

# Appendix 1

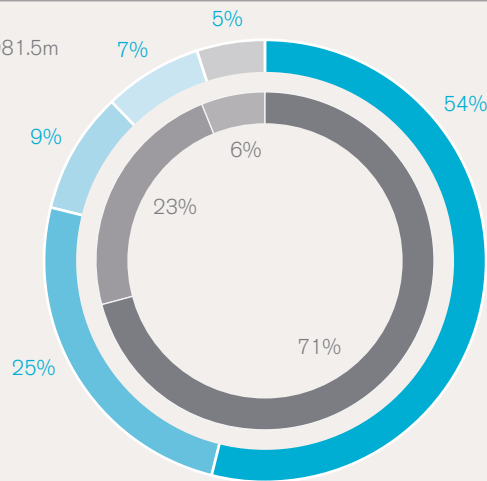
## Portfolio characteristics<sup>1</sup>

### Locations

- North of Oxford Street £1,981.5m
- Rest of West End £911.4m
- Southwark £328.9m
- City £243.6m
- Midtown £177.5m

### Business mix

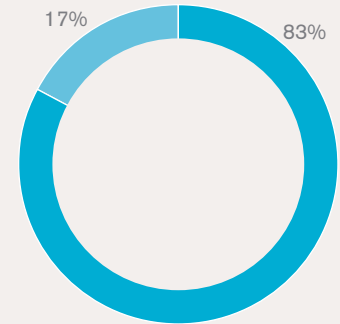
- Office £2,597.0m
- Retail £844.6m
- Residential £201.3m



## Joint venture business – contribution to the Group

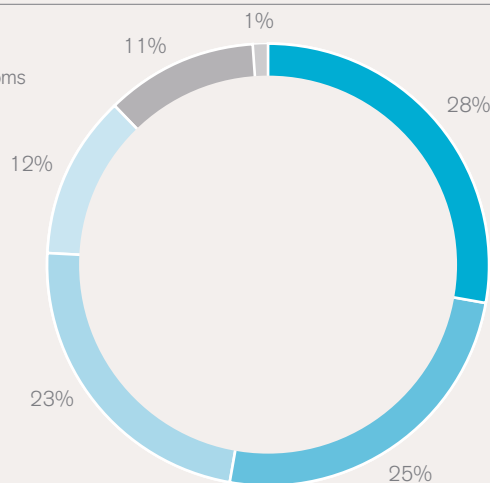
### Property assets

- Wholly-owned £3,038.0m
- Joint ventures £604.9m



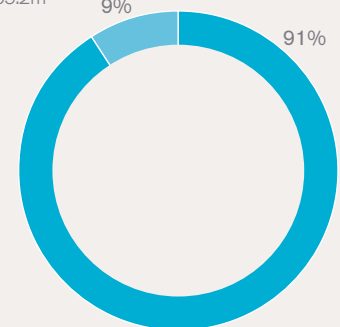
## GPE tenant mix<sup>1</sup>

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



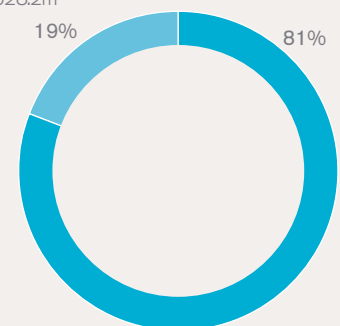
### Net debt

- Wholly-owned £666.0m
- Joint ventures £69.2m



### Net assets

- Wholly-owned £2,218.5m
- Joint ventures £528.2m



1. GPE share at 30 September 2015.

# 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	38.4	10.2	48.6	–	–	–	48.6
		Retail	9.3	2.9	12.2	5.4	1.2	6.6	18.8
	Rest of West End	Office	9.9	3.4	13.3	0.8	1.0	1.8	15.1
		Retail	6.5	2.4	8.9	1.4	0.9	2.3	11.2
<b>Total West End</b>			<b>64.1</b>	<b>18.9</b>	<b>83.0</b>	<b>7.6</b>	<b>3.1</b>	<b>10.7</b>	<b>93.7</b>
City, Midtown and Southwark	Office	19.6	8.2	27.8	9.0	2.2	11.2	39.0	
	Retail	0.2	0.1	0.3	0.1	–	0.1	0.4	
<b>Total City, Midtown and Southwark</b>			<b>19.8</b>	<b>8.3</b>	<b>28.1</b>	<b>9.1</b>	<b>2.2</b>	<b>11.3</b>	<b>39.4</b>
<b>Total let portfolio</b>			<b>83.9</b>	<b>27.2</b>	<b>111.1</b>	<b>16.7</b>	<b>5.3</b>	<b>22.0</b>	<b>133.1</b>
Voids					6.1		0.8	6.9	
Premises under refurbishment					44.5		6.6	51.1	
<b>Total let portfolio</b>					<b>161.7</b>		<b>29.4</b>	<b>191.1</b>	

## 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	54.8	9.0	0.4	–	–	–
		Retail	42.6	5.0	–	69.3	6.3	–
	Rest of West End	Office	14.8	2.6	5.9	31.9	3.4	0.7
		Retail	65.6	5.9	3.5	88.0	10.0	–
<b>Total West End</b>			<b>48.0</b>	<b>7.1</b>	<b>1.9</b>	<b>68.8</b>	<b>6.8</b>	<b>0.1</b>
City, Midtown and Southwark	Office	33.4	4.3	11.3	84.1	8.8	4.0	
	Retail	85.4	14.6	–	100.0	12.7	30.8	
<b>Total City, Midtown and Southwark</b>			<b>34.1</b>	<b>4.5</b>	<b>11.3</b>	<b>84.2</b>	<b>8.8</b>	<b>4.1</b>
<b>Total let portfolio</b>			<b>44.7</b>	<b>6.5</b>	<b>3.8</b>	<b>77.2</b>	<b>7.9</b>	<b>2.5</b>

## 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	57	72	–	–	3.1	4.2	–	–
		Retail	51	60	108	131	2.9	3.9	4.4	3.9
	Rest of West End	Office	57	80	21	37	2.9	4.5	0.7	3.7
		Retail	80	112	44	71	3.2	4.2	2.1	3.6
<b>Total West End</b>			<b>57</b>	<b>67</b>	<b>63</b>	<b>74</b>	<b>3.0</b>	<b>4.2</b>	<b>2.5</b>	<b>3.7</b>
City, Midtown and Southwark	Office	37	53	38	49	3.2	5.1	1.4	4.7	
	Retail	25	35	43	43	4.5	5.1	2.1	4.5	
<b>Total City, Midtown and Southwark</b>			<b>37</b>	<b>52</b>	<b>38</b>	<b>48</b>	<b>3.3</b>	<b>5.1</b>	<b>1.4</b>	<b>4.7</b>
<b>Total let portfolio</b>			<b>51</b>	<b>63</b>	<b>47</b>	<b>56</b>	<b>3.1</b>	<b>4.4</b>	<b>2.0</b>	<b>4.2</b>

# Appendix 1

## Our approach to risk

### How we manage risk

Market risk		
Risk	Impact	Mitigation
Central London real estate market underperforms other UK property sectors.	Reduced performance.	<p>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.</p> <p>The Group's strategic priorities and transactions are considered in light of regular review of dashboard lead indicators and operational parameters.</p> <p>The Group aims to maintain low financial leverage throughout the property cycle.</p>
Economic recovery falters.	Worse than expected performance of the business.	<p>Regular economic updates are received and scenario planning is undertaken for different economic cycles.</p> <p>The Group aims to maintain low financial leverage throughout the property cycle.</p>
Heightened political uncertainty including referendum on UK/EU relationship and London Mayoral elections.	Reluctance by investors and occupiers to make investment decisions whilst outcomes remain uncertain.	<p>The Group's strategic priorities and transactions are considered in light of these uncertainties.</p> <p>Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies.</p>
Investment management		
Risk	Impact	Mitigation
Incorrect reading of the property cycle through poor investment decisions and/or mis-timed recycling of capital.	Not sufficiently capitalising on market investment conditions.	<p>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.</p> <p>Regular review of property cycle by reference to dashboard of lead indicators.</p> <p>Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns.</p> <p>Business plans are produced on an individual asset basis to ensure the appropriate rotation of those buildings with limited relative potential performance.</p> <p>Regular review of the prospective performance of individual assets and their business plans with joint venture partners.</p>
Inappropriate asset concentration, building mix, tenant covenant quality and exposure, and lot size.	Reduced liquidity and relative property performance.	<p>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.</p> <p>The Group has a diverse tenant base with its ten largest tenants representing only 32.4% of rent roll.</p> <p>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.</p>
Asset management		
Risk	Impact	Mitigation
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.	<p>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.</p> <p>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.</p>

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Development management		
Risk	Impact	Mitigation
<p>Poor execution of development programme through:</p> <ul style="list-style-type: none"> <li>– incorrect reading of the property cycle;</li> <li>– inappropriate location;</li> <li>– failure to gain viable planning consents;</li> <li>– failure to reach agreement with adjoining owners on acceptable terms;</li> <li>– level of speculative development;</li> <li>– construction cost inflation;</li> <li>– contractor availability and insolvency risk;</li> <li>– insufficient human resources;</li> <li>– a building being inappropriate to tenant demand;</li> <li>– weak demand for residential apartments;</li> <li>– quality and benchmarks of the completed buildings;</li> <li>– construction and procurement delays;</li> <li>– ineffective marketing to prospective tenants; and</li> <li>– poor development management.</li> </ul>	<p>Poor development returns.</p>	<p>See Market risk above.</p> <p>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.</p> <p>Early engagement and strong relationships with planning authorities.</p> <p>Early engagement with adjoining owners.</p> <p>In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk.</p> <p>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.</p> <p>Due diligence is undertaken of the financial stability of demolition, main contractors and material sub-contractors prior to awarding of contracts.</p> <p>Working with agents, potential occupiers' and purchasers' needs and aspirations are identified during the planning application and design stages.</p> <p>In-house Leasing/Marketing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing/marketing objectives.</p> <p>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.</p> <p>Pro-active liaison with existing tenants before and during the development process.</p> <p>Selection of contractors and suppliers based on track record of delivery and credit worthiness.</p> <p>In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme.</p> <p>Regular review of the prospective performance of individual assets and their business plans with joint venture partners.</p> <p>Post-completion reviews undertaken on all developments to identify best practice and areas for improvement.</p>
<p>An inappropriate level of development undertaken as a percentage of the portfolio.</p>	<p>Underperformance against KPIs.</p>	<p>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.</p> <p>Developments only committed to when pre-lets obtained and/or market supply considered to be sufficiently constrained.</p>
Financial risks		
Risk	Impact	Mitigation
<p>Limited availability of further capital.</p>	<p>Growth of business is constrained or unable to execute business plans.</p>	<p>Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place.</p> <p>Funding maturities are managed across the short, medium and long term.</p> <p>The Group's funding measures are diversified across a range of bank and bond markets.</p> <p>Strict counterparty limits are operated on deposits.</p>
<p>Increased interest rates and/or a fall in capital values.</p>	<p>Adverse market movements negatively impact on debt covenants.</p>	<p>Consistent policy of conservative financial leverage.</p> <p>Regular review of current and forecast debt levels and financing ratios.</p> <p>Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives.</p> <p>Significant headroom over all financial covenants at 30 September 2015.</p> <p>We estimate that values could fall by around 60% from their 30 September 2015 levels before Group debt covenants could be endangered.</p>
<p>Inappropriate capital structure.</p>	<p>Sub-optimal NAV per share growth.</p>	<p>Regular review of current and forecast capital requirements and gearing levels and financing ratios.</p>

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## Our approach to risk

### How we manage risk

People		
Risk	Impact	Mitigation
Incorrect level and mix/retention of people to execute our business plan, combined with inability to attract, develop, motivate and retain talented employees.	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.
Regulatory		
Risk	Impact	Mitigation
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.
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.
Business interruption risk		
Risk	Impact	Mitigation
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.

# Appendix 2

## Portfolio performance

		Wholly-owned £m	Joint ventures* £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	1,077.0	–	1,077.0	29.6	9.2
	Retail	275.7	127.9	403.6	11.1	8.6
	Residential	8.3	10.7	19.0	0.5	6.2
Rest of West End	Office	260.0	115.3	375.3	10.3	8.3
	Retail	178.6	74.3	252.9	6.9	7.0
	Residential	5.2	–	5.2	0.1	19.2
Total West End		1,804.8	328.2	2,133.0	58.5	8.6
City, Midtown and Southwark	Office	250.3	246.3	496.6	13.6	7.5
	Retail	6.0	2.1	8.1	0.2	5.5
	Residential	0.1	1.6	1.7	0.1	–
Total City, Midtown and Southwark		256.4	250.0	506.4	13.9	7.4
<b>Investment property portfolio</b>		<b>2,061.2</b>	<b>578.2</b>	<b>2,639.4</b>	<b>72.4</b>	<b>8.4</b>
Development property		759.9	26.7	786.6	21.6	18.3
<b>Total properties held throughout the period</b>		<b>2,821.1</b>	<b>604.9</b>	<b>3,426.0</b>	<b>94.0</b>	<b>10.5</b>
Acquisitions		216.9	–	216.9	6.0	10.2
<b>Total property portfolio</b>		<b>3,038.0</b>	<b>604.9</b>	<b>3,642.9</b>	<b>100.0</b>	<b>10.5</b>

\* GPE share.

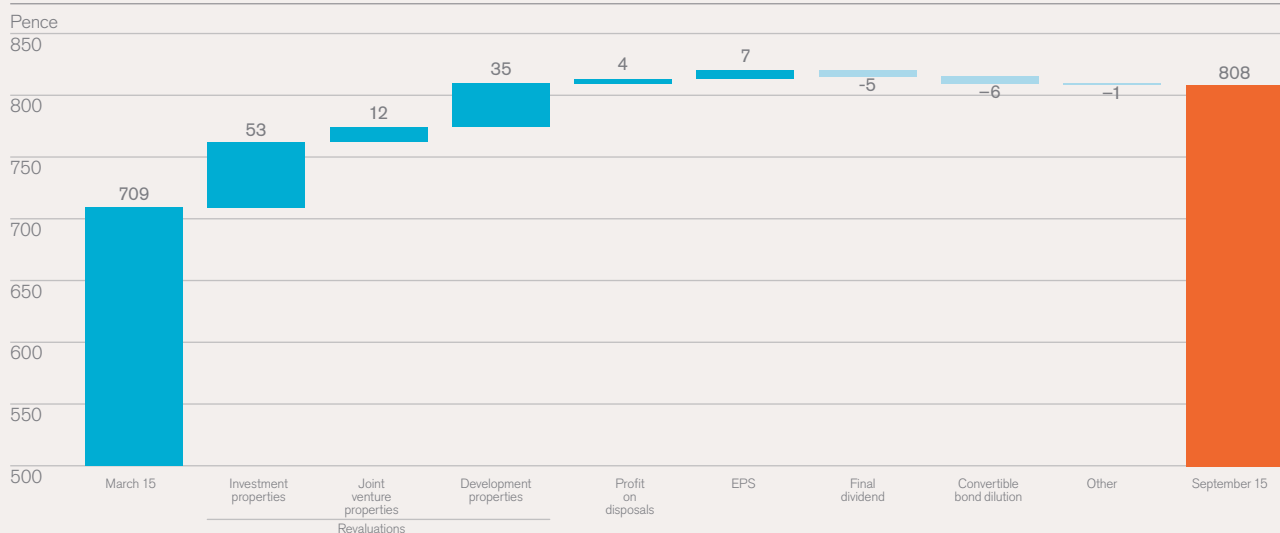
## Portfolio characteristics

		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		1,499.6	481.9	1,981.5	1,320.6	466.5	194.4	1,981.5	1,613
Rest of West End		633.4	278.0	911.4	536.2	370.0	5.2	911.4	654
<b>Total West End</b>		<b>2,133.0</b>	<b>759.9</b>	<b>2,892.9</b>	<b>1,856.8</b>	<b>836.5</b>	<b>199.6</b>	<b>2,892.9</b>	<b>2,267</b>
City, Midtown and Southwark		723.3	26.7	750.0	740.2	8.1	1.7	750.0	1,346
<b>Total</b>		<b>2,856.3</b>	<b>786.6</b>	<b>3,642.9</b>	<b>2,597.0</b>	<b>844.6</b>	<b>201.3</b>	<b>3,642.9</b>	<b>3,613</b>
By use:	Office	2,165.8	431.2	2,597.0					
	Retail	664.6	180.0	844.6					
	Residential	25.9	175.4	201.3					
<b>Total</b>		<b>2,856.3</b>	<b>786.6</b>	<b>3,642.9</b>					
Net internal area sq ft 000's		2,760	853	3,613					

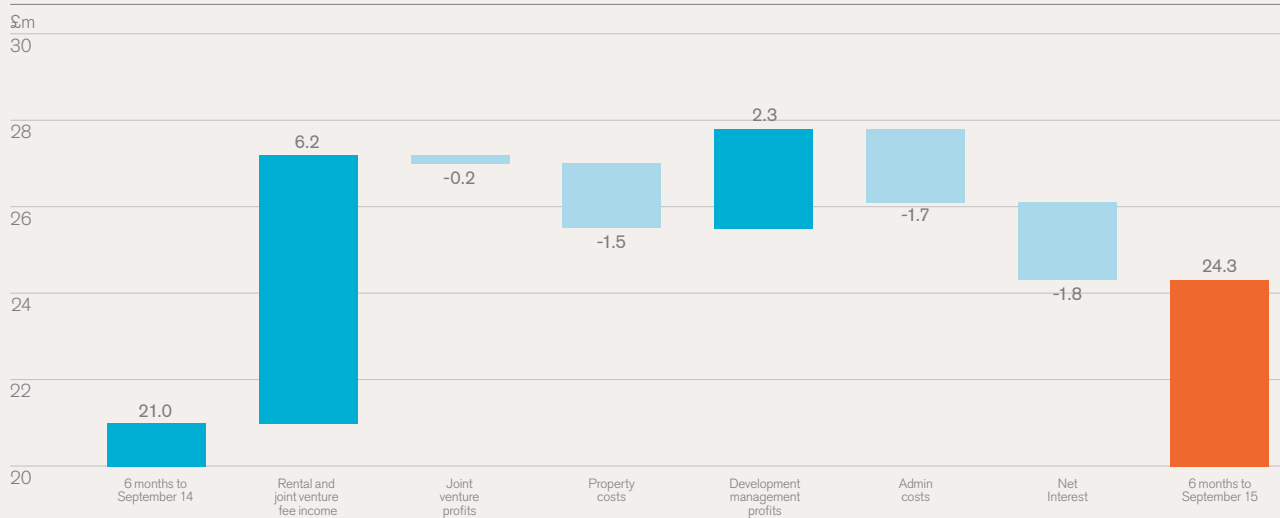
\* Including trading properties.

# Appendix 3

## EPRA net assets per share



## EPRA profit before tax

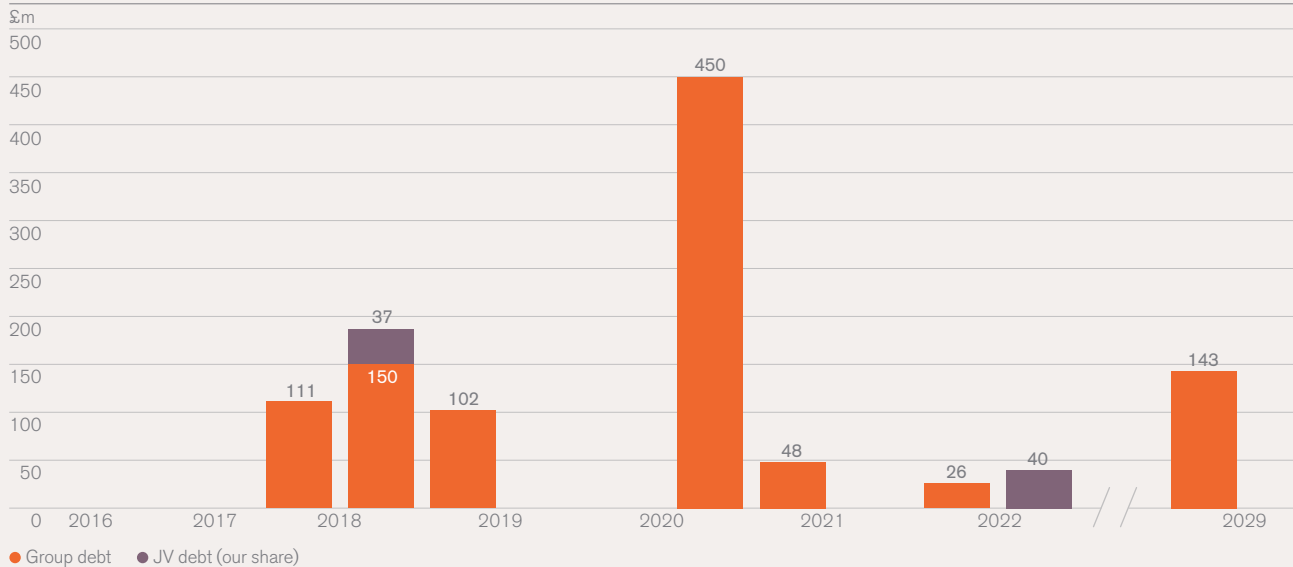


## Debt analysis

	Sept 2015 £m	March 2015 £m
Net debt excluding JVs (£m)	666.0	601.2
Net gearing	24.5%	25.2%
Total net debt including 50% JV non-recourse debt (£m)	735.2	698.8
Loan-to-property value	20.2%	21.8%
Total net gearing	27.1%	29.2%
Interest cover	8.9x	10.7x
Weighted average interest rate	3.6%	3.7%
Weighted average cost of debt	4.0%	4.1%
% of debt fixed/hedged	88%	96%
Cash and undrawn facilities (£m)	370	442

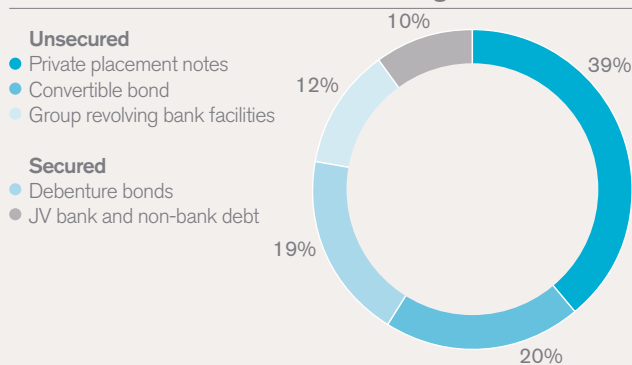
# Appendix 3

## Debt maturity profile<sup>1</sup>



1. Based on committed facilities as at 10 November 2015.

## Diversified sources of debt funding<sup>1</sup>



1. Based on drawn position at 30 September 2015.

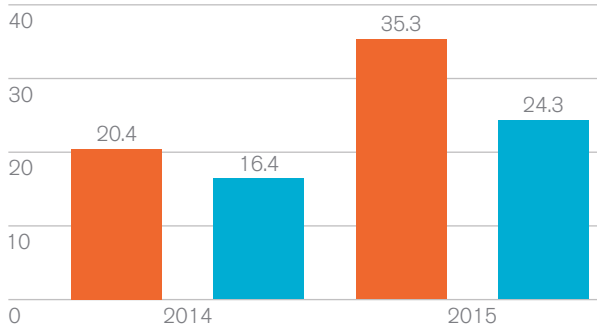
## EPRA performance measures

Measure	Definition of Measure	Sept 2015	Sept 2014
EPRA earnings	Recurring earnings from core operational activities	<b>£24.3m</b>	£21.0m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	<b>7.1p</b>	6.1p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	<b>6.9p</b>	5.9p
EPRA costs (by portfolio value)	EPRA cost (including direct vacancy costs) divided by market value of the portfolio	<b>1.0%</b>	1.1%
		<b>Sept 2015</b>	March 2015
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	<b>£2,948.1m</b>	£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	<b>808p</b>	709p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	<b>£2,873.9m</b>	£2,349.9m
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	<b>788p</b>	685p
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	<b>6.6%</b>	5.1%



# Appendix 3

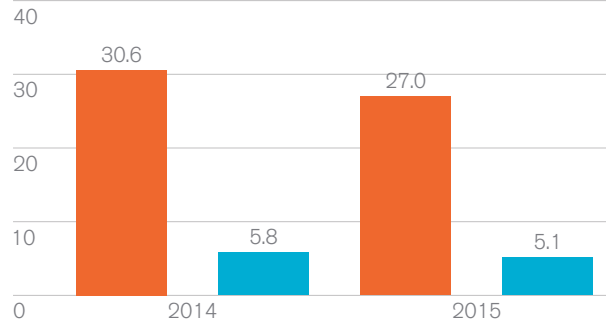
**Total Shareholder Return (%) (TSR)\***



**Commentary**

The TSR of the Group was 35.3% for the year compared to 24.3% for the FTSE 350 Real Estate (excluding agencies).

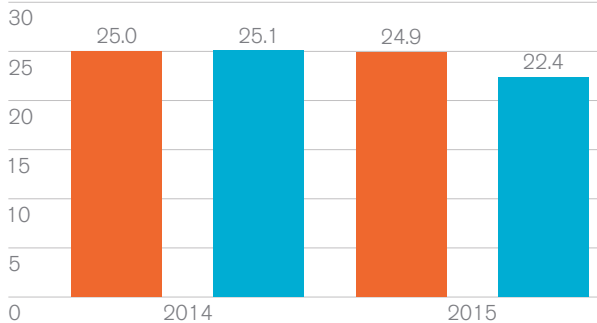
**EPRA net assets per share growth (%) (NAV growth)\***



**Commentary**

EPRA net assets per share increased by 27.0% over the year as property values grew and the Group benefited from the impact of its successful asset management activity, valuation growth and returns from its committed development programme.

**Total Property Return (%) (TPR)\***



**Commentary**

The Group generated a portfolio TPR of 24.9% in the year whereas the benchmark produced a total return of 22.4% resulting in an absolute outperformance of 2.5 percentage points, and a relative outperformance of 2.1 percentage points.

■ GPE ■ Benchmark

\*Year to September