total City, Midtown and Southwark		**25.4**	**3.9**	**5.7**	**60.6**	**7.5**	**6.8**
Total portfolio			**34.5**	**4.6**	**5.4**	**54.8**	**6.6**	**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	68	73	–	–	3.5	4.4	–	–
		Retail	57	84	140	138	3.6	4.1	5.3	4.0
	Rest of West End	Office	73	74	–	107	3.7	4.6	–	–
		Retail	97	119	75	128	3.8	4.0	4.0	3.8
	Total West End		**71**	**76**	**115**	**117**	**3.6**	**4.3**	**5.0**	**4.0**
	City, Midtown and Southwark	Office	45	54	44	50	4.3	5.1	2.7	4.8
		Retail	79	81	–	44	3.8	4.6	–	4.9
	Total City, Midtown and Southwark		**47**	**54**	**44**	**50**	**4.3**	**5.1**	**2.6**	**4.8**
Total portfolio			**60**	**66**	**61**	**78**	**3.8**	**4.6**	**3.6**	**4.5**

Appendix 1

Market risk

Risk	Impact	How we monitor and manage risk
Central London real estate market underperforms other UK property sectors.	Reduced relative performance.	The execution of the Group's strategy covering the key areas of investment, development and portfolio management is adjusted and updated throughout the year, informed by regular research into the economy, 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.
Weakening macro-economic environment for property investment.	Property valuations may decline, with increased property yields and reduced occupier demand for space.	Regular economic updates are received and scenario planning is undertaken for different economic cycles, including various potential UK exit arrangements from the EU. The Group aims to maintain low financial leverage throughout the property cycle.
Heightened political uncertainty and potential negative economic impact of ongoing negotiations to exit from the EU.	Reluctance by investors and occupiers to make investment decisions whilst outcomes remain uncertain and/or reduced attractiveness of London as a global commercial centre. Disruption to development programme through potential impact on supply chain and labour markets.	The Group's strategic priorities and transactions are considered in light of these uncertainties. The Group's financial forecasts and business plans continue to be prepared under a variety of market scenarios, including to reflect different potential exit arrangements from the EU, with the frequency of updates increased following the referendum result. The Group aims to maintain low financial leverage throughout the property cycle. The Group has a diverse occupier base with around 11% in the financial services sector, including only c.1% in the investment banking, securities trading and insurance sectors (which are perceived to be most at risk in London to any adverse impact of the UK's exit from the EU). Lobbying of property industry matters is undertaken by active participation of the Executive Committee members and Senior Management through relevant industry bodies. Reviews undertaken of potential for advance delivery of materials.

Investment management

Risk	Impact	How we monitor and manage risk
Incorrect reading of the property market 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 including with joint venture partners where relevant.
Inappropriate asset concentration, building mix, occupiers covenant quality and exposure, lot size and joint venture exposure.	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 occupier base with its ten largest occupiers representing only 28.0% of rent roll. Occupiers' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with occupiers is maintained to identify if occupiers are suffering financial difficulties and their proposed actions.

Appendix 1

Portfolio management

Risk	Impact	How we monitor and manage risk
Poor management of voids, rental mis-pricing, low occupier retention, sub-optimal rent reviews, occupier failures and dissatisfaction, and inappropriate refurbishments.	Failure to maximise income from investment properties.	The Group's in-house portfolio management and leasing teams proactively manage occupiers 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. Occupiers' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with occupiers is maintained to identify if occupiers are suffering financial difficulties and their proposed actions. Independent occupier satisfaction survey undertaken and new Head of Occupier Services role created to strengthen our service delivery.
Failure to react to evolving workplace needs including occupiers seeking increased flexibility and enhanced building design, combined with impact of technological advances on ways of working.	Buildings and lease structures cease to appeal to occupiers and investors, reducing income and valuations.	Our Director of Workplace and Innovation is responsible for keeping the Board up to date on market developments and incorporating innovation in the GPE portfolio. Reviews undertaken of further opportunities for flex space offering across the portfolio.

Development management

Risk	Impact	How we monitor and manage risk
An inappropriate level of development undertaken as a percentage of the portfolio.	Under performance 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 demand and supply considered to be sufficiently supportive.
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 and programme estimation; – construction cost inflation; – contractor availability and insolvency risk; – insufficient supply of labour; – insufficient Development Management team resource; – a building being inappropriate to occupier demand; – quality and benchmarks of the completed buildings; – construction and procurement delays; – ineffective marketing to prospective occupiers; and – poor development management.	Poor development returns.	See Market risk on page above. 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 with local residents and community groups. 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. 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 to identify their needs and aspirations including technological advances during the planning application and design stages. Design Review Panel reviews building design and specification to ensure it is appropriate for likely occupier needs. 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. Proactive liaison with existing occupiers before and during the development process. Selection of contractors and suppliers based on track record of delivery and creditworthiness. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Reviews undertaken of potential for advance delivery of materials. 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.

Appendix 1

Financial risks

Risk	Impact	How we monitor and manage risk
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.
Increased interest rates and/or a fall in capital values, along with adverse exchange rate movements.	Adverse market movements negatively impact on debt covenants and cost of imported material for developments.	Consistent policy of conservative financial leverage. Regular review of current and forecast debt levels and financing ratios under various market scenarios. 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 30 September 2018. Exchange rates fixed at the earliest opportunity on development sub-contracts.
Inappropriate capital structure	Sub-optimal NAV per share growth.	Regular review of current and forecast capital requirements, gearing levels and other financing ratios. Maintain balance sheet discipline, with surplus equity capital returned to shareholders in appropriate circumstances.

People

Risk	Impact	How we monitor and manage risk
Incorrect level and mix/retention of people to execute our business plan and maintain our collegiate inclusive culture, 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 Group has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance. Benchmarking of remuneration packages of all employees is undertaken annually. Annual personal development planning and ongoing training support for all employees together with focused initiatives to nurture potential successors, including introduction of mentoring programme. Health and wellbeing programme being developed following roll out of mental health training programme. Focus on people engagement with regular two-way communication and responsive employee-focused activities e.g. flexible working. High profile, attractive development pipeline and high quality assets to manage.

Appendix 1

Regulatory

Risk	Impact	How we monitor and manage risk
Amendments to planning, tax, environmental, fire safety and other legislation impede the financial and operational performance of the Group, including increasing costs of compliance and/or risk of non-compliance.	Impairment of the Group's ability to deliver business plans, increased cost base and potential negative impact on property values given reduced investor and occupier interest in buildings and/or reputational damage.	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. The Group engages with local residents and community groups early in the design process to ensure that their feedback is considered as schemes evolve. Through regular meetings with local politicians, planning officers and experienced advisors, proposals are developed to comply with current and emerging policy. Lobbying of property industry matters is undertaken by active participation of the Executive Directors and other Executive Committee members through relevant industry bodies. Sustainability Committee meets at least quarterly to consider strategy in respect of environmental legislation and address key areas of carbon, energy, waste and biodiversity. Environmental management system in place. Energy reduction plan for every key property. We maintain a low-risk tax status and have regular meetings with HMRC.
Health and Safety incidents. Loss of life or injury to members of the public, occupiers, contractors or employees.	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 fire, health and safety areas including employee, contractor, members of the public and occupier safety. On all construction projects, 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. Regular site and health and safety checks undertaken by our Development and Project Management teams, Executive Committee members and external third parties.

Business interruption risk

Risk	Impact	How we monitor and manage risk
An external event such as a power shortage, extreme weather, environmental incident, civil unrest or terrorist 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. The Group's insurance policies include cover for catastrophic events including fire, storm, riots and terrorism.
Cyber threat or attack.	Business disruption to the Group's portfolio and operations and/or reputational damage from data loss.	The Group's Business Continuity Plan is regularly reviewed and recovery of data at off-site recovery centre is tested during the year. Regular testing of IT security is undertaken including penetration testing of key systems. The Group's data is regularly backed up and replicated. Staff awareness training on cyber risk is undertaken regularly. Cyber risk insurance in place.

Appendix 2

Portfolio performance

		Wholly owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	587.3	–	587.3	22.6	0.2
	Retail	140.9	110.7	251.6	9.7	(2.7)
	Residential*	32.3	–	32.3	1.2	(1.5)
Rest of West End	Office	254.2	–	254.2	9.8	–
	Retail	248.2	36.8	285.0	11.0	4.6
	Residential	4.4	–	4.4	0.2	–
Total West End		1,267.3	147.5	1,414.8	54.5	0.5
City, Midtown and Southwark	Office	567.1	222.7	789.8	30.4	–
	Retail	29.9	2.6	32.5	1.3	1.6
	Residential	2.8	–	2.8	0.1	(0.1)
Total City, Midtown and Southwark		599.8	225.3	825.1	31.8	0.1
Investment property portfolio		**1,867.1**	**372.8**	**2,239.9**	**86.3**	**0.4**
Development property		199.5	156.3	355.8	13.7	2.1
Total properties held throughout the period		**2,066.6**	**529.1**	**2,595.7**	**100.0**	**0.6**
Acquisitions		–	–	–	–	–
Total property portfolio		**2,066.6**	**529.1**	**2,595.7**	**100.0**	**0.6**

* Including trading properties at valuation.

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		871.2	170.9	1,042.1	655.6	354.2	32.3	1,042.1	778
Rest of West End		543.6	156.3	699.9	343.4	345.2	11.3	699.9	574
Total West End		**1,414.8**	**327.2**	**1,742.0**	**999.0**	**699.4**	**43.6**	**1,742.0**	**1,352**
City, Midtown and Southwark		825.1	28.6	853.7	819.7	31.2	2.8	853.7	1,337
Total		**2,239.9**	**355.8**	**2,595.7**	**1,818.7**	**730.6**	**46.4**	**2,595.7**	**2,689**
By use:	Office	1,633.0	185.7	1,818.7					
	Retail	567.4	163.2	730.6					
	Residential	39.5	6.9	46.4					
Total		**2,239.9**	**355.8**	**2,595.7**					
Net internal area sq ft 000's		2,277	412	2,689					

* Including trading properties at valuation.

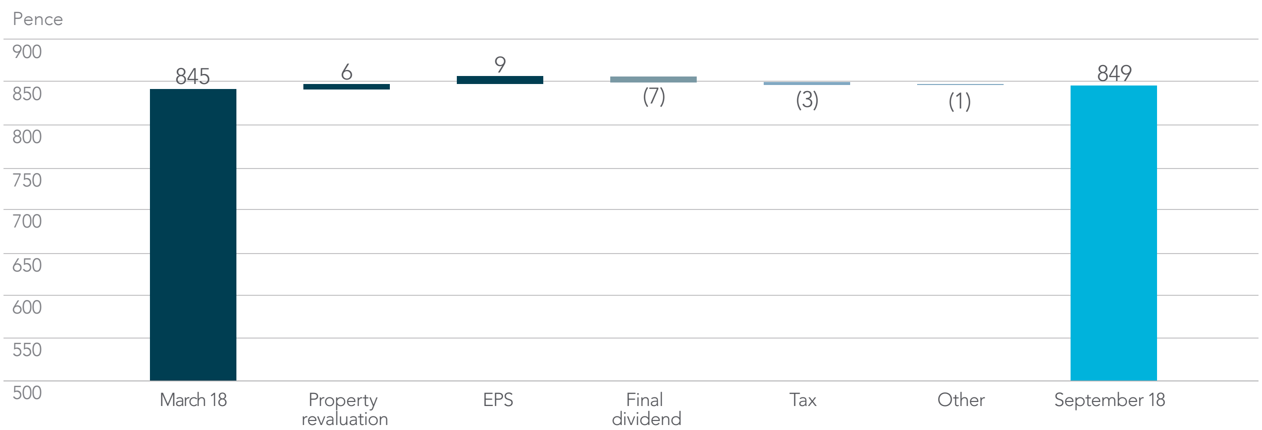
Appendix 3

Sales since 1 April 2018

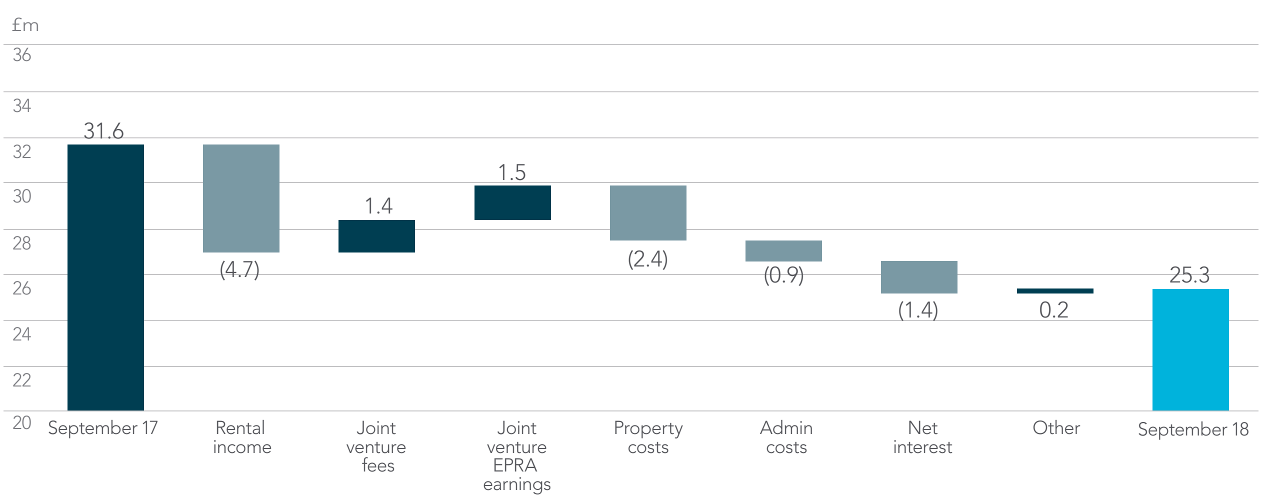
	Gross Price* £m	Premium/ (discount) to book value %	Price per sq ft
78/92 Great Portland Street, W1	48.2	2.4	1,362
160 Great Portland Street, W1	127.3	(2.1)	1,328
32/36 Great Portland Street, W1	18.9	7.3	1,465
27/35 Mortimer Street, W1	38.5	0.8	1,242
Percy House, 32/33 Gresse Street, W1	25.0	0.0	1,445
78/92 Great Portland Street, W1 (residential)	6.8	0.0	–
55 Wells Street, W1	64.6	(3.0)	1,674
Total	**329.3**	**(0.6)**	**1,429**

* After deductions for tenant incentives.

EPRA NAV per share



EPRA earnings



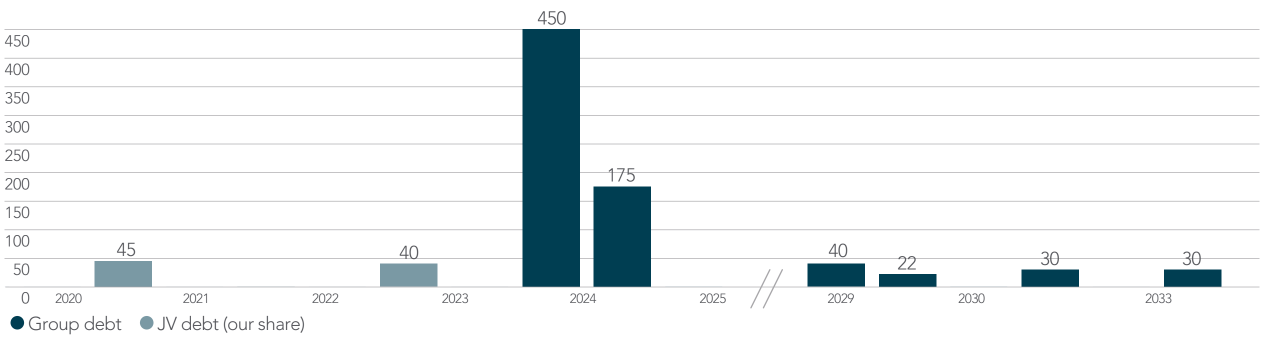
Appendix 3

Debt analysis

	Sept 2018	March 2018
Net debt excluding JVs (£m)	**116.3**	(5.2)
Net gearing	**4.9%**	0%
Total net debt including 50% JV non-recourse debt (£m)	**149.6**	67.5
Loan to property value	**5.8%**	2.4%
Total net gearing	**6.3%**	2.9%
Interest cover	**67x**	n/a
Weighted average interest rate	**2.7%**	2.1%
Weighted average cost of debt	**2.8%**	3.2%
% of debt fixed/hedged	**100%**	100%
Cash and undrawn facilities (£m)	**682**	814

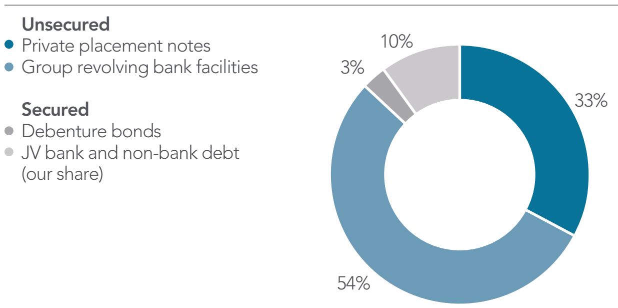
Appendix 3

Debt maturity profile[1] £m



1. Based on committed facilities at 15 November 2018.

Diversified sources of debt funding[1]



1. Total facilities.

EPRA performance measures

Measure	Definition of Measure	**Sept 2018**	Sept 2017
EPRA earnings	Recurring earnings from core operational activities	**£25.3m**	£31.6m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**9.0p**	9.6p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**9.0p**	9.6p
EPRA costs (by portfolio value)	EPRA cost (including direct vacancy costs) divided by market value of the portfolio	**1.4%**	1.0%
		Sept 2018	March 2018
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£2,383.2m**	£2,371.2m
EPRA NAV	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**849p**	845p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£2,379.2m**	£2,363.8m
EPRA NNNAV	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**847p**	842p
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	**3.5%**	3.6%
EPRA "topped up" NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives)	**3.7%**	3.8%
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**9.6%**	8.6%