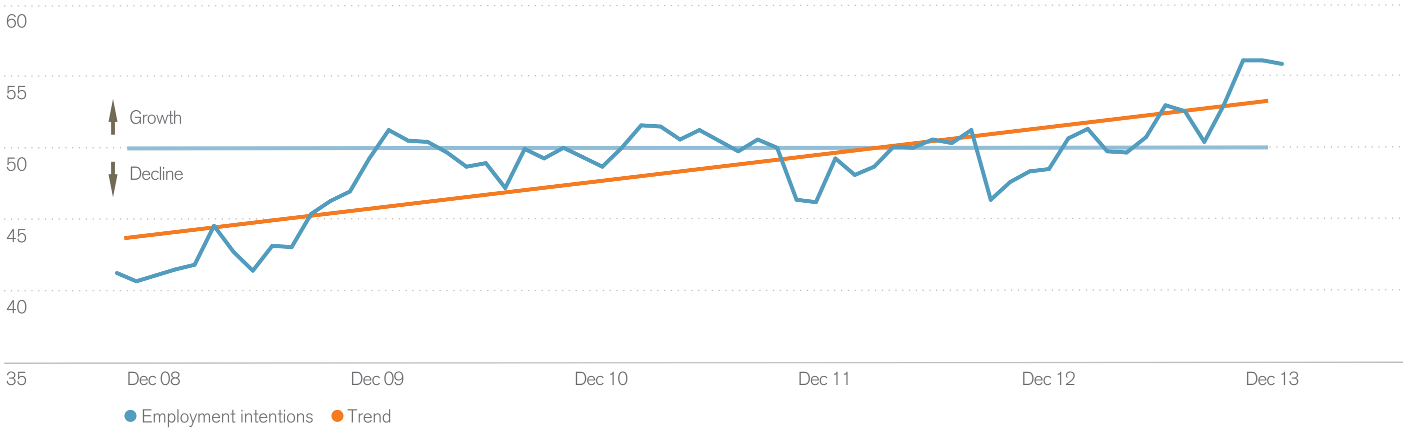
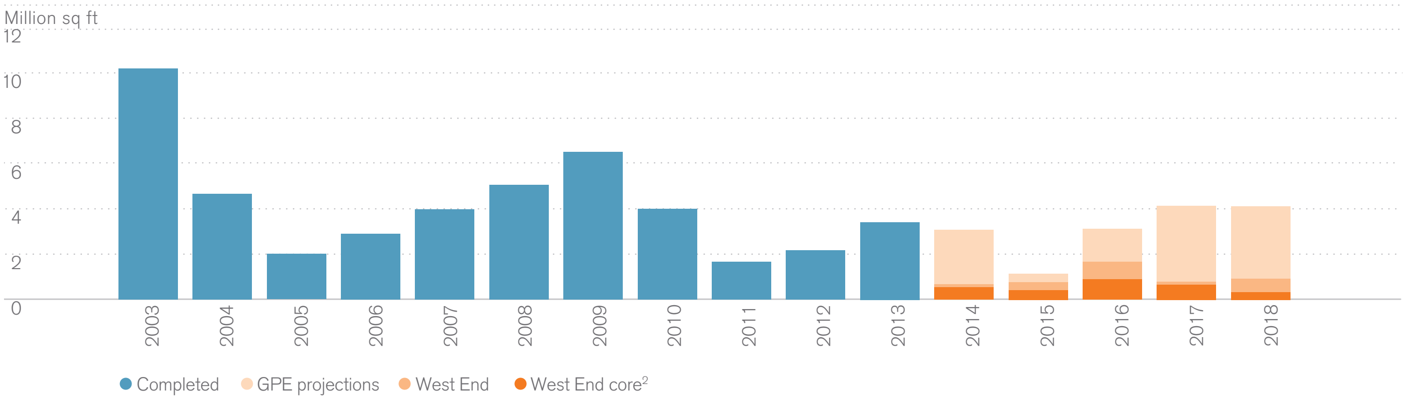
Appendix 1

London Economy: Jobs growth



Source: Lloyds Purchasing Manager Index (PMI) Report.

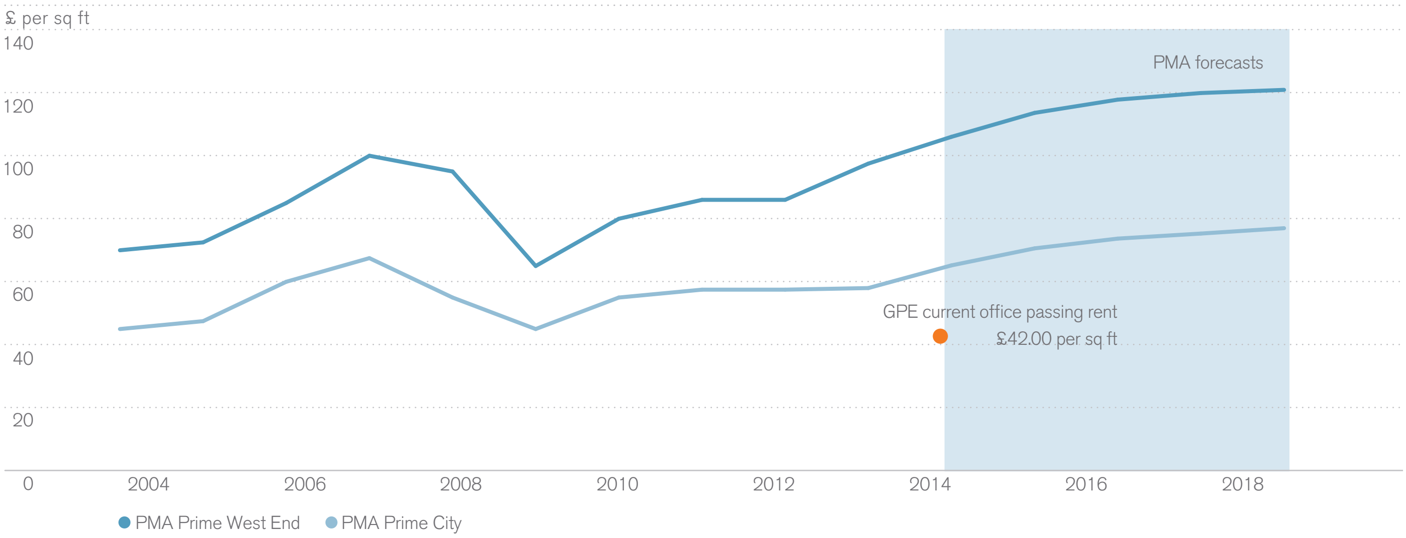
Central London office potential completions[1]



Source: CBRE and GPE data.

1. Excluding pre-lets.
2. Includes W1 & SW1 postcode.

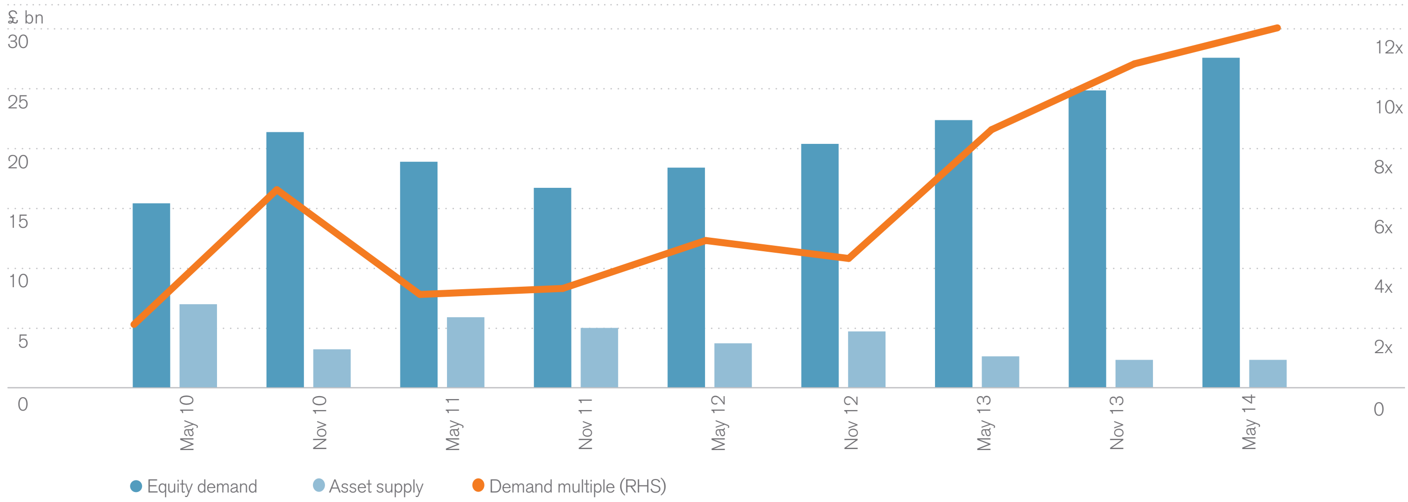
Headline office rents



Source: PMA

Appendix 1

London equity demand and asset supply



Lead indicators

Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our market place which are described in the table below:

Selected lead indicators	Trends in year
Property capital values	
Equity prices	↑
Bond prices	↓
Real yield spread (West End property)[1]	↓
Volume of net new commercial property lending (including from non-bank sources)	→
Transaction volumes in central London direct real estate investment markets	↑
Direction of pricing on IPD based derivative contracts	↑
Rental values	
Forecast UK GDP growth	↑
Forecast London GVA growth	↑
West End retail sales	↑
Business confidence levels in the central London economy	↑
UK output from the financial and business services sector	→
Employment levels in London's finance and business services sectors	↑
Central London office market balance[2]	→

1. West End property yields over ten year gilt yields adjusted for inflation.
2. Amount of space available to let given current rates of take-up expressed in terms of months.

Appendix 2

Portfolio performance

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	806.7	78.5	885.2	33.1	19.4
	Retail	117.1	122.2	239.3	8.9	19.1
	Residential[1]	7.3	10.5	17.8	0.7	(53.3)
Rest of West End	Office	272.4	17.5	289.9	10.8	12.1
	Retail	191.7	25.0	216.7	8.1	27.8
	Residential[1]	3.6	–	3.6	0.1	(9.4)
Total West End		1,398.8	253.7	1,652.5	61.7	17.1
City, Midtown and Southwark	Office	177.4	151.1	328.5	12.3	11.2
	Retail	4.8	–	4.8	0.1	4.4
Total City, Midtown and Southwark		182.2	151.1	333.3	12.4	11.1
Investment property portfolio		1,581.0	404.8	1,985.8	74.1	16.0
Development property		347.4	133.9	481.3	18.0	31.4
Total properties held throughout the year		**1,928.4**	**538.7**	**2,467.1**	**92.1**	**18.7**
Acquisitions		108.5	102.5	211.0	7.9	7.8
Total property portfolio		**2,036.9**	**641.2**	**2,678.1**	**100.0**	**17.8**

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		1,250.7	281.7	1,532.4	1,090.7	330.6	111.1	1,532.4	1,255
Rest of West End		612.8	–	612.8	367.0	242.1	3.7	612.8	616
Total West End		**1,863.5**	**281.7**	**2,145.2**	**1,457.7**	**572.7**	**114.8**	**2,145.2**	**1,871**
City, Midtown and Southwark		333.3	199.6	532.9	521.8	6.0	5.1	532.9	1,385
Total		**2,196.8**	**481.3**	**2,678.1**	**1,979.5**	**578.7**	**119.9**	**2,678.1**	**3,256**
By use:	Office	1,642.6	336.9	1,979.5					
	Retail	532.7	46.0	578.7					
	Residential	21.5	98.4	119.9					
Total		**2,196.8**	**481.3**	**2,678.1**					
Net internal area sq ft 000's		2,784	472	3,256					

1. Residential values have been reduced as a result of our successful planning applications during the year which move lower value social housing requirements off-site to other parts of the portfolio.

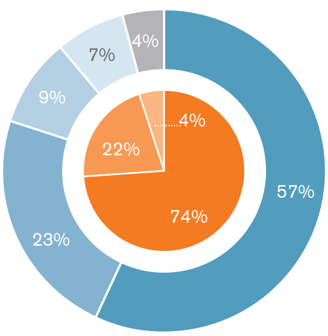
Our portfolio – 100% central London

Locations

- North of Oxford Street £1,532.4m
- Rest of West End £612.8m
- Southwark £241.8m
- Midtown £182.2m
- City £108.9m

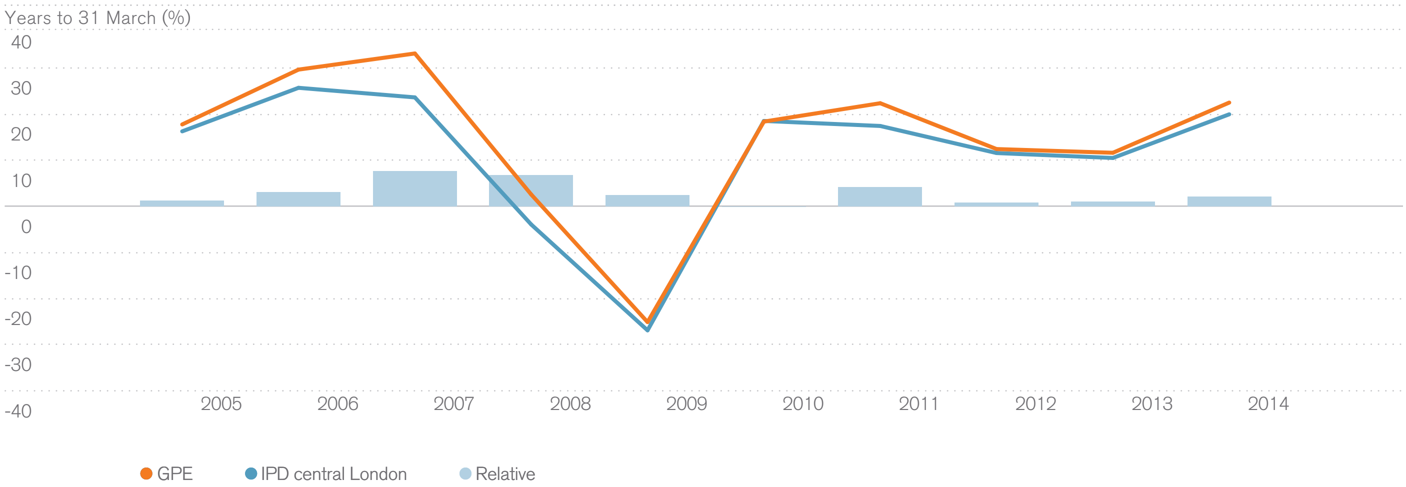
Business mix

- Office £1,979.5m
- Retail £578.7m
- Residential £119.9m



Appendix 2

Total property return (% p.a.) relative to IPD central London benchmark



Appendix 3

Purchases for the year to 31 March 2014

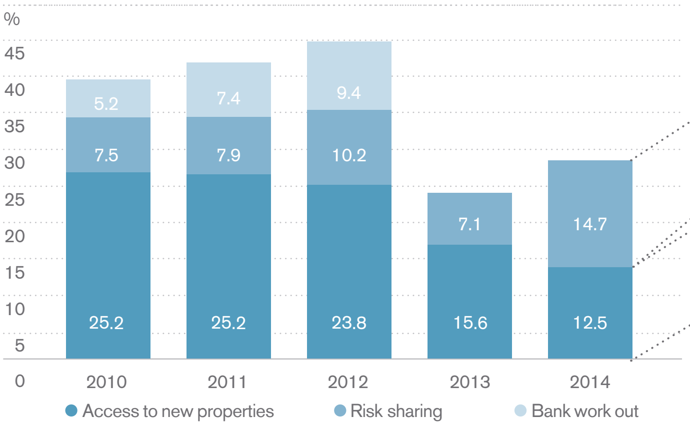
Description	Price £m	Net initial yield	Net internal area sq ft	£ per sq ft
Oxford House, W1	90.0	3.5%	79,000	1,139
Total	**90.0**	**3.5%**	**79,000**	**1,139**

Sales for the year to 31 March 2014

Description	Price £m	Net initial yield	Net internal area sq ft	£ per sq ft
90 Queen Street, EC4	61.0	5.4%	68,400	891
Park Crescent West, W1[1]	52.5	2.0%	129,200	813
Hanover Square, W1[1]	101.0	0.7%	208,000	971
20 St James's Street, SW1	54.5	2.1%	55,500	982
Total	**269.0**	**2.3%**	**461,100**	**916**

1. Our share.

GPE's net investment in joint ventures



Joint venture – partner

GRP – BP Pension fund	£180.2m
GHS – Hong Kong Monetary Authority	£103.2m
GVP – Liverpool Victoria	£83.1m
GWP – Scottish Widows	£106.3m
GSP – Starwood Capital	£51.9m
GCP – Capital & Counties	£0.1m
Total	**£524.8m**
As % of Group net assets	**27.2%**

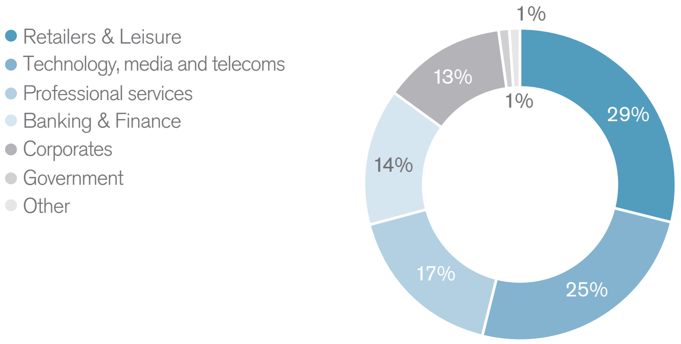
Committed schemes and pipeline

Development	Anticipated finish	New building area[1]	Cost to come £m[2]	Current ERV £m[2]	Secured income £m[2]	Profit on cost
Committed						
Walmar House, 288/300 Regent Street, W1	Aug 2014	60,300	4.4	4.1	0.3	39%
12/14 New Fetter Lane, EC4	Sept 2015	142,500	50.0	8.3	8.3	42%
Total of committed		**202,800**	**54.4**	**12.4**	**8.6**	**41%**
Near-term						
7 projects	2015–2017	828,100				
Pipeline						
13 projects		1,162,400				
Total programme						
22 projects, 50% of GPE's existing portfolio		**2,193,300**				

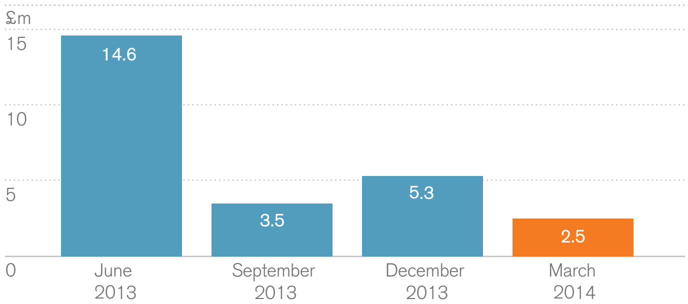
1. Areas in sq ft and at 100%.
2. For those held in JV, amounts shown at 50%.

Appendix 3

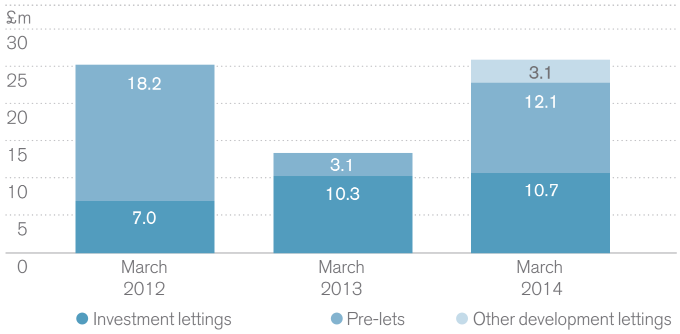
GPE tenant mix



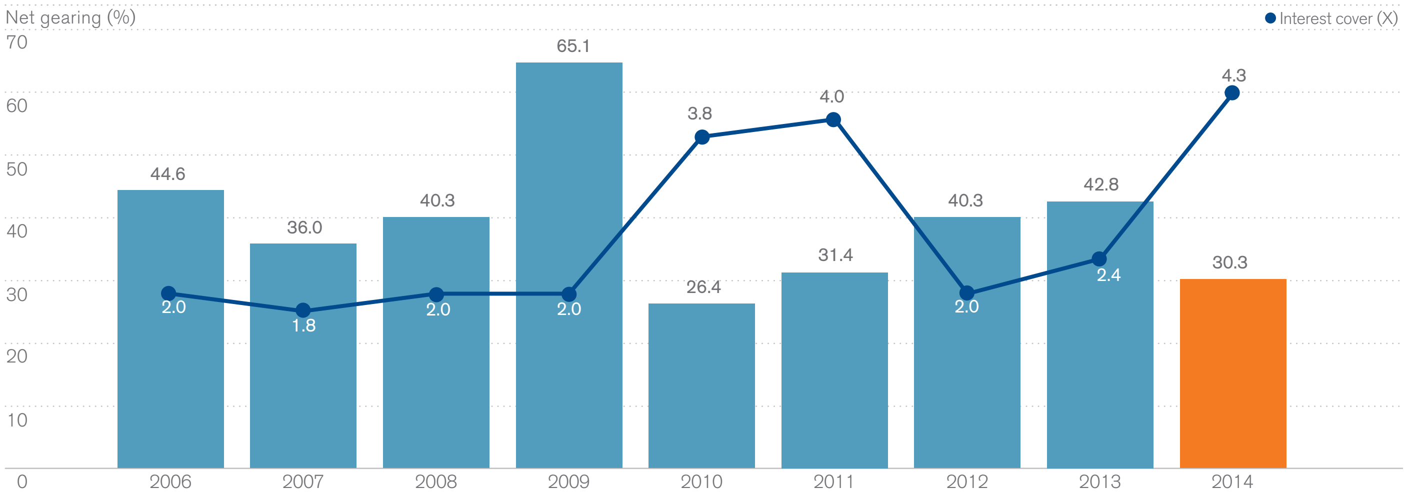
New letting and renewals by quarter



Annual lettings by type

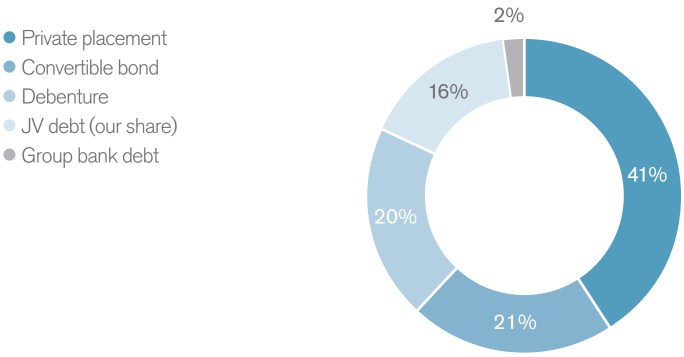


Net gearing and interest cover



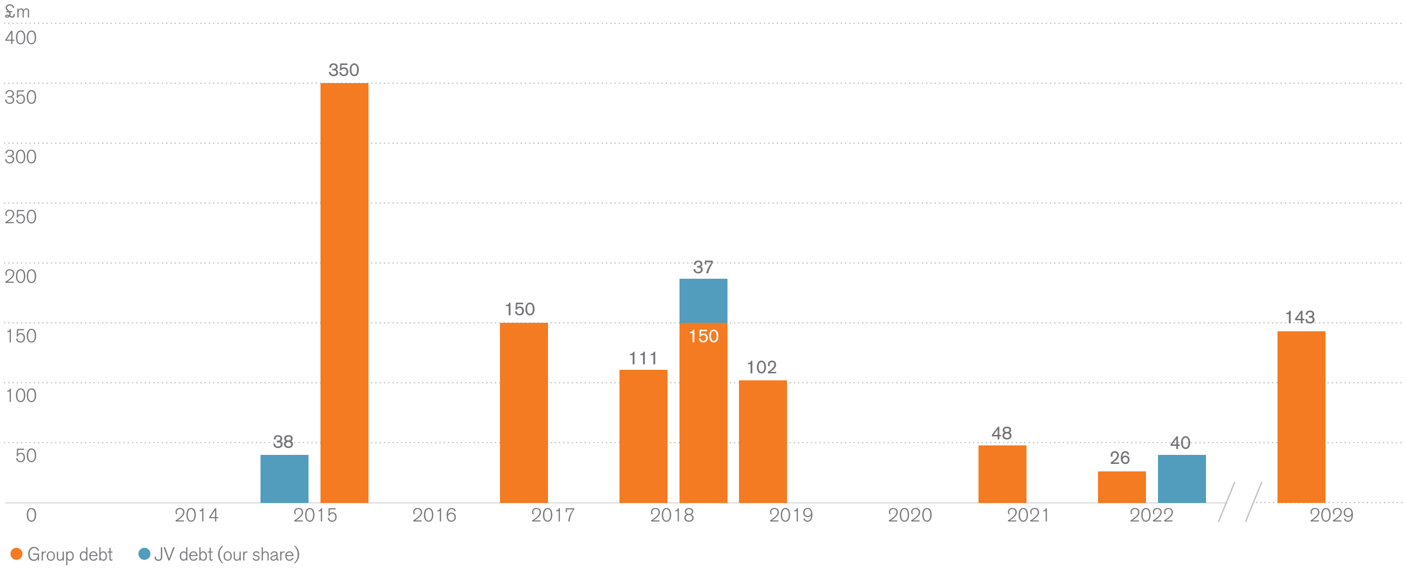
Appendix 3

Sources of debt funding[1]



1. Based on drawn position at 31 March 2014.

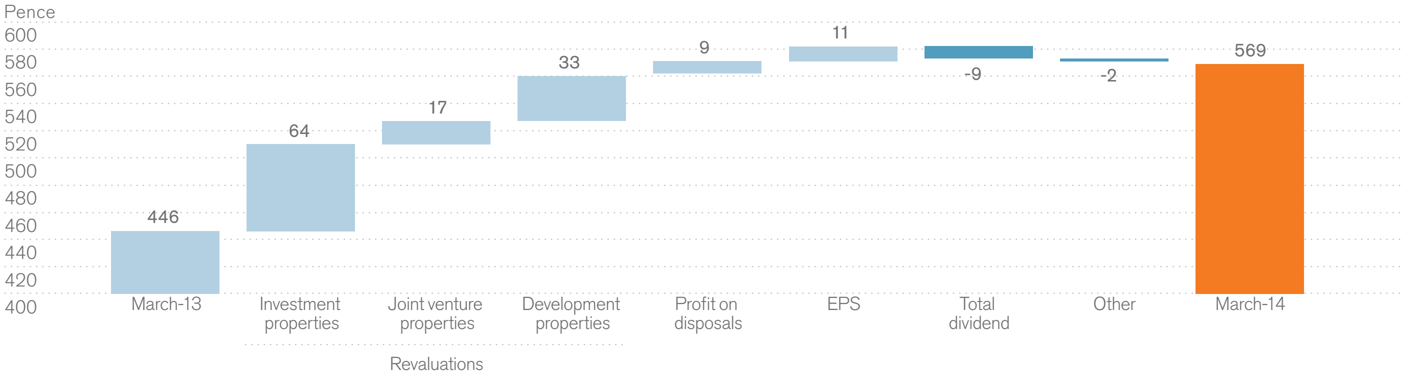
Debt maturity profile[1]



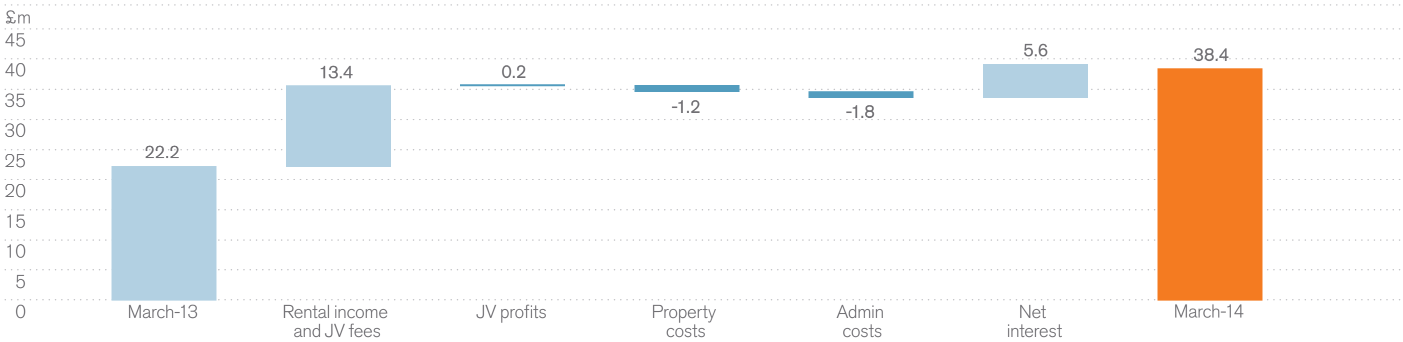
1. Based on committed facilities at 31 March 2014.

Appendix 4

EPRA net assets per share



EPRA profit before tax



Appendix 4

Debt analysis

	March 2014	March 2013
Net debt excluding JVs (£m)	**586.1**	658.9
Net gearing	**30.3%**	42.8%
Total net debt including 50% JV non-recourse debt (£m)	**687.1**	761.1
Loan-to-property value	**25.7%**	32.7%
Total net gearing	**35.6%**	49.5%
Interest cover	**4.3x**	2.4x
Weighted average interest rate	**3.5%**	3.7%
Weighted average cost of debt	**3.9%**	4.3%
% of debt fixed/hedged	**98%**	71%
Cash and undrawn facilities (£m)	**508**	282

EPRA performance measures

Measure	Definition of Measure	March 2014	March 2013
EPRA earnings	Recurring earnings from core operational activities	**£38.4m**	£22.2m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**11.2p**	6.9p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**11.0p**	6.9p
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£1,961.3m**	£1,533.9m
EPRA net assets per share	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**569p**	446p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£1,898.3m**	£1,491.4m
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	**550p**	434p
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**5.0%**	4.3%

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	34.3	7.4	41.7	3.5	0.1	3.6	45.3
		Retail	7.5	1.7	9.2	5.6	1.1	6.7	15.9
	Rest of West End	Office	12.1	3.8	15.9	0.9	0.6	1.5	17.4
		Retail	7.8	1.7	9.5	1.6	0.6	2.2	11.7
	Total West End		**61.7**	**14.6**	**76.3**	**11.6**	**2.4**	**14.0**	**90.3**
	City, Midtown and Southwark	Office	9.1	1.0	10.1	10.0	2.9	12.9	23.0
		Retail	0.3	–	0.3	–	–	–	0.3
	Total City, Midtown and Southwark		**9.4**	**1.0**	**10.4**	**10.0**	**2.9**	**12.9**	**23.3**
Total let portfolio			**71.1**	**15.6**	**86.7**	**21.6**	**5.3**	**26.9**	**113.6**
Voids					3.0			2.1	5.1
Premises under refurbishment					14.2			6.1	20.3
Total let portfolio					**103.9**			**35.1**	**139.0**

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	49.4	9.7	3.9	100.0	11.1	–
		Retail	31.3	4.6	–	87.3	8.0	–
	Rest of West End	Office	13.0	2.2	4.6	25.4	3.3	5.6
		Retail	45.0	5.0	–	78.4	10.5	–
	Total West End		**39.5**	**7.0**	**3.5**	**85.0**	**8.9**	**0.6**
	City, Midtown and Southwark	Office	61.4	7.1	–	23.9	4.1	10.1
		Retail	85.4	15.9	–	–	–	–
	Total City, Midtown and Southwark		**62.1**	**7.3**	**–**	**23.9**	**4.1**	**10.0**
Total let portfolio			**42.5**	**7.0**	**2.9**	**56.8**	**6.7**	**6.0**

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	49	60	84	88	2.5	4.6	–	4.2
		Retail	42	53	105	118	3.5	4.7	3.6	4.5
	Rest of West End	Office	41	55	17	28	3.6	4.8	0.9	4.0
		Retail	68	82	44	62	3.4	4.4	2.0	4.3
	Total West End		**48**	**58**	**63**	**71**	**2.9**	**4.6**	**1.8**	**4.3**
	City, Midtown and Southwark	Office	33	44	33	44	4.9	5.4	5.1	5.6
		Retail	25	28	–	32	5.8	5.6	–	–
	Total City, Midtown and Southwark		**33**	**42**	**33**	**43**	**4.9**	**5.4**	**5.1**	**5.6**
Total let portfolio			**45**	**55**	**44**	**52**	**3.1**	**4.7**	**2.8**	**4.7**

Appendix 5

Top ten tenants

	Tenant	Rent roll (our share) £m	% of rent roll (our share)
1	Savills plc	7.0	7.6
2	Double Negative	4.8	5.2
3	The Engine Group	3.8	4.1
4	New Look	3.0	3.3
5	Ipsos Mori UK	2.0	2.2
6	VNU Business Publications	1.8	1.9
7	Standard Chartered Bank	1.7	1.8
8	Fallon London Limited	1.6	1.7
9	Lane Clark & Peacock	1.5	1.7
10	Carlton Communications	1.5	1.6
	Total	**28.7**	**31.1**

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 margin of outperformance	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 has considerably outperformed the wider UK market during the year ended 31 March 2014, demonstrated by IPD's central London TPR exceeding IPD's universe by 2.5 percentage points on an absolute basis and the outlook continues to be favourable.
Economic recovery falters	Worse than expected performance of the business	Regular economic updates are received and scenario planning is undertaken for different economic cycles. 69.3% of income from committed developments already secured. The Group aims to maintain low financial leverage throughout the property cycle.	→	↓	Over the last 12 months, the UK economy has substantially improved, with the focus shifting from the risk of an impending Eurozone crisis to economic growth and the outlook for interest rates.

Investment management

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and 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 moderate 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 one acquisition of £90 million was made together with disposals of £269 million at premium to book value of 9.5%.
Inappropriate asset concentration, mix 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 continues to monitor its portfolio mix and asset concentration risk. Our largest asset is only 7.7% of the total portfolio and 23.9% of the portfolio is held in joint ventures.

Appendix 6

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. The Group has a diverse tenant base with its ten largest tenants representing only 31.1% 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 a low void rate which was 3.7% at 31 March 2014. Tenant delinquencies were 0.7% of the rent roll for the year to 31 March 2014. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. During the year we secured £25.9 million of new rental income including £12.1 million pre-lets. 69.3% of income from committed developments already secured.

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; – construction cost inflation; – contractor availability and insolvency risk; – a building being inappropriate to tenant demand; – poor 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 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 adjoining owners. 69.3% of income from committed developments already secured. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk. 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's development programme of high quality core central London projects continues to attract quality tenants with £12.1 million of pre-lets secured since 1 April 2013.

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 when pre-lets obtained and/or market supply considered to be sufficiently constrained.	↗	→	With forecasted supply of central London office space expected to be scarce in the near to medium term, the Group has continued its near-term development programme to capitalise on the expected resulting rental growth given improving tenant demand.

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 diversify the source and extend the maturity ladder of its debt financing. In September 2013, the Company raised £150 million through a convertible bond at 1% coupon. Cash and undrawn credit facilities are £508 million.
Increased interest rates or a fall in capital values	Adverse market movements negatively impact on debt covenants	Regular review of current and forecast debt levels and financing ratios. 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 2014. We estimate that values could fall by 48% from their 31 March 2014 levels before group debt covenants could be endangered.	↘	→	Central London property values are expected to benefit from rental value growth and continued strong investment demand. Short term interest rates have remained low over the last 12 months, although there is a growing expectation of increases in the medium term as the economy grows.
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 near-term development programme.

Appendix 6

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. Strategic priorities not achieved	Inability to attract, develop, motivate and retain talented employees	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 needs. Benchmarking of remuneration packages of all employees is undertaken annually.	→	→	An additional Project Manager and Development Manager were recruited in 2014. Staff retention is high at 95% against a backdrop of an increasingly competitive employment market. Other senior managers remain unchanged.

Regulatory

Risk	Impact	Mitigation	Impact change from last year	Likelihood change from last year	Commentary
Adverse regulatory risk 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.	→	→	During 2013 new building regulations came into effect requiring further reductions on carbon emissions which will impact on BREEAM requirements and planning. The risk to the Group from increasing regulation including certain EU directives having unforeseen consequences remains. However, post publication of FCA rules in June 2013, the Group was determined to be outside scope of AIFMD.
Health and Safety incidents Loss of or injury to employees, contractors 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 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.	→	→	The Group had no reportable accidents during the year. There were no other incidents across the Group's investment or development portfolio.