

Appendix 1

Performance in our occupational and investment markets diverged during the period. Robust occupational demand continued to drive leasing activity, particularly for best in class spaces. Investment markets however slowed as inflation put significant upward pressure on interest rates around the world and the likelihood of a UK recession increased.

Macro-economic backdrop

- IMF estimates global GDP growth of 3.2% in 2022 and forecasts 2.7% growth for 2023.
- UK economy forecast to enter recession; 0.5% expected fall in UK GDP growth in Q4 2022; 0.6% reduction in 2023 (Oxford Economics).
- Consumer confidence at record low levels in September 2022 driven by increases in the cost of living and political and economic uncertainty.
- Deloitte CFO survey Q3 2022: 77% of CFOs rate financial and economic uncertainty as high or very high, with corporate risk appetite near the lowest on record
- UK PMI surveys for services and manufacturing have reduced, indicating a decline in business activity.
- Inflationary risks persist; UK CPI 10.1% in September 2022, forecast to remain elevated.

Occupational markets¹

- Activity levels have recovered; central London take-up 6.4 million sq ft in period, 4.2% ahead of 10-year average.
- Knight Frank estimates that central London active demand remains healthy at 7.5 million sq ft, down 10.7% year on year.
- Availability remains elevated at 24.7 million sq ft, down from 25.4 million sq ft at 31 March 22 and 54% ahead of the ten-year average.
- Central London vacancy rate 8.3% at 30 September 2022; down from 9.0% at 31 March 2022.
- Supply remains tight; availability of space newly completed or under construction low at 32.0% of total stock (7.9 million sq ft).



The West End

- Office take-up 2.7 million sq ft; up 40.1% on preceding six months.
- Availability 5.7 million sq ft, largely unchanged..
- Vacancy 3.9% down from 4.6% at March 22, newly completed vacancy only 0.6%.
- Prime office rental values £135.00 per sq ft at 30 September 2022, up 8.0% in period.
- Retail vacancy stabilised; Zone A rents unchanged on key retail streets.



The City

- Office take-up 2.5 million sq ft; down 10.1% on previous six months.
- Availability 10.9 million sq ft, down 9.5%.
- Vacancy 12.2% down from 12.9% at March 22, newly completed vacancy only 2.7%.
- Prime office rental values £71.00 per sq ft, unchanged in period.

Investment markets¹

- Restrictions on international travel reducing but still limiting certain buyers' ability to inspect buildings and conduct effective due diligence.
- Demand for London real estate lower following strong H2 in 2021; office investment deals £5.2 billion in period; down 43.9% on previous six months.
- We estimate that £5.2 billion of real estate is currently on the market for sale versus £33.3 billion of equity demand looking to invest.
- Given increases in financing rates, prime yields increased; CBRE report prime yields of 3.5% and 4.25% for core West End and City respectively.
- Retail yields unchanged; 4.00% Regent Street, 4.25% Oxford Street and 2.75% Bond Street.

1. To 30 September 2022 and sourced from CBRE unless otherwise stated.

Appendix 1 continued

Selected lead indicators

	May 2022	Today
Drivers of rents¹		
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	752.9	–	752.9	28.8	(1.8)
	Retail	174.4	43.0	217.4	8.3	(2.5)
	Residential	4.7	–	4.7	0.2	12.0
Rest of West End	Office	262.5	244.3	506.8	19.4	(3.0)
	Retail	158.3	126.2	284.5	10.9	(1.6)
	Residential	5.0	–	5.0	0.2	(1.8)
Total West End		1,357.8	413.5	1,771.3	67.8	(2.1)
City, Midtown and Southwark	Office	485.8	131.5	617.3	23.6	(6.8)
	Retail	8.3	–	8.3	0.3	(7.9)
	Residential	4.0	–	4.0	0.2	(2.1)
Total City, Midtown and Southwark		498.1	131.5	629.6	24.1	(6.8)
Investment property portfolio		1,855.9	545.0	2,400.9	91.9	(3.4)
Development property		176.0	–	176.0	6.7	(3.2)
Total properties held throughout the period		2,031.9	545.0	2,576.9	98.6	(3.4)
Acquisitions		37.1	–	37.1	1.4	(7.0)
Portfolio valuation		2,069.0	545.0	2,614.0	100.0	(3.4)

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		975.0	–	975.0	752.9	217.4	4.7	975.0	762
Rest of West End		796.3	–	796.3	506.8	284.5	5.0	796.3	568
Total West End		1,771.3	–	1,771.3	1,259.7	501.9	9.7	1,771.3	1,330
City, Midtown and Southwark		666.7	176.0	842.7	819.1	19.6	4.0	842.7	1,219
Total		2,438.0	176.0	2,614.0	2,078.8	521.5	13.7	2,614.0	2,549
By use:	Office	1,914.1	164.7	2,078.8					
	Retail	510.2	11.3	521.5					
	Residential	13.7	–	13.7					
Total		2,438.0	176.0	2,614.0					
Net internal area sq ft 000's		2,420	129	2,549					

Appendix 3

Sales for the period ended 30 September 2022

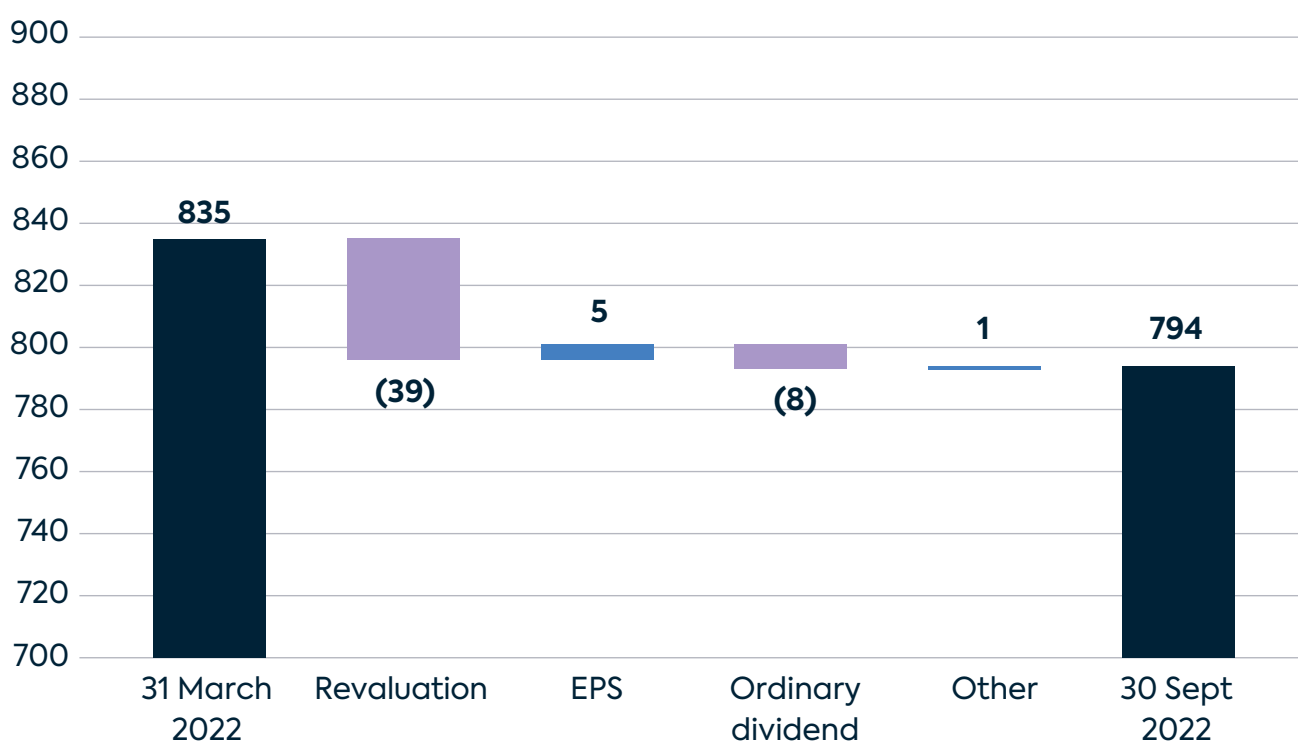
	Price £m	Premium to book value %	Price per sq ft £	NIY %
Commercial				
6/10 Market Place, W1	27.8	3.0	1,480	4.1

Acquisitions for the period ended 30 September 2022

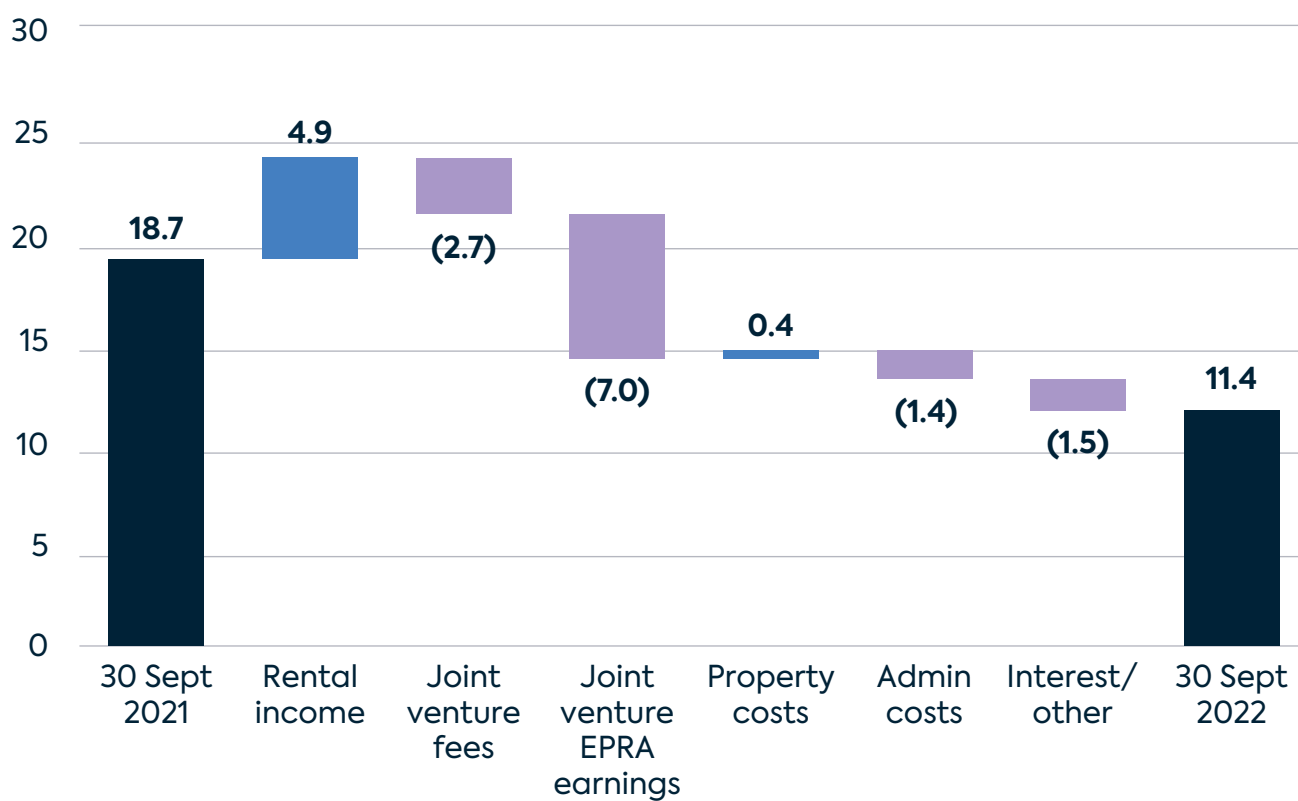
	Price £m	NIY %	Area sq ft	Cost per sq ft £
Commercial				
6/10 St Andrew Street, EC4	30.0	-	46,200	650
2 Cathedral Street, SE1	7.1	4.4	6,400	1,100

Appendix 4

EPRA NTA pence per share



EPRA earnings £m



● Increase ● Decrease ● Total

Appendix 4 continued

Debt analysis

	Pro forma ¹	Sept 2022	March 2022
Net debt excluding JVs (£m)	424.6	603.3	531.2
Net gearing	21.2%	30.4%	25.4%
Total net debt including 50% JV cash balances (£m)	400.6	579.3	502.3
EPRA LTV	17.8%	23.6%	20.5%
Interest cover	n/a	15.8x	n/a
Weighted average interest rate	2.7%	2.8%	2.5%
Weighted average cost of debt	n/a	2.9%	2.9%
% of debt fixed	100%	73%	84%
Cash and undrawn facilities (£m)	494	315	391

1. Pro forma for the sale of 50 Finsbury Square, EC2.

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	35.4	1.5	36.9	–	–	–	36.9
		Retail	5.5	(0.4)	5.1	3.2	0.7	3.9	9.0
	Rest of West End	Office	15.1	1.0	16.1	9.7	0.5	10.2	26.3
		Retail	6.7	1.2	7.9	4.5	(0.2)	4.3	12.2
Total West End			62.7	3.3	66.0	17.4	1.0	18.4	84.4
City, Midtown and Southwark		Office	20.3	2.3	22.6	7.5	0.9	8.4	31.0
		Retail	1.8	(0.1)	1.7	–	–	–	1.7
Total City, Midtown and Southwark			22.1	2.2	24.3	7.5	0.9	8.4	32.7
Total let portfolio			84.8	5.5	90.3	24.9	1.9	26.8	117.1
Voids					10.7			1.1	11.8
Premises under refurbishment and development					30.6			0.2	30.8
Total portfolio					131.6			28.1	159.7

EPRA vacancy

	Wholly-owned £m	Joint ventures £m	Total £m	Void %
Investment void	10.7	1.1	11.8	7.4
Premises under refurbishment	21.6	0.2	21.8	13.7
EPRA vacancy rate	32.3	1.3	33.6	21.1
Premises under development	9.0	–	9.0	5.6
Total void	41.3	1.3	42.6	26.7

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	25.0	4.8	6.1	–	–	–
		Retail	50.9	6.2	45.6	11.0	2.8	–
	Rest of West End	Office	16.8	1.7	7.3	89.1	12.8	–
		Retail	24.9	3.4	3.6	45.8	6.7	19.4
Total West End			25.3	4.0	11.0	63.4	9.4	5.3
City, Midtown and Southwark		Office	21.9	1.8	4.1	1.5	1.8	1.4
		Retail	18.9	2.5	–	–	–	–
Total City, Midtown and Southwark			21.7	1.8	4.1	1.5	1.8	1.4
Total portfolio			24.3	3.5	8.2	44.9	7.1	4.1

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	78.1	82.7	–	–	3.1	4.6	–	–
		Retail	54.6	64.2	70.7	86.4	2.3	4.5	3.8	3.6
	Rest of West End	Office	99.8	99.8	116.0	121.6	2.9	5.0	–	3.7
		Retail	87.5	95.6	103.7	108.6	3.6	4.7	2.2	4.0
Total West End			80.2	81.5	100.9	105.2	3.0	4.6	1.1	3.8
City, Midtown and Southwark		Office	53.7	65.3	45.6	51.6	3.6	5.2	5.3	5.1
		Retail	25.8	28.7	–	–	4.0	5.3	–	–
Total City, Midtown and Southwark			49.2	60.4	45.6	51.6	3.6	5.2	5.3	5.1
Total portfolio			68.9	71.4	74.0	79.6	3.2	4.8	2.1	4.1