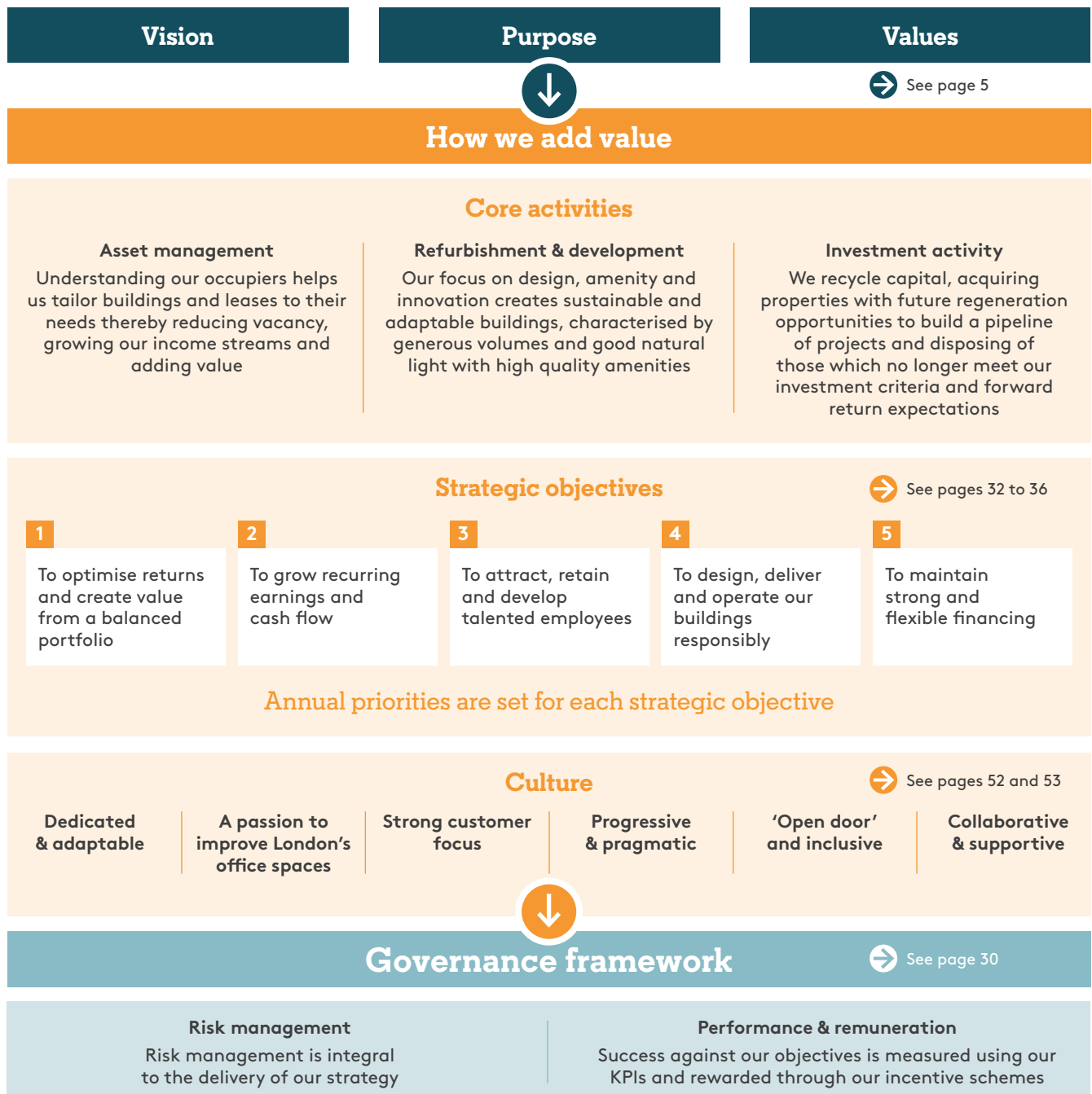


BUSINESS MODEL & STRATEGY

Our portfolio and people together deliver long-term performance

We apply our asset management and regeneration skills to the Group's 5.4m sq ft property portfolio by combining our people, relationships and financial resources to add value and grow income. Stakeholder, climate change and wider ESG impacts form key considerations in the strategy we pursue for each individual property. This benefits the communities in which we operate and the wider environment.



We plan for a portfolio balanced between 'Regeneration' and 'Core Income' assets. At 31 December 2023, our portfolio was split 44% 'With Potential' or 'Under Development' and 56% 'Core Income'. The balance may fluctuate depending on the market cycle.

'Core income'
Buildings where most of the repositioning activity has taken place, but we use our asset management skills to continue to grow income and value.

'With potential' or 'Under development'
Buildings either on site or with potential to add further value through regeneration. We have excluded the proposed major development at Old Street Quarter EC1 as completion of the purchase contract signed in May 2022 is conditional.

How we add value

Sell relatively lower returning assets; capital recycled into higher returning opportunities

Buy properties with modest capital values and potential to upgrade and/or add floor area; usually income-producing

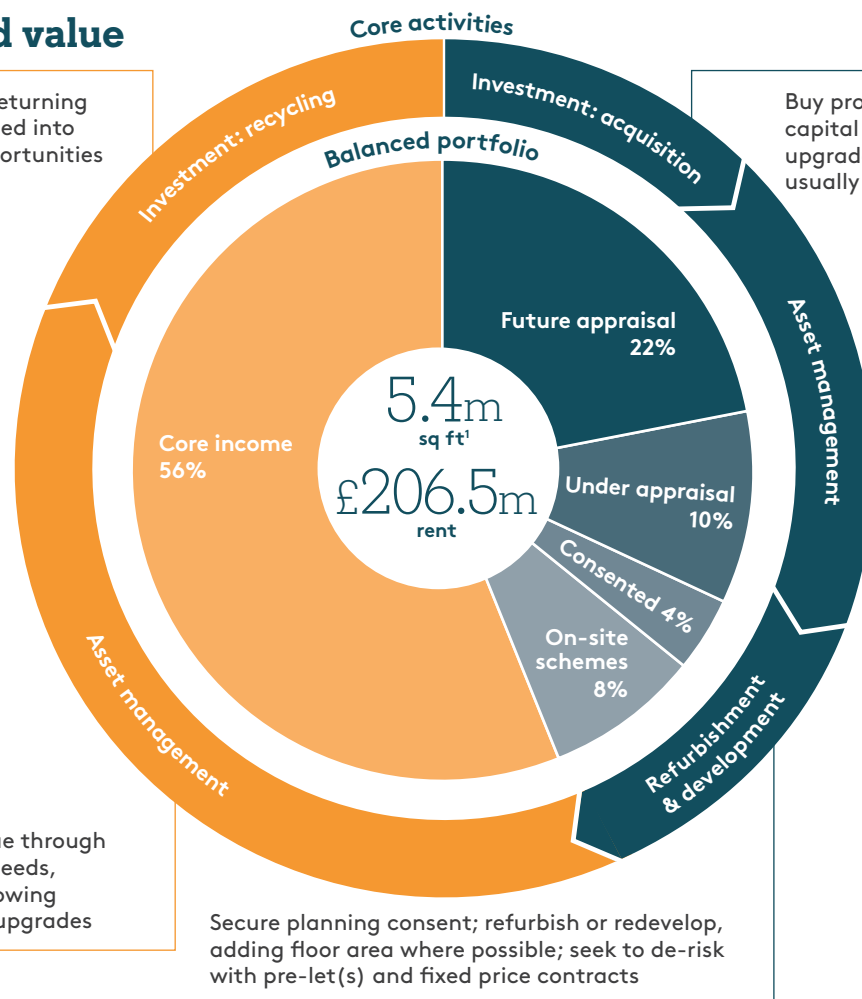
44%
Under development/
potential

Explore the best plan for a building whilst maintaining income; agree landlord breaks at future dates which provide flexibility over vacant possession for regeneration

56%
Core income

Continue to add value through satisfying occupier needs, minimising voids, growing income and further upgrades

Secure planning consent; refurbish or redevelop, adding floor area where possible; seek to de-risk with pre-let(s) and fixed price contracts



Portfolio characteristics

Core income	On-site schemes	Potential schemes ²
Floor area: 3.04m sq ft Rental income: £140.9m WAULT: 7.6 years Rent: £66.93 psf ERV: £68.30 psf	Floor area: 0.44m sq ft Pre-let income: £15.6m WAULT: 13.4 years Rent: £102.73 psf ERV: £92.19 psf	Floor area: 1.91m sq ft Rental income: £65.6m WAULT: 4.1 years Rent: £49.94 psf ERV: £51.82 psf

1 Comprises 4.95m sq ft of existing buildings plus 0.44m sq ft of on-site developments.
 2 Includes Future appraisal, Under appraisal and Consented categories.

Our strategy is well established and explains how we aim to fulfil our purpose for the benefit of all our stakeholders.

Strategic objectives

Successful implementation of the Group's strategy requires our teams to work together with a shared vision and common values.

These include focusing on creative design and ensuring sustainability and responsibility are embedded in everything we do.

We have fostered an inclusive culture that is progressive and hard-working, building a team passionate about improving London's office space.

This strategy is defined through our five strategic objectives:

- 1 To optimise returns and create value from a balanced portfolio
 - 2 To grow recurring earnings and cash flow
 - 3 To attract, retain and develop talented employees
 - 4 To design, deliver and operate our buildings responsibly
 - 5 To maintain strong and flexible financing
- ➔ See pages 32 to 36

Risk management

Risk management is an integral part of our business as we seek to achieve the appropriate balance of risk and return. The level of risk is monitored regularly and is split into categories considering the likely impact on strategy, operations, financial position and stakeholders.

We take a long-term view on planning, risk mitigation and financial discipline as our projects may take many years to complete.

Annual preparation of a five-year plan helps us identify risks and opportunities. It enables us to anticipate and maintain a balance between income/dividend growth and value adding through higher risk projects, both now and into the future. It also helps us monitor our responsibilities to our various stakeholders.

Long-standing relationships with our supply chain form an important source of value and help mitigate risk.

➔ Principal risks / See page 94

➔ Emerging risks / See page 102

Performance & remuneration

Key Performance Indicators (KPIs) help us measure performance and assess the effectiveness of our strategy. These are listed for each objective on pages 32 to 36.

The main performance measures we use to ascertain overall business performance and determine the majority of the variable elements of executive remuneration are:

Total return (TR) – Combines our dividends with the movement in net asset value per share (measured using EPRA NTA) to provide an overall return for the year, measured against a peer group.

Total property return (TPR) – Measures the income and movement in value from our properties, compared against an index of other relevant properties.

Total shareholder return (TSR) – Compares our dividends and share price movement with the relevant index.

These metrics ensure strong alignment between the interests of shareholders and our decision makers. In addition, non-financial targets represent 25% of the potential annual bonus and 10% of the potential LTIP, which measure our success in meeting ESG and climate change responsibilities and the needs of other stakeholders.

➔ Remuneration Committee report / See pages 172 to 197

Total return

Real estate is cyclical, impacted by many different factors. Our business model of value creation through regeneration requires a long-term approach with conservative leverage.

Total return index

Index (31 Dec 2007 = 100)

