

Appendix 1

Interest rates were elevated over the course of the year, as inflation remained persistently higher than many had forecast. The resultant upward pressure on property yields more than outweighed any positive impact from supportive occupational markets, reducing investment market turnover and lowering property values. Looking forward, the UK has recently emerged from a shallow recession, the UK GDP outlook is more positive and inflation is abating, 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; 0.9% GDP growth in 2024, or 1.8% p.a. over the next three years, with London expected to outperform at nearly double for the UK as whole at 0.5% p.a. (Oxford Economics).
- Consumer confidence recovering from 2022 lows, now at highest level since January 2022.
- Deloitte CFO survey: sentiment among UK CFOs has risen for the third consecutive quarter, with uncertainty at a two-and-a-half year low.
- UK composite PMI surveys have improved in Q1 2024 and indicate expansion; >50 at March 2024.
- Inflationary risks abating; UK CPI 3.2% in March 2024, anticipated to reduce over the remainder of the year.

Occupational markets¹

- Occupational market active; central London take-up 10.5 million sq ft in year, but down 13.8% from prior year.
- Central London active demand 7.8 million sq ft, up 16.7% year on year (Knight Frank).
- Availability remains elevated at 25.9 million sq ft, marginally ahead of 31 March 2023 and remains 45.9% ahead of the ten-year average.
- Space under offer high at 4.1 million sq ft, up from 3.0 million sq ft at 31 March 2023 and above the ten-year average of 3.4 million sq ft.
- Central London vacancy rate 8.8% at 31 March 2024; up from 7.8% last year, newly completed vacancy rate at 1.9%.
- Supply remains tight; availability of space newly completed or under construction low, at 32.9% of total stock (8.5 million sq ft).
- Rents for prime spaces to significantly outperform Grade B rents at +19.1% v -3.5% respectively for the West End between 31 December 2023 and 2028 (Savills).



The West End

- Office take-up 3.3 million sq ft, down 32.1% on preceding year.
- Availability 6.4 million sq ft, up 5.5%.
- Vacancy 4.7%, up from 3.3% at 31 March 2023; vacancy of newly completed space only 1.1%.
- Prime office rental values £155 per sq ft at 31 March 2024, up 10.7% in year.
- Retail vacancy stabilised; Zone A rents maintained on key retail streets.



The City

- Office take-up 5.6 million sq ft, up 13.2% on preceding year.
- Availability 10.4 million sq ft, down 2.4%.
- Vacancy 11.8%, up from 10.9% at 31 March 2023; vacancy of newly completed space only 2.2%.
- Prime office rental values £77 per sq ft, up 6.9% in year.
- City space under offer 2.2 million sq ft, the highest for ten years.

Investment markets¹

- Investment markets challenged given heightened interest rate environment.
- Office investment deals £5.2 billion in 2024, down significantly from £11.2 billion in 2023.
- Turnover in Q1 2024 still muted at £1.1 billion.
- We estimate that £3.9 billion of real estate is currently on the market to buy versus £19.2 billion of equity demand looking to invest.
- Given elevated global interest rates, prime yields have risen; 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 softened by 25 bps to 3.0%.

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 more optimistic outlook for interest rates. However, risks remain, including the continued macro-economic uncertainty and ongoing geopolitical tensions.

Today we expect the flight to quality to continue, with investment demand to support prime yields in the near term, with potential compression as rents grow and interest rates settle. 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 2025 is positive at between 3.0% and 6.0%, predominantly driven by the positive expected performance of our office portfolio.

1. To 31 March 2024 and sourced from CBRE unless otherwise stated.

Appendix 1 continued

Selected lead indicators

Drivers of rents ¹	May 2023	Today
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	677.3	–	677.3	29.1	(10.5)
	Retail	152.3	36.7	189.0	8.1	(11.4)
	Residential	4.0	–	4.0	0.2	(13.8)
Rest of West End	Office	218.1	239.2	457.3	19.6	0.6
	Retail	127.1	109.5	236.6	10.2	(11.4)
	Residential	0.7	–	0.7	–	(26.9)
Total West End		1,179.5	385.4	1,564.9	67.2	(7.8)
City, Midtown and Southwark	Office	340.0	90.7	430.7	18.5	(17.2)
	Retail	7.7	–	7.7	0.3	(7.7)
	Residential	–	–	–	–	–
Total City, Midtown and Southwark		347.7	90.7	438.4	18.8	(17.0)
Investment property portfolio		1,527.2	476.1	2,003.3	86.0	(10.0)
Development property		201.5	–	201.5	8.6	(28.7)
Total properties held throughout the year		1,728.7	476.1	2,204.8	94.6	(12.1)
Acquisitions		126.4	–	126.4	5.4	(6.6)
Portfolio valuation		1,855.1	476.1	2,331.2	100.0	(11.8)

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		870.3	–	870.3	677.3	189.0	4.0	870.3	760
Rest of West End		804.9	44.7	849.6	560.8	288.1	0.7	849.6	651
Total West End		1,675.2	44.7	1,719.9	1,238.1	477.1	4.7	1,719.9	1,411
City, Midtown and Southwark		454.5	156.8	611.3	600.2	8.6	2.5	611.3	1,319
Total		2,129.7	201.5	2,331.2	1,838.3	485.7	7.2	2,331.2	2,730
By use:	Office	1,684.9	153.4	1,838.3					
	Retail	440.1	45.6	485.7					
	Residential	4.7	2.5	7.2					
Total		2,129.7	201.5	2,331.2					
Net internal area sq ft 000's		2,197	533	2,730					

Appendix 3

Sales for the year ended 31 March 2024

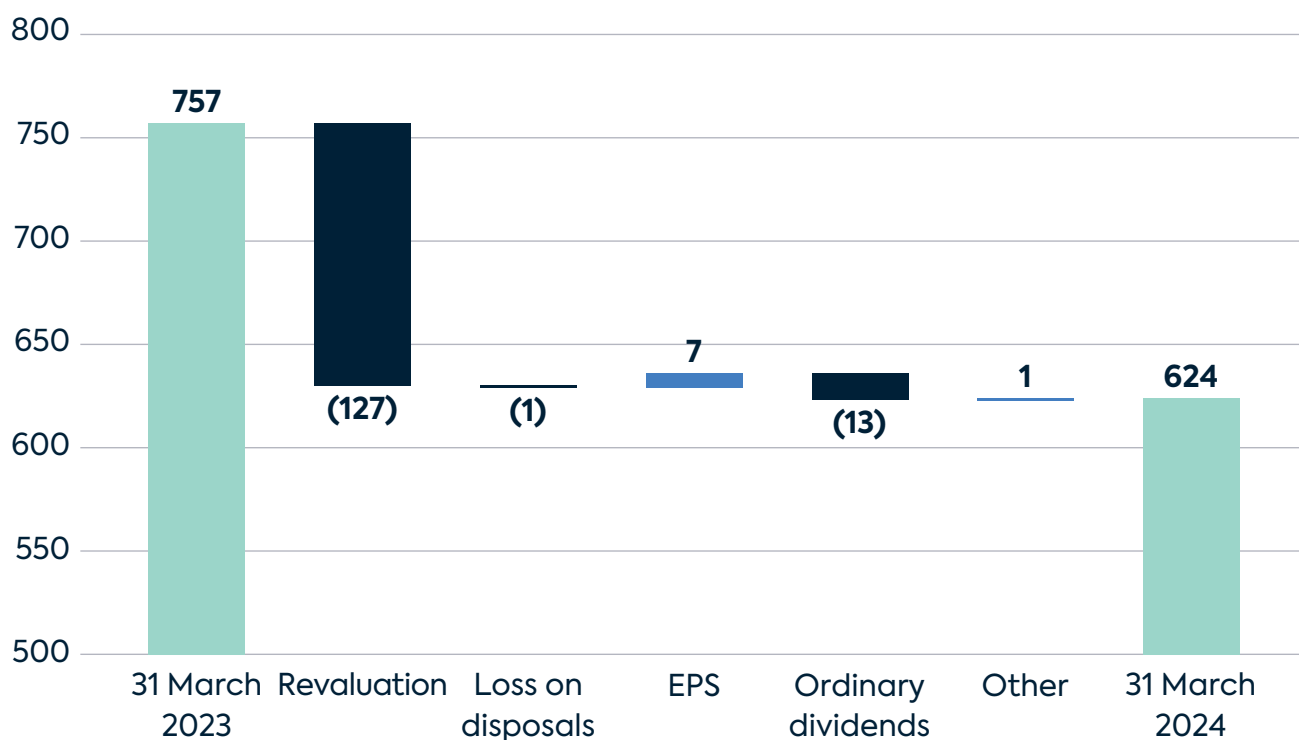
	Price £m	Premium/ (discount) to book value %	Price per sq ft £	NIY %
Commercial				
Poland Street, W1	5.0	(13.4%)	995	5.5%
6 Brook Street, W1	8.4	–	2,306	3.0%
Total	13.4	(5.4%)	1,546	

Acquisitions for the year ended 31 March 2024

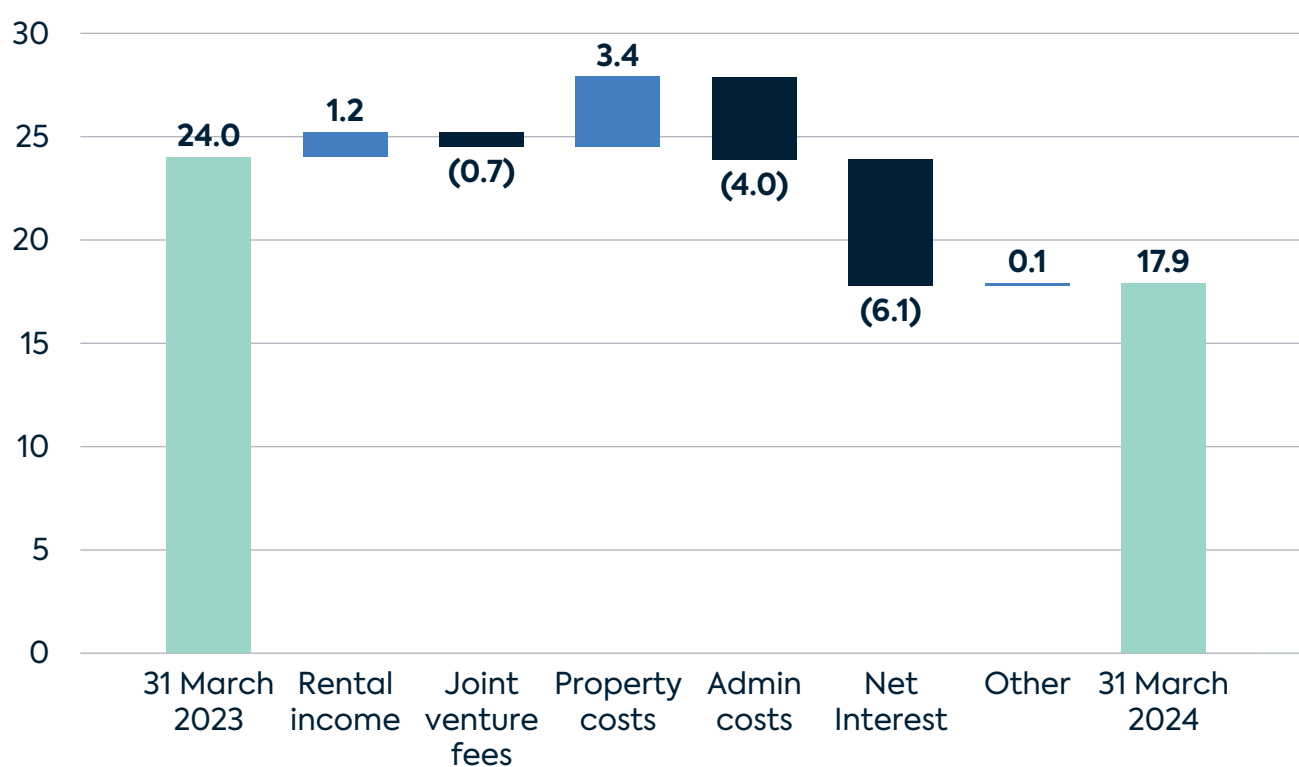
	Price £m	NIY %	Area sq ft	Cost per sq ft
Commercial				
Soho Square Estate, W1	70.0	2.1%	57,500	7721
141 Wardour Street, W1	39.0	n/a	33,700	1,156
Bramah House, SE1	13.9	5.9%	16,000	892
Total	122.9		107,200	911

Appendix 4

EPRA NTA pence per share



EPRA earnings £m



Appendix 4 continued

Debt analysis

	March 2024	March 2023
Net debt excluding JVs (£m) ¹	738.0	457.7
Net gearing	46.8%	24.0%
Total net debt including 50% JV cash balances (£m) ¹	713.5	440.0
EPRA LTV	32.6%	19.8%
Interest cover	3.7x	10.2x
Weighted average interest rate	4.3%	2.7%
Weighted average cost of debt	4.1%	3.0%
% of drawn debt fixed/hedged	87%	97%
Cash and undrawn facilities (£m)	633.4	457.0

1. Excludes customer deposits.

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	32.5	3.1	35.6	–	–	–	35.6
		Retail	8.1	0.9	9.0	3.0	0.1	3.1	12.1
	Rest of West End	Office	14.6	2.3	16.9	9.7	1.8	11.5	28.4
		Retail	6.5	0.7	7.2	5.3	0.2	5.5	12.7
Total West End			61.7	7.0	68.7	18.0	2.1	20.1	88.8
	City, Midtown and Southwark	Office	20.0	2.1	22.1	5.0	0.3	5.3	27.4
		Retail	2.8	(0.7)	2.1	–	–	–	2.1
Total City, Midtown and Southwark			22.8	1.4	24.2	5.0	0.3	5.3	29.5
Total let portfolio			84.5	8.4	92.9	23.0	2.4	25.4	118.3
Voids (A)					2.7			–	2.7
Premises under refurbishment and development					89.0			4.5	93.5
Total portfolio (B)					184.6			29.9	214.5
Vacancy rate % (A/B)					1.5			–	1.3

EPRA vacancy

			Wholly-owned £m	Joint ventures £m	Total £m
Voids and premises under refurbishment excluding development (A)			42.5	4.5	47.0
Total portfolio			184.6	29.9	214.5
Less: premises under development			(49.2)	–	(49.2)
Total (B)			135.4	29.9	165.3
EPRA vacancy rate % (A/B)			31.4	15.1	28.4

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	34.2	4.2	1.2	–	–	–
		Retail	48.4	5.6	2.0	–	1.7	–
	Rest of West End	Office	0.7	1.6	0.7	89.1	11.3	–
		Retail	19.8	4.0	1.2	30.7	5.3	–
Total West End			25.8	3.7	1.1	57.2	7.9	–
	City, Midtown and Southwark	Office	13.9	2.6	2.0	–	1.6	–
		Retail	11.3	2.2	–	–	–	–
Total City, Midtown and Southwark			13.6	2.5	2.0	–	1.6	–
Total portfolio			22.5	3.4	1.5	44.7	6.5	–

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	86	102	—	—	3.3	5.3	—	—
		Retail	66	67	83	83	2.2	5.3	4.7	5.8
	Rest of West End	Office	99	143	116	138	4.6	5.8	3.6	4.6
		Retail	99	115	108	113	3.9	5.0	4.1	4.4
Total West End			86	106	107	113	3.5	5.4	3.9	4.8
	City, Midtown and Southwark	Office	64	83	46	53	4.4	5.7	4.5	6.1
		Retail	39	36	—	—	4.3	5.9	—	—
Total City, Midtown and Southwark			59	76	46	53	4.4	5.7	4.5	6.1
Total portfolio			77	91	83	84	3.7	5.4	4.0	5.1