GREAT PORTLAND ESTATES

Great Portland Estates plc Annual Report 2012

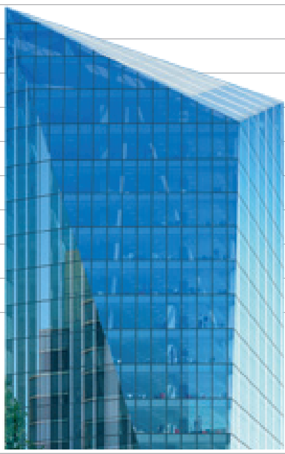
Unlocking potential

Look inside for our case studies

– Buying significantly below replacement cost
– Focusing on a market we know inside out
– Managing risk through pre-letting
– An innovative leasing deal meeting our tenants' unique requirements
– Securing exceptional development sites

What's in this report

Annual review



Developing
Managing risk through pre-letting
+ See more page 12

Our local knowledge
The increasing global nature of our London market
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Investing well
Buying significantly below replacement cost
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Actively managing
An innovative leasing deal
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Investing for the future
Securing exceptional development sites
+ See more page 16

Financials

Governance

"The disciplined approach of our experienced team delivered a record leasing year and a robust financial performance."

Martin Scicluna Chairman

Other information

Also online at:
www.gpe.co.uk

Front cover: 200 & 214 Gray's Inn Road, WC1

About us

Great Portland Estates is a central London property investment and development company owning over £2.0 billion of real estate.

We have a simple strategy – to generate superior portfolio and shareholder returns in central London real estate. We aim to achieve this through our intense, customer focused approach to managing our properties combined with an effective reading of the property cycle, across a market that we know inside out.

Key statistics

£2,008 million portfolio valuation
+ See more page 24

9.2% like-for-like valuation uplift
+ See more page 24

£25.2 million p.a. new lettings
+ See more page 32

13.5% reversionary potential
+ See more page 25

£1,238 million net assets
+ See more page 36

3.3% EPRA vacancy rate
+ See more page 33

40.3% net gearing
+ See more page 38

£510 million new debt facilities
+ See more page 34

What we do

Our integrated team aims to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London.

Investment management

Buying well and selling at the right point in the cycle is key to crystallising portfolio returns. Our deep knowledge of our local markets and close network of contacts and advisers means we often acquire property off-market.

Key projects

1. Bought 200 & 214 Gray's Inn Road, WC1 for £133 million in the Great Ropemaker Partnership
2. Purchased Rathbone Place site, W1 for £120 million for future development
3. Five properties acquired from the Great Capital Partnership for £150 million
4. London Bridge portfolio sold for £27 million
5. £73 million of mature and non-core properties sold by the Great Capital Partnership

Our properties in central London

Development management

Upgrading our portfolio with targeted capital expenditure improves its tenant appeal, enhancing rental values and capital returns.

Key projects

1. Planning consent secured for major scheme in Hanover Square, W1
2. 240 Blackfriars Road, SE1 development started following pre-letting to UBM plc
3. Successful completion of development at Britton Street, EC1, fully let to Kurt Geiger
4. Development at 184/190 Oxford Street, W1 completed and sold
5. 160 Great Portland Street, W1 completed and handed over to pre-let tenant Double Negative Limited

Asset management

Keeping close to our tenants to understand their needs helps us to ensure their satisfaction and to produce tailor made solutions to drive rental growth and minimise voids.

Key projects

1. Pre-letting of 160 Great Portland Street, W1 to Double Negative Limited
2. Buy back and re-letting of key unit with 21% rental uplift at Mount Royal, W1
3. Pre-letting of all office space at 33 Margaret Street, W1 (previously known as Marcol House) to Savills plc
4. Tenant retention and letting of vacant space at the Piccadilly Buildings, SW1
5. Vacant possession of key floors achieved at City Tower, EC2 ahead of refurbishment

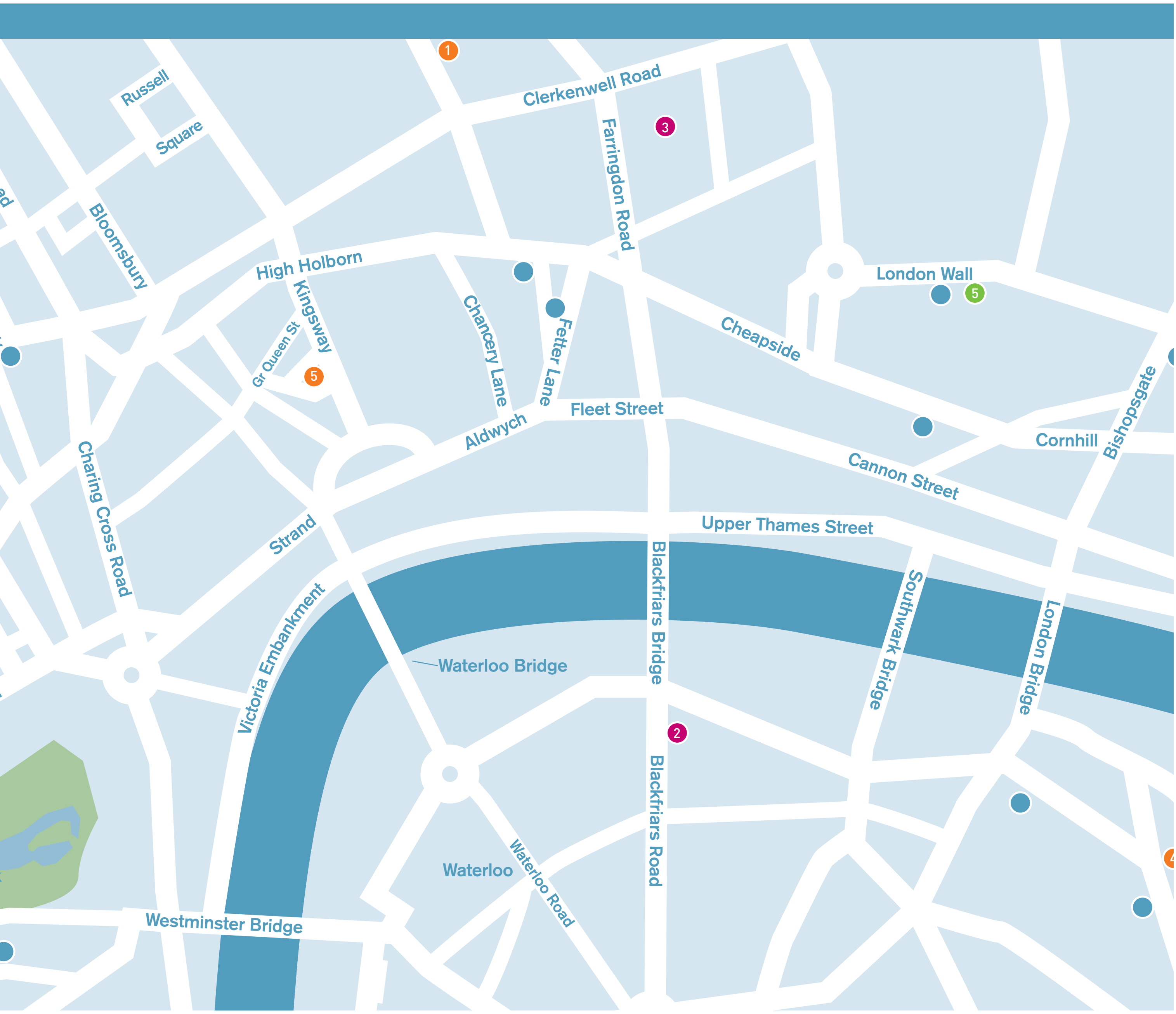
Financial management

Robust financial management is core to enabling the Group's activities. Conservative financial leverage provides security in our cyclical markets and firepower to buy when opportunities arise.

Key financings

- £160 million inaugural private placement
- £73 million non-recourse debt financing at 200 & 214 Gray's Inn Road
- New £150 million revolving credit facility
- £128 million follow-on private placement

● Other GPE properties



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How do we add value for shareholders?

Through our business model

Invest in property in highly desirable and liquid locations in central London, with low rents per sq ft and opportunities to exploit, often through refurbishment and development

Work closely with our tenants to understand their needs

Crystallise returns when value has been maximised

Flex the mix of our portfolio and financing activities to benefit from the property cycle

By differentiating ourselves from our peers

Property

- 100% central London market specialism
- The ownership of assets in prime, central locations
- An unrelenting focus on properties that have angles to exploit
- A portfolio let off low rents, providing opportunities for growth
- An extensive pipeline of development and refurbishment opportunities
- A track record of effectively reading the property cycle
- A track record of buying at below replacement cost

People

- An entrepreneurial culture with a management focus
- The ability to move quickly as market conditions change
- The cultivation of valuable property, regulatory and financing contacts
- Close tenant relationships
- Effective partnerships with key suppliers

Finance and operations

- Low levels of flexible, low cost financial leverage
- Diversified sources of debt funding
- Dynamic analytical and business planning tools
- An integrated risk management framework
- A continual drive to improve the sustainability characteristics of our business

By actively monitoring external influences on the Company

The commercial property sector is cyclical and dependent on the state of the UK economy, global capital flows and financing markets. We continually monitor these forces as well as evaluate regulatory and property specific trends. To gauge the direction of our main markets we focus on the following lead indicators and risks:

Lead indicators	Year on year change
Equity prices	–
Bond prices	↑
Volume of new property lending	↓
Investment property market volumes in central London	↓
Pricing of IPD based derivatives	↓
UK GDP growth	–
London retail sales	–
Business confidence levels in the central London economy	–
Output from the UK financial and business services sector	↓
Employment levels in London's finance and business services sectors	↑

By setting clear strategic priorities

2011/12

The Group's three strategic priorities for the last financial year:

- Selected acquisitions
- Execute development programme
- Drive portfolio to generate rental value growth

2012/13

Our three new strategic priorities for the forthcoming financial year:

- Recycling and re-investment
- Selective development
- Drive rental growth

+ See our priorities in more detail on pages 6 and 7

By aiming to outperform our benchmarks

2012 Group KPI Summary

EPRA net assets per share growth

11.9%

Benchmark: **8.7%**

Total Shareholder Return

-4.8%

Benchmark: **-3.7%**

Total Property Return

12.5%

Benchmark: **12.1%**

EPRA Vacancy Rate

3.3%

Benchmark: **8.3%**

+ See Group KPIs on pages 18 and 19

+ See how our KPIs influence Directors' Remuneration on pages 106 to 115

Summary of key risks

Summary of key risks	Year on year change
Market	Increase
Investment management	No change
Asset management	No change
Development management	No change
Financial	Decrease
People	No change
Regulatory	Increase

+ For more detail on our key risks and how we manage them see pages 50 to 53

What are our priorities?

Our strategic focus helps drive strong performance. We anticipate that our key priorities will help us outperform over the next 12 months.

Priorities and activities in 2011/12

Results

Selected acquisitions

- Investments of £336 million in three transactions
- All purchases in West End or Midtown
- Average purchase price low at £464 per sq ft
- Prime development site purchased at Rathbone Place

+ See investment transactions on pages 26 to 28

Execute development programme

- Four schemes completed at 31% profit on cost
- Three schemes on site with 59% of income secured
- 33 Margaret Street profit on cost of 72%
- Two further committed near-term schemes

+ See development overview on pages 30 and 31

Drive rental growth

- Portfolio rental value (ERV) rose by 7.8% during year
- Record leasing year with more than £25 million of rent p.a. secured
- 105 new leases, rent reviews and renewals completed

+ See asset management activities on pages 32 and 33

Impact on KPIs

Selected acquisitions

- Low entry prices enhance TPR
- Higher debt has boosted NAV growth
- Purchases will support medium-term value growth

Execute development programme

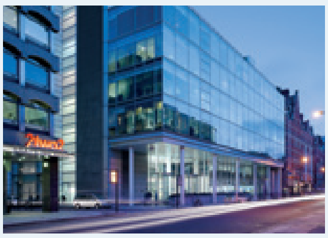
- Development profits enhance TPR and NAV
- Pre-lettings accelerate value growth and mitigate voids
- Development risk management can support TSR

Drive rental growth

- Higher ERVs drive asset value and improve TPR
- Leasing ahead of ERV supports income growth
- Vacancy rate remains low at 3.3%

+ See KPI analysis on pages 18 and 19

Case studies



Investment management

+ See more on pages 10 and 11

Development management

+ See more on pages 12 and 13

Asset management

+ See more on pages 14 and 15

Priorities for 2012/13

	Recycling and re-investment	Selective development	Drive rental growth
Key initiatives	– Sell where value has been added to monetise returns in strong investment market – Selective acquisitions maintaining robust acquisition criteria	– Complete 160 Great Portland Street and 33 Margaret Street – Submit planning application at Rathbone Place – Commence Walmar House and City Tower refurbishments	– Crystallise rental reversion at Mount Royal – Initiate leasing programmes at Wigmore Street and 240 Blackfriars Road – Focus on tenant relationships to support rental retention
Impact on KPIs	– Sales above book value enhance TPR and NAV – Re-investment into assets with higher return potential enhances TPR and NAV – Accretive recycling activity should enhance TSR	– NAV and TPR enhanced by successful development projects – Occupancy rate boosted when schemes leased	– Improves TPR through income uplifts – NAV growth underpinned by higher ERVs – Occupancy rate rises through effective leasing
Execution risks	– Insufficient market liquidity – Sales executed below fair value – Lack of attractively priced properties on the market	– Market declines are amplified by development schemes – Poor project management – Contractor/supplier failure – Tenants needs not met by poorly conceived building design	– Occupational market falters – Wrong rental levels sought for local market conditions – Poor marketing of GPE space – Weak tenant retention

+ See risk management overview on pages 50 to 53

The increasingly global nature of the London market plays to our strengths

Our market has never been more global or competitive

There is no sign of investment demand slowing

London's long-standing position as an attractive destination for international real estate investors is clear but the scale and breadth of appetite, particularly from new entrants from the Far East and Canada amongst others, is unprecedented. More than 55% of properties (by value) in 2011 were bought by international investors.

+ Go to Our market section on pages 21 to 23

Our current and prospective tenants increasingly have global ambitions

Corporate occupiers with international operations continue to see London as their natural home, given the talented labour pool, global connectivity and legal framework. Our most recent pre-lettings to Savills plc (82% of their people are based in Asia Pacific) and UBM plc (only 4% of profits are from their UK operations) are testament to this. Looking ahead, we expect that demand from the technology, media and telecoms (TMT) firms seeking space to lease in central London will continue to grow.

+ See our case study on pages 12 and 13

Our total focus on central London drives our competitive advantage

We buy and sell well

Investing well is as tough as ever given the weight of equity demand for assets, meaning that our ability to access deals off-market and sourcing properties with angles to exploit is critical. Our track record on both these fronts is good with our acquisitions since the 2009 rights issue having generated an ungeared IRR of 21% p.a. so far.

+ Go to our Investment management section on pages 26 to 28

We understand tenants' needs

Successfully securing planning consents, appointing the right contractor for each project and delivering properties that meet tenants' changing needs are all key to creating value in central London real estate. For example:

- we ensure our buildings have access to sufficient power in today's energy supply constrained market; and
- we help our tenants optimise their use of space, for example through increased occupational density.

Both are difficult to achieve without deep local knowledge.

+ See our case study on pages 14 and 15
+ Go to our Development management section on pages 30 and 31

Our local knowledge brings us global partners

Our specialist focus enables us to source equity and debt capital from across the world

More than 50% of our current shareholders are from outside the UK and, since spring 2011, we have successfully raised £287 million of unsecured debt notes through two private placements. These notes were predominantly US dollar denominated and placed with US based insurance companies from New York and the Midwest in particular.

+ Go to our Financial management section on pages 34 and 35

International investors are successfully entering the market in joint ventures with us

Our joint venture partners are typically global institutional real estate investors seeking access to our local expertise.

+ See our case study on pages 10 and 11
+ See our Joint ventures on page 29

Investment management case study

Buying significantly below replacement cost with opportunities to enhance returns

We said

"We acquired this first class property, let off low rents, at a price significantly below replacement cost providing numerous opportunities for us to drive returns. In the medium-term this sub-market is set to improve through major transport infrastructure investment such as Crossrail."

Ben Chambers Investment Director

A compelling investment on the **outside...**

Well designed building
- Norman Foster designed
- Built in 1991 and in excellent condition

Attractive entry price
- £455 per sq ft, significantly below estimated replacement cost of approximately £700 per sq ft
- Net initial yield of 6.4%

Exploited market conditions
- Moved quickly to capitalise on challenging market conditions
- Purchase initially all equity funded by the partnership

Strong and improving location
- Supply constrained Midtown location
- Transport improvements with Crossrail and Thameslink upgrade

In October 2011, together with our joint venture partner BP Pension Fund, we purchased 200 & 214 Gray's Inn Road, a Grade A office building for £133 million in a strongly improving Midtown location.

Next steps

Through targeted capital expenditure we will be upgrading the reception area and common parts to enhance tenant appeal. In addition, with 20,000 sq ft of space on the first floor due to be vacated later this year, as anticipated in our purchase business plan, we are well positioned to re-let this space and demonstrate the rental upside in this property.

Our partner said

"We are delighted to be expanding our Great Ropemaker Partnership with GPE, who identified this purchase, negotiated an attractive entry price and expeditiously secured debt funding to enhance our investment returns, all in very challenging market conditions."

Tim Hayne, Head of Property, BP Pension Fund

…and equally attractive on the **inside**

Superb specification
- Excellent 28,000 sq ft floor plates
- High floor to ceilings and large galleried atrium
- High power supply supports media tenants

Asset management angles
- Lease expiry profile provides opportunities to enhance the already strong tenant mix and crystallise reversionary potential

Risk sharing
- Concentration risk shared with an existing joint venture partner
- GPE equity commitment of £33 million

Return enhancement
- £73 million of new seven year debt funding secured at all-in rate of 4.5%
- Cash on cash yield on our equity investment of 8.4%

Development management case study

Managing risk through pre-letting our high quality developments

Key to the success of our developments is their location and our proven track record of superior design and quality of construction. These factors allow us, where we feel it appropriate, to achieve pre-lets from well capitalised companies during the development process or even before the development has started. This enables us to manage our portfolio development risk and provides certainty of future income as well as allowing us to work with our tenants during the construction period, to make the subsequent fit out of their space a more efficient process.

240 Blackfriars Road, SE1

At 240 Blackfriars Road, where we are already sharing the development risk through a joint venture with the BP Pension Fund, UBM plc (the global media and communications company) has taken a pre-let of the top nine floors of the 20 storey building, together with space at the ground and basement level, on 15 year leases without breaks. Due for delivery in March 2014, work started on site in January 2012.

Our tenant said

"We look forward to occupying such a prominent and impressive landmark building, which we intend to fit out to a high standard to create a collaborative and productive environment commensurate with maintaining our long term future in this location."

Richard Bowers, Head of Estate Management, UBM plc

Next steps

With the pre-let to UBM secured, we have started on site to deliver this architecturally stunning building for our tenant. We have begun the procurement process for the main construction contract and we look forward to welcoming UBM to the building in 2014.

224,100 sq ft offices

4,800 sq ft retail

8,800 sq ft residential

BREEAM target: **Excellent**

Pre-let: **46.7%**
£4.9 million p.a.

Our tenant said

"We chose 33 Margaret Street because it provided us with the opportunity to move to a first class new building in the right location for Savills.

By taking the whole building for our global headquarters, we have given ourselves flexibility as we grow our business."

Jeremy Helsby, Chief Executive, Savills plc

Following our purchase of 33 Margaret Street (formerly Marcol House) in November 2009, we transformed the design of the development to increase the efficiency of the office space and levels of natural light, and we gained a revised planning consent in April 2010.

Savills plc (the global real estate services provider) has leased the entire 95,600 sq ft of office space on 20 year terms, without break, at £7.0 million p.a. to enable it to consolidate its West End offices into one central London headquarters building.

Next steps

With successful completion due in October 2012, we are working closely with Savills to ensure their smooth transition into the building.

95,600 sq ft offices

7,600 sq ft retail

BREEAM target: **Excellent**

Pre-let: **100%** (office space)

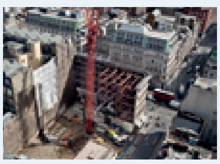
£7.0 million p.a.

33 Margaret Street , W1

Timeline

November 2009 — Improved design to increase efficiency of space and levels of natural light

February 2010 — Started strip out and demolition



January 2011 — Construction started while working around existing tenant

December 2011 /March 2012 — Secured the pre-let to Savills through two transactions

October 2012 — Expected practical completion

Asset management case study

An innovative leasing deal to meet our tenants' unique requirements

Old 160 Great Portland Street

OUT

7.5 year lease
Tired space
Rent £4.7 million p.a.

Old tenant out

Our office tenant at 160 Great Portland Street wanted to vacate the property. However, 7.5 years remained on their lease.

Cash in

We agreed to surrender their lease in return for £30.0 million (equating to 6.3 years of rent).

We reinvested part of the proceeds to refurbish the tired space.

New 160 Great Portland Street

New 20 year lease
Grade A
Rent £4.8 million p.a.

Double Negative sign lease

We have had a productive working relationship with existing tenant Double Negative since they moved into Wells & More in October 2009. In May 2011, to help them grow, we signed a 20 year lease to consolidate their business into 86,500 sq ft of 160 Great Portland Street.

Telewest wanted to vacate 160 Great Portland Street, W1, where its leases did not expire until 2018 due to a corporate reorganisation. In December 2010, we agreed to surrender all of its leases in return for £30.0 million, equivalent to 6.3 years of rent. In the meantime, we knew that Double Negative, one of our tenants at Wells & More, was expanding fast and needed more space. Recognising the opportunity to have a high quality building configured to meet their specific needs, in May 2011 Double Negative pre-let all the office space of 160 Great Portland Street on a 20 year lease at a rent of £4.8 million per annum. This may result in them potentially vacating 22,000 sq ft at Wells & More which would provide us with the opportunity to re-let this space at a significantly higher market rent.

Next steps

Having completed the development in May 2012, we will continue to work closely with Double Negative as they take occupation of 160 Great Portland Street and determine their ongoing space requirements at Wells & More.

We said

"Double Negative require three times more power than a typical tenant, not easily provided in central London. As a result of our efforts to provide a seamless supply when they took their lease at Wells & More, they were keen to discuss how 160 Great Portland Street could be refurbished to meet their needs."

Martin Quinn Project manager

Our tenant said

"We had worked with GPE successfully in taking expansion space at Wells & More, so it was only natural that we went back to them to meet our growing business' needs. 160 Great Portland Street will be our global headquarters and a bespoke building which will suit us for many years to come."

Alex Hope, Managing Director, Double Negative

Power requirement

Double Negative is Europe's largest provider of visual effects for the film industry. Having accommodated their needs at Wells & More, we knew that the high-tech nature of their work requires a significant amount of power. Accordingly, we involved them early in the 160 Great Portland Street refurbishment to ensure that we secured the appropriate power supply.

Wells & More, W1

Grade A

Current passing rent
£39.50 per sq ft

Current market value rent
£67.50 per sq ft

The 22,000 sq ft that they will potentially vacate is in good condition and should let well in a supply constrained market. The passing rent is significantly below the current market value of £67.50 per sq ft.

Higher rents from Wells & More

LETTING OPPORTUNITY

Securing exceptional development sites in the heart of the West End

Undeveloped sites in the core of London's West End are rare and buying them at the right price is difficult. We have assembled three landmark sites for development covering four acres of prime West End land that are poised to benefit from the delivery of Crossrail.

Developing in these prime locations takes time and requires a deep knowledge of the market and a close relationship with the planning authorities. Since gaining planning permission in May 2011 at our Hanover Square scheme above the Bond Street Crossrail station, we purchased Rathbone Place in September 2011, one of the last undeveloped large scale sites in the West End. Together with 73/89 Oxford Street, we expect our three schemes to deliver significant value for shareholders over the medium term.

Next steps

We will work on our exciting proposals for Rathbone Place in collaboration with our neighbours, Westminster City Council and other stakeholders to ensure this dynamic area of the West End fulfils its potential.

Hanover Square, W1

Estimated start: 2015

Size: 207,900 sq ft

Value uplift in year: 37%

Distance from Crossrail station: 0 metres

The consented development is a comprehensive Masterplan for the 1.3 acre site bounded by Hanover Square, Tenterden Street, New Bond Street and Brook Street. We assembled the site through five purchases between 2006 and 2007 and the scheme will provide high quality office space on Hanover Square, international standard retail space on New Bond Street and six residential apartments.

● Other GPE properties

Rathbone Place, W1

Estimated start: 2013

Size: c. 383,400 sq ft

Price paid: £300 per sq ft

Distance from Crossrail station: 45 metres

In September 2011, we acquired this prime 2.3 acre development site from the current owner-occupier who will remain in occupation until June 2013. Having purchased the land at a low entry price, we are currently working with our architects to secure planning consent in the next twelve months for a mixed use scheme.

73/89 Oxford Street, W1

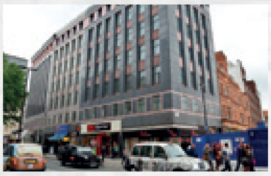
Estimated start: 2015

Size: 96,300 sq ft

Price paid: £460 per sq ft

Distance from Crossrail station: 5 metres

In February 2011, we swapped our freehold interest at 79/89 Oxford Street for a new long leasehold interest at this property and the adjoining 73/77 Oxford Street. Together these buildings provide a 0.43 acre prime office and retail redevelopment opportunity adjacent to the Dean Street Crossrail station.



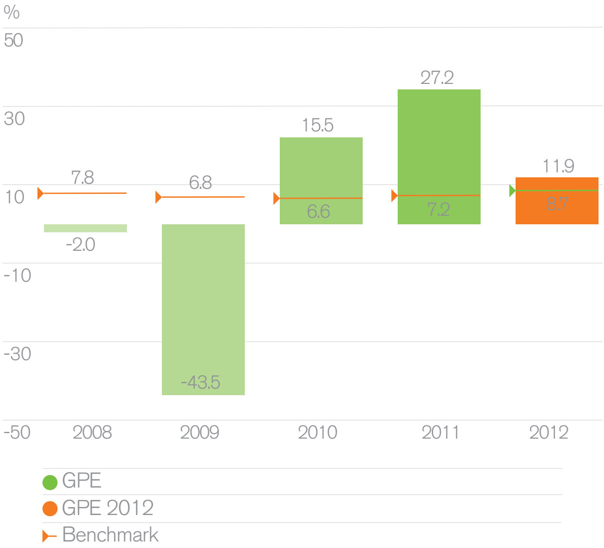
3 key sites 4 acres

How we've performed

Our key performance indicators (KPIs) have been selected to provide a balance between financial and operational targets.

They reflect the key metrics that we focus on to run the business and they help determine how we are remunerated. Over the medium term we aim to outperform our benchmarks.

EPRA net assets per share growth



Total Shareholder Return (TSR)

The measure and benchmark

EPRA net assets per share growth is the traditional industry measure of the Group's success at creating value. NAV growth is used as a measure under the Group's long-term incentive plans. We compare the growth in net assets per share with the increase in the retail price index (RPI) plus a hurdle of 12% over a three year period.

Commentary

EPRA net assets per share increased by 11.9% over the year as property values grew and the Group benefited from the impact of its successful asset management activity and returns from its near-term development programme.

Our RPI benchmark increased on last year resulting in a 3.2 percentage point relative outperformance for the year. For the five years to 31 March 2012 the Group's net assets per share fell by a compound -1.9% p.a. compared with the benchmark RPI based hurdle of 7.4% p.a.

The measure and benchmark

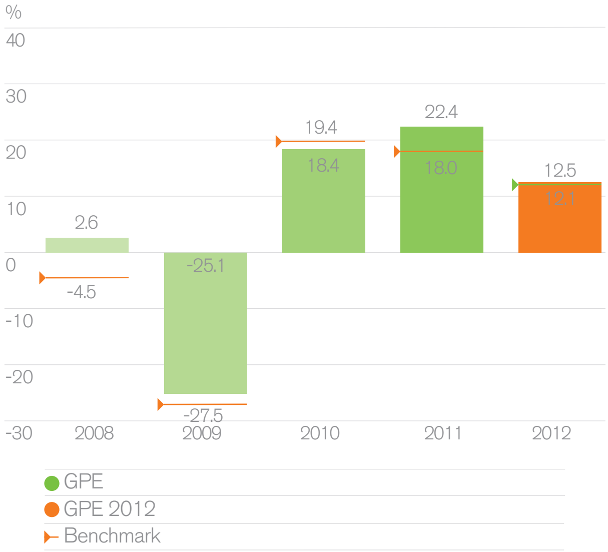
TSR, or movement in the share price plus the dividend in the year, is the most direct way of measuring the change in shareholder returns during the year. TSR of the Group is benchmarked against the TSR of the FTSE 350 Real Estate index (excluding agencies). Relative TSR is one of the performance criteria for the Group's long-term incentive plans.

Commentary

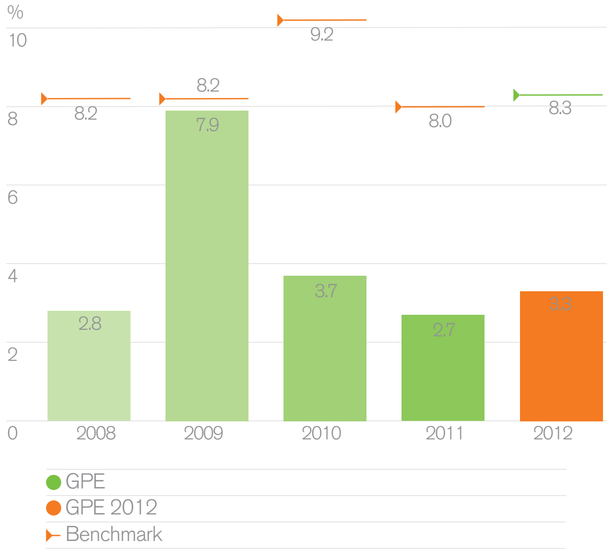
The TSR of the Group was -4.8% for the year compared to -3.7% for the FTSE 350 Real Estate (excluding agencies).

The Group's five year TSR of -28.5% outperformed the benchmark of -48.5% over the five years to 31 March 2012.

Total Property Return (TPR)



EPRA vacancy



The measure and benchmark

TPR is calculated from the capital growth of the portfolio plus net rental income derived from holding these properties plus profit or loss on disposals expressed as a percentage return on the period's opening value.

The Group's portfolio TPR is compared to a universe of over £28 billion of similar assets included in the IPD central London benchmark.

Relative TPR performance is used as a measure under the Group's long-term incentive plans and forms the corporate measure of the employees' bonus plan.

Commentary

The Group generated a portfolio TPR of 12.5% in the year whereas the benchmark produced a total return of 12.1% resulting in an absolute outperformance of 0.4 percentage points and a relative outperformance of 0.3 percentage points.

Over the last five years the Group's annualised portfolio TPR was 4.6% outperforming the benchmark by 2.7 percentage points.

The measure and benchmark

The Group's EPRA vacancy rate is calculated as the ERV of vacant space divided by the ERV of the property portfolio, expressed as a percentage. The Group's vacancy rate is compared to the vacancy rate in the IPD central London benchmark.

Commentary

EPRA vacancy is designed to show how effective the Group is at letting available space in the portfolio.

The Group's vacancy rate was 3.3% compared to the benchmark of 8.3% resulting in an outperformance of 5.0 percentage points.

Chairman's statement

Great Portland Estates has had another excellent and highly active year with, for example, record levels of leasing across the portfolio. Although broader market conditions became more challenging over the course of the financial year as the sovereign debt crises worsened, our focused business model concentrating exclusively on high quality central London property and the disciplined approach of our experienced team have delivered a healthy valuation and financial performance.

EPRA NAV increased by 11.9% and the property portfolio delivered valuation growth of 9.2%. Dividends of 8.4 pence per share for the year are up 2.4% on 2011, providing a total pay-out to shareholders of £26.3 million.

Despite the more turbulent macro-economic and capital market conditions during the second half of the year, our core central London office market has held up well and our local knowledge has never been more valuable. The investment market continues to benefit from significant excess of demand for assets over supply, with the appetite from overseas investors at high levels. While occupational demand remains at around the long-term average, current availability of new space is considerably below the average and the resultant forecast supply crunch suggests that rental growth prospects are favourable in the medium term.

We have been selective in our acquisitions activity, with a focus on West End and Midtown properties, with angles to exploit and at attractive entry prices, whether buying investment properties at below replacement cost or prime West End land. We have also actively sought to recycle capital and crystallise gains on mature and non-core properties through sales of £256 million during the year at an average surplus to book value of 10.3%. Overall, we were net investors over the year to the tune of £80 million, buying assets off a higher investment yield and a lower cost per sq ft than the properties we sold.

Our asset management team has had a record year delivering lettings and lease renewals of more than £25 million in annual rent, with the market lettings at an average of 6.5% above our valuer's ERV or 13.3% if pre-lettings are excluded. In the process, we have maintained our investment portfolio void rate at a low 3.3%. Moreover, having embarked on a significant development programme 18 months ago, we have secured more than £16.7 million (our share: £14.3 million) of pre-let income this year alone. These transactions have substantially de-risked our current committed development projects and demonstrate the enduring tenant appeal of property in excellent locations with well-designed floor plates, especially in our supply constrained market.

This is reflected in the excellent 31% profit on cost generated by the four projects we have completed since 31 March 2011.

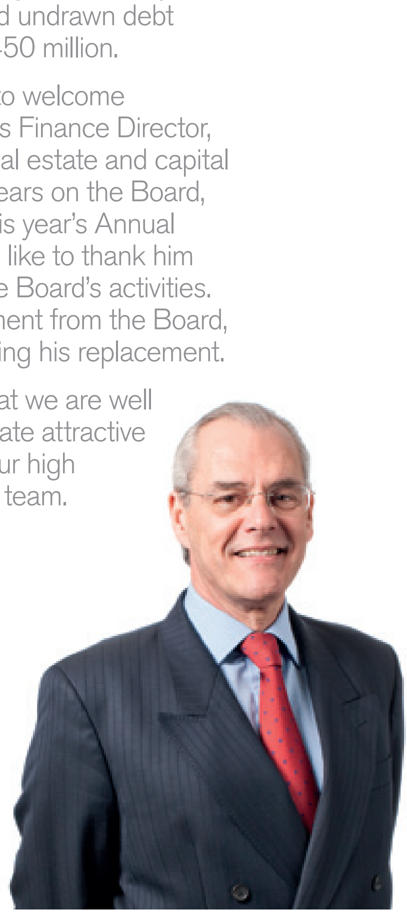
With the addition of Rathbone Place and planning consent achieved at Hanover Square, we believe that we own two of the best development sites in the core West End market. Taken together, our enviable development pipeline now totals some 3.3 million sq ft, including our five committed schemes (651,100 sq ft) and we anticipate that these projects will drive capital growth and rental income as occupational markets continue to recover.

Even after our net investment activity over the year, the Group's funding and liquidity position remains robust. At 31 March 2012 gearing was modest at 40.3% and having secured £510 million of new debt financing from a variety of sources since March 2011, including two capital raisings in the US private placement market, our cash and undrawn debt facilities remain in excess of £450 million.

In July 2011, we were pleased to welcome Nick Sanderson to the Board as Finance Director, bringing with him a wealth of real estate and capital markets experience. After six years on the Board, Phillip Rose will be retiring at this year's Annual General Meeting and we would like to thank him for his valued contribution to the Board's activities. In anticipation of Phillip's retirement from the Board, we are in the process of recruiting his replacement.

In conclusion, I am confident that we are well positioned to continue to generate attractive returns for shareholders from our high quality portfolio and committed team.

Martin Scicluna
Chairman



Our market

London and its property markets have continued to perform relatively well despite the challenging macro-economic and capital market environment. We expect occupational markets to favour landlords over the medium term whilst investment demand should remain strong, particularly from overseas investors.

Over the last 12 months, we have again witnessed the negative impact on business sentiment from the continued process of global financial deleveraging, the Eurozone debt crisis and political instability in many parts of the world, including the Arab states. The resulting uncertainty has seen GDP growth expectations decline and stock markets track sideways.

While London has not been immune to these events, particularly given the weak conditions in the banking sector, London's economy continues to offer a more compelling economic story than both the UK as a whole and the rest of Europe, in large part due to its status as a global city. London is continuing to benefit from its relative safe haven status, whilst its diversified economy and deep pool of highly skilled labour all serve to enhance further its attractiveness.

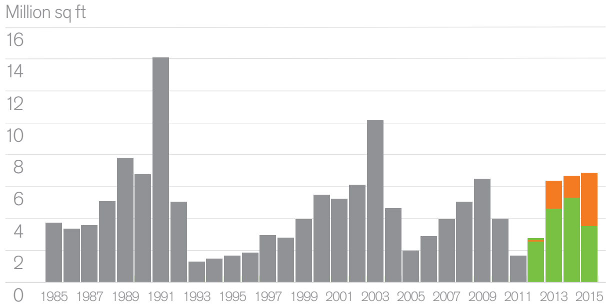
Our occupational markets – overview

Whilst economic conditions have unsurprisingly resulted in prospective tenants across the UK taking a more cautious outlook in their expansion plans, in London, low levels of current and forecast availability combined with long run average levels of demand are continuing to support the occupational market. As a result, occupiers seeking to move to better premises or relocate into central London, particularly the West End, are in many instances seeing rental levels increase.

The tightening of availability, in large part, results from limited development activity which, in turn, is a consequence of significantly reduced levels of speculative development finance. Across the central London office market as a whole, development completions in the year to 31 March 2012 of 1.3 million sq ft were materially down on last year (3.2 million sq ft) and the lowest total since the early 1990s. Focusing on the West End only, completions totalled only 354,200 sq ft, making it one of the lowest years on record.

Looking ahead, as shown in the chart below, the development pipeline remains considerably below historic averages and project starts are being delayed, partly due to the continued scarcity of speculative debt finance. In addition, a good proportion of the central London pipeline is located in fringe locations.

Central London office potential completions



Source: CBRE

West End

While office space leased in the West End for the year to 31 March 2012 was 4.5 million sq ft, consistent with the same period last year, vacancy rates have remained low at 4.4% (with grade A space vacancy estimated by CBRE to be only 1.5%). Across the West End, CBRE has reported that prime rental values rose by around 3.9% during the financial year (2011: 8.8%) and we believe that the West End will continue to benefit from its diversified occupier base, including the increasing demand from the TMT sector. Absent a further significant deterioration in economic conditions, the medium-term outlook remains positive, particularly for well-located West End office properties.

Our market

“West End grade A office vacancy estimated to be only 1.5%.”

The West End retail market (comprising 22.2% of our West End portfolio by value) has continued its strong performance. The market for prime retail units in London remains particularly strong, with demand for units outweighing supply in our prime West End retail locations of Oxford Street, Regent Street and Bond Street. With this summer's combination of the Jubilee celebrations and the Olympic and Paralympic Games, London's retailers and restaurateurs are expected to benefit from a significant influx of foreign visitors and tourists.

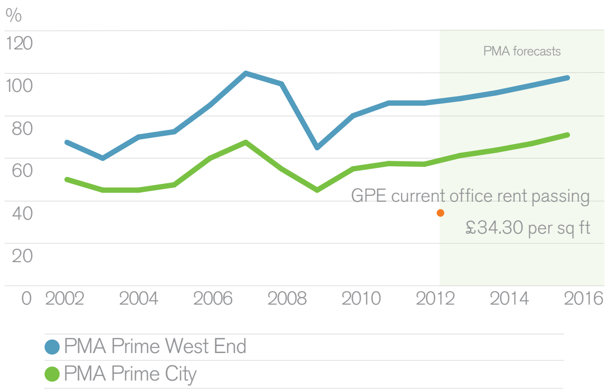
City, Midtown and Southwark

Following firm tenant demand in the year to 31 March 2011 (take-up of 5.1 million sq ft), office leasing levels have reduced this year in the City to 3.6 million sq ft given the weakness in financial and banking markets. Although higher than in the West End, the City office vacancy rate of 7.3% at 31 March 2012 remains low compared to the long run average and CBRE has reported that prime City rental values were flat during the financial year (2011: 17.0% increase). However, take-up from the insurance and business services sectors is proving resilient, and in particular the level of demand for sub 10,000 sq ft space requirements appears healthy.

Our occupational markets – outlook

We expect the impending shortage of new supply will strongly favour London landlords once sustainable economic growth resumes and we expect the West End to perform more strongly than the City over the next few years. As the chart below shows, independent forecaster PMA is predicting healthy rental growth in both the West End and the City office markets over the medium term. With our office portfolio let off low average rents of only £34.30 per sq ft, there exists significant reversionary potential across the Group.

Headline rents (£ per sq ft)[1]



1. Source: PMA/GPE, *10 year term, 10,000 sq ft in West End, 20,000 sq ft in City. PMA Prime Rents to 95th percentile

£18.5bn

Equity demand for central London commercial property

"Prime commercial property values in core central London have held up strongly over the last 12 months."

Our investment markets

Prime commercial property values in core central London have held up strongly over the last 12 months, with the robust performance in the first half of the year steadying in the second half. Although investment volumes for the year to 31 March 2012 were £10.1 billion, down 6.6% on a year ago, the market continues to attract a diverse group of investors, with overseas buyers increasingly active (representing more than 55% of deal activity in the period), many of whom are principally equity funded meaning they are less affected by constrained debt markets.

As the table below shows, there remains a material surfeit of buyers to sellers of commercial property across central London (estimated at £18.5 billion of equity demand versus £3.7 billion of assets on the market to sell at May 2012), with a strong bias in favour of the West End. We expect that this position will continue to prevail and that the strong positive yield gap to ten year Gilts will also support prime property yields at current levels, at least in the near term.

London asset supply and equity demand

	Nov 2011	May 2012
Asset supply		
City	£3.8bn	£2.4bn
West End	£1.2bn	£1.3bn
	£5.0bn	**£3.7bn**
Equity demand	**£16.8bn**	**£18.5bn**
	3.4x	**5.0x**

Source: CBRE/GPE

Lead indicators

We 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	↑
Volume of new property lending by major UK and European banks	↓
Transaction volumes in central London direct real estate investment markets	↓
Direction of pricing on IPD based derivative contracts	↓
Rental values	
UK GDP growth	−
West End London 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	↑

Compared to a year ago, the property capital value indicators have generally weakened given financial market volatility resulting from the Eurozone sovereign debt crisis and the softer outlook for economic growth. However, the central London property investment market is anticipated to continue to benefit from its relative safe haven status and the ongoing weakness of sterling against non-Euro currencies. Although the rental value indicators have remained broadly neutral, we expect that rental values for sensibly priced, well located buildings in central London will continue to increase in the medium term, barring a major further deterioration in the Eurozone situation.

Valuation

The valuation of the Group's properties rose to £2,007.5 million during the year, delivering an underlying capital return of 9.2% on a like-for-like basis.

At 31 March 2012, the wholly-owned portfolio was valued at £1,334.7 million and the Group had seven joint ventures which owned properties valued at £672.8 million (our share) by CBRE.

The valuation of the portfolio was up 9.2% on a like-for-like basis or £143.3 million since 31 March 2011.

Portfolio performance

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	425.8	53.2	479.0	23.8%	3.2%
	Retail	58.6	87.5	146.1	7.3%	8.8%
Rest of West End	Office	213.7	82.6	296.3	14.8%	15.8%
	Retail	66.9	59.0	125.9	6.3%	23.0%
Total West End		765.0	282.3	1,047.3	52.2%	9.5%
City, Midtown and Southwark	Office	183.9	69.6	253.5	12.6%	3.7%
	Retail	19.8	–	19.8	1.0%	(1.2)%
Total City, Midtown and Southwark		203.7	69.6	273.3	13.6%	3.3%
Investment property portfolio		968.7	351.9	1,320.6	65.8%	8.2%
Development property		82.5	251.9	334.4	16.7%	13.7%
Total properties held throughout the year		**1,051.2**	**603.8**	**1,655.0**	**82.5%**	**9.2%**
Acquisitions		283.5	69.0	352.5	17.5%	0.9%
Total property portfolio		**1,334.7**	**672.8**	**2,007.5**	**100.0%**	**7.7%**

Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		755.7	295.5	1,051.2	854.0	197.2	1,051.2	1,463
Rest of West End		537.3	–	537.3	382.4	154.9	537.3	734
Total West End		**1,293.0**	**295.5**	**1,588.5**	**1,236.4**	**352.1**	**1,588.5**	**2,197**
City, Midtown and Southwark		342.4	76.6	419.0	399.1	19.9	419.0	1,266
Total		**1,635.4**	**372.1**	**2,007.5**	**1,635.5**	**372.0**	**2,007.5**	**3,463**
By use:	Office	1,294.3	341.2	1,635.5				
	Retail	341.1	30.9	372.0				
Total		**1,635.4**	**372.1**	**2,007.5**				
Net internal area sq ft 000's		2,845	618	3,463				

9.2%

Like-for-like valuation growth

> "The Group delivered a total property return of 12.5% outperforming the central London IPD benchmark of 12.1%."

The key drivers behind the Group's valuation movement for the year were:

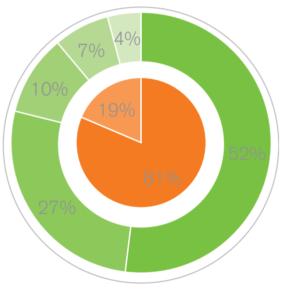
- Rental value growth – since the start of the financial year, rental values have grown 7.8%. Office rental values have increased by 7.2%, with retail rental values rising by 10.1%. Growth in rental values was greater in the second half of the year, partly driven by our asset management successes. At 31 March 2012, the portfolio was 13.5% reversionary;
- Intensive asset management – during the year, 105 new leases, rent reviews and renewals were completed securing £24.2 million (our share) of annual income and reducing voids which supported valuation growth over the period;
- Development properties – growth of 13.7% increased their valuation to £372.1 million; and
- Stable investment yields – equivalent yields were largely unchanged over the year moving out by one basis point on a like-for-like basis (2011: 37 basis point contraction). At 31 March 2012, the portfolio equivalent yield was 5.3%.

Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 31 March 2012 was 4.1%, 30 basis points lower than at the start of the financial year.

Portfolio characteristics

Our locations
- North of Oxford Street £1,051.2m
- Rest of West End £537.3m
- City £191.3m
- Midtown £141.4m
- Southwark £86.3m

Business mix
- Office £1,635.5m
- Retail £372.0m

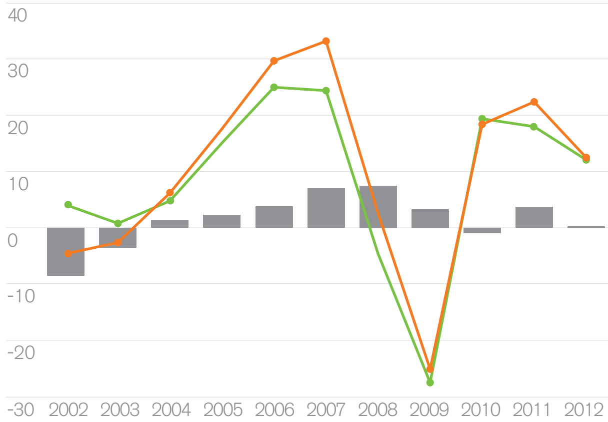


Our Rest of West End portfolio produced the strongest performance by geographic sector over the year, increasing in value by 17.9% on a like-for-like basis. City, Midtown and Southwark assets saw a 3.3% uplift in values and the North of Oxford Street properties grew by 4.5%. Our joint venture properties rose in value by 5.9% compared to a 7.6% rise for the wholly-owned portfolio over the year.

The Group delivered a total property return (TPR) fo the year of 12.5%, compared to the central London IPD benchmark of 12.1% and a strong capital return outperformance of 1.7% (GPE at 9.2% versus 7.5% of IPD). Our West End offices delivered 3.2% of relative capital return outperformance (GPE at 12.1% versus 8.6% for IPD), in large part due to valuation gains at our development properties and land holdings.

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

Year to 31 March



- GPE
- IPD central London
- Relative

Investment management

We have delivered another year of successful capital recycling, buying into properties laden with potential and selling mature properties at healthy surpluses.

Buying at the right price and selling at the right time is central to our business model. Using their extensive network of market contacts, our investment team look to acquire new assets, often off-market, with one of two objectives in mind: to exploit a near-term opportunity to reposition the buildings to capture higher rents; or to provide the Group with longer-term development opportunities. Once a new property is acquired, the investment managers work closely with the asset management and development teams on an individual asset business plan to maximise the property's potential.

During the year, we committed £402.0 million (our share: £336.0 million) to new acquisitions, continuing our strategy of selectively acquiring assets with the potential for strong absolute and relative performance through the medium term. Our three transactions (totalling seven properties) were all in the West End or Midtown, with significant angles to exploit and positioned to benefit from London transport improvements such as Crossrail.

Purchases for the year to 31 March 2012

Description	Price	NIY	No. of props	£ per sq ft
Rathbone Place	120.0	2.1%	1	313
200 & 214 Gray's Inn Road	66.0[1]	6.4%	1	455
GPE acquisitions from GCP	150.0	4.1%	5	773
Total	**336.0**		**7**	**464**

Note 1 Our share net of price adjustment to reflect tenant rent free period.

In September 2011, we completed the acquisition of a major 2.3 acre freehold site from the Royal Mail Group ("RMG") in the core of London's West End between Rathbone Place and Newman Street, W1. Vacant possession will be delivered in June 2013 whereupon we expect to commence a major mixed-use redevelopment. We have withdrawn the previous planning application submitted by RMG in May 2011 and are currently working on a new proposal for the site expecting to submit a new application in the next twelve months. We paid RMG £120.0 million in cash for their freehold interest and have leased back the entire site to them until June 2013, with GPE receiving total net rent of £4.6 million over the 20 month leaseback period. The price paid, net of the leaseback rent, equates to a capital value of only £300 per sq ft (using the net lettable area assumed by the RMG planning application).

+ See Investing for the future case study on pages 16 and 17

In October 2011, the Great Ropemaker Partnership ("GRP"), our 50:50 joint venture with BP Pension Fund, bought 200 & 214 Gray's Inn Road, WC1 for £132.8 million, reflecting a capital value of £455 per sq ft and a net initial yield of 6.4%. 200 Gray's Inn Road is a 246,500 sq ft, Grade A office building and is leased to four tenants including Carlton Communications Ltd and ITN at £8.4 million p.a. 214 Gray's Inn Road comprises 45,500 sq ft of predominantly car parking and back up accommodation for 200 Gray's Inn Road and is mainly let to ITN until 2023 at a rent of £0.5 million p.a. In November 2011, we arranged a non-recourse debt financing of £73.0 million (our share: £36.5 million) to part fund this investment and, as a result, our equity investment is initially generating a cash on cash yield of 8.4% for the Group.

+ See Gray's Inn Road case study on pages 10 and 11

10.3%

Premium to book value achieved on disposals

"Accretive capital recycling – selling at £534 per sq ft and buying at £464 per sq ft."

In February 2012, we exchanged on the purchase of five West End properties from our 50:50 joint venture with Capital & Counties Properties PLC, the Great Capital Partnership ("GCP"), for a combined price of £150.0 million (or £75.0 million for the half share GPE did not already own). GPE purchased Kingsland House, Carrington House, Walmar House, St Lawrence House and 48/54 Broadwick Street & 10/16 Dufours Place, all in W1. The price equates to a net initial yield of 4.1% (or 4.9% excluding the vacant Walmar House where a major refurbishment is imminent) and a capital value per sq ft of £773 (or £652 on the office space only). The transaction completed in April 2012.

Kingsland House and Carrington House, which adjoin each other, together form a medium-term redevelopment opportunity on Regent Street opposite the new Superdry and Burberry flagship stores. Further up Regent Street, Walmar House comprises a 59,200 sq ft consented refurbishment which is described in the Development management section on page 31. In Soho, St Lawrence House comprises three adjoining buildings including offices, retail and residential, and in the longer term, there is potential to develop a larger building on this prominent corner site. 48/54 Broadwick Street & 10/16 Dufours Place sit within close proximity to St Lawrence House and comprise approximately 30,000 sq ft of office accommodation within four Grade II Listed buildings fronting Broadwick Street with a modern office building to the rear.

Successful capital recycling at 10.3% premium to book values

We have also continued the process of recycling capital out of mature or non-core assets (including some smaller refurbishment properties), taking advantage of strong investor demand. Our disposals in the year totalled £403.8 million (our share: £255.8 million), at a blended premium of 10.3% to 31 March 2011 book values.

Sales for the year to 31 March 2012

Description	Price	NIY	No. of props	£ per sq ft
192/194 Oxford Street	19.1	3.9%	1	1,911
201/207 Kensington High Street	6.4	5.5%	1	726
26/40 Kensington High Street	31.3	4.5%	1	534
67/75 Kingsway	8.3	3.6%	1	533
Newman Street – residential	7.0	n/a	8	727
London Bridge Portfolio	27.0	5.5%	6	322
28/29 Savile Row	16.2	1.2%	1	1,017
Old Court Place	3.5	1.2%	1	2,484
Park Crescent East	23.5	2.9%	6	429
184/190 Oxford Street	38.5	4.4%	1	1,480
GCP disposals to GPE	75.0	4.1%	5	773
Total	**255.8**		**32**	**534**

Investment management

"The sale of 28/29 Savile Row, W1 crystallised our assumed profit from the refurbishment without having to commit to the works"

Prior to the summer, GCP sold three properties in accordance with its strategy to focus on its core West End holdings, raising total proceeds of £91.9 million (our share: £46.0 million) at a blended premium of 8.7% to 31 March 2011 book values. The three properties sold were 201/207 Kensington High Street, W8, 26/40 Kensington High Street, W8 and 67/75 Kingsway, WC2. In January 2012, GCP sold two further non-core properties raising total proceeds of £54.0 million (our share: £27.0 million) at a blended premium of 50.4% to 31 March 2011 book values. The sale of 10/14 Old Court Place, W8 completed for £7.0 million and GCP exchanged contracts to sell its long leasehold interests at Park Crescent East, W1 for £47.0 million (representing a surplus over the 31 March 2011 book value of 52.6%). The sale of Park Crescent East completed in April 2012.

In November 2011, we sold the freehold interest in six assets in proximity to London Bridge, SE1 for £27.0 million representing a premium of 10.0% to the 31 March 2011 book value. In addition, we have the benefit of a two year overage provision from the purchaser. At 28/29 Savile Row, W1, we sold the long leasehold interest on a small refurbishment property for £16.2 million in December 2011, in effect crystallising our assumed profit from the refurbishment without having to commit to the works.

In March 2012, we exchanged contracts on the sale of 184/190 Oxford Street, W1 for £38.5 million. The price reflects a premium of 10.2% to the 31 March 2011 book value and a capital value of £1,480 per sq ft. The sale completed in April 2012. During the year, we also sold eight units at our residential redevelopment at Newman Street, W1.

Finally, since 31 March 2012, we have sold Buchanan House, WC2 for £20.5 million at a premium of 2.5% to the 31 March 2012 book value.

Joint ventures

7

Joint ventures

"Our joint ventures represent 43.5% of our net assets"

Our joint ventures

Our seven joint ventures continued to perform well during an active period of development and refurbishment activity across a number of properties, combined with the sales and acquisitions detailed above. We categorise the joint ventures into three types:

– access to new properties (21.3% of GPE's net property value). The relevant joint ventures here are GCP with Capital & Counties Properties PLC, The Great Victoria Partnership ("GVP") with Liverpool Victoria Friendly Society, The Great Star Partnership ("GSP") with Starwood Capital and The Great Wigmore Partnership ("GWP") with Scottish Widows;

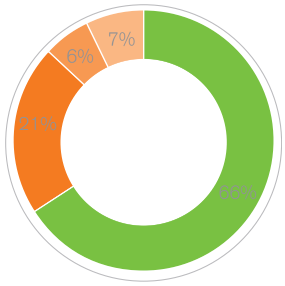
– risk sharing on development projects and/or large lot size properties (5.6% of GPE's net property value). The key joint ventures here are the 100 Bishopsgate Partnership with Brookfield and GRP with BP Pension Fund; and

– bank work out arrangements (6.6% of GPE's net property value) with Eurohypo in relation to our 33 Margaret Street and Newman Street developments. We anticipate that this joint venture will terminate on payment of the profit share arrangement to Eurohypo on practical completion of 33 Margaret Street in October 2012, which is described in more detail in Our financial position on page 36.

Overall our joint ventures represent a significant proportion of the Group's business. At 31 March 2012, they made up 33.5% of the portfolio valuation, 43.5% of net assets and 31.3% of rent roll (at 31 March 2011: 38.3%, 40.4% and 36.5% respectively).

Wholly owned and joint venture property values at 31 March 2012

- Wholly owned £1,334.7m
- Access to new properties £427.1m
- Risk sharing £112.7m
- Bank work out £133.0m



Net investment in joint ventures as at 31 March 2012 £m

Access to new properties		Risk sharing	
capco	139.5	Brookfield	58.7
LV=	70.1	bp	67.7
Scottish Widows	53.7	**Bank work out**	
Starwood Capital	31.9	Eurohypo	116.6
Total			**538.2**

Development management

Our team has successfully completed four profitable development projects, secured more than £16.7 million p.a. of pre-let income, achieved significant planning consents and expanded the pipeline to enhance future growth.

The cyclical nature of central London office markets means it is critical for us to match our development activity to the appropriate points in the cycle, delivering new buildings into a supportive market when quality space is scarce and demand is resilient. By combining our forensic analysis of market conditions with our active property management, we are able to remain opportunistic and flexible when planning the start and completion dates for our schemes.

We currently have three schemes on site (452,300 sq ft of space), two in the West End and one in Southwark and 59.4% of the rental income from these schemes is already secured. We have two further committed refurbishment schemes which will commence shortly. Our substantial pipeline of opportunities includes an additional 16 uncommitted projects, giving us a total potential programme of 3.3 million sq ft, covering 54% of GPE's existing portfolio. Taken together, our committed capital expenditure at 31 March 2012 totalled £117.2 million, including amounts to complete the enabling works at 100 Bishopsgate, EC2.

Pre-letting successes

Our committed development activity has been dominated this year by our four major pre-lettings, together representing around 290,000 sq ft of office space which will deliver £16.7 million (our share: £14.3 million) of total rent p.a.

In May 2011, we pre-let 86,500 sq ft of office space at our refurbishment of 160 Great Portland Street, W1 to Double Negative Limited on a 20 year term certain at an initial rent of £4.8 million p.a.

+ See our 160 Great Portland Street case study on pages 14 and 15

Following the pre-let of the majority of the office space at our redevelopment of 33 Margaret Street, W1 to Savills plc ("Savills") in December 2011, Savills pre-let all the remaining office space in March 2012. In total, Savills will occupy 95,600 sq ft, paying a total rent of £7.0 million p.a., equating to an average rent of £73.17 per sq ft. Savills will take seven separate 20 year leases, without breaks.

In January 2012, GRP, our 50:50 joint venture with BP Pension Fund, pre-let 105,700 sq ft of space to UBM plc ("UBM") at 240 Blackfriars Road, SE1. UBM will take separate fifteen year leases (without breaks) of the office floors (eleventh to nineteenth), ground/mezzanine and basement level, and will pay an initial rent of £4.9 million p.a. The initial rent equates to an average rent of £47.00 per sq ft on the office floors and the break-even rent on the remaining vacant space averages only £21.00 per sq ft.

+ See pre-letting case study on pages 12 and 13

Completed schemes

We have successfully completed four schemes since 31 March 2011, achieving a blended profit on cost of 31%. The three schemes which completed in the year were 184/190 Oxford Street, W1 (let to Aldo for £0.9 million p.a. on a ten year term and now sold), 24/25 Britton Street, EC1 (let to Kurt Geiger on a 15 year lease at £1.5 million p.a.) and 23/24 Newman Street, W1 (8 of the 16 residential units have now been sold).

The fourth scheme, 160 Great Portland Street, W1, was completed and handed over to Double Negative Limited in shell condition in May 2012.

Schemes on site

At 33 Margaret Street, W1 building works are expected to be completed in October 2012 prior to Savills taking occupation in early 2013. Following completion of ground works in December 2011, construction work has started at our mixed use scheme at Wigmore Street, W1 with practical completion set for June 2013.

Having secured the UBM pre-let, we commenced construction of 240 Blackfriars Road, SE1 in January 2012. Completion of this high quality 237,700 sq ft development scheme is scheduled for March 2014.

2012 Property Awards Winner

Developer of the year

4 pre-lets of
£16.7m
p.a. of rent

Other committed schemes

At the now wholly-owned Walmar House, W1, we expect to commence the 59,200 sq ft refurbishment in June 2012. We will also shortly commence the rolling refurbishment of City Tower, EC2, our 139,600 sq ft office scheme owned in 50:50 joint venture with Starwood Capital.

Project preparation and pipeline

In December 2011, we appointed Make Architects to work with us on a revised proposal for our major 2.3 acre freehold West End site at Rathbone Place, W1. We expect to submit a new planning application in the next twelve months.

At Hanover Square, W1, having achieved planning consent for our 207,900 sq ft new build, mixed use development in May 2011 and signed the masterplan agreement with Crossrail, the majority of the buildings on the 1.3 acre site have now been demolished.

Work is underway by Crossrail to construct the Eastern ticket hall of the new Bond Street Crossrail station. Once the main station works are complete, scheduled for late 2015, we will commence development of our masterplan proposals.

+ See Investing for the future case study on pages 16 and 17

At 100 Bishopsgate, EC2 (held in our 50:50 joint venture with Brookfield), enabling works are progressing well and are expected to be completed by July 2012. Construction of the 948,600 sq ft tower building will only be commenced once a suitable pre-let has been entered into and discussions with a number of potential occupiers are on-going.

We are continuing to prepare a number of other pipeline projects, including 20 St James's Street, W1 and Fetter Lane, EC4, for potential starts over the next 18 months, market conditions permitting.

Committed schemes and pipeline

Development	Anticipated finish	New building area[1]	Cost to come £m[2]	Current ERV £m[2]	Secured income £m[2]
Committed – on site					
33 Margaret Street, W1	Oct 2012	103,200	12.1	7.5	7.3
95 Wigmore Street, W1	Jun 2013	111,400	14.7	3.7	–
240 Blackfriars Road, SE1	Mar 2014	237,700	44.7	5.3	2.5
		452,300	71.5	16.5	9.8
Committed					
Walmar House, 288/300 Regent Street, W1	Jan 2014	59,200	9.2	3.6	0.4
City Tower, Basinghall Street, EC2	Jun 2013	139,600	9.2	2.7	1.3
Total of committed		**651,100**	**89.9**	**22.8**	**11.5**
Near-term					
3 projects	2013–2016	573,700			
Pipeline					
13 Projects		2,056,000			
Total programme					
21 projects, 54% of GPE's existing portfolio		**3,280,800**			

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

Asset management

We have had a record leasing year completing 88 new lettings across 493,450 sq ft of space, securing £25.2 million of annual rent and with the market lettings at 6.5% ahead of the valuer's March 2011 ERV.

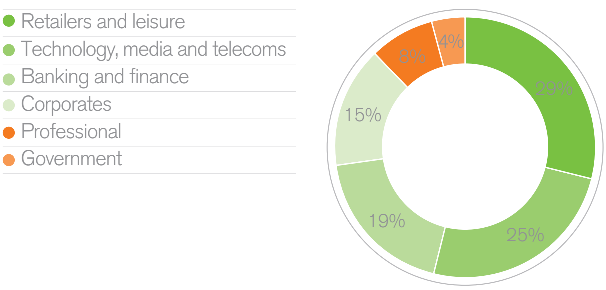
We consider that a close relationship with tenants is vital to our success and, therefore, too valuable to outsource to a third party. As a result, we manage all aspects of our property portfolio in-house enabling us to continuously refine our understanding of what tenants want and how we can meet their needs. Our Asset and Leasing Managers actively engage with our tenants so that as and when tenants' needs change, we are there to help with their property requirements. They also work closely with our Development team to make sure that vacant possession is achieved on a timely basis ahead of key development schemes, wherever possible relocating tenants to other buildings within our portfolio.

Our Asset Managers administer a portfolio of approximately 330 tenants across 45 sites from a diverse range of industries. This diversity limits our exposure to any one tenant or sector, with our ten largest tenants at 31 March 2012 accounting for around 30% of our rent roll.

Top ten tenants

		Rent roll £m	Rent roll %
1	The Engine Group	3.8	5.3
2	Intesa Sanpaolo	2.9	4.0
3	Royal Mail Group	2.6	3.6
4	New Look	2.6	3.6
5	Carlton Communications	2.3	3.2
6	VNU Business Publications	1.8	2.5
7	Kurt Geiger	1.5	2.1
8	Fallon London	1.5	2.1
9	Independent Television News	1.5	2.1
10	Cleary Gottlieb Steen & Hamilton	1.4	1.9
	Total	21.9	30.4

GPE tenant mix (including share of joint ventures)

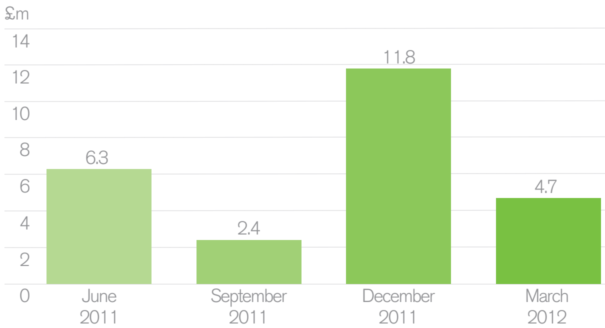


Our asset management successes

The highlights of a busy year were:

- 88 new leases and renewals completed (2011: 100 leases) generating annual rent of £25.2 million (our share £20.9 million; 2011 £9.2 million);
- a further 16 lettings were under offer at 31 March 2012 accounting for £1.8 million p.a. of rent (our share: £1.6 million);
- 17 rent reviews securing £5.5 million of rent (our share: £3.3 million; 2011 £5.4 million) were settled during the year, some 12.1% ahead of ERV at the rent review date;
- total space covered by new lettings, reviews and renewals during the year was 615,400 sq ft (2011: 477,000 sq ft); and
- a low investment portfolio EPRA vacancy rate of 3.3% at 31 March 2012 (2011: 2.7%).

New lettings and renewals by quarter



3.3%

EPRA vacancy rate

"Our close relationships with tenants are too valuable to outsource to a third party."

New leasing activity

Leasing activity for the year was strong; of the 88 total lettings completed overall, the 60 open market transactions were at rents 6.5% ahead of the valuer's 31 March 2011 ERV estimates. Excluding the four pre-let deals in the year, the remaining market transactions were completed at 13.3% ahead of the 31 March 2011 ERV. The remaining 28 smaller lettings were below the 31 March 2011 ERV as they were short-term deals to maintain income ahead of potential future redevelopments.

During the year, we have had a number of significant letting events which have helped to secure rental income and drive capital growth, including the major pre-lettings detailed in the Development management section on page 30.

+ See 240 Blackfriars Road and 33 Margaret Street case studies on pages 12 and 13

+ See 160 Great Portland Street case study on pages 14 and 15

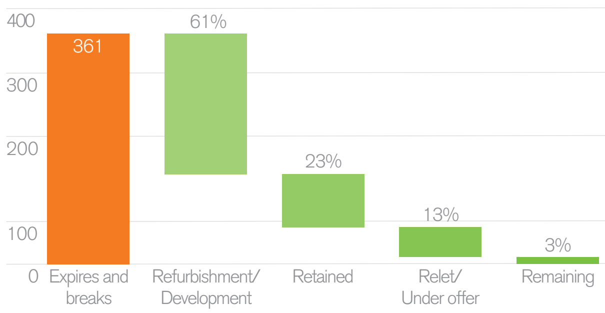
In September 2011, we made the decision to defer the redevelopment of the Piccadilly Buildings, SW1 (51,800 sq ft of office space) due to the prevailing economics of securing vacant possession across the entire scheme. Instead we adopted a revised strategy to retain existing tenants where appropriate and undertake refurbishment works on the balance of the space in order to achieve an increase in rental cash flow. By November 2011, we had 27,400 sq ft let or under offer at around a 13.0% premium to the valuer's 31 March 2011 ERV. We have now started the refurbishment of the remaining 24,400 sq ft of space. Together, this activity has helped us to set new benchmark ERVs across the property helping to drive the 16.1% valuation increase of the buildings during the year.

At Mount Royal, 508/540 Oxford Street, W1, our prime 88,400 sq ft retail holding, one of our tenants, a shoe retailer, went into administration in December 2011. We paid approximately £0.5 million to the administrator to regain control of the unit and immediately re-let the space to the international shoe retailer Geox. This transaction allowed us to increase the Zone A rent from £369 per sq ft to more than £500 per sq ft and created open market rental evidence that will flow across the rest of the holding as a number of rent reviews and lease renewals are due to be settled during 2012. This has helped the building to perform strongly with its value increasing by 14.8% in the year to 31 March 2012.

Tenant retention

In the year, 168 leases covering around 361,000 sq ft of space with a rental value of £11.6 million were subject to lease expiry or tenant break. After stripping out 61% where we are refurbishing the space or need vacant possession to enable development, tenants were retained for 23% of this space by area and by the end of March 2012, we had leased or put under offer a further 13%, leaving only 3% to transact.

Tenant retention by area (000 sq ft)



Together, our strong letting and tenant retention performance has helped keep our EPRA vacancy rate low at 3.3% at 31 March 2012.

Financial management

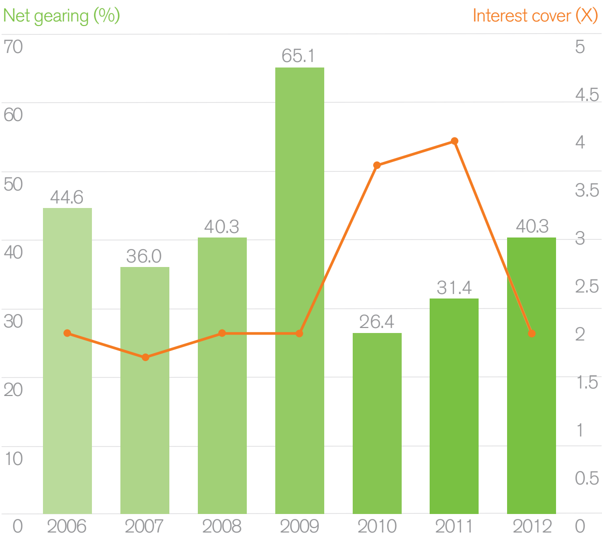
Conservative, low-cost leverage and high liquidity are all core to our business model. We have secured £510 million of new debt facilities in the year and have maintained our debt book as one of the lowest cost in the sector.

Our approach

We seek to minimise our cost of capital through the appropriate mix of equity and debt finance, and ensure that we have access to sufficient financial resources to implement our business plans successfully. Optimising and flexing the allocation of our capital across our portfolio, including between our investment and development activities, is key to our business and ensures that we maximise returns on a risk adjusted basis through the property cycle. The use of joint ventures allows us to not only access third party equity but also to source new real estate opportunities and share risks.

We believe that we should deliver returns that are enhanced – and not driven – by our financial leverage. As a result, historically, we have maintained low gearing relative to the property sector. This helps provide downside protection as well as maintaining the financial flexibility to allow us to act quickly on new investment opportunities as they arise. Our sources of debt funding are diverse, both secured and unsecured, and include the public, private and bank markets. We maintain an attractive debt maturity ladder designed to fit with our business needs.

Net gearing and interest cover



Recent debt financing activity

We have had another successful year for debt financing with £510.4 million (our share: £473.9 million) of new debt facilities secured. In particular, we have sought to extend our debt maturity profile and, given the current low interest rate environment, lock in attractive borrowing rates. Key financings in the year include:

- in June 2011, we drew down on £159.7 million of sterling and US dollar unsecured private placement notes (mix of seven and ten year) with a weighted average fixed sterling interest rate of 5.3%. We hedged these fixed coupons into a capped arrangement and are currently bearing interest on these notes at 4.2%;
- in July 2011, we cancelled £150.0 million of the £200.0 million revolving credit facility which was due to mature in July 2012. The remaining £50.0 million was cancelled in February 2012;
- in November 2011, our GRP joint venture successfully completed a £73.0 million (our share: £36.5 million) non-recourse, seven year bank financing to part fund the purchase of 200 & 214 Gray's Inn Road. The loan was provided at an all-in rate of 4.5% swapped for the full term of the loan;
- in February 2012, we entered into a new £150.0 million five year unsecured revolving credit facility with four relationship banks. This facility has a margin grid related to gearing which varies from 175 to 250 basis points over Libor, and identical covenants to both our £350.0 million revolving credit facility which matures in November 2015 and our private placement notes; and
- in March 2012, we priced a follow-on private placement issue of £127.7 million US dollar unsecured notes (mix of seven and ten year). The notes were placed with a select group of institutional investors, more than half being new investors in GPE. The notes have a weighted average fixed sterling interest rate of 4.6% and will be drawn down on 30 May 2012.

"The Group has no significant near-term debt maturities, the debt maturity profile has been lengthened and our robust liquidity position has been further enhanced."

59%

of debt from non-bank sources

Since March 2012, following our purchases from GCP and the completion of other sales by the partnership, the non-recourse bank debt in GCP has been paid down from £225.0 million to £162.0 million (our share: £81.0 million) and this will likely reduce further if additional sales by GCP are pursued. We are also making good progress in the refinancing of the non-recourse debt in GVP which matures in October 2012. The high quality properties in GVP are modestly debt financed at a loan to property value of 29% and we expect to refinance the existing £56.7 million (our share: £28.4 million) of bank debt in the coming months at an all-in cost below the current 5.5% interest rate.

Attractive debt maturity profile, diverse debt sources and strong liquidity

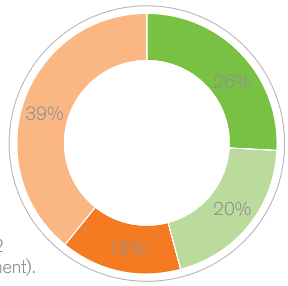
As a result of these activities, the Group has no significant near-term debt maturities, the debt maturity profile has been lengthened and our robust liquidity position has been further enhanced.

Our sources of debt funding remain diverse. We maintain a combination of secured and unsecured financings, which we have accessed from the public and private bond markets, along with the bank market. At 31 March 2012, pro forma for our most recent £127.7 million private placement note issue, 59% of our total drawn debt was provided from non-bank sources and our weighted average drawn debt maturity was 7.6 years.

Diversified sources of debt funding

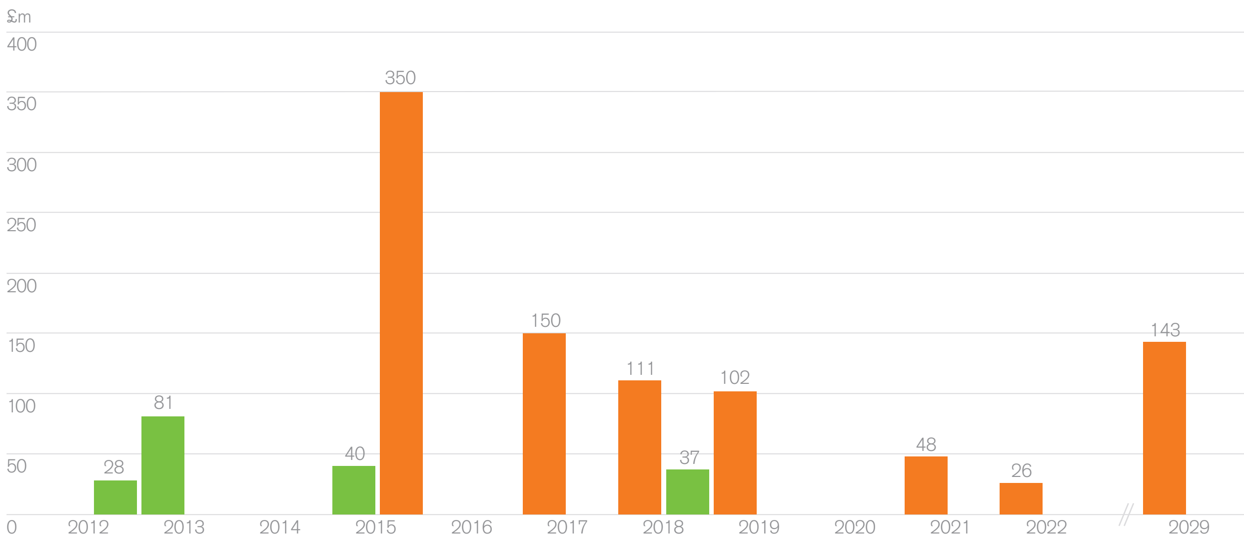
Secured
- JV bank debt
- Debenture bonds

Unsecured
- Group revolving bank facilities
- Private placement notes



Based on drawn position at 31 March 2012 (pro forma for £127.7 million private placement).

Debt maturity profile



- JV bank facilities at our share
- Group debt

Based on committed facilities at 31 March 2012 (pro forma for £127.7 million private placement to be drawn down in May 2012 and £63.0 million GCP debt paid down in April 2012)

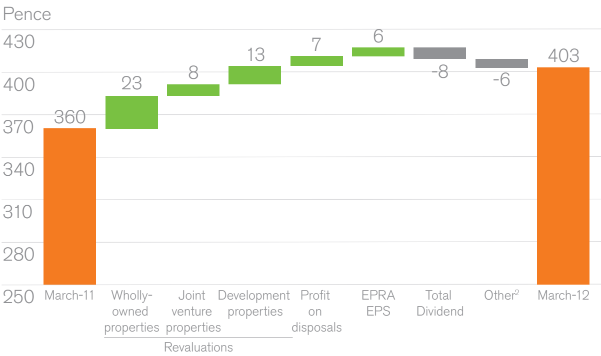
Our financial position

The Group's financial results reflect the successful execution of our strategic priorities and a robust central London investment market. Our capital recycling initiatives, proactive asset management and development programme have boosted the key balance sheet values compared to last year.

Net asset value

EPRA net assets per share (NAV) at 31 March 2012 was 403 pence per share, an increase of 11.9% over the year, largely due to the rise in value of the property portfolio. At 31 March 2012, the Group's net assets were £1,238.3 million, up from £1,112.7 million at 31 March 2011.

EPRA net assets per share[1]



1. Adjusted per EPRA guidance
2. Includes 7 pence per share provision for potential profit share payment to Eurohypo

The main factors behind the 43 pence per share increase in NAV from the 31 March 2011 value were:

– the rise of 44 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 13 pence and the revaluation of our holdings at Hanover Square (following signing of the masterplan development agreement and the grant of planning permission) added a further 15 pence;

– profit on property disposals added 7 pence per share to NAV;

– EPRA earnings for the year of 6 pence per share enhanced NAV;

– dividends of 8 pence per share reduced NAV; and

– the provision for potential future payments to Eurohypo under the profit share agreement following the successful pre-letting of our development at 33 Margaret Street reduced NAV by 7 pence per share.

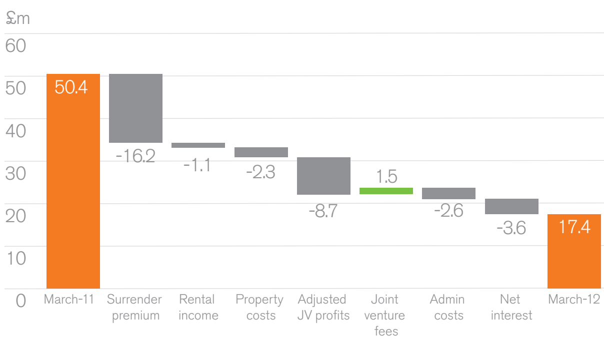
At 31 March 2012, the Eurohypo profit share provision was £22.0 million (compared to a maximum potential future payment of £25.5 million). It is anticipated that this payment will be made towards the end of 2012 on practical completion of 33 Margaret Street, at which point the joint venture arrangements with Eurohypo will terminate.

Triple net assets per share (NNNAV) was 395 pence per share at 31 March 2012 compared to 362 pence per share at 31 March 2011 (up 9.1%). At the year end, the difference between NAV and NNNAV was the negative mark to market of debt and derivatives of 8 pence, mainly arising from the Group's 2029 debenture, private placement notes and hedging derivatives in our joint ventures. There was no net movement in deferred tax provisions during the year.

Income statement and earnings per share

Although we have had a record leasing year, as we highlighted at the time of the Preliminary Results in May 2011 the income statement is witnessing the short-term effects of investing in our development and refurbishment projects, which, in particular, has reduced joint venture profits and increased property costs. As anticipated, the large surrender premium receipts in 2011 have also not been repeated in this financial year. As a result, EPRA profit before tax at £17.4 million was 65.5% lower than last year, or 33.3% lower if surrender premium receipts are excluded. The main reasons for this decline are set out in the chart below.

EPRA profits before tax[1]



1. Adjusted per EPRA guidance

403p

EPRA net assets per share

"Development properties boosted NAV by 13 pence per share."

Rental income from our wholly-owned properties was £46.4 million, down £17.3 million on last year, predominantly due to lower surrender premium receipts, which this year totalled £5.3 million (2011: £21.5 million). Excluding surrender premium receipts, Group rental income was £41.1 million, down £1.1 million or 2.6% on last year. However, adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 2.6% on the prior year.

Joint venture fees for the year were £5.6 million, up 36.6% on last year. This increase was a result of property sales by GCP and the expansion of GRP.

Property costs for the wholly-owned properties were higher than last year at £6.3 million, principally due to void costs on properties being held vacant ahead of development or refurbishment and third party costs related to our management of joint ventures.

Administration costs were £19.9 million, an increase of £2.6 million on last year, reflecting our 21% increase in headcount over the last two years and costs associated with an aborted property purchase in the first half of the year.

EPRA profits from joint ventures (excluding fair value movements) were £5.7 million, down from £14.4 million on last year. This fall mainly resulted from the loss of rents at 100 Bishopsgate and Wigmore Street as vacant possession was achieved last year ahead of the commencement of development works. Our share of joint venture interest expenses and overhead costs were £3.5 million higher year on year.

Underlying net finance costs were 34.3% higher at £14.1 million (2011: £10.5 million) due to the increased Group net debt position and an increase in the Group's weighted average cost of debt following the drawdown of the £159.7 million private placement notes on 30 June 2011.

Revaluation gains and underlying profits enabled the Group to report an accounting profit after tax of £155.2 million (2011: £260.1 million). Basic EPS for the year was 50.2 pence, compared to 83.8 pence for 2011.

EPRA earnings per share were 5.6 pence (2011: 16.0 pence) and in line with our expectations.

Results of joint ventures

The Group's net investment in joint ventures was £538.2 million, up from £449.8 million at 31 March 2011, largely due to property valuation increases of £32.4 million, the purchase of 200 & 214 Gray's Inn Road in GRP and capital expenditure on 33 Margaret Street and 95 Wigmore Street, offset by a valuation decline at 100 Bishopsgate and £43.8 million of distributions, primarily from GCP following property sales.

Our share of joint venture net rental income was £24.4 million, down from £29.6 million last year, as a result of loss of rents as vacant possession was achieved as described above. The underlying joint venture profits are stated after charging £5.6 million of GPE management fees (2011: £4.1 million).

Our share of non-recourse net debt in the joint ventures increased to £187.8 million at 31 March 2012 from £164.9 million at 31 March 2011, principally due to the new debt financing secured by GRP following the purchase of 200 & 214 Gray's Inn Road.

Our financial position

"The quarterly cash collection profile has been strong throughout the year. We secured over 98% of rent after seven working days."

Financial resources and capital management

Group consolidated net debt was £499.1 million at 31 March 2012 up from £349.1 million at 31 March 2011 as a consequence of acquisitions and development capital expenditure, partly mitigated by disposals and operational cash flow. Group gearing rose to 40.3% at 31 March 2012 from 31.4% at 31 March 2011 as higher debt levels prevailed over the portfolio valuation rise. Including the non-recourse debt in the joint ventures, total net debt was £686.9 million (31 March 2011: £514.0 million) equivalent to a loan to value ratio of 34.2% (31 March 2011: 31.1%).

Debt analysis

	March 2012 £m	March 2011 £m
Net debt excluding JVs	**499.1**	349.1
Net gearing	**40.3%**	31.4%
Total net debt including 50% JV non-recourse debt	**686.9**	514.0
Loan-to-property value	**34.2%**	31.1%
Total net gearing	**55.5%**	46.2%
Interest cover	**2.0x**	4.0x
Weighted average cost of debt	**4.5%**	4.3%
% of debt fixed/hedged	**69%**	57%
Cash and undrawn facilities	**457**[1]	518

Note 1: Pro forma for £127.7 million US private placement proceeds to be drawn down on 30 May 2012 and property investment transactions which had not completed by 31 March 2012.

Pro forma for property investment transactions which had not completed by 31 March 2012 (including the £150.0 million of purchases by the Group from GCP), gearing was 42.7% (representing a loan to property value ratio of 35.1%) and total debt (including joint ventures) was £685.1 million. The Group, including its joint ventures, is operating with substantial headroom over its bank, private placement note and debenture covenants.

At 31 March 2012, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £328.5 million, or £457.3 million pro forma for our most recent £127.7 million private placement, which will be drawn down on 30 May 2012, and property investment transactions which had not completed by 31 March 2012. The Group's weighted average cost of debt (including fees) for the period was 4.5%, a small increase of 20 basis points compared to the prior year. At 31 March 2012, 69% of the Group's total debt (including non-recourse joint ventures) was at fixed or hedged rates (2011: 57%). Interest cover for the year was 2.0x (2011: 4.0x). Looking ahead, our most recent private placement note issue will increase our proportion of fixed rate debt and may marginally increase our weighted average cost of debt.

Cash collection and tenant delinquencies

The quarterly cash collection profile has been strong throughout the year. We secured over 98% of rent after seven working days following the March 2012 quarter day, consistent with our performance for the September and December 2011 quarters. Tenants on monthly payment terms represent around 4% of our rent roll (March 2011: 8%). Two of our tenants went into administration around the March 2012 quarter day, accounting for 0.4% of total rent roll (March 2011: nil).

“The Group, including its joint ventures, is operating with substantial headroom over its bank, private placement note and debenture covenants.”

£457m

Cash and undrawn credit facilities

Taxation

The tax charge in the income statement for the year is £nil (2011: £0.9 million) and the underlying effective tax rate was 0% (2011: 0%) as a result of the tax free nature of much of the Group’s income and other allowances being available to set against non-REIT profits. The charge in 2011 resulted from the REIT conversion charge on the purchase of 35 Portman Square, W1. The Group complied with all relevant REIT tests for the year to 31 March 2012.

Dividend

The Board has declared a final dividend of 5.2 pence per share (2011: second interim 5.1 pence) which will be paid in July 2012. Of this dividend, 1.7 pence per share will be a REIT Property Income Distribution (PID) in respect of the Group’s tax exempt property rental business.

Outlook

We have had a strong year, outperforming the London commercial property market with a record level of leasing, significant development successes, accretive acquisitions, disposals ahead of book value and the efficient replenishment of our financial firepower with new, low-cost debt.

Whilst we can expect further turbulence in the UK and Eurozone economies, conditions in London’s property markets, particularly the West End, remain favourable. Tenant demand for new space is trending at the long-run average, with some pockets of strong interest from the likes of the TMT sector, whilst the supply of new space is low. Over the next few years, absent a material economic set back, given the scarcity of development finance and minimal development completions, we expect this balance to move further in landlords’ favour, supporting the case for rental growth.

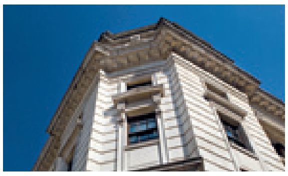
London continues to attract a significant flow of investment capital from around the world. As a result, we expect yields for prime assets, particularly in the West End, to remain stable for the time being.

In this market context, we expect to continue to outperform. Our developments are attracting healthy tenant interest and delivering material surpluses, whilst our conservative gearing combined with plentiful, low-cost firepower will enable us to deliver on our existing growth plans and exploit new opportunities as we find them.

Featured properties

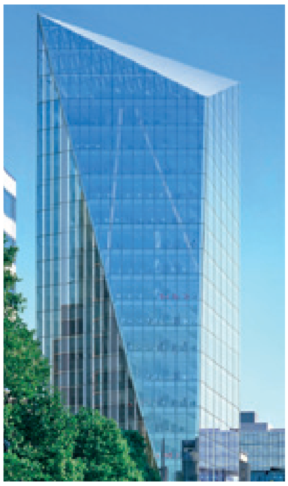
More information on our portfolio, including our featured properties can be found on the Group's website at www.gpe.co.uk/property

Wigmore Street Island Site
138,100 sq ft
North of Oxford Street



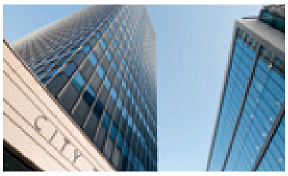
20 St James's Street
55,500 sq ft
Rest of West End

City Place House, 55 Basinghall Street
177,100 sq ft
City



240 Blackfriars Road
237,700 sq ft
Southwark

24/25 Britton Street
51,400 sq ft
Midtown



City Tower, 40 Basinghall Street
148,200 sq ft
City

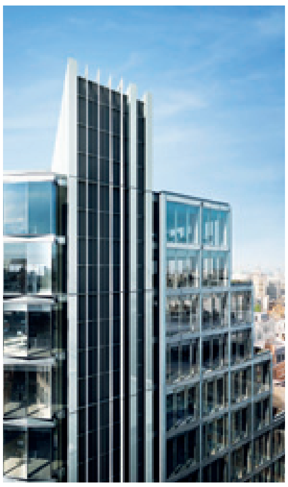
Hanover Square Estate
59,500 sq ft
Rest of West End

200 & 214 Gray's Inn Road
292,900 sq ft
Midtown

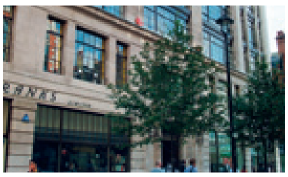
35 Portman Square
73,000 sq ft
North of Oxford Street

Mount Royal 508/540 Oxford Street
88,400 sq ft
North of Oxford Street

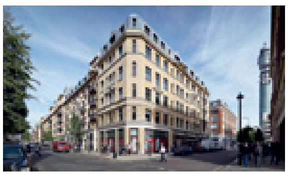
60 Great Portland Street
93,500 sq ft
North of Oxford Street



Fetter Lane Site
53,600 sq ft
Midtown



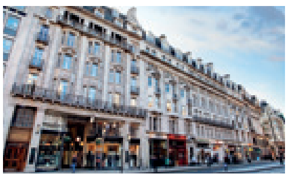
Kent House, 14/17 Market Place
59,300 sq ft
North of Oxford Street



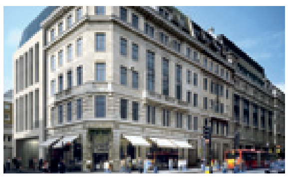
160 Great Portland Street
92,900 sq ft
North of Oxford Street

Wells & More, 45 Mortimer Street
123,200 sq ft
North of Oxford Street

46/58 Bermondsey Street
46,800 sq ft
Southwark



The Piccadilly Buildings
131,400 sq ft
Rest of West End



33 Margaret Street
103,200 sq ft
North of Oxford Street

Portfolio statistics at 31 March 2012

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	23.7	1.5	25.2	1.3	0.1	1.4	26.6
		Retail	3.9	(0.1)	3.8	3.9	1.6	5.5	9.3
	Rest of West End	Office	9.0	2.1	11.1	4.2	0.7	4.9	16.0
		Retail	3.6	0.5	4.1	3.3	0.6	3.9	8.0
	Total West End		**40.2**	**4.0**	**44.2**	**12.7**	**3.0**	**15.7**	**59.9**
	City, Midtown and Southwark	Office	8.3	1.2	9.5	9.7	1.0	10.7	20.3
		Retail	0.9	0.5	1.4	–	–	–	1.3
	Total City, Midtown and Southwark		**9.2**	**1.7**	**10.9**	**9.7**	**1.0**	**10.7**	**21.6**
Total let portfolio			**49.4**	**5.7**	**55.1**	**22.4**	**4.0**	**26.4**	**81.5**
Voids					2.3			1.5	3.8
Pre-let developments/refurbishments					4.8			9.5	14.3
Premises under development/refurbishment					6.0			8.8	14.8
Total portfolio					**68.2**			**46.2**	**114.4**

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	30.5	5.2	2.4	–	3.6	5.1
		Retail	50.2	7.7	1.3	70.9	7.9	4.2
	Rest of West End	Office	2.8	2.2	3.4	6.1	3.1	2.8
		Retail	36.9	4.9	8.7	79.4	13.2	0.6
	Total West End		**26.8**	**4.7**	**3.3**	**45.3**	**7.4**	**3.9**
	City, Midtown and Southwark	Office	81.1	8.0	4.4	39.8	5.3	1.9
		Retail	70.9	7.7	–	–	–	–
	Total City, Midtown and Southwark		**80.1**	**7.9**	**4.0**	**39.8**	**5.3**	**2.0**
Total let portfolio			**37.0**	**5.3**	**3.4**	**42.9**	**6.5**	**3.2**

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	34	38	27	53	4.5	5.3	4.6	4.7
		Retail	30	31	78	103	5.1	5.2	4.2	5.0
	Rest of West End	Office	35	46	41	47	1.3	4.6	3.9	5.4
		Retail	56	61	53	63	1.4	4.7	4.3	5.2
	Total West End		**35**	**41**	**49**	**58**	**3.5**	**5.2**	**4.2**	**5.2**
	City, Midtown and Southwark	Office	31	36	35	40	3.8	5.8	5.6	6.5
		Retail	21	32	–	28	4.1	5.7	–	–
	Total City, Midtown and Southwark		**30**	**36**	**35**	**40**	**3.8**	**5.8**	**5.6**	**6.5**
Total let portfolio			**34**	**40**	**42**	**49**	**3.5**	**5.2**	**4.5**	**5.5**

Our properties

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £m	Net internal area sq ft
£100 million plus					
100%	Hanover Square Estate	Rest of West End	FH	1,163,000	59,500
100%	Rathbone Place	North of Oxford Street	FH	2,614,000	222,300
100%	33 Margaret Street	North of Oxford Street	LH	295,000	103,200
100%	Wells & More, 45 Mortimer Street	North of Oxford Street	FH	4,482,000	123,200
£75 million – £100 million					
100%	60 Great Portland Street	North of Oxford Street	FH	4,546,000	93,500
50%	508/540 Oxford Street	North of Oxford Street	LH	3,473,000	88,400
100%	160 Great Portland Street	North of Oxford Street	FH	72,000	92,900
£50 million – £75 million					
50%	200 & 214 Gray's Inn Road	Midtown	LH	4,460,300	292,900
100%	35 Portman Square	North of Oxford Street	LH	4,336,000	73,000
100%	90 Queen Street	City	FH	3,485,000	68,400
50%	100 Bishopsgate	City	FH	200,000	27,400
50%	The Piccadilly Buildings	Rest of West End	LH	2,919,500	131,400
100%	14/17 Market Place	North of Oxford Street	LH	2,842,000	59,300
50%	Wigmore Street Island Site	North of Oxford Street	FH	223,000	138,100
100%	20/30 Great Titchfield Street	North of Oxford Street	FH	2,729,000	66,900
100%	73/89 Oxford Street	Rest of West End	LH	3,045,000	82,100
50%	City Place House, 55 Basinghall Street	City	LH	3,697,500	177,100
£40 million – £50 million					
100%	20 St James's Street	Rest of West End	LH	1,599,000	55,500
100%	14/20 St Thomas Street	Southwark	FH	2,495,000	97,800
100%	26/30 Broadwick Street	Rest of West End	FH	2,558,000	70,500
50%	Park Crescent West	North of Oxford Street	LH	1,074,500	129,500

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £m	Net internal area sq ft
£30 million – £40 million					
100%	288/300 Regent Street & 13/14 Great Castle Street	North of Oxford Street	LH	371,000	52,100
100%	126/130 Regent Street	Rest of West End	LH	1,865,000	30,800
50%	100 Regent Street and 33 Glasshouse Street	Rest of West End	LH	1,336,500	53,100
100%	24/25 Britton Street	Midtown	FH/LH	1,562,000	51,400
50%	City Tower, 40 Basinghall Street	City	LH	1,331,500	148,200
£20 million – £30 million					
100%	Fetter Lane Site	Midtown	FH/LH	–	53,600
50%	19/25 Argyll Street	Rest of West End	LH	1,684,500	64,800
100%	10/12 Cork Street	Rest of West End	LH	912,000	21,400
100%	78/92 Great Portland Street	North of Oxford Street	FH	648,000	51,100
100%	46/58 Bermondsey Street	Southwark	FH	1,207,000	46,800
100%	27/35 Mortimer Street	North of Oxford Street	FH	1,003,000	31,700
£10 million – £20 million					
100%	24/31 Holborn	Midtown	FH	458,000	64,200
100%	48/54 Broadwick Street	Rest of West End	FH	866,000	29,800
50%	103/113 Regent Street	Rest of West End	LH	1,225,000	52,800
50%	240 Blackfriars Road	Southwark	FH	–	237,700
100%	Newman Street	North of Oxford Street	FH	188,000	20,600
100%	33/35 Gresse Street and 23/24 Rathbone Place	North of Oxford Street	FH	875,000	24,500
100%	37/41 Mortimer Street	North of Oxford Street	FH	635,000	24,700
100%	6/10 Market Place	North of Oxford Street	FH	761,000	18,400
50%	40/48 Broadway & 1/15 Carteret Street	Rest of West End	LH	342,000	73,800
100%	59/63 Wells Street	North of Oxford Street	FH	920,000	25,300
100%	122/124 Regent Street	Rest of West End	LH	582,000	8,800
Below £10 million					
100%	32/36 Great Portland Street	North of Oxford Street	FH	379,000	12,900
100%	183/190 Tottenham Court Road	North of Oxford Street	LH	339,000	11,900

Key: FH = Freehold or virtual Freehold
LH = Leasehold

Board of directors

Martin Scicluna BCom, FCA
Chairman, Non-Executive

Appointed to the Board in October 2008 and became Chairman in March 2009. Non-Executive Director and Chairman of the Audit Committee of Lloyds Banking Group and previously Chairman of Deloitte from 1995 to 2007. Age 61.

Chairman of the Nomination Committee.

Toby Courtauld MA, MRICS
Chief Executive

With MEPC from 1991 to 2002, joined the Group and appointed to the Board in 2002. A Non-Executive Director of Liv-ex Limited and of the London Board of Royal & Sun Alliance and a member of the Management Board of the Investment Property Forum. Member of the Policy Committee and President of the British Property Federation and a director of The New West End Company. Age 44.

Charles Irby FCA
Non-Executive Director

Non-Executive Director of North Atlantic Smaller Companies Investment Trust and QBE Insurance Group Limited and formerly Chairman of Aberdeen Asset Management. Appointed to the Board in 2004. Age 66.

Senior Independent Director. Chairman of the Remuneration Committee and Member of the Audit and Nomination Committees.

Jonathan Nicholls BA(Hons), ACA, FCT
Non-Executive Director

Non-Executive Director and Chairman of the Audit Committee of SIG plc and DS Smith Plc. Formerly Group Finance Director of Old Mutual plc from 2006 to 2008 and previously Group Finance Director of Hanson plc. Appointed to the Board in 2009. Age 54.

Chairman of the Audit Committee and Member of the Remuneration and Nomination Committees.

Nick Sanderson BA (Hons), ACA
Finance Director

Formerly head of Real Estate Corporate Finance Advisory at Deloitte, previously with Nomura, Lehman Brothers and UBS. Joined the Group and appointed to the Board in 2011. Member of the Finance Committee of the British Property Federation. Age 39.

Neil Thompson BSc(Hons), MRICS
Portfolio Director

With Derwent Valley from 1996 to 2002 and previously with Legal & General. Joined the Group in 2002 and appointed to the Board in 2006. Member of the Management Board and Management Executive of the British Council of Offices and Council Member and Member of the Operations Working Group of the Westminster Property Association. Age 44.

Phillip Rose MA, FFin, FSI
Non-Executive Director

Chief Executive Officer of Alpha Real Capital and a Non-Executive Director of Hermes Property Unit Trust. Head of Real Estate for ABN Amro from 2002 to 2005 and formerly Chief Operating Officer of TrizecHahn Europe and Managing Director of Lend Lease Global Investments. Appointed to the Board in 2005. Age 52.

Member of the Audit and Nomination Committees.

Jonathan Short BSc, ACIB
Non-Executive Director

Founding Partner and Executive Chairman of Internos Real Investors LLP, a pan-European real estate investment management business. Non-Executive Director of Big Yellow Group plc, Independent Director to the Grosvenor Shopping Centre Fund and Trustee of the Urban Land Institute. Appointed to the Board in 2007. Age 50.

Member of the Audit and Remuneration Committees.

Our people

How do we operate?

Our company culture lies at the heart of our ability to achieve our strategic priorities. It drives our operational success and helps us attract, develop, motivate and retain our talented employees.

Our culture is entrepreneurial and pragmatic, with a high level of involvement from senior and executive management and an emphasis on cross discipline teamwork. We recognise the benefits of such a positive culture and work hard to maintain it through:

- a flat management structure;
- regular and effective communication with an 'open door' policy;
- regular meetings held weekly, monthly and quarterly across the various teams on different aspects of the business;
- encouraging our people to be innovative, to think outside the box and have a 'can do' attitude;
- a disciplined approach – providing clear policies and procedures and instilling a strong sense of responsibility for active risk management;
- a collegiate style, with recognition of a project's success being based upon the contribution and smooth interaction of every member of the team;
- recruiting high quality individuals with a constructive mindset and valuable experience;
- matching the right people to the right roles and taking action where there are gaps;
- an effective performance management system;
- providing well constructed and fair reward systems designed to incentivise superior performance and align employees' and shareholders' interests;
- ensuring continual improvement of the skills and competency of our employees at all levels and across all disciplines through appropriate training and development courses; and
- fostering a friendly environment which engenders a strong camaraderie.

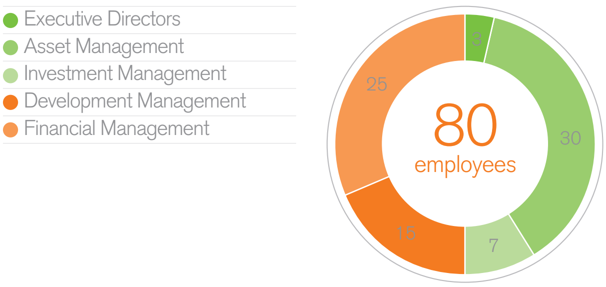
Our team

Our team brings together specialist skills used to manage our portfolio on a building by building basis to ensure the achievement of our strategic priorities across the life-cycle of our buildings.

For more on what our teams have done during the year see:

+ Investment management pages 26 to 29
+ Development management pages 30 and 31
+ Asset management pages 32 and 33
+ Financial management pages 34 and 35

Employee profile – number of employees as at 31 March 2012



Diversity

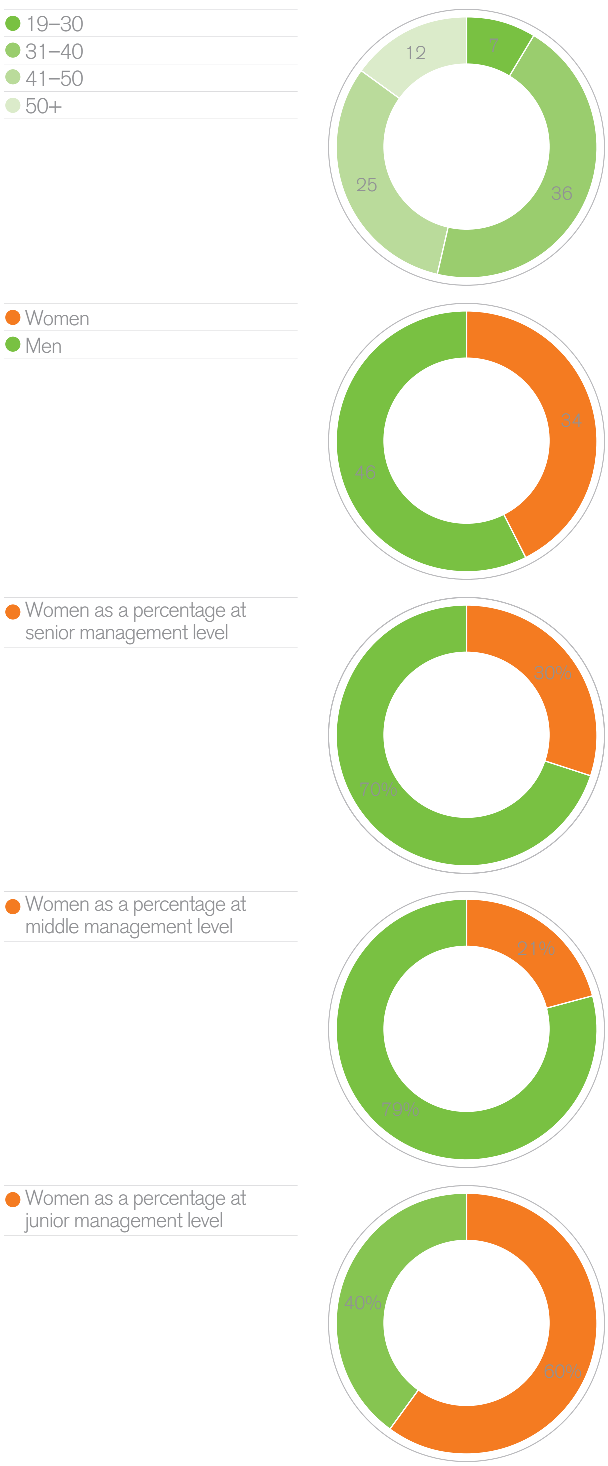
Our culture is grounded in mutual respect and non-discrimination irrespective of age, disability, gender, race, religion, sexual orientation or educational background.

Whilst our policy remains that selection should be based on the best person for the role, we recognise the benefits of gender diversity and will continue to ensure that this is taken into account when considering any particular appointment.

Where possible, we support part-time working and flexible hours with 17% of employees enjoying some form of flexible working practices.

Toby Courtauld, Chief Executive

Employee profile – age and gender diversity



Retention, training and development

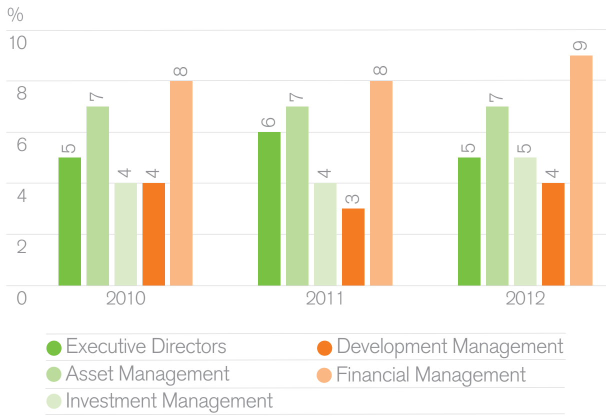
Our ability to attract and retain talented and committed individuals is based on three key building blocks:

– an effective performance management system;

– a well-constructed and fair reward system designed to incentivise superior performance and align employees' and shareholders' interests; and

– continual improvement of the skills and competency of our employees at all levels and across all disciplines through appropriate training and development courses.

Employee profile – average period of service



Joining us

All new employees receive a bespoke induction to the Group, including formal meetings with different teams, property tours and training in 'the GPE way', to help them understand our culture from the very start.

New joiners also complete a questionnaire in their first year to:

– identify any ways in which their experience with the Company differed from their expectations;

– determine any processes or practices in operation at their previous place of work that we could usefully introduce to the Group;

– review their understanding of their role and our expectations of them; and

– ascertain their aspirations for their own personal development.

Our people

“78% of our employees participate in our optional Share Incentive Plan”

Employees appraisal, remuneration, development and communication through the year

Appraisal process

Month	Actions
March	Pre-performance review meeting held between Chief Executive, Company Secretary and Line Managers.
	Year-end performance review held between Line Managers and employees.
	Employees and Line Managers discuss and set personal objectives and targets for the forthcoming year.
	Review of development needs and proposed training.
September	Six monthly performance review held between Line Managers and employees of:
	– progress against personal objective and targets; and
	– training undertaken.

At the start of each year, employees agree with their Line Managers their personal objectives, designed to help the Company meet its strategic goals. Through a formal six monthly appraisal process, Line Managers meet with employees to review their progress against these objectives, the outcome of which, at the year end, helps form the basis for reward under the personal objectives element of the Group's bonus plan.

Remuneration

Month	Actions
January/ February	Market review and benchmarking of employee salaries.
March	Executive Committee review salary levels vs. market review, performance against personal objectives and targets, proposed discretionary bonuses and proposed LTIP awards.
	Remuneration Committee review of remuneration levels proposed for all employees and approve Senior Manager and Executive Director salary levels, discretionary bonuses and LTIP awards.
April	Formal feedback to employees of salary reviews and discretionary bonuses.
May	Payment of corporate bonuses, where targets met.
June	LTIP awards vest where targets met.

Remuneration plays an important role in retaining and motivating our people. Annual bonuses reward all employees for achieving and exceeding corporate and personal objectives. A number of senior managers also participate in our three year long-term incentive plans, where the vesting of awards is based on the fundamental measures that demonstrate our performance. These are:

– growth in absolute Net Asset Value per share;

– relative Total Shareholder Return; and

– relative Total Property Return.

In addition, all employees have the opportunity to join our 'two for one' Share Incentive Plan with over 78% of our employees participating.

Training and development

Month	Actions
March/April	Review of development needs, training undertaken in the previous year and proposed training for the coming year.
	Sustainability update seminar for the investment management, property management and development teams to highlight changes in the Group's sustainability objectives.
September	Review of training undertaken by individuals with Line Managers.
	Review of training undertaken by all employees by Executive Committee.

We encourage our people to develop their careers with us, and provide both funding and study leave to enable them to access professional development opportunities, including:

– formal training for professional qualifications;

– external degrees; and

– vocational skills.

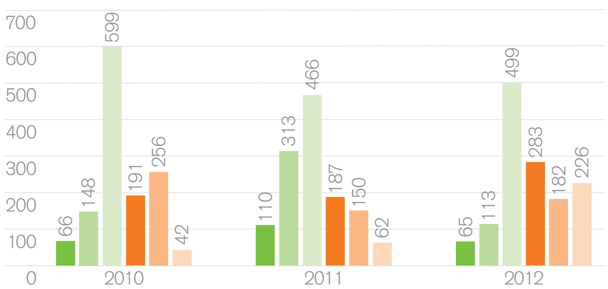
We formally consider the training needs of all employees every six months.

During the year £47,818 was invested in formal staff training providing 1,368 hours of training. Training programmes included business related topics, sustainability actions, personal skills and facilities management qualifications.

1,368 hours

training undertaken averaging 2.5 days per employee

Total number of training hours



Employee engagement and communication

Month	Actions
February	Following input from employees, the Environmental Policy Committee finalise the Group's corporate sustainability objectives and targets for the forthcoming year and communicate to all employees.
	Employees are informed of the year-end performance review process and the focus of objectives and targets for the forthcoming year.
March	Quarterly Review – formal presentation to all employees by the Chief Executive followed by a question and answer session.
April	Feedback from performance review from Line Managers to Executive Committee and proposed actions.
May	Achievement of the Group's sustainability objectives and targets for the previous year is communicated to all employees.
	Quarterly Review – formal presentation to all employees on the Group's results by the Executive Directors followed by a question and answer session.
September	Quarterly Review – formal presentation to all employees by the Chief Executive followed by a question and answer session.
October	Feedback from the half year performance review process from Line Managers to Executive Committee and review of action plan.
November	Quarterly Review – formal presentation to all employees by the Chief Executive followed by a question and answer session.

Ongoing communication

Regular and effective communication lies at the heart of our employee engagement strategy.

Our approach is based on:

– an open door policy;

– weekly meetings held across and within departments;

– weekly meetings with non-office based employees to ensure their involvement and to encourage the sharing of best practice;

– weekly presentations from key people from the Finance, Asset, Investment and Development management teams to the Executive Committee. Areas covered include credit control, marketing to tenants, investment transactions and opportunities, and development appraisals as well as updates on how the relevant risks are being managed. From time to time, senior managers are also asked to present to the Board and Audit Committee on a variety of topics;

– employees at all levels being involved in developing our operating policies; and

– quarterly presentations to all our people from the Executive Directors on our results and progress and plans for the coming year, together with presentations from senior managers on specific projects. These presentations ensure that our people are fully engaged in our plans and activities, and also act as a forum for the Executive Directors to answer any questions. In the year ended 31 March 2012, two of our presentations were held off-site overlooking our development sites at Hanover Square, W1 and 100 Bishopsgate, EC1.

Risk management

The successful management of risk is essential to enable the Group to deliver on its strategic priorities. Whilst the ultimate responsibility for risk management rests with the Board, the foundation of effective day-to-day management of risk is in the way we do business and the culture of our team. Our flat organisational structure, with close involvement of senior management in all significant decisions combined with our cautious and analytical approach, is designed to align the Group's interests with those of shareholders.

Board oversight

Board meetings
Audit Committee
Remuneration Committee

Operational Committees

Executive Committee – weekly

- Development management – weekly
- Asset management – weekly
- Investment management – weekly
- Financial management – weekly
- Environmental policy – quarterly
- Sustainability – quarterly
- Development management review – quarterly
- Asset management review – quarterly

Policies for highlighting and controlling risk

- Investment return benchmarks
- Debt leverage, covenant compliance and liquidity limits
- Regular review of business plans
- Occupancy targets
- Development appraisal parameters
- Leasing objectives and tenant covenant testing

Procedures and internal controls

- High level risk assessment framework
- Strict approval requirements
- Extensive documentation to support decisions
- Formal policies and procedures consistently applied
- Defined performance indicators with sensitivity analysis
- External review of key controls

People and culture

- Focused market expertise
- Open communication
- Transparent disclosure with stakeholders
- Integrity in business conduct
- Interests aligned with shareholders
- Qualified and experienced personnel with specific roles
- Conservative attitude to capital deployment
- Analytical rigour

Business risk

The Group views effective risk management as integral to the delivery of superior returns to shareholders. Principal risks and uncertainties facing the business and the processes through which the Company aims to manage those risks are:

Risk and impact	Mitigation	Change from last year	Commentary
Market risk			
Central London real estate market underperforms other UK property sectors leading to poor relative financial results	Research into the economy and the investment and occupational markets is evaluated as part of the Group's annual strategy process covering the key areas of investment, development and asset management and updated regularly throughout the year.		The central London real estate market has considerably outperformed the wider UK Market during the year ended 31 March 2012, demonstrated by IPD's central London TPR exceeding IPD's universe by 5.8 percentage points and the outlook continues to be favourable. + Our market – pages 21 to 23
Economic recovery falters resulting in worse than expected performance of the business given decline in economic output	Regular economic updates are received and scenario planning for different economic cycles. 50% of income from committed developments secured.		Over the last 12 months the UK has again witnessed the negative impact on business sentiment from the continued process of global financial deleveraging, the Eurozone debt crisis and political instability in many parts of the world, including the Arab states. The resulting uncertainty has seen GDP growth expectations decline. + Our market – pages 21 to 23
Investment management			
Not sufficiently capitalising on market investment opportunities through difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and mis-timed recycling of capital	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. 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 churn 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. During the year acquisitions totalling £336.0 million with low average capital value of £464 per sq ft were made together with disposals of £255.8 million at an average capital value of £534 per sq ft. + Our market – pages 21 to 23 + Case studies – pages 10 and 11, pages 16 and 17
Asset management			
Failure to maximise income from investment properties through poor management of voids, mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	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. The Group has a diverse tenant base with its ten largest tenants representing around 30% of rent roll.		The Group continues to maintain a low void rate which was 3.3% at 31 March 2012. Tenant delinquencies were less than 1% of the rent roll for the year to 31 March 2012. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. + Asset management – pages 32 and 33 + Case studies – pages 10 and 11, pages 14 and 15

Risk management

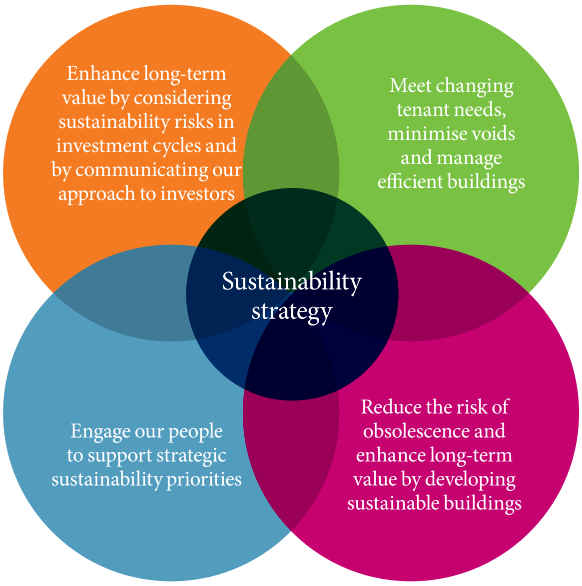
Risk and impact	Mitigation	Change from last year	Commentary
Development management			
Poor development returns relating to: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – level of speculative development; – contractor availability and insolvency risk; – quality and benchmarks of the completed buildings; and – poor development management	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. 50% of income from committed developments secured. Due diligence is undertaken on the financial stability of demolition and main contractors prior to awarding of contracts. Working with agents, potential occupiers' needs and aspirations are identified during the planning application and design stages. 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. Regular review of the prospective performance of individual assets and their business plans with Joint Venture partners.	–	The Group's development programme of high quality core central London projects continues to attract quality tenants with £16.7 million of pre-lets secured during the year. + Development management – pages 30 and 31 + Case studies – pages 12 and 13 – pages 16 and 17 + Sustainability targets – pages 58 and 59
Level of development undertaken as a percentage of the portfolio leads to 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 to 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. + Our market – pages 21 to 23 + Development management – pages 30 and 31 + Case study – pages 12 and 13
Financial risks			
Limited availability of further capital constrains the growth of the business	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.	↓	Since 31 March 2011, the Group has continued to diversify and extend the maturity ladder of its debt financing. Pro forma cash and undrawn credit facilities are £457 million. + Financial management – pages 34 and 35 + Our financial position – page 38 + Note 16 forming part of the Group financial statements – pages 80 to 83

Risk and impact	Mitigation	Change from last year	Commentary
Financial risks continued			
Adverse interest rate movements reduce profitability Adverse market movements negatively impact on debt covenants through increased interest rates or a fall in capital values.	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 hedged interest rates through derivatives. Significant headroom over all financial covenants at 31 March 2012.	–	The slow forecast recovery of the UK economy is expected to result in a continued low interest rate environment in the near term. Central London property values are expected to benefit from rental value growth and continued strong investment demand. + Financial management – pages 34 and 35 + Our financial position – pages 36 to 39 + Note 16 forming part of the Group financial statements – pages 80 to 83
Inappropriate capital structure results in sub-optimal NAV per share growth	Regular review of current and forecast debt 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. + Financial management – pages 34 and 35 + Our financial position – page 38
People			
Correct level, mix and retention of people to execute our Business Plan. Strategic priorities not achieved because of inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements and succession planning. The Group has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and identification of training needs.	–	Nick Sanderson joined as Finance Director in July 2011. Other senior managers remain unchanged. New employees recruited in 2010/11 to strengthen and broaden the team are performing well. + Our people – pages 46 to 49 + Remuneration report – pages 106 to 115
Regulatory			
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base and reduces flexibility	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.	↑	During 2013 new Building Regulations will come into effect requiring further reductions on carbon emissions whilst the risk to the Group from increasing regulation having unforeseen consequences and the impact of certain EU directives including the AIFM directive continues to be uncertain. + Property industry representation – page 55 + Sustainability targets – pages 58 to 61
Health and Safety incidents Loss of or injury to employees, contractors or tenants and 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.	–	The Group had one reportable accident during the year resulting in a contractor requiring three days off work. There were no other incidents across the Group's investment or development portfolio. + Sustainability targets – pages 60 and 61

Our approach to sustainability

We recognise that the long-term value of our business depends on our ability to manage and balance environmental, social and economic issues. These are addressed and embedded within our core property activities of development, asset and investment management, supported by our people.

Our strategic sustainability objectives



Our sustainability strategy is structured around key corporate risks and industry best practice.

How we manage sustainability

The Group's sustainability risks are regularly reviewed as part of our corporate risk assessment process and separately by our Head of Sustainability and by our Environmental Policy Committee. These processes then feed into an annual review of our Environmental Policy by the Environmental Policy Committee to ensure that the policy continues to address our key sustainability concerns.

Our sustainability goals are managed through annual targets and frameworks, which are designed to reflect the three stages of our property cycle: investment; asset; and development management. These goals relate to important issues including energy consumption, water consumption, waste management, sourcing of materials, transport, ecology, tenants, the community and pollution. To ensure the highest level of achievement, elements of the Group objectives and targets are also included within individual employees' objectives and targets.

Further management systems are in place to manage day-to-day risks and to ensure that the requirements of our framework are implemented. These systems include policies and procedures, project briefs and an online task manager which help our Building Managers carry out regular checks.

Board oversight

The Board has responsibility for the approval of policy relating to social, environmental and health and safety matters and is determined to apply high standards to all areas in which the Group operates, including the management of the joint venture operations on behalf of the joint venture partners. The Board approves the Group's Health & Safety and Environment policies and annual objectives and targets in light of the Group's material sustainability risks and strategy.

+ See how we have progressed against our key objectives and targets on pages 58 to 61

In addition, the Board receives regular reports on the environment, health and safety and corporate responsibility and reports during the course of the year from Toby Courtauld and Neil Thompson on health and safety and environmental matters.

ICSA Hermes
Transparency in Governance
Awards 2011

GPE wins Best FTSE 250 Annual Report

More information on the Group's sustainability activities can be found at www.gpe.co.uk/responsibility

Business ethics

We aspire to the highest standards of conduct based on honesty and transparency in everything we do. Our Ethics policy sets out the Group's approach in its relations with tenants, the local community, shareholders and other investors, employees, suppliers and the Government. All employees have a part to play in upholding our standards and we raise awareness of these responsibilities through the acceptance and sign-off of both our Ethics and Whistleblowing policies by all employees.

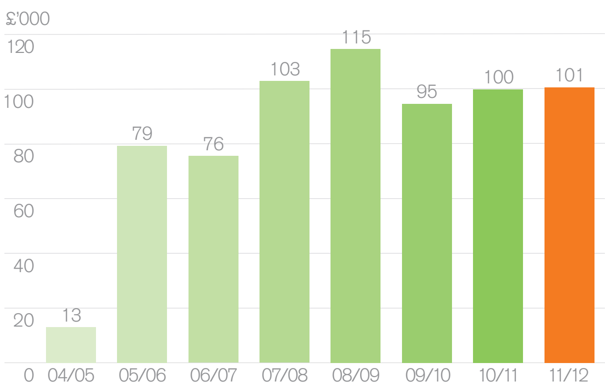
+ See our Ethics and Whistleblowing policies at **www.gpe.co.uk/corporate_responsibility/ethics_policy/**

Property industry representation and investment in activities to improve and support central London

Directors and senior management are encouraged to represent the Group's views and contribute to the development of the property industry. The Group also supports a number of organisations including the New West End Company, Westminster Property Association, British Property Federation and the Baker Street Quarter in their work to improve and support central London.

Toby Courtauld is a member of the New West End Company Strategic Board. During the year the Group made voluntary contributions to match those of the Group's tenants to the New West End Company to support its activities to ensure London's West End continues to be unsurpassed as a leading destination around the globe.

New West End Company contributions



Neil Thompson serves on the Operations Committee of the Westminster Property Association ("WPA"), an association of property owners and their advisers in the City of Westminster which actively lobbies Westminster City Council and the London Mayor's office on a full range of planning related topics aimed at improving development within the West End.

Neil Thompson is also on the Management Board and Management Executive of the British Council of Offices involved in the research, development and communication of best practice in all aspects of the office sector.

Toby Courtauld is President, Chairman of the Board and a member of the Policy Committee of the British Property Federation ("BPF") which addresses a range of issues affecting the property industry including construction, sustainability, finance, regeneration, development, commercial and insurance matters. Nick Sanderson is a member of the BPF Finance Committee.

Communicating our approach

In November 2011, we were awarded the ICSA Hermes 2011 Transparency in Governance Award for the best Annual Report in the FTSE 250.

The Carbon Disclosure Project ("CDP") is an independent not-for-profit organisation which holds the largest database of corporate climate change information in the world. For 2011, GPE was recognised by the Carbon Disclosure Project in both their Carbon Performance Index and their Carbon Disclosure Leadership Index and were placed in the top seven companies out of a total of 236 respondents.

The Group is also a constituent of the FTSE 4Good Index and in the forthcoming year we intend to participate in the GRESB index.

Our approach to sustainability

"On a like-for-like basis, net carbon emissions reduced by 33% for the year"

Assurance

Deloitte LLP has provided independent assurance in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) over the statements made within the Group's Annual Report and Accounts relating to its Sustainability activities. This relates to achievement against 2011/12 Sustainability objectives and targets and energy consumption data for the years ended 31 March 2011 and 2012. The related assurance statements can be viewed at www.gpe.co.uk/responsibility/our-performance/how-we-are-performing

How have we performed

During the course of the year the Group has:

- carried out a review of its sustainability risks, to ensure that the Group's material sustainability risks are addressed within its strategy;
- reviewed its Sustainability Framework, to ensure that the Framework continues to provide clear guidance to employees and external organisations on the aspirations of the Group;
- as part of the overall website relaunch, reviewed its reporting on sustainability in order to provide a more comprehensive summary of Group policies and performance on sustainability matters, see www.gpe.co.uk/responsibility; and
- fully achieved 19 out of 37 sustainability targets, with a further 10 targets 75% or more achieved.

Asset management

Absolute consumption for the year and, therefore, carbon emissions has increased due to the acquisition of 200 & 214 Gray's Inn Road and taking the management of City Tower and City Place House in-house.

Energy used million kwh

	2011/12	2010/11
Gross carbon emissions	**21.7**	19.6

Carbon emissions '000 tonnes

	2011/12	2010/11
Gross carbon emissions	**8.8**	7.3
Net carbon emissions	**2.7**	2.5

On a like-for-like basis, our energy consumption and emissions have reduced as shown below, demonstrating the benefits of our targeted approach on energy consumption, where efforts are concentrated on highly energy intensive properties.

Electricity use	↓	3%
Fossil fuels	↓	32%
Gross carbon emissions	↓	11%
Net carbon emissions	↓	33%

For our full environmental data report and information on scope and basis of reporting see www.gpe.co.uk

Case study: **35 Portman Square, W1**

Following our purchase of 35 Portman Square in 2010, the building's energy consumption was investigated by our Building Services Manager and Energy Manager and together they developed an action plan which resulted in:

- key improvements to some of the component parts of the heating and cooling system being made between July 2011 and early 2012;
- operational issues in the Building Management System (which included the heating and cooling systems competing with each other, particularly during the summer months) being identified and rectified; and
- upgrading of the sub-metering systems to improve data analysis.

We have committed to rolling out similar projects at our five largest energy consuming properties with a view to further reducing our like-for-like carbon emissions.

"At 33 Margaret Street we have looked beyond energy efficiency and carbon reduction to construct a truly sustainable building."

Investment management

We work hard to understand the sustainability implications of each individual property purchase, ensuring that relevant sustainability information is provided to our asset management team prior to purchase.

Upon the purchase of 200 and 214 Gray's Inn Road, we reviewed the performance of the building and immediately started work to improve the energy performance of the air conditioning systems. During the year to 31 March 2013, we will continue our efforts at this energy intensive property to further reduce consumption, and operating costs for our tenants. In 2013, we also intend to review the impact on our business strategy on the proposed ban from 2018 on the letting of EPC F and G rated buildings.

Development management

Our Sustainability Framework is applied to each development project and sets out our aspirations for each step of the design process in respect of energy, waste, water, materials sourcing, transport, ecology, tenants, community and pollution.

Case study: **33 Margaret Street, W1**

At 33 Margaret Street we have looked beyond energy efficiency and carbon reduction to construct a truly sustainable building.

We worked hard to bring the aspirations expressed by our sustainability framework to life setting stretching overall targets of:

- BREEAM excellent
- EPC rating of B with a score of 40 exceeding the minimum requirement by 42%
- FSC project certification

"For our new headquarters building, we wish to create a sustainable and efficient working environment for our staff and clients. 33 Margaret Street will allow us to achieve this."

Jeremy Helsby, Chief Executive, Savills plc

From building design…

Through the building design we are looking to:

- exceed regulations through more than 38% greater efficiency than Building Regulations Part L 2006 and 10% better than Part L 2010;
- introduce renewable energy through:
  - solar photovoltaics that will generate 18,105kwh and save 10,284kg of CO_2 each year; and
  - tri-generation Combined Cooling, Heating and Power solution that increases power generated on-site;
- improve energy efficiency by installing low energy lighting throughout;
- reduce mains water use by over 33% through grey water recycling; and
- improve building cooling, surface run-off and biodiversity with a green roof.

…to construction practices

In addition to identifying ways in which a building will be more sustainable, we also aim to minimise disruption to our tenants and neighbours and to minimise waste during construction. During construction at 33 Margaret Street, we have:

- minimised disruption to the on-site tenant's business through the early design and installation of permanent steelwork as part of the façade retention system;
- re-used:
  - the original steel façade columns as new load-bearing columns;
  - the original foundations and vaults; and
  - crushed material in the pile mat and haul ramp;
- diverted 99% of non-hazardous demolition waste from landfill; and
- continued to divert 99% of construction waste from landfill.

Our approach to sustainability

Development management

Risk	Stakeholder	Objective	Target
Poor development returns relating to the quality and benchmark of completed buildings.	Tenants	To encourage all contractors and consultants to adopt similar environmental policies and standards to the Group.	To undertake a BREEAM audit for all projects over 50,000 sq ft with the aim of achieving a minimum scoring of 'Very Good' on refurbishments and 'excellent' on new builds. **2013 Target** For all projects over 50,000 sq ft achieve a minimum rating of 'Very Good' on minor refurbishments and 'Excellent' on major refurbishments where economically appropriate from April 2012.
		To monitor and seek to reduce resource consumption.	To require and evaluate energy and water usage reporting on construction and refurbishment projects over £300,000 where appropriate.
			Aim to re-use or recycle 90% of non-hazardous demolition waste and 80% of construction waste by weight for projects covered by a Site Waste Management Plan. **2013 Target** To re-use or recycle 95% of non-hazardous demolition waste and 90% of construction waste.
	Suppliers	To procure timber used on developments and refurbishments from Forest Stewardship Council ("FSC") certified sources or equivalent.	To ensure all new developments achieve FSC Project Certification (in accordance with the FSC Chain of Custody Standard for Project Certification). **2013 Target** All major developments completed after April 2012 to result in a net improvement in site biodiversity.

Asset management

Risk	Stakeholder	Objective	Target
Adverse regulatory risks.	Tenants	To monitor and seek to reduce resource consumption.	To engage with all tenants in the managed portfolio to raise awareness of energy management issues. **2013 Target** To apply the energy study successfully piloted at 35 Portman Square in 2011 to our five largest energy consuming multi-let properties and communicate energy savings achieved to tenants by March 2013.

Achieved
100%

Refurbishment projects completed in the year ending March 2012

Property	BREEAM target
24/25 Britton Street	Very Good – achieved
Newman Street	Very Good – achieved

New build projects on-site during the year 2011/12

Property	BREEAM target
33 Margaret Street	Excellent
95 Wigmore Street	Excellent

91%

"We recognise the need to monitor resource consumption at our development sites and to emphasise our commitment in this area, for the forthcoming year we have committed to reporting this data publicly."

Janine Cole Head of Sustainability

90%
10 out of 11 projects reported data

99% of non-hazardous construction and demolition waste was diverted from landfill on reporting projects

In progress

wates construction

"Responsible sourcing of construction materials is an essential aspect of the sustainability agenda. The FSC Project Chain of Custody requirement set by GPE is a challenging target which requires the full engagement of our supply chain. As a sustainable contractor we are well placed to implement such initiatives as they fit well within our own sustainability requirements."

Jonathan Tivey, Wates, main contractor on 33 Margaret Street, W1 and 95 Wigmore Street, W1

Achieved
100%

288 Factsheets delivered to tenants
Energy information provided at 44 tenant meetings

Foresight Partnership

"Thank you for sending out the Factsheet which has prompted us to think about our energy consumption."

Foresight Partnership Ltd, tenant at Woolyard.

Our approach to sustainability

Asset management continued

Risk	Stakeholder	Objective	Target
	Suppliers, tenants	To monitor and seek to reduce resource consumption.	To divert 90% of managed waste from landfill. **2013 Target** To increase the quantity of waste recycled at managed properties to 60% by March 2013 and 70% by March 2015.
Failure to maximise income from investment properties.	Tenants	To improve retention of tenants.	Achieve a tenant retention rate of over 65% (i.e. tenant renews at lease expiry or does not exercise the break option) at our investment properties. **2013 Target** Target retained with an increased percentage of 70%.
		To improve and promote services to tenants.	To ensure customer satisfaction rating on tenant surveys carried out in 2011/12 remain the same or are increased. **2013 Target** Target retained.

Workplace

Risk	Stakeholder	Objective	Target
Adverse regulatory risks. Poor development returns relating to the quality and benchmark of completed buildings.	Employees	To ensure employee awareness of the importance of sustainability throughout the organisation and how it can assist in achieving our long-term business objectives.	To revisit our Sustainability Frameworks during 2011/12 to ensure that they are up to date with legislation and best practice and ensure changes communicated to employees. **2013 Target** To provide detailed induction training on our Sustainability Frameworks for all staff.
Loss or injury to tenants, the public and contractors and resultant reputational damage.	Tenants and the community, suppliers and employees	To provide a safe and healthy working environment for all employees and contractors working on the premises, visiting members of the public and all others affected by the activities of the Company.	To achieve zero injury days lost amongst employees as a result of workplace accidents: To achieve zero reportable incidents. To achieve zero prohibition notices or fines. **2013 Target** Target retained.
Inability to motivate and develop talented employees.	Employees	To ensure employee personal development through relevant training.	To provide an average of at least 1.5 day's training a year per employee. **2013 Target** Target retained.

Achieved
100%

	2011/2012	2010/2011
Total waste collected (tonnes)	**690**	591
% waste diverted from landfill	**99**	63
% recycled waste	**50**	41

"We have been highly successful in maximising the quantity of waste diverted from landfill. However we recognise the need to improve recycling rates and we are therefore actively working with our contractors to ensure a significant increase in recycling for the forthcoming year."

Chris Donker Assistant Facilities Manager

98%

64% of tenants retained

74%

"Tenant feedback is important to us. By undertaking our tenant survey, not only do we engage more with our tenants, we gain a better understanding of what is important to them and how to develop our overall service."

James Mitchell Head of Asset Management

Achieved
100%

"Working with our consultants, we have revised our Sustainability Framework to make it a more interactive and flexible document, allowing our design teams to apply the best practical environmental option to any given project whilst providing our project managers with a tool to track and monitor progress on sustainability throughout the development process."

James Pellatt Head of Projects

100%
1 reportable incident

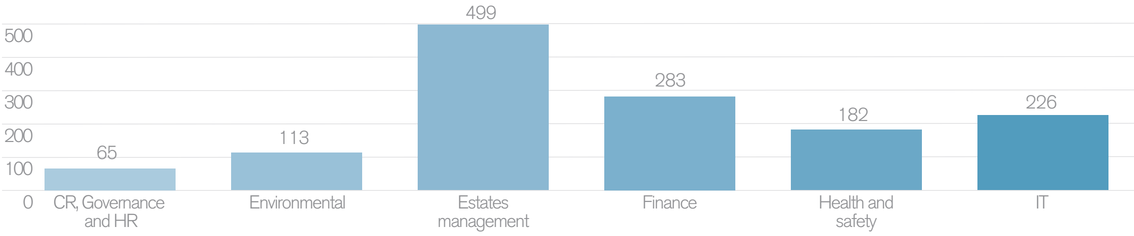
100%

	2010	2011	2012
Number of reportable injuries	2	0	**1**
First aid injuries	5	5	**2**
Work related fatalities	0	0	**0**
Number of Enforcement Agency prosecutions or fines	0	0	**0**
Number of prohibition notices	0	0	**0**
Employee accidents and incidents	0	0	**0**
Number of employee days off work	0	0	**0**

100%

2.5 days training per employee provided

Total number of training hours



Financials

Pages **63–92**

In this section we present our financial statements for the year, prepared in accordance with International Financial Reporting Standards.

Wells & More, 45 Mortimer Street, W1

Group income statement
For the year ended 31 March 2012

	Notes	2012 £m	2011 £m
Total revenue	2	**57.9**	73.6
Net rental income	3	**46.4**	63.7
Joint venture fee income	11	**5.6**	4.1
Rental and joint venture fee income		**52.0**	67.8
Property expenses	4	**(6.3)**	(4.0)
Net rental and related income		**45.7**	63.8
Administration expenses	5	**(19.9)**	(17.3)
Operating profit before surplus on investment property and results of joint ventures		**25.8**	46.5
Surplus from investment property	10	**97.2**	131.3
Share of results of joint ventures	11	**50.0**	97.9
Operating profit		**173.0**	275.7
Finance income	6	**5.1**	2.2
Finance costs	7	**(21.4)**	(13.8)
Charge on 2010 cancellation of derivatives	7	**(1.5)**	(3.1)
Profit before tax		**155.2**	261.0
Tax	8	**–**	(0.9)
Profit for the year		**155.2**	260.1
Basic and diluted earnings per share	9	**50.2p**	83.8p
EPRA earnings per share	9	**5.6p**	16.0p

All results are derived from continuing operations in the United Kingdom.

Group statement of comprehensive income
For the year ended 31 March 2012

	Notes	2012 £m	2011 £m
Fair value movement on derivatives in joint venture in effective hedging relationships	11	**2.1**	2.0
Charge on 2010 cancellation of derivatives	7	**1.5**	3.1
Actuarial gain/(deficit) on defined benefit scheme	23	**0.4**	(0.2)
Net profit recognised directly in equity		**4.0**	4.9
Profit for the year		**155.2**	260.1
Total comprehensive income and expense for the year		**159.2**	265.0

Group balance sheet

At 31 March 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment property	10	**1,366.0**	1,049.5
Investment in joint ventures	11	**538.2**	449.8
Plant and equipment	12	**0.9**	1.2
Pension asset	23	**0.4**	–
		1,905.5	1,500.5
Current assets			
Trade and other receivables	13	**54.2**	21.7
Cash and cash equivalents		**4.0**	3.0
		58.2	24.7
Total assets		**1,963.7**	1,525.2
Current liabilities			
Trade and other payables	14	**186.7**	31.5
Corporation tax payable		**–**	0.1
		186.7	31.6
Non-current liabilities			
Interest-bearing loans and borrowings	15	**507.4**	352.1
Obligations under finance leases	17	**31.3**	28.5
Pension liability	23	**–**	0.3
		538.7	380.9
Total liabilities		**725.4**	412.5
Net assets		**1,238.3**	1,112.7
Equity			
Share capital	18	**39.1**	39.1
Share premium account		**218.1**	218.1
Hedging reserve		**–**	(1.5)
Capital redemption reserve		**16.4**	16.4
Retained earnings		**976.2**	844.6
Investment in own shares	19	**(11.5)**	(4.0)
Total equity		**1,238.3**	1,112.7
Net assets per share	9	**402p**	359p
EPRA net assets per share	9	**403p**	360p

Approved by the Board on 23 May 2012 and signed on its behalf by

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Group statement of cash flows

For the year ended 31 March 2012

	Notes	2012 £m	2011 £m
Operating activities			
Operating profit		173.0	275.7
Adjustments for non-cash items	20	(145.1)	(223.7)
Decrease in receivables		7.8	18.6
Increase in payables		0.2	2.7
Cash generated from operations		35.9	73.3
Interest paid		(19.4)	(11.7)
Tax paid		(0.1)	–
Cash flows from operating activities		16.4	61.6
Investing activities			
Distributions from joint ventures		43.8	28.8
Purchase and development of property		(159.2)	(259.2)
Purchase of fixed assets		(0.1)	–
Sale of properties		61.4	114.1
Cash flows from investing activities		(54.1)	(116.3)
Financing activities			
Borrowings (repaid)/drawn		(7.0)	73.1
Draw down of private placement notes		158.9	–
Purchase of derivatives		(2.7)	–
Funds to joint ventures		(74.7)	(29.3)
Purchase of own shares		(10.9)	(5.7)
Equity dividends paid		(24.9)	(26.1)
Cash flows utilised in financing activities		38.7	12.0
Net increase/(decrease) in cash and cash equivalents		1.0	(42.7)
Cash and cash equivalents at 1 April		3.0	45.7
Cash and cash equivalents at balance sheet date		4.0	3.0

Group statement of changes in equity

For the year ended 31 March 2012

	Notes	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2011		**39.1**	**218.1**	**(1.5)**	**16.4**	**844.6**	**(4.0)**	**1,112.7**
Profit for the year		**–**	**–**	**–**	**–**	**155.2**	**–**	**155.2**
Charge on 2010 cancellation of derivatives	7	**–**	**–**	**1.5**	**–**	**–**	**–**	**1.5**
Actuarial gain on defined benefit scheme	23	**–**	**–**	**–**	**–**	**0.4**	**–**	**0.4**
Fair value movement on derivatives in joint ventures in effective hedging relationships	11	**–**	**–**	**–**	**–**	**2.1**	**–**	**2.1**
Purchase of shares for employee share plans	19	**–**	**–**	**–**	**–**	**–**	**(10.9)**	**(10.9)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	19	**–**	**–**	**–**	**–**	**–**	**3.0**	**3.0**
Dividends to shareholders	21	**–**	**–**	**–**	**–**	**(25.7)**	**–**	**(25.7)**
Transfer to retained earnings		**–**	**–**	**–**	**–**	**(0.4)**	**0.4**	**–**
Total equity at 31 March 2012		**39.1**	**218.1**	**–**	**16.4**	**976.2**	**(11.5)**	**1,238.3**

Group statement of changes in equity

For the year ended 31 March 2011

	Notes	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2010		39.1	218.1	(4.6)	16.4	608.0	(0.3)	876.7
Profit for the year		–	–	–	–	260.1	–	260.1
Charge on 2010 cancellation of derivatives	7	–	–	3.1	–	–	–	3.1
Actuarial deficit on defined benefit scheme	23	–	–	–	–	(0.2)	–	(0.2)
Fair value movement on derivatives in joint ventures in effective hedging relationships	11	–	–	–	–	2.0	–	2.0
Purchase of shares for employee share plans	19	–	–	–	–	–	(5.7)	(5.7)
Employee Long-Term Incentive Plan and Share Matching Plan charge	19	–	–	–	–	–	1.9	1.9
Dividends to shareholders	21	–	–	–	–	(25.2)	–	(25.2)
Transfer to retained earnings		–	–	–	–	(0.1)	0.1	–
Total equity at 31 March 2011		39.1	218.1	(1.5)	16.4	844.6	(4.0)	1,112.7

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties, financial instruments and pension assets. The financial statements are prepared on a going concern basis as explained in the Report of the directors on page 118.

In the process of applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that may affect the financial statements. The directors believe that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the adoption of the external portfolio valuation without adjustment, the recognition of purchases and disposal of assets, the adoption of a single reporting segment and the level of control the Group has in respect of its joint ventures. The accounting policies for these areas of judgement are set out below.

During 2012, the following accounting standards and guidance were adopted by the Group, the pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

– IAS 24 (revised Nov 2009) – Related Party Disclosures

– IFRS 1 (Amendments) "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"

– IFRIC 14 (amended Nov 2009) – Prepayments of a Minimum Funding Requirement

– IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

– The improvements to IFRSs (May 2010)

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

– IFRS 7 (amended Dec 2011) – Disclosures – Offsetting Financial Assets and Financial Liabilities

– IFRS 7 (amended Oct 2010) – Disclosures – Transfers of Assets

– IFRS 9 – Financial Instruments

– IFRS 10 – Consolidated Financial Statements

– IFRS 11 – Joint Arrangements

– IFRS 12 – Disclosure of Interest in Other Entities

– IFRS 13 – Fair Value Measurement

– IAS 1 (amended June 2011) – Presentation of Items of Other Comprehensive Income

– IAS 12 – Deferred Tax: Recovery of Underlying Assets

– IAS 19 (revised June 2011) – Employee Benefits

– IAS 27 (revised May 2011) – Separate Financial Statements

– IAS 28 (revised May 2011) – Investments in Associates and Joint Ventures

The directors do not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2012. Subsidiary undertakings are those entities controlled by the Group. Control is assumed when the Group directs the financial and operating policies of an entity to benefit from its activities.

Rental income

This comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable.

Tenant leases

The directors have considered the potential transfer of risks and rewards of ownership in accordance with IAS 17 – Leases for all properties leased to tenants and in their judgement have determined that all such leases are operating leases.

1 Accounting policies (continued)

Lease incentives
Lease incentives including rent-free periods and payments to tenants, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of resulting accrued rental income is included within the respective property.

Other property expenses
Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the income statement as other property expenses. Costs incurred in the improvement of the portfolio which, in the opinion of the directors, are not of a capital nature are written off to the income statement as incurred.

Administration expenses
Costs not directly attributable to individual properties are treated as administration expenses.

Share-based payment
The cost of granting share-based payments to employees and directors is recognised within administration expenses in the income statement. The Group has used the Stochastic model to value the grants which is dependent upon factors including the share price, expected volatility and vesting period and the resulting fair value is amortised through the income statement over the vesting period.

The charge is reversed if it is likely that any non-market based criteria will not be met.

Investment property
Investment properties and investment properties under development are professionally valued quarterly, on a fair value basis, by qualified external valuers. The valuation is based on a number of assumptions including discount rates, estimates of future capital expenditure and rental income. Any surpluses or deficits on revaluation arising are taken to the income statement. All directly attributable costs of bringing a property to a condition suitable for letting, including third party obligations and costs incurred prior to gaining planning permission, are capitalised into the cost of the property. Purchases and disposals of properties are recognised where contracts have been exchanged during the accounting period and, in the directors' judgement, the significant risks and rewards of ownership of the property have been transferred.

Depreciation
No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the balance sheet date of each asset evenly over its expected useful life, as follows:

Fixtures and fittings – over three to five years.
Leasehold improvements – over the term of the lease.

Joint ventures
Joint ventures are accounted for under the equity method where, in the directors' judgement, the Group has joint control of the entity. The Group's level of control in its joint ventures is driven both by the individual agreements which set out how control is shared by the partners and how that control is exercised in practice. The Group balance sheet contains the Group's share of the net assets of its joint ventures. Balances with partners owed to or from the Group by joint ventures are included within investments. The Group's share of joint venture profits and losses are included in the Group income statement in a single line. All of the Group's joint ventures adopt the accounting policies of the Group for inclusion in the Group financial statements.

Deferred tax
Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Pension benefits
The Group contributes to a defined benefit pension plan which is funded with assets held separately from those of the Group. The full value of the net assets or liabilities of the pension fund is brought on to the balance sheet at each balance sheet date. Actuarial gains and losses are taken to reserves; all other movements are taken to the income statement.

Capitalisation of interest
Interest associated with direct expenditure on investment properties under development is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop, but does not include the original book cost of a site previously held as an investment property. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Notes forming part of the Group financial statements

1 Accounting policies (continued)

Financial instruments:

i Derivatives The Group uses derivative financial instruments to hedge its exposure to foreign currency fluctuations and interest rate risks. The Group's derivatives are measured at fair value in the balance sheet. To the extent that a derivative is a designated hedge and provides an effective cash flow hedge against the Group's underlying exposure the movements in the fair value of the hedge are taken to equity. To the extent that the derivative is a designated hedge or does not effectively hedge the underlying exposure the movement in the fair value of the hedge is taken to the income statement.

ii Borrowings The Group's borrowings in the form of its debentures, private placement notes and bank loans are recognised initially at fair value, after taking account of any discount or premium on issue and attributable transaction costs. Subsequently borrowings are held at amortised cost, with any discounts, premiums and attributable costs charged to the income statement using the effective interest rate method.

iii Cash and cash equivalents Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in value.

iv Trade receivables and payables Trade receivables and payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Head leases

The present value of future ground rents is added to the carrying value of a leasehold investment property and to long-term liabilities. On payment of a ground rent virtually all of the cost is charged to the income statement, principally as interest payable, and the balance reduces the liability; an equal reduction to the asset's valuation is charged to the income statement.

Segmental analysis

All of the Group's revenue is generated from investment properties located in central London. The properties are managed as a single portfolio by an asset management team whose responsibilities are not segregated by location or type, but are managed on an asset by asset basis. The majority of the Group's assets are mixed use, therefore the office and retail space is managed together. Within the investment property portfolio the Group has a number of properties under development. The directors view the Group's development activities as an integral part of the life cycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed it returns to the investment property portfolio. The directors have considered the nature of the business, how the business is managed and how they review performance and, in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by CBRE, are set out on page 24 of this Report.

2 Total revenue

	2012 £m	2011 £m
Gross rental income	40.3	42.7
Amortisation of capitalised lease incentives	0.9	(0.4)
Surrender premium net of associated capitalised lease incentives	5.3	21.5
Service charge income	5.8	5.7
Joint venture fee income	5.6	4.1
	57.9	73.6

3 Net rental income

	2012 £m	2011 £m
Gross rental income	40.3	42.7
Amortisation of capitalised lease incentives	0.9	(0.4)
Ground rents payable	(0.1)	(0.1)
Rental income before surrender premium	41.1	42.2
Surrender premium net of associated capitalised lease incentives	5.3	21.5
	46.4	63.7

4 Property expenses

	2012 £m	2011 £m
Service charge income	**(5.8)**	(5.7)
Service charge expenses	**6.9**	6.9
Other property expenses	**5.2**	2.8
	6.3	4.0

5 Administration expenses

	2012 £m	2011 £m
Employee costs	**15.5**	14.5
Other	**4.4**	2.8
	19.9	17.3

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £3.0 million (2011: £1.9 million).

Employee costs, including those of directors, comprise the following:

	2012 £m	2011 £m
Wages and salaries	**12.9**	12.1
Social security costs	**2.0**	1.9
Other pension costs	**1.2**	1.0
	16.1	15.0
Less: recovered through service charge	**(0.6)**	(0.5)
	15.5	14.5

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 106 to 115. The Executive directors are considered to be key management for the purposes of IAS 24 'Related Party Transactions'. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

Employee information

The average number of employees of the Group, including directors, was:

	2012 Number	2011 Number
Head office and property management	**85**	77

Auditor's remuneration

	2012 £000's	2011 £000's
Audit of the Company's annual accounts	**75**	70
Audit of subsidiaries	**52**	53
Audit related assurance services, including the interim review	**30**	30
Services related to taxation	**3**	5
Other non-audit services	**50**	–
	210	158

Notes forming part of the Group financial statements

6 Finance income

	2012 £m	2011 £m
Interest on balances with joint venture partners	**5.1**	2.2

7 Finance costs

	2012 £m	2011 £m
Interest on bank overdrafts and bank loans	**6.0**	4.4
Interest on private placement notes	**4.9**	–
Interest on debentures	**8.1**	8.0
Interest on obligations under finance leases	**1.3**	0.4
Gross finance costs	**20.3**	12.8
Less: capitalised interest at an average rate of 4.3% (2011: 3.2%)	**(1.1)**	(0.1)
	19.2	12.7
Fair value movement on derivatives in ineffective hedging relationships	**2.2**	1.1
	21.4	13.8

In the year to 31 March 2010, the Group terminated its interest rate swaps and collars to take advantage of the lower interest rate environment. On the termination of these derivatives, fair value movements previously charged to reserves are required to be recycled through the income statement where the facilities to which they relate are not expected to be utilised. During the year, the Group recycled £1.5 million (2011: £3.1 million) of losses from the hedging reserve to the income statement.

8 Tax

	2012 £m	2011 £m
Current tax		
UK corporation tax	**–**	1.1
Tax over provided in previous years	**–**	(0.2)
Total current tax	**–**	0.9
Deferred tax	**–**	–
Tax charge for the year	**–**	0.9

The difference between the standard rate of tax and the effective rate of tax arises from the items set out below:

	2012 £m	2011 £m
Profit before tax	**155.2**	261.0
Tax charge on profit at standard rate of 26% (2011: 28%)	**40.4**	73.1
REIT tax-exempt rental profits and gains	**(11.6)**	(21.7)
Non-taxable revaluation surplus	**(31.7)**	(53.3)
REIT conversion charge in respect of corporate acquisition	**–**	1.1
Previous years' corporation tax	**–**	(0.2)
Other	**2.9**	1.9
Tax charge for the year	**–**	0.9

During the year £nil (2011: £nil) of deferred tax was credited directly to equity. The Group's net deferred tax at 31 March 2012 was £nil (2011: £nil). This consists of a deferred tax liability of £0.1 million (2011: £nil) arising from the Group's pension surplus and a deferred tax asset of £0.1 million (2011: £nil) in respect of capital allowances and other short-term differences.

8 Tax (continued)

A deferred tax asset of £8.2 million, mainly relating to tax losses carried forward at 31 March 2012 and deferred tax arising in respect of contingent share awards, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

As a REIT, the Group is largely exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax.

The Group estimates that as the majority of its future profits will not be subject to corporation tax, it will have a very low tax charge over the coming years. In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (including a minimum distribution test) must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Corporation Tax Act 2010.

9 Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the new Best Practice Recommendations issued by the European Public Real Estate Association (EPRA).

Weighted average number of ordinary shares

	2012 Number of shares	2011 Number of shares
Issued ordinary share capital at 1 April	**312,676,149**	312,676,149
Investment in own shares	**(3,869,635)**	(2,381,988)
Weighted average number of ordinary shares	**308,806,514**	310,294,161

Basic, diluted and EPRA earnings per share

	Profit/(loss) before tax 2012 £m	Tax 2012 £m	Profit/(loss) after tax 2012 £m	Earnings/(loss) per share 2012 pence	Profit/(loss) before tax 2011 £m	Tax 2011 £m	Profit/(loss) after tax 2011 £m	Earnings/(loss) per share 2011 pence
Basic and diluted	**155.2**	**–**	**155.2**	**50.2**	261.0	(0.9)	260.1	83.8
Surplus from investment property (see note 10)	**(97.2)**	**–**	**(97.2)**	**(31.5)**	(131.3)	–	(131.3)	(42.3)
Surplus from joint venture investment property (see note 11)	**(46.0)**	**–**	**(46.0)**	**(14.9)**	(83.1)	–	(83.1)	(26.8)
Movement in fair value of derivatives (see note 7)	**2.2**	**–**	**2.2**	**0.7**	1.1	–	1.1	0.4
Movement in fair value of derivatives in joint ventures (see note 11)	**1.7**	**–**	**1.7**	**0.6**	(0.4)	–	(0.4)	(0.1)
Charge on 2010 cancellation of derivatives (see note 7)	**1.5**	**–**	**1.5**	**0.5**	3.1	–	3.1	1.0
EPRA earnings	**17.4**	**–**	**17.4**	**5.6**	50.4	(0.9)	49.5	16.0

EPRA net assets per share

	Net assets 2012 £m	Number of shares 2012 million	Net assets per share 2012 pence	Net assets 2011 £m	Number of shares 2011 million	Net assets per share 2011 pence
Basic and diluted	**1,238.3**	**308.3**	**402**	1,112.7	310.2	359
Fair value of financial liabilities (see note 16)	**(19.6)**	**–**	**(7)**	11.0	–	3
Diluted triple net assets	**1,218.7**	**308.3**	**395**	1,123.7	310.2	362
Fair value of financial liabilities	**19.6**	**–**	**6**	(11.0)	–	(3)
Fair value of derivatives (see note 16)	**(0.5)**	**–**	**–**	(2.7)	–	(1)
Fair value of derivatives in joint ventures (see note 11)	**5.4**	**–**	**2**	5.8	–	2
EPRA net assets	**1,243.2**	**308.3**	**403**	1,115.8	310.2	360

Notes forming part of the Group financial statements

10 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2010	618.9	138.8	757.7
Acquisitions	13.2	242.7	255.9
Costs capitalised	0.9	1.3	2.2
Disposals	(18.2)	(95.8)	(114.0)
Transfer of freehold interest	(18.5)	27.2	8.7
Transfer from investment property under development	17.5	–	17.5
Transfer to investment property under development	(70.0)	(26.3)	(96.3)
Net valuation surplus on investment property	81.5	33.0	114.5
Book value at 31 March 2011	625.3	320.9	946.2
Acquisitions	**194.1**	**53.7**	**247.8**
Costs capitalised	**13.0**	**6.1**	**19.1**
Interest capitalised	**–**	**0.4**	**0.4**
Disposals	**(24.6)**	**(72.0)**	**(96.6)**
Transfer from investment property under development	**23.8**	**34.9**	**58.7**
Net valuation surplus on investment property	**58.8**	**11.3**	**70.1**
Book value at 31 March 2012	**890.4**	**355.3**	**1,245.7**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2010	17.2	–	17.2
Acquisitions	12.6	–	12.6
Costs capitalised	1.0	0.7	1.7
Interest capitalised	0.1	–	0.1
Transfer from investment property	70.0	26.3	96.3
Transfer to investment property	(17.5)	–	(17.5)
Net valuation (deficit)/surplus on investment property under development	(14.7)	7.6	(7.1)
Book value at 31 March 2011	68.7	34.6	103.3
Acquisitions	**–**	**35.8**	**35.8**
Costs capitalised	**16.2**	**–**	**16.2**
Interest capitalised	**0.7**	**–**	**0.7**
Transfer to investment property	**(23.8)**	**(34.9)**	**(58.7)**
Net valuation surplus on investment property under development	**21.1**	**1.9**	**23.0**
Book value at 31 March 2012	**82.9**	**37.4**	**120.3**
Total investment property	**973.3**	**392.7**	**1,366.0**

The book value of investment property includes £31.3 million (2011: £28.5 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £1,334.7 million. Included within investment properties are assets for sale of £20.0 million (2011: £nil).

The cumulative interest capitalised in investment property was £1.2 million (2011: £0.1 million).

10 Investment property (continued)

Surplus from investment property

	2012 £m	2011 £m
Net valuation surplus on investment property	**93.1**	107.4
Profit on sale of investment properties	**4.1**	23.9
	97.2	131.3

The Group's investment properties including those held in joint venture (note 11) were valued on the basis of Fair Value by CBRE, external valuers, as at 31 March 2012 in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors ("the Standards") and has been primarily derived using comparable recent market transactions on arm's-length terms.

The total fees, including the fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group is less than 5.0% of the total UK revenues.

The principal signatories of the CBRE valuation reports have continuously been the signatories of valuations for the same addressee and valuation purpose as this report since 2006. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years. CBRE has carried out Valuation, Agency and Professional services on behalf of the Group for in excess of 20 years.

At 31 March 2012 the Group had capital commitments of £70.3 million (2011: £25.1 million).

At 31 March 2012 properties with a carrying value of £257.3 million (2011: £319.5 million) were secured under first mortgage debenture stock (see note 15).

11 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	Total £m
At 1 April 2011	433.9	15.9	449.8
Movement on joint ventures balances	**–**	**79.8**	**79.8**
Additions	**0.3**	**–**	**0.3**
Share of profit of joint ventures	**4.0**	**–**	**4.0**
Share of profit on disposal of joint venture properties	**13.6**	**–**	**13.6**
Share of revaluation surplus of joint ventures	**(4.1)**	**36.5**	**32.4**
Share of results of joint ventures	**13.5**	**36.5**	**50.0**
Fair value movement on derivatives taken to equity	**2.1**	**–**	**2.1**
Distributions	**(43.8)**	**–**	**(43.8)**
At 31 March 2012	**406.0**	**132.2**	**538.2**

Due to the structured nature of the returns on the share capital of G.P.E. (Marcol House) Limited its share capital is classified as a liability under IAS 39. As a result, an element of the Group's return on its investment in the joint venture is shown as a return on this liability. This results in a revaluation deficit on the Group's equity investment and a revaluation surplus on the Group's balances with partners.

Notes forming part of the Group financial statements

11 Investment in joint ventures (continued)

The investments in joint ventures comprise the following:

	Country	2012 ownership	2011 ownership
The 100 Bishopsgate Partnership	United Kingdom	50%	50%
G.P.E. (Marcol House) Limited	United Kingdom	100%	100%
The Great Capital Partnership	United Kingdom	50%	50%
The Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Star Partnership	United Kingdom	50%	50%
The Great Victoria Partnerships	United Kingdom	50%	50%
The Great Wigmore Partnership	United Kingdom	50%	50%

G.P.E. (Marcol House) Limited is a joint venture with Eurohypo. Eurohypo has a profit share arrangement dependent on the success of the two development schemes held by G.P.E. (Marcol House) Limited. Eurohypo is able to exert influence over the development strategy for the buildings and because these are the only assets held by the entity this influence extends over the whole of the entity's operations. As a result of this arrangement, GPE and Eurohypo are considered to have joint control over the business of the entity despite GPE having a 100% equity interest. Therefore, in accordance with IAS 31, G.P.E. (Marcol House) Limited has been treated as a joint venture. At 31 March 2012, a provision of £22.0 million was made in respect of the profit share arrangement with Eurohypo.

The Group's share in the assets and liabilities, revenues and expenses for the joint ventures are set out below:

	The 100 Bishopsgate Partnership £m	G.P.E. (Marcol House) Limited £m	The Great Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Star Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2012 Total £m	2011 Total £m
Balance sheets									
Investment property	63.2	133.0	160.1	110.2	80.7	98.0	53.7	698.9	665.1
Current assets	1.7	0.8	99.6	1.2	0.9	0.3	0.4	104.9	5.3
Cash	1.5	8.3	6.8	3.1	4.5	2.3	1.0	27.5	14.7
Balances (from)/to Partners	(33.9)	(111.5)	96.5	(54.6)	(16.1)	(5.5)	(7.1)	(132.2)	(15.9)
Bank loans	–	–	(112.3)	(35.9)	(38.7)	(28.4)	–	(215.3)	(179.6)
Derivatives	–	–	(3.5)	(0.9)	(1.0)	–	–	(5.4)	(5.8)
Current liabilities	(3.5)	(25.5)	(5.5)	(4.8)	(3.5)	(2.1)	(1.4)	(46.3)	(18.3)
Finance leases	(4.2)	–	(5.7)	(5.2)	(11.0)	–	–	(26.1)	(31.6)
Net assets	24.8	5.1	236.0	13.1	15.8	64.6	46.6	406.0	433.9
Income statements									
Net rental income	0.2	0.3	11.5	3.1	5.1	4.0	0.2	24.4	29.6
Property and administration costs	(0.9)	(0.4)	(1.2)	(0.3)	(1.1)	(0.7)	(0.3)	(4.9)	(3.7)
Net finance costs	–	–	(6.1)	(3.0)	(3.1)	(1.6)	–	(13.8)	(11.5)
Movement in fair value of derivatives	–	–	0.3	(0.9)	(1.1)	–	–	(1.7)	0.4
Share of profit from joint ventures	(0.7)	(0.1)	4.5	(1.1)	(0.2)	1.7	(0.1)	4.0	14.8
Revaluation of investment property	(22.6)	(26.1)	20.2	5.3	(2.2)	12.1	9.2	(4.1)	75.3
Profit on sale of investment property	–	1.8	11.9	–	–	–	(0.1)	13.6	–
Share of results of joint ventures	(23.3)	(24.4)	36.6	4.2	(2.4)	13.8	9.0	13.5	90.1

11 Investment in joint ventures (continued)

The non-recourse bank loans of the joint ventures at 31 March 2012 are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/floating	Interest rate
The Great Capital Partnership	225.0	March 2013	Floating	LIBOR+ 0.75–1.15%
The Great Ropemaker Partnership	73.0	November 2018	Floating	LIBOR+ 2.25–2.70%
The Great Star Partnership	78.1	July 2015	Floating	LIBOR+ 1.90%
The Great Victoria Partnership	56.7	October 2012	Fixed	5.50%
Total	432.8			

The Great Capital Partnership has four interest rate swaps and an interest rate collar with notional principal amounts of £143.9 million and £25.0 million respectively. The interest rate swaps and collar expire coterminously with the bank loan in 2013. The weighted average contracted fixed interest rate for the interest rate swaps was 5.27%, and the collar has a floor of 4.85% and a cap of 6.5%. The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the bank loan in 2018. The Great Star Partnership has an interest rate swap with a fixed interest rate of 2.72% and a notional principal amount of £39.8 million and an interest rate cap at 4.00% with a notional principal amount of £39.8 million. The interest rate swap and cap expire coterminously with the bank loan in 2015.

Subsequent to a number of property disposals, including £150.0 million to the Group, the loan facility in the Great Capital Partnership was paid down after 31 March 2012 from £225.0 million to £162.0 million (£81.0 million our share).

All interest bearing loans are in sterling. At 31 March 2012 the joint ventures had £nil undrawn facilities (2011: £nil).

Transactions during the year between the Group and its joint ventures, which are related parties, are disclosed below:

	2012 £m	2011 £m
Movement on joint venture balances during the year	**116.3**	31.5
Balances receivable at the year end from joint ventures	**(132.2)**	(15.9)
Distributions	**43.8**	28.8
Fee income	**5.6**	4.1
Property purchases from joint ventures by the Group	**150.0**	45.1

The joint venture balances bear interest as follows: the Great Ropemaker Partnership at 6.0%, the Great Star Partnership at 7.0%, the Great Wigmore Partnership at 4.0% and the 100 Bishopsgate Partnership at LIBOR +2.0%. The investment properties include £26.1 million (2011: £31.6 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £672.8 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's-length transactions.

At 31 March 2012, the Group had no contingent liabilities arising in its joint ventures (2011: £nil). At 31 March 2012, the Group had capital commitments in respect of its joint ventures of £89.8 million (2011: £56.7 million).

Notes forming part of the Group financial statements

12 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2010	2.0	0.9	2.9
Costs capitalised	–	0.4	0.4
At 31 March 2011	2.0	1.3	3.3
Costs capitalised	**–**	**0.1**	**0.1**
At 31 March 2012	**2.0**	**1.4**	**3.4**
Depreciation			
At 1 April 2011	**1.1**	**1.0**	**2.1**
Charge for the year	**0.2**	**0.2**	**0.4**
At 31 March 2012	**1.3**	**1.2**	**2.5**
Carrying amount at 31 March 2011	0.9	0.3	1.2
Carrying amount at 31 March 2012	**0.7**	**0.2**	**0.9**

13 Trade and other receivables

	2012 £m	2011 £m
Trade receivables	**4.0**	6.9
Allowance for doubtful debts	**(0.3)**	(0.3)
	3.7	6.6
Prepayments and accrued income	**0.8**	0.8
Other trade receivables	**44.9**	11.6
Derivatives (non-current)	**4.8**	2.7
	54.2	21.7

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the tenant's lease. Trade receivables are provided for based on estimated irrecoverable amounts determined by past default experience and knowledge of the individual tenant's circumstance. At 31 March 2012, debtors past due but not impaired were £2.4 million (2011: £4.9 million). Other trade receivables at 31 March 2012 included £38.2 million in respect of property sales exchanged but not completed (2011: £nil).

	2012 £m	2011 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.3)**	(0.4)
Amounts provided for during the year	**(0.2)**	(0.5)
Amounts written off as uncollectable	**0.2**	0.6
	(0.3)	(0.3)

14 Trade and other payables

	2012 £m	2011 £m
Rents received in advance	**12.9**	11.6
Non-trade payables and accrued expenses	**173.8**	19.9
	186.7	31.5

Non-trade payables at 31 March 2012 included £153.3 million in respect of property purchases exchanged but not completed (2011: £nil).

15 Interest-bearing loans and borrowings

	2012 £m	2011 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**144.2**	144.2
Unsecured		
Bank loans	**200.1**	207.9
£30.0 million 5.09% private placement notes 2018	**29.8**	–
$130.0 million 4.81% private placement notes 2018	**80.6**	–
$78.0 million 5.37% private placement notes 2021	**48.4**	–
Non-current liabilities at fair value		
Derivatives	**4.3**	–
	507.4	352.1

The Group has two floating rate revolving credit facilities of £350.0 million and £150.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR, based on gearing, and expires in 2015. The £150.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 175–250 basis points above LIBOR, based on gearing, and expires in 2017. At 31 March 2012 the Group had £297.0 million (2011: £340.0 million) of undrawn committed credit facilities.

Post balance sheet event

GPE has agreed to issue US dollar notes through private placement. The notes were priced on 15 March 2012 with the respective coupons set as follows:

- $160.0 million, seven-year note at 4.20%; and
- $40.0 million, ten-year note at 4.82%.

The related legal documentation was signed on 9 May 2012 and the funds will be drawn on 30 May 2012.

As the Group operates solely in the United Kingdom, and all of its operating profits and net assets are sterling denominated, it entered into a cross currency swap in order to ensure the US dollar liability stream generated by the notes was fully hedged into sterling for the life of the transaction. Through entering into the cross currency swap the Group has created a synthetic sterling fixed rate liability exposure for seven and ten years totalling £127.7 million.

Notes forming part of the Group financial statements

16 Financial instruments

Categories of financial instrument	Carrying amount 2012 £m	Income/ (expense) 2012 £m	Gain/(loss) to equity 2012 £m	Carrying amount 2011 £m	Income/ (expense) 2011 £m	Gain/(loss) to equity 2011 £m
Interest rate swaps, caps and collars	**(0.1)**	**(1.6)**	**1.5**	–	(3.1)	3.1
Cross currency swaps	**(4.2)**	**(4.2)**	**–**	–	–	–
Non-current liabilities at fair value	**(4.3)**	**(5.8)**	**1.5**	–	(3.1)	3.1
Interest rate swaptions	**–**	**–**	**–**	–	(1.1)	–
Interest rate floor	**4.8**	**3.7**	**–**	2.7	–	–
Non-current assets held at fair value	**4.8**	**3.7**	**–**	2.7	(1.1)	–
Trade receivables	**49.4**	**(0.3)**	**–**	19.0	(0.3)	–
Cash and cash equivalents	**4.0**	**–**	**–**	3.0	–	–
Loans and receivables	**53.4**	**(0.3)**	**–**	22.0	(0.3)	–
Trade and other payables	**(186.7)**	**–**	**–**	(31.6)	–	–
Interest-bearing loans and borrowings	**(503.1)**	**(20.6)**	**–**	(352.1)	(12.4)	–
Finance leases	**(31.3)**	**(1.3)**	**–**	(28.5)	(0.4)	–
Liabilities at amortised cost	**(721.1)**	**(21.9)**	**–**	(412.2)	(12.8)	–
Total financial instruments	**(667.2)**	**(24.3)**	**1.5**	(387.5)	(17.3)	3.1

Financial risk management objectives

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has a policy of only dealing with creditworthy tenants and obtaining sufficient rental cash deposits or third party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the large and diverse tenant base. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of rent deposits obtained. Details of the Group's receivables are summarised in note 13 of the financial statements.

The Group's cash deposits are placed with a diversified range of banks and strict counterparty limits ensure the Group's exposure to bank failure is minimised.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. Debt comprises long-term debenture stock, private placement notes and drawings against committed revolving credit facilities from banks.

The Group operates solely in the United Kingdom, and its operating profits and net assets are sterling denominated, as a result the Group's policy is to have no unhedged assets or liabilities denominated in foreign currencies. The currency risk on overseas transactions is fully hedged through foreign currency derivatives to create a synthetic sterling exposure.

16 Financial instruments (continued)

Liquidity risk

The Group operates a framework for the management of the Group's short-, medium- and long-term funding requirements. Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. The Group's funding sources are diversified across a range of bank and bond markets and strict counterparty limits are operated on deposits.

The Group meets its day-to-day working capital requirements through the utilisation of its revolving credit facilities. The availability of these facilities depends on the Group complying with a number of key financial covenants; these covenants and the Group's compliance with these covenants are set out in the table below:

Key covenants	Covenant	March 2012 actuals
Group		
Net debt/net equity	<1.25x	**0.4x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	>1.66x	**2.6x**
Interest cover	>1.35x	**2.0x**

The Group has undrawn credit facilities of £297.0 million and has substantial headroom above all of its key covenants. As a result the directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

The following tables detail the Group's remaining contractual maturity on its financial instruments and have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay and conditions existing at the balance sheet date:

At 31 March 2012	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	**144.2**	**278.1**	**8.0**	**8.0**	**24.1**	**238.0**
Bank loans	**200.1**	**220.2**	**4.6**	**4.6**	**211.0**	**–**
Private placement notes	**158.8**	**220.4**	**8.5**	**8.5**	**25.4**	**178.0**
Derivative financial instruments						
Interest rate swap	**0.1**	**0.2**	**0.1**	**0.1**	**–**	**–**
Interest rate floor	**(4.8)**	**(4.7)**	**(1.9)**	**(1.9)**	**(0.9)**	**–**
	498.4	**714.2**	**19.3**	**19.3**	**259.6**	**416.0**

At 31 March 2011	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	144.2	286.2	8.0	8.0	24.1	246.1
Bank loans	207.9	217.8	5.0	201.1	11.7	–
Derivative financial instruments						
Interest rate swap	–	0.2	0.1	0.1	–	–
Interest rate floor	(2.7)	(6.7)	(1.1)	(2.2)	(3.4)	–
	349.4	497.5	12.0	207.0	32.4	246.1

Notes forming part of the Group financial statements

16 Financial instruments (continued)

Market risk
Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy either to eliminate interest rate risk over the cash flows on its long-term debt finance through the use of fixed rate debentures or to mitigate the risk through the use of floating to fixed interest rate swaps, caps, floors, collars and swaptions. It is the Group's policy to maintain the proportion of floating interest rate exposure to between 20%–40% of forecast total interest rate cost.

Interest rate swaps
Interest rate swaps enable the Group to exchange its floating rate interest payments on its bank debt for fixed rate payments on a notional value. Such contracts allow the Group to mitigate the risk of changing interest rates on the cash flow exposures on its variable rate bank loans by locking in a fixed rate on a proportion of its debt.

Interest rate caps
Interest rate caps protect the Group from rises in short-term interest rates by making a payment to the Group when the underlying interest rate exceeds a specified rate (the "cap rate") on a notional value. If the underlying rate exceeds the cap rate, the payment is based upon the difference between the two rates, ensuring the Group only pays the maximum of the cap rate.

Interest rate floors
Under the terms of an interest rate floor, one party (the "seller") makes a payment to the other party (the "buyer") if an underlying interest rate is below a specified rate.

The Group has bought an interest rate floor, which, when combined with its fixed rate private placement notes raised in 2011, gives rise to the same economic effect as purchasing an interest rate cap in respect of floating rate debt.

Interest rate swaptions
An interest rate swaption provides the Group with an option to enter into an interest rate swap on a specified future exercise date at a set price. On the exercise date the Group can either enter into the interest rate swap or let the option lapse. Such contracts act as an insurance policy against future interest rate rises.

Cross currency swaps
Cross currency swaps enable the Group to exchange receipts or payments denominated in currencies other than sterling for receipts or payments denominated in sterling. Such contracts allow the Group to eliminate foreign exchange risk arising from fluctuating exchange rates between sterling and other currencies.

The following table details the notional principal amounts and remaining terms of interest rate derivatives outstanding at 31 March:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2012 %	2011 %	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Cash flow hedges						
Interest rate swaps						
Between two and five years	**1.87%**	1.87%	**11.0**	11.0	**(0.1)**	–
Interest rate floor						
Between two and five years	**2.53%**	2.53%	**159.7**	159.7	**4.8**	2.7
	2.49%	2.49%	**170.7**	170.7	**4.7**	2.7

The following table details the notional principal amounts and remaining terms of exchange rate derivatives outstanding at 31 March:

	Average exchange rate		Foreign currency		Notional principal amount		Fair value	
	2012 rate	2011 rate	**2012 US$m**	2011 US$m	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Cash flow hedges								
Cross currency swap								
In excess of five years	**1.585**	1.604	**408.0**	208.0	**257.4**	129.7	**(4.2)**	–
	1.585	1.604	**408.0**	208.0	**257.4**	129.7	**(4.2)**	–

As at 31 March 2012 the aggregate amount of unrealised losses in respect of cash flow hedges was £nil million (2011: £1.5 million).

16 Financial instruments (continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represents management's assessment of possible changes in interest rates. For the floating rate liabilities the analysis is prepared assuming the amount of the liability at 31 March 2012 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Increase of 100 basis points	**(1.0)**	(3.8)	**(0.3)**	(2.4)
Increase of 50 basis points	**(0.6)**	(2.3)	**(0.3)**	(1.3)
Decrease of 25 basis points	**0.4**	0.8	**0.2**	1.6
Decrease of 50 basis points	**0.7**	1.8	**0.4**	3.6

Foreign exchange sensitivity

The sensitivity analysis below has been determined based on the exposure to foreign exchange rates for derivative financial instruments at the balance sheet date and represents management's assessment of changes to the fair value of the Group's cross currency swaps as a result of possible changes in foreign exchange rates:

	Impact on profit		Impact on equity	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Increase of 20% in the exchange spot rate	**(30.5)**	(2.4)	**(30.5)**	(2.4)
Increase of 10% in the exchange spot rate	**(16.6)**	(1.3)	**(16.6)**	(1.3)
Decrease of 10% in the exchange spot rate	**20.3**	1.6	**20.3**	1.6
Decrease of 20% in the exchange spot rate	**45.7**	3.6	**45.7**	3.6

Fair value of interest-bearing loans and borrowings

	Book value 2012 £m	**Fair value 2012 £m**	Book value 2011 £m	Fair value 2011 £m
Non-current liabilities at amortised cost	**503.1**	**522.7**	352.1	341.1
Non-current liabilities at fair value (derivatives)	**4.3**	**4.3**	–	–
Non-current assets held at fair value (derivatives)	**(4.8)**	**(4.8)**	(2.7)	(2.7)
	502.6	**522.2**	349.4	338.4

The fair values of the Group's listed long-term borrowings have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 7 Financial Instruments: Disclosures. The fair values of the Group's outstanding interest rate swaps and interest rate floors have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. The fair value of the Group's currency swaps have been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 7. None of the Group's financial derivatives are designated as financial hedges.

The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements.

Notes forming part of the Group financial statements

17 Finance leases

Finance lease obligations in respect of the Group's leasehold properties are payable as follows:

	Minimum lease payments 2012 £m	Interest 2012 £m	Principal 2012 £m	Minimum lease payments 2011 £m	Interest 2011 £m	Principal 2011 £m
Less than one year	**1.5**	**(1.5)**	**–**	1.3	(1.3)	–
Between two and five years	**6.0**	**(6.0)**	**–**	5.3	(5.3)	–
More than five years	**236.4**	**(205.1)**	**31.3**	221.9	(193.4)	28.5
	243.9	**(212.6)**	**31.3**	228.5	(200.0)	28.5

18 Share capital

	2012 Number	2012 £m	2011 Number	2011 £m
Allotted, called up and fully paid ordinary shares of 12.5 pence				
At 1 April and 31 March	**312,676,149**	**39.1**	312,676,149	39.1

19 Investment in own shares

	2012 £m	2011 £m
At 1 April	**4.0**	0.3
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(3.0)**	(1.9)
Purchase of shares	**10.9**	5.7
Transfer to retained earnings	**(0.4)**	(0.1)
At 31 March	**11.5**	4.0

The investment in the Company's own shares is held at cost and comprises 4,420,926 shares (2011: 2,482,630 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the year 554,195 shares (2011: 324,748 shares) were awarded to directors and senior employees in respect of the 2008 LTIP and SMP award. The fair value of shares awarded and outstanding at 31 March 2012 was £9.9 million (2011: £7.4 million).

20 Adjustment for non-cash movements in the cash flow statement

	2012 £m	2011 £m
Surplus from investment property	**(97.2)**	(131.3)
Employee Long-Term Incentive Plan and Share Matching Plan charge	**3.0**	1.9
Amortisation of capitalised lease incentives	**(0.9)**	3.3
Share of results from joint ventures	**(50.0)**	(97.9)
Other non-cash items	**–**	0.3
Adjustments for non-cash items	**(145.1)**	(223.7)

21 Dividends

	2012 £m	2011 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2012 of 3.2 pence per share	9.9	–
Final dividend for the year ended 31 March 2011 of 5.1 pence per share	15.8	–
Interim dividend for the year ended 31 March 2011 of 3.1 pence per share	–	9.6
Second interim dividend for the year ended 31 March 2010 of 5.0 pence per share	–	15.6
	25.7	25.2

A final dividend of 5.2 pence per share was approved by the Board on 23 May 2012 and will be paid on 10 July 2012 to shareholders on the register on 1 June 2012. The dividend is not recognised as a liability at 31 March 2012. The 2011 final dividend and the 2012 interim dividend were paid in the year and are included within the Group statement of changes in equity.

22 Operating leases

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

	2012 £m	2011 £m
The Group as a lessor		
Less than one year	43.8	37.9
Between two and five years	111.2	104.8
More than five years	95.4	85.5
	250.4	228.2

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2012 was 5.3 years (2011: 5.0 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the year (2011: £nil).

23 Employee benefits

The Group contributes to a defined benefit final salary pension plan (the "Plan"), the assets of which are held by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2012 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2012 %	2011 %
Discount rate	5.00	5.50
Expected return on Plan assets	4.12	5.45
Expected rate of salary increases	4.25	4.50
Future pension increases	3.25	3.50

To develop the expected long-term rate of return on the Plan assets, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the long-term rate of return on Plan assets for the portfolio. This resulted in the selection of an assumption of 4.12% p.a. During the year, the Group has changed the basis on which inflation is estimated from the Retail Price Index to the Consumer Price Index. This has been accounted for as a change in accounting estimate and recorded as an actuarial gain. This decreased the present value of the defined benefit obligation by £0.4 million.

The Trustee Directors are currently investigating whether the normal pension retirement dates under the plan were equalised in 1991 in accordance with relevant case law. It is possible that this will result in the plan incurring additional benefit costs; however, it is not possible at this stage to reliably estimate the financial impact on the plan.

Notes forming part of the Group financial statements

23 Employee benefits (continued)

The amount recognised in the balance sheet in respect of the Plan is as follows:

	2012 £m	2011 £m
Present value of unfunded obligations	**(19.9)**	(18.7)
Fair value of the Plan assets	**20.3**	18.4
Pension asset/(liability)	**0.4**	(0.3)

Amounts recognised as administration expenses in the income statement are as follows:

	2012 £m	2011 £m
Current service cost	**(0.3)**	(0.2)
Interest on obligation	**(1.0)**	(1.0)
Expected return on the Plan assets	**1.0**	0.9
	(0.3)	(0.3)
Actuarial gain/(deficit) recognised immediately in the Group statement of changes in equity	**0.4**	(0.2)
Cumulative actuarial gains recognised in the Group statement of changes in equity	**1.6**	1.2

Changes in the present value of the pension obligation are as follows:

	2012 £m	2011 £m
Defined benefit obligation at 1 April	**18.7**	17.5
Service cost	**0.3**	0.2
Interest cost	**1.0**	1.0
Actuarial loss	**0.4**	0.5
Benefits paid	**(0.5)**	(0.5)
Present value of defined benefit obligation at 31 March	**19.9**	18.7

Changes to the fair value of the Plan assets are as follows:

	2012 £m	2011 £m
Fair value of the Plan assets at 1 April	**18.4**	17.3
Expected return on the Plan assets	**1.0**	0.9
Actuarial gain	**0.8**	0.3
Contributions	**0.6**	0.4
Benefits paid	**(0.5)**	(0.5)
Fair value of the Plan assets at 31 March	**20.3**	18.4
Net asset/(liability)	**0.4**	(0.3)

23 Employee benefits (continued)

The fair value of the Plan assets at the balance sheet date is analysed as follows:

	2012 £m	2011 £m
Equities	**8.1**	7.4
Bonds	**12.2**	11.0
	20.3	18.4

The actual return on Plan assets was a surplus of £1.8 million (2011: surplus of £1.2 million).

Life expectancy assumptions:

	2012 Years	2011 Years
Male aged 65	**23**	23
Female aged 65	**26**	23
Male from age 65 if aged 40 today	**25**	25
Female from age 65 if aged 40 today	**28**	25

The history of the Plan assets for the current and prior years is as follows:

	2012	2011	2010	2009	2008
Net pension asset/(liability)					
Fair value of Plan assets £m	**20.3**	18.4	17.3	14.0	16.1
Present value of the pension obligation £m	**(19.9)**	(18.7)	(17.5)	(13.4)	(13.9)
Net pension asset/(liability) £m	**0.4**	(0.3)	(0.2)	0.6	2.2
Difference between expected and actual return on the scheme assets:					
Amount £m	**0.8**	0.3	2.6	(3.0)	(0.8)
Percentage of scheme assets	**4%**	1%	15%	(21%)	(5%)
Experience gains/(losses) on scheme liabilities:					
Amount £m	**0.8**	–	–	(1.7)	–
Percentage of scheme liabilities	**4%**	–	–	(13%)	–
Total gains and losses:					
Amount £m	**0.4**	(0.2)	(1.0)	(1.8)	1.9
Percentage of scheme assets	**2%**	(1%)	(6%)	(13%)	13%

The Group expects to contribute £0.6 million to the Plan in the year ended 31 March 2013.

Independent auditor's report

Independent auditor's report to the members of Great Portland Estates plc

We have audited the Group financial statements of Great Portland Estates plc for the year ended 31 March 2012 which comprise the Group income statement, the Group statement of comprehensive income, the Group balance sheet, the Group statement of cash flows, the Group statement of changes in equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

– give a true and fair view of the state of the Group's affairs as at 31 March 2012 and of its profit for the year then ended;

– have been properly prepared in accordance with IFRSs as adopted by the European Union; and

– have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the Group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

– certain disclosures of directors' remuneration specified by law are not made; or

– we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

– the directors' statement, contained within the Director's report, in relation to going concern; and

– the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and

– certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of Great Portland Estates plc for the year ended 31 March 2012 and on the information in the Directors' Remuneration Report that is described as having been audited.

Claire Faulkner

Claire Faulkner (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

23 May 2012

Company balance sheet – UK GAAP

	Notes	2012 £m	2011 £m
Fixed assets			
Fixed asset investments	iii	**2,033.8**	1,865.5
Current assets			
Debtors	iv	**423.9**	257.8
Cash at bank and short-term deposits		**2.4**	1.7
		426.3	259.5
Creditors: amounts falling due within one year	v	**(714.4)**	(660.2)
Net current liabilities		**(288.1)**	(400.7)
Total assets less current liabilities		**1,745.7**	1,464.8
Creditors: amounts falling due after more than one year			
Debenture loans	15	**(144.2)**	(144.2)
Bank loans	15	**(200.1)**	(207.9)
£30.0 million 5.09% private placement notes 2018	15	**(29.8)**	–
$130.0 million 4.81% private placement notes 2018	15	**(80.6)**	–
$78.0 million 5.37% private placement notes 2021	15	**(48.4)**	–
Derivatives	15	**(4.3)**	–
Net assets		**1,238.3**	1,112.7
Capital and reserves			
Called up share capital	18	**39.1**	39.1
Share premium account		**218.1**	218.1
Profit and loss account	vi	**190.2**	226.9
Revaluation reserve	vi	**777.4**	609.1
Hedging reserve	vi	**–**	(1.5)
Other reserves	vi	**25.0**	25.0
Investment in own shares	19	**(11.5)**	(4.0)
Shareholders' funds		**1,238.3**	1,112.7

Note: references in roman numerals refer to the notes to the Company financial statements, references in numbers refer to the notes to the Group financial statements.

Approved by the Board on 23 May 2012 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Notes forming part of the Company financial statements

i Accounting policies

Accounting convention
The Company financial statements are prepared under UK GAAP and the historical cost convention as modified by the revaluation of investments in subsidiary undertakings. The Company has prepared its financial statements on a going concern basis, see page 118.

Subsidiary undertakings and joint ventures
Shares in subsidiary undertakings are carried at amounts equal to their original cost and any subsequent movement in the revaluation reserve of those subsidiaries, thus reflecting in the Company's balance sheet the surplus arising from the revaluation and the sale of investments and investment properties of those subsidiaries, limited to the value of the Group balance sheet.

Accounting policies for share-based payments, deferred tax and financial instruments are the same as those of the Group and are set out on pages 68 to 70.

The Company, together with another Group company, contributes to a defined benefit pension scheme for its employees. The Company's share in the underlying assets and liabilities of the scheme cannot be readily determined on a consistent and measurable basis. As a result, the directors consider it appropriate to account for the contributions to the scheme as if it were a defined contribution scheme. Accordingly the directors have taken the multi employer exemption allowable under the accounting standards. Details of the Group's pension plan can be found on pages 85 to 87.

ii Loss attributable to members of the parent undertaking
As permitted by section 408 Companies Act 2006, the Company has not presented its own profit and loss account. The loss dealt within the accounts of the Company was £10.6 million (2011: loss of £9.8 million). The employees of the Company are the directors and the company secretary. Full disclosure of the directors remuneration can be found on pages 106 to 115.

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
At 1 April 2011	108.3	1,406.5	350.7	1,865.5
Surplus on revaluation	12.1	156.2	–	168.3
At 31 March 2012	120.4	1,562.7	350.7	2,033.8

Shares in subsidiary undertakings and joint ventures are carried at directors' valuation. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2012 was £887.5 million (2011: £887.5 million).

Were the Company to sell its fixed asset investments, an estimated charge of £191.0 million (2011: £163.1 million) would arise. However, the Company has no intention of selling any of its investments in the foreseeable future.

The Company owns, directly or through subsidiary undertakings, all of the ordinary issued share capital of the following principal subsidiary undertakings, all of which are incorporated in England and operate in the United Kingdom:

	Principal activity		Principal activity
B & H S Management Limited	Property management	**G.P.E. (St. Thomas Street) Limited**	Property investment
Collin Estates Limited	Property investment	**J.L.P. Investment Company Limited**	Property investment
Courtana Investments Limited	Property investment	**Knighton Estates Limited**	Property investment
G.P.E. (Bermondsey Street) Limited	Property investment	**Pontsarn Investments Limited**	Property investment
G.P.E. (Hanover Square) Limited*	Property investment	**Portman Square Properties Limited**	Property investment
G.P.E. (New Bond Street) LLP†	Property investment	**The Rathbone Place Limited Partnership†**	Property investment

* Held by a subsidiary undertaking.

† The Company owns, through a subsidiary undertaking, 100% of the partnership capital of G.P.E. (New Bond Street) LLP and The Rathbone Place Limited Partnership both of which are registered in England and operate in the United Kingdom.

iv Debtors

	2012 £m	2011 £m
Amounts owed by subsidiary undertakings	265.2	192.1
Amounts owed by joint ventures	149.9	62.1
Corporation tax	–	0.7
Other debtors	4.0	0.1
Prepayments and accrued income	–	0.1
Derivatives (non-current)	4.8	2.7
	423.9	257.8

v Creditors: amounts falling due within one year

	2012 £m	2011 £m
Amounts owed to subsidiary undertakings	574.3	527.5
Amounts owed to joint ventures	132.9	124.8
Other taxes and social security costs	0.1	0.1
Other creditors	1.2	2.9
Accruals	5.9	4.9
	714.4	660.2

vi Reserves

			Other reserves			
	Profit and loss account £m	Revaluation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Acquisition reserve £m	Total £m
1 April 2011	226.9	609.1	(1.5)	16.4	8.6	25.0
Surplus on revaluation of fixed asset investments	–	168.3	–	–	–	–
Loss for the year	(10.6)	–	–	–	–	–
Dividends	(25.7)	–	–	–	–	–
Transfer to investment in own shares	(0.4)	–	–	–	–	–
Charge on 2010 cancellation of derivatives	–	–	1.5	–	–	–
At 31 March 2012	190.2	777.4	–	16.4	8.6	25.0

Company independent auditor's report

Independent auditor's report to the members of Great Portland Estates plc

We have audited the parent company financial statements of Great Portland Estates plc for the year ended 31 March 2012 which comprise the parent Company balance sheet and the related notes i to vi. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

– give a true and fair view of the state of the Company's affairs as at 31 March 2012;

– have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

– have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

– the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and

– the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

– adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

– the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

– certain disclosures of directors' remuneration specified by law are not made; or

– we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Great Portland Estates plc for the year ended 31 March 2012.

Claire Faulkner

Claire Faulkner (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

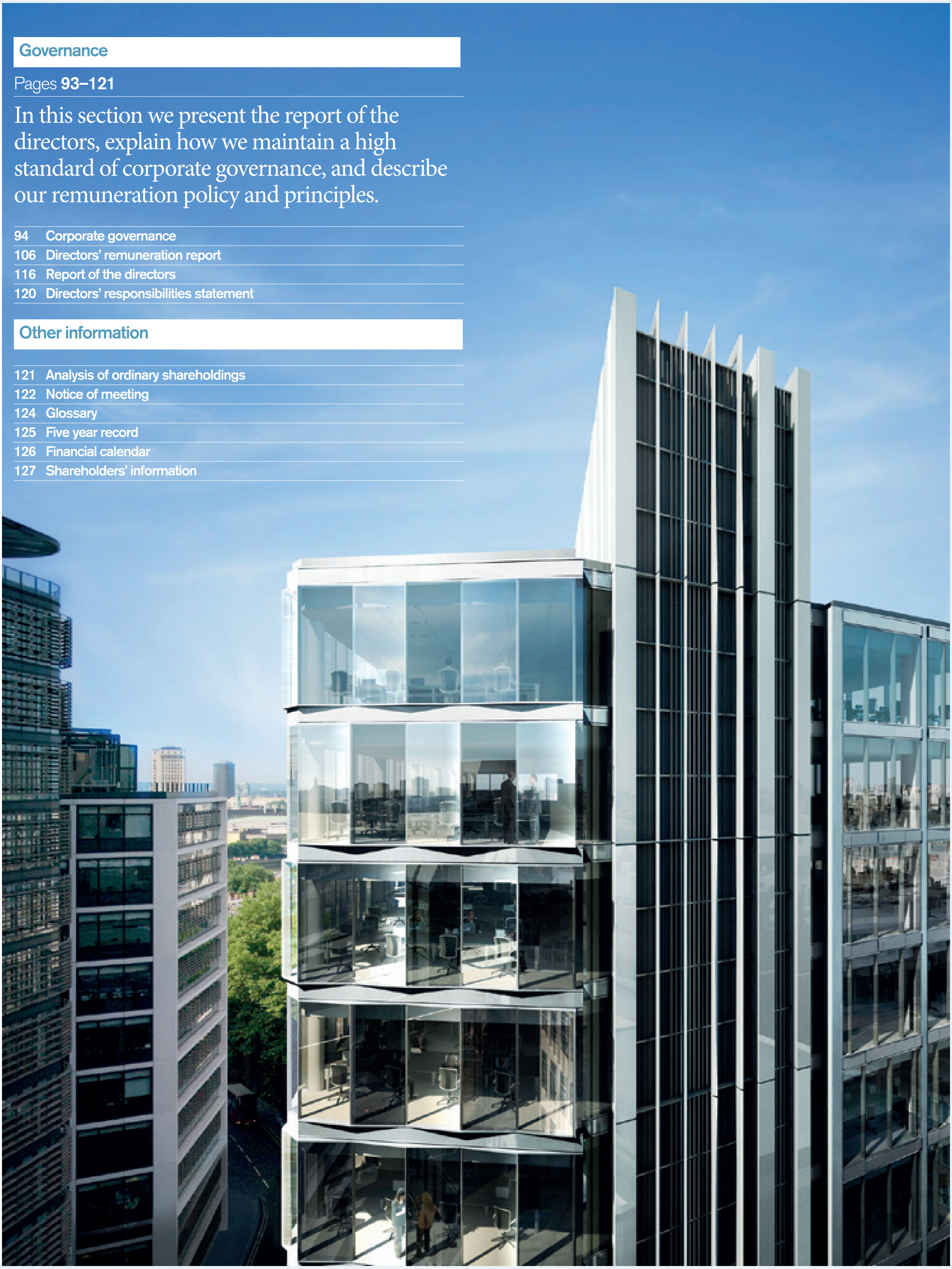
23 May 2012

Governance

Pages **93–121**

In this section we present the report of the directors, explain how we maintain a high standard of corporate governance, and describe our remuneration policy and principles.

Other information



CGI image of Fetter Lane, EC4

Corporate governance

Good governance is based on good communication, a focus on risks and transparency in how we operate.

Corporate governance

I believe the effectiveness of your Board in the achievement of good governance is based on good communication, a focus on risks, and a commitment to transparency, all of which have been continually borne in mind in the successful delivery of the Group's strategic priorities.

Strategic priorities and Board oversight of transactions

The Group's business model and strategy is outlined on pages 4 to 7. For the year ended 31 March 2012, the Board's strategic priorities were to:

- make selected acquisitions that provided value enhancement opportunities and asset management, redevelopment or refurbishment potential;
- drive rental growth; and
- execute the Group's development programme.

To ensure that risks associated with major transactions, and how such transactions fit in with the Group's strategy for long-term success, are fully debated at Board level, Board approval is required for:

- all sales and acquisitions where the Group's share is over £25 million;
- any development expenditure over £15 million; and
- any leases of £1 million p.a. or above.

In the year ended 31 March 2012, the Board had 13 unscheduled Board meetings, in addition to the seven scheduled Board meetings, to approve a number of transactions. Significant transactions during the year included:

- enhancing the Group's development pipeline through the purchase of a 2.3 acre site at Rathbone Place, W1 at a low entry cost providing the Group with a major mixed-use redevelopment site;
- the acquisition of 200 & 214 Gray's Inn Road, WC1 where we expect to benefit in the medium term from the impact of the Crossrail and Thameslink projects at Farringdon, and the continued development activity around King's Cross and St Pancras, at a low entry cost and providing an attractive initial yield of 6.4% with asset management angles;
- buying the half share not already owned by GPE of five properties from the Great Capital Partnership to enable the refurbishment of Walmar House and 13/14 Great Castle Street in the near-term and medium-term repositioning opportunities in both Soho and Regent Street with a solid income return in the meantime;
- the pre-let of all 95,600 sq ft of the office space at 33 Margaret Street, W1 due for completion in October 2012, bringing forward income receipts; and
- the pre-let of 105,650 sq ft at 240 Blackfriars Road, materially de-risking the development and without which the project would not have been started.

The entering into a £150.0 million new five year unsecured revolving credit facility in February 2012 and the securing of a further £127.7 million of private placement notes in March 2012, which we will draw down on 30 May 2012, has ensured the Group continues to have sufficient resources to be able to take advantage of opportunities as they arise whilst extending the Group's debt maturity profile and keeping the Group's cost of debt low at 4.5%.

Following our successes this year and the challenging macro-economic and capital environment, we have flexed our priorities for the year ahead to ensure that we maximise shareholder value creation opportunities from both our property portfolio and financial resources, while at the same time appropriately managing risk.

+ See our strategic priorities on pages 4 to 7.

Board evaluation

Following an external Board evaluation last year, this year, in accordance with our policy, the evaluation process was undertaken by Charles Irby as Senior Independent Director supported by our Company Secretary. The process covered Board, Committee and personal performance and the output was reviewed at the January 2012 Board meeting to ensure any pertinent points could be incorporated within the Group's strategic review and wider corporate governance review in March 2012. Overall the process confirmed that the Board and its Committees continued to work effectively and emphasised that the thresholds for decisions were at the right level, with focus being properly directed at material issues. Cognisant of the impact of ever changing legislation and regulations, it was agreed that an annual presentation on both potential and impending legal and regulatory changes across all areas of the Group's operations including reporting, environmental, health and safety and numerous European industry and financing directives, would benefit the Board to ensure the potential impacts on the Group were appropriately addressed on a timely basis to help 'future proof' the business.

Board appointments and succession planning

In July 2011, we were pleased to welcome Nick Sanderson to the Board as Finance Director, who brings with him a wealth of real estate and capital markets experience. After six years on the Board, Phillip Rose will be retiring at this year's Annual General Meeting and we would like to thank him for his valued contribution to the Board's activities over the years. In anticipation of Phillip Rose's expected retirement from the Board, following consultation with the whole Board of the qualities sought in his successor, we are in the process of recruiting his replacement. Whilst the Board recognises the benefits of gender diversity and will continue to ensure that this is taken into account when considering any particular appointment, the Company's policy remains that selection should be based on the best person for the role. 30% of the Group's senior managers are women with women making up 43% of all employees.

As part of the Strategy Review, the Board reviews the succession planning and development requirements for key executives and senior managers across the team. During the course of the year ended 31 March 2011, we undertook to increase headcount by almost 15% to help broaden the strength and depth of our asset management, investment, development and finance teams and the individuals concerned are fitting in well.

Executive reward linked to the Group's performance for shareholders

Under the Group's long-term incentive plans, the Executive Directors and senior management are rewarded for the performance of the Group over a three year period. I am pleased to be able to report that 100% of the Total Shareholder Return element of the Group's 2008 LTIP and SMP awards vested based on the Group performing in the upper quartile against the constituents of the FTSE 350 Real Estate Sector, and reflecting the underlying financial performance of the Company as demonstrated through the trend of the Company's annual KPIs of NAV growth, Total Property Return and Return on Capital Employed. Total Shareholder Return for the three year period to 2 June 2011 and 9 June 2011 was 23.9% and 27.5% respectively. Whilst we failed to make the NAV hurdle following the significant fall in property values in 2009, we anticipate the NAV hurdle will be fully met for the three year period to May 2012.

Communication with shareholders

Communication with shareholders is given a high priority by the Board with over 165 presentations being made in the year to investors, potential investors and analysts by a combination of the Executive Director team and senior management below the Board. Independent feedback on presentations by the Executive Directors to all major shareholders is provided to the Non-Executive Directors on a regular basis. I am pleased to be able to report that in November 2011 we received external recognition for our efforts on our Annual Report by winning the ICSA Hermes 2011 Transparency in Governance Award for the best Annual Report in the FTSE 250. At the end of April 2012, we also re-launched the Group's website which has been significantly enhanced in respect of information on the Group's portfolio of properties and actions being taken to enhance its sustainability.

Martin Scicluna
Chairman

Corporate governance

What is the role of the Board and the Committees and what have they done during the year?

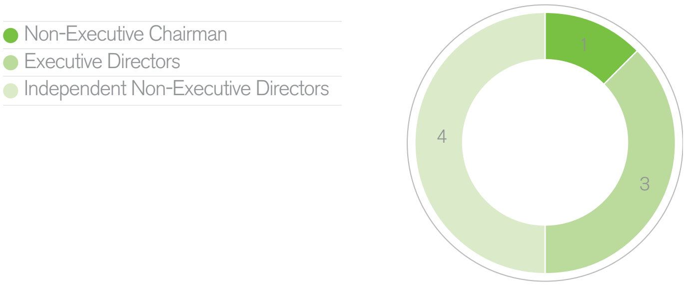
The Board of Directors

The Board has a duty to promote the long-term success of the Company for its shareholders and its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals, capital expenditure and financing arrangements and of the Group's systems of internal control, governance and risk management.

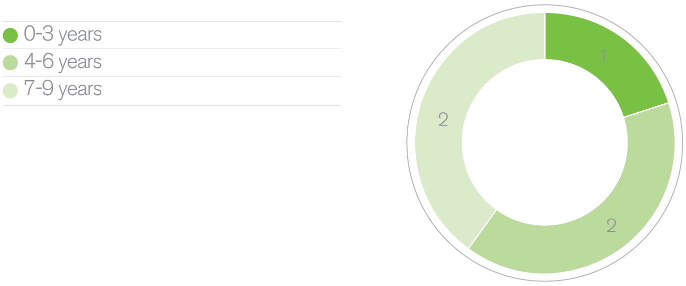
Composition

The Board comprises the Chairman, three Executive Directors and four Non-Executive Directors. The biographies of all members of the Board are set out on pages 44 and 45. Martin Scicluna as Chairman is responsible for leading the Board and its effectiveness and Toby Courtauld as Chief Executive is responsible for the day-to-day management of the Company, with the division of responsibilities approved by the Board. Charles Irby, the Senior Independent Director, is available to shareholders as required and acts as a sounding board for the Chairman.

Balance of Non-Executive Directors and Executive Directors 31 March 2012



Length of tenure of Non-Executive Directors 31 March 2012



Each of the Non-Executive Directors is considered to be independent of the executive management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Attendance at Board and Committee meetings by directors and Committee members during the year was as follows:

	Board – scheduled (7 meetings)	Board – other (13 meetings)[1]	Nomination Committee (2 meetings)	Remuneration Committee (7 meetings)	Audit Committee (6 meetings)
Chairman					
Martin Scicluna[2]	7	13	2	4(4)	2(2)
Executive Directors					
Toby Courtauld	7	13	–	–	–
Timon Drakesmith[3]	1(1)	1(1)	–	–	–
Nick Sanderson[4]	4(4)	10(10)	–	–	–
Neil Thompson	7	13	–	–	–
Non-Executive Directors					
Charles Irby	7	11	2	7	5
Jonathan Nicholls	7	11	2	7	6
Phillip Rose	7	8	2	–	5
Jonathan Short	7	13	–	7	6

1 As a result of a number of significant transactions during the year, there were 13 unscheduled Board meetings during the year – see page 97.

2 Although Martin Scicluna is not a member of either the Audit or Remuneration Committee, in his role of Chairman, he attends key meetings of the Remuneration Committee relating to the remuneration of the Executive Directors and the Audit Committee meetings in respect of the review of the half year and year end results. The number in (parentheses) indicates the number of Remuneration and Audit Committee meetings the Chairman is expected to have attended in this respect.

3 Timon Drakesmith resigned from the Board with effect from 27 May 2011.

4 Nick Sanderson joined the Board on 25 July 2011.

Where directors are unable to attend meetings, their comments, as appropriate, are provided to the Board or Committee Chairman prior to the meeting.

Board activities

The Board meets for scheduled Board meetings at least seven times a year. Key matters reserved for the Board at those meetings include:

– the setting and monitoring of strategy, including dividend policy;

– review of the Group's risk and related controls;

– reviewing performance and implementation of the strategy by the Executive Directors;

– reviewing the Group's property valuation;

– significant financing arrangements;

– examining major potential acquisitions and disposals;

– approval of major developments;

– interim, half year and annual reporting to shareholders;

– approving policy on key areas including sustainability objectives and targets, health and safety and the environment;

– Board appointments and the appointment of the Company Secretary; and

– corporate governance arrangements and the Board evaluation.

Additional Board meetings were held during the year to approve:

– the appointment of Nick Sanderson (see pages 45 and 105);

– the acquisition of Rathbone Place, W1 (see pages 16 and 17 and page 26);

– the purchase of 200 & 214 Gray's Inn Road, WC1 (see pages 10 and 11 and page 26);

– the 100 Bishopsgate, EC1 Business Plan;

– debt financing for 200 & 214 Gray's Inn Road (see page 34);

– the pre-let to UBM plc at 240 Blackfriars Road, SE1 (see pages 12 and 13 and page 30);

– the pre-let of 33 Margaret Street, W1 to Savills plc (see pages 12 and 13 and page 30);

– the purchase of Capital & Counties Properties PLC half share of five properties held in GCP (see page 27);

– the sale of 184/190 Oxford Street, W1 (see page 28);

– the development appraisal for Walmar House, W1 (see page 31);

– the £127.7 million private placement of seven and ten year unsecured notes (see page 34).

At least once a year the Board reviews the nature and scale of matters reserved for its decision. The Chairman and the other Non-Executives meet regularly without the Executive Directors, and at least once a year the Non-Executives meet without the Chairman.

In addition, individual directors meet regularly outside the formal Board meetings as part of each director's contribution to the delivery of the Company's strategy and review of operations. The Executive Directors meet weekly as the Executive Committee, chaired by the Chief Executive, to deal with the ongoing management of the Group with copies of the minutes of these meetings distributed to the Chairman and Non-Executive Directors.

To enable the Board to discharge its duties, all directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings and regular property tours which, this year, included a tour of City Tower and City Place, Fetter Lane, 200 & 214 Gray's Inn Road and 100 Bishopsgate. All directors have access to the advice and services of the Company Secretary, who is responsible to the Chairman on matters of corporate governance.

The Company maintains directors' and officers' liability insurance and pension trustee liability insurance, both of which are reviewed annually.

Corporate governance

Committees of the Board

The Board has Audit, Remuneration and Nomination Committees which deal with specific aspects of the Group's affairs, each of which has written terms of reference and which are reviewed annually by the Board. Copies of these terms of reference are available on written request and on the Company's website at www.gpe.co.uk/investors/governance/

The Chairman of each Committee reports the outcome of the meetings to the Board. Details of Committee memberships are included in the directors' biographies on pages 44 to 45.

Board induction and development

On appointment, Non-Executive Directors, who are expected to provide a time commitment to the Company of at least 24 days a year, are provided with a detailed induction programme. This covers the Company's operations, including social, ethical and environmental matters, and meetings with senior management as part of a guided tour of the Group's main properties.

Following the announcement of his appointment in June 2011, Toby Courtauld and Desna Martin met with Nick Sanderson to discuss the content and timing of his induction programme which included:

– meeting with senior finance team managers before joining;

– individual meetings with the Non-Executive Directors and Heads of Department;

– tours of the Group's portfolio with members of the senior management team;

– meeting with the auditors;

– an overview of the timing and purpose of the different Board and Committee meetings held during the year;

– a walkthrough and review of the Group's business modelling processes with individuals key to the process;

– a review of the Group's internal control processes;

– background to the timing, purpose and content of the Group's half year and year-end Appraisal Process;

– meetings with shareholders, lenders to the Group and equity research analysts;

– background for his role as one of the Trustees to the Group's defined benefit plan;

– his appointment to the BPF Finance Committee; and

– attendance at relevant property industry seminars.

The directors may, at the Company's expense, take independent professional advice and are encouraged to continually update their professional skills and knowledge of the business. Senior Managers and external advisers presented to the Board during the year on a range of subjects including the outlook for the property market, the West End and City markets and asset management tools used by the Group. The directors also individually attend seminars or conferences associated with their expertise or responsibility. The level and nature of training by the directors is reviewed by the Chairman at least annually.

Conflicts of interest

In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The decision to authorise a conflict of interest can only be made by non-conflicted directors (those who have no interest in the matter being considered) and in making such a decision the directors must act in a way they consider in good faith will be most likely to promote the Company's success. The Company has established a procedure whereby actual and potential conflicts of interest of current and proposed roles to be undertaken by the Board with other organisations are regularly reviewed in respect of both the nature of those roles, and their time commitment, and for proper authorisation to be sought prior to the appointment of any new director. The Board consider these procedures to be working effectively.

Internal controls and risk management

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its effectiveness, at least annually.

Such a system can only provide reasonable, and not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

There are ongoing processes and procedures for identifying, evaluating and managing the principal risks faced by the Group; these processes and procedures were in place throughout the year under review and up to the date of the approval of the Annual Report, and accord with the Turnbull guidance "Internal Control – Guidance for Directors on the Combined Code".

Key features of the system of internal control include:

– a comprehensive system of financial reporting and business planning;

– a defined schedule of matters for decision by the Board;

– an organisational structure with clearly defined levels of authority and division of responsibilities;

– formal documentation procedures;

– the close involvement of the Executive Directors in all aspects of day-to-day operations, including regular meetings with senior management to review all operational aspects of the business and risk management systems;

– the Board reviewing Group strategy and progress on developments at each scheduled Board meeting; and

– a formal whistleblowing policy.

Twice a year, the Audit Committee carries out a review of the framework of how the Group's risks are managed through operational management procedures/authorisations, ongoing review by the Executive Committee, and Board review and oversight. The Committee formally considers the scope and effectiveness of the Group's system of internal control and reports to the Board. This involves the identification of risks specific to the areas of property and financial markets which impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks, which are reviewed, formalised and updated throughout the year, as appropriate. These include business risks, financial controls, social, ethical and environmental issues and policy, and the regulatory environment. Key risks to the business, how these have changed during the year and the processes in place by which the Company aims to manage those risks are included on pages 50 to 53.

Relations with shareholders

Communication with shareholders is given a high priority and the Company undertakes a regular dialogue with major shareholders and fund managers. Visits are also arranged to properties of particular interest or significance, particularly in relation to developments, to assist investors' understanding of the Company's business. The Executive Directors are the Company's principal representatives with investors, analysts, fund managers, press and other interested parties, and independent feedback on presentations by the Executive Directors to all major shareholders is provided to the Non-Executive Directors on a regular basis.

Martin Scicluna, as Chairman, also meets with major shareholders, as appropriate, during the course of the year.

Presentations to analysts are posted on the Company's website at www.gpe.co.uk/investors/presentations. As Chairman and Senior Independent Director, respectively, Martin Scicluna and Charles Irby are each available, as appropriate, as a contact for shareholders.

The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and the whole Board is available before the meeting, in particular, for shareholders to meet new directors.

The Chairman of each of the Audit, Nomination and Remuneration Committees is available at the Annual General Meeting to answer questions. Details of the resolutions to be proposed at the Annual General Meeting on 5 July 2012 can be found in the Notice of Meeting on pages 122 and 123. After the Annual General Meeting, the Company's Registrars will count and verify the poll votes. The results will be announced to the London Stock Exchange and will be published on our website.

Statement by the directors on compliance with the provisions of The UK Corporate Governance Code

A summary of the system of governance adopted by the Company is set out on pages 94 to 105. Throughout the year ended 31 March 2012, the Company fully complied with the Main Principles set out in the UK Corporate Governance Code, publicly available at www.frc.org.uk.

Corporate governance

Audit Committee

The Audit Committee reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems and the independence and effectiveness of the auditors. In the absence of an internal audit function, this year we have sought reports from Nick Sanderson, as the incoming Finance Director, on his view of the Group's controls, Ernst & Young on the financial controls of the new accounting system and development finance reporting processes and Deloitte on the Group's controls across the business in respect of the Bribery Act and development expenditure controls as part of their external audit.

Chairman:

Jonathan Nicholls

Members:

Charles Irby

Phillip Rose

Jonathan Short

Jonathan Nicholls was previously Group Finance Director of Old Mutual plc and Hanson plc and is Chairman of the Audit Committee of SIG plc and D S Smith plc. The Audit Committee provides a forum for reporting by the Group's external auditors and meetings are also attended by certain Executive Directors and Senior Managers by invitation. Martin Scicluna, as Chairman, also attends the Committee meetings in connection with the half year and year end results.

The Committee is responsible for reviewing, and reporting to the Board on, a range of matters including:

– the interim management statements, the half year and annual financial statements and significant reporting judgements and key assumptions therein;

– meetings with the Group's auditors and property valuers;

– developments in accounting and reporting requirements;

– the review of the Group's internal control and risk management systems;

– the Group's systems and controls for the prevention of bribery and reports on non-compliance;

– the Group's whistleblowing policy;

– the scope, effectiveness, independence and objectivity of the external audit;

– the external auditors' management letter;

– the level of fees paid to the external auditors for audit and non-audit services; and

– the potential need for an internal audit function.

Month	Principal activities
July 2011	Review of Interim Management Statement
	– Meeting with the Valuers
	– Review of Interim Management Statement Announcement
September 2011	Annual planning meeting
	– Meeting with the Auditors
	– Review of:
	– effectiveness and independence of the auditors
	– 2011 management letter
	– accounting and reporting matters
	– 2012 Audit Plan
	– report on internal controls by Nick Sanderson
November 2011	Review of half year results
	– Meeting with the Valuers
	– Meeting with the Auditors
	– Review of key accounting judgements
	– Review of the Group's tax matters with the Head of Corporate Finance
	– Review of internal controls and risk management process
	– Review of half year result announcement
January 2012	Review of Interim Management Statement
	– Meeting with the Valuers
	– Review of:
	– accounting and reporting matters
	– joint venture checklist for use on creation of new joint ventures
	– financial related controls and development finance reporting processes with Ernst & Young
	– Review of Interim Management Statement Announcement
	– Review of the effectiveness of the Committee through the Board evaluation process
February 2012	Year end planning update
	– Meeting with the Auditors
	– Review of:
	– developments in accounting and reporting requirements
	– Audit Plan update
	– Review of Bribery Act controls by Deloitte
	– Review of audit/non-audit fees
May 2012	Review of year end results
	– Meeting with the Valuers
	– Meeting with the Auditors
	– Review of development expenditure controls by Deloitte
	– Review of the Group's tax matters with the Head of Corporate Finance
	– Review of internal controls and risk management process, and the consideration of the need for internal audit
	– Review of Annual Report/Preliminary Announcement
	– Review of the Committee's effectiveness
	– Review of relationship between the auditors and GPE management

Corporate governance

Accounting and key areas of judgement

The Audit Committee uses the Audit Planning meetings in September and February each year to consider proposed accounting treatments for major transactions and significant reporting judgements and key assumptions therein in advance of the half year and year end results.

As the valuation of the Group's portfolio is fundamental to the Group's balance sheet, the Audit Committee together with Martin Scicluna meet with the valuers to discuss the valuation included within the half year and year end financial statements together with changes in market conditions. The Audit Committee also meets with the valuers to discuss the valuation included in the interim management statements.

With the project at 33 Margaret Street nearing completion and fully pre-let, the Group has provided for a profit share payment to Eurohypo. The Audit Committee has reviewed and concurred with the complex methodology supporting this calculation.

The external audit

The Audit Committee advises the Board on the appointment of the external auditors, their remuneration for audit and non-audit work, and their cost effectiveness, independence and objectivity, and discusses the nature, scope and results of the audit with the external auditors. As part of the review of the effectiveness of the auditors, a formal evaluation process incorporating views from the Audit Committee and relevant members of management is considered by the Audit Committee and feedback is provided to the auditors. In addition to the review of the formal management letter from the auditors which outlines how points raised by the auditors have been addressed by management, feedback is also sought from the auditors on the conduct of members of the finance team during the audit process.

The auditors are responsible for the annual statutory audit and other services which the Audit Committee believe they are best placed to undertake due to their position as auditors. Under the Group's policy in respect of non-audit services permitted to be provided by the external auditor (available from the Company's website at www.gpe.co.uk/investors/governance), prior approval is required by the Audit Committee for assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditors over 50% of that year's audit fees to ensure auditor independence and objectivity is maintained. Drivers Jonas Deloitte, which was acquired by Deloitte LLP in 2010, on occasions provides the Group and the Group's joint ventures with advice on rights of light, party walls and other items involving adjoining owners or third parties ("neighbourly matters"). Fees paid to Drivers Jonas Deloitte by both the Group and the joint ventures are, therefore, also monitored by the Audit Committee. During the year activities undertaken by the auditors for the Group outside of the main audit included:

– reporting on the income cover in connection with the debenture trust deed compliance certificate;

– advice on the application of new tax compliance legislation to the Group;

– neighbourly matters undertaken by Drivers Jones Deloitte at 78/92 Great Portland Street and 73/89 Oxford Street, W1;

– assurance on achievement against 2011/12 sustainability objectives and targets and energy consumption data; and

– adhoc accounting advice.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 71.

Deloitte LLP has been the Group's auditor since 2003. It is a requirement that the audit partner responsible for the Group and subsidiary audits is rotated every five years and the current lead audit partner has been in place since 2009. Deloitte LLP has confirmed to the Audit Committee that they remain independent and have maintained internal safeguards to ensure their objectivity.

In the opinion of the Audit Committee, the relationship with the auditors works well and the Committee remains satisfied with their independence and effectiveness. It has, accordingly, not considered it necessary to require the firm to retender for the audit work to date. There are no contractual obligations restricting the Company's choice of external auditor.

Internal audit

Due to its size and structure, the Group does not have an internal audit function, a matter which is kept under review by the Committee. Although there is no formal internal audit function, a rolling programme of review of key controls is conducted through a combination of the external audit process or through reviews by members of the finance team and/or external advisors as appropriate. As a result of a number of internal and external reviews of the Group's internal financial control processes in the year ended 31 March 2012, it was concluded that the Group's processes were operating effectively with key controls in place and strong oversight by Finance Team management. Small recommendations for improvement were discussed with the Audit Committee and management's proposed actions were noted.

Remuneration Committee

The Remuneration Committee has responsibility for determining the remuneration, bonuses, long-term incentive arrangements, contract terms and other benefits in respect of the Executive Directors and approval of remuneration arrangements for senior employees and the Chairman. It also reviews the framework for the remuneration of all other employees. No significant changes have been made to the Group's remuneration structure during the year, or are planned for the coming year.

Chairman:
Charles Irby

Members:
Jonathan Nicholls
Jonathan Short

Month	Principal activities
June 2011	Review of the 2008 LTIP and SMP performance and vesting of awards
January 2012	Review of executive remuneration and BIS proposals in respect of executive pay
	Review of the effectiveness of the Committee through the Board evaluation process
March 2012	Review of:
	– proposed salary increases across the Group
	– year end appraisals of Executive Directors, Investment Director and Company Secretary and their objectives and targets set for forthcoming year
	– Senior Manager bonuses
	– Senior Manager salary, bonus and long-term incentive levels for forthcoming year
	Approval of:
	– Executive Director, Investment Director and Company Secretary discretionary bonuses
	– Executive Director, Investment Director and Company Secretary salary, bonus and long-term incentive levels for forthcoming year
May 2012	Review of:
	– Executive Director and employee corporate bonus plan targets
	– 2012 Performance and Matching share awards
	– Chairman's fees for 2012/13
	– 2012 Remuneration Report

The Committee has access to professional advice outside the Company, as required. Its role is described further in the Directors' remuneration report on pages 106 to 115.

Corporate governance

Nomination Committee

The Nomination Committee undertakes an annual review of succession planning and ensures that the membership and composition of the Board, including the balance of the skills, continue to be appropriate. This year, our focus has been on the appointment of the new Finance Director, succession and development plans for the senior management team and the timely succession planning for Phillip Rose.

Chairman:
Martin Scicluna

Members:
Charles Irby
Jonathan Nicholls
Phillip Rose

Month	Principal activities
June 2011	Recommendation to the Board that Nick Sanderson be appointed as Finance Director
September 2011	Role and qualities sought of the Non-Executive Director to replace Phillip Rose agreed with the Board
November 2011	Review of the long list of potential candidates for the role of Non-Executive Director
January 2012	Review of the effectiveness of the Committee through the Board evaluation process
February 2012	Review of:
	– updated Non-Executive Director long list
	– reappointments to the Board to be proposed at the 2012 Annual General Meeting
	– Committee memberships
March 2012	Review of:
	– progress on the Non-Executive Director search
	– succession and development plans for the Executive Directors and key senior managers with the Chief Executive

In making recommendations to the Board on Non-Executive Directors, the Nomination Committee specifically considers the expected time commitment of the proposed Non-Executive and other commitments they already have. Agreement of the Board is also required before a Non-Executive Director may accept any additional commitments to ensure possible conflicts of interest are identified and which could affect their time available to devote to the Company.

Non-Executive Directors are not appointed for specified terms, but following the UK Corporate Governance Code are subject to annual re-election and all proposed reappointments to the Board are formally considered by the Nomination Committee in respect of each individual's continued effectiveness and commitment to the role.

Following Timon Drakesmith's resignation in January 2011, with effect from May 2011, prior to appointment of the external recruitment consultants Russell Reynolds, the role of the new Finance Director and qualities sought were agreed by the Nomination Committee with Jonathan Nicholls as Chairman of the Audit Committee and Toby Courtauld as Chief Executive. Subsequent to interviews by the Executive Directors and Company Secretary, the two preferred candidates met with Martin Scicluna and Jonathan Nicholls prior to a recommendation being made to the Board that Nick Sanderson be appointed based on his extensive real estate and capital markets experience. On the basis that Nick Sanderson had only been a partner and head of Real Estate Corporate Finance Advisory with Deloitte since 2010 and as he had no involvement in the Great Portland Estates account during his time at the firm, it is considered there is no conflict in respect of his appointment with Deloitte's position as auditors of the Group.

In anticipation of Phillip Rose's expected retirement from the Board at the 2012 Annual General Meeting, prior to external recruitment consultants Egon Zehnder being appointed for the search of a new Non-Executive Director, the role of new Non-Executive Director and the qualities sought in Phillip Rose's successor were agreed with the Board. Following Lord Davies's report, in view of the Board's commitment to diversity, it was agreed that Egon Zehnder be requested to ensure that women candidates of equal merit be included in the long list for consideration by the Nomination Committee.

The Nomination Committee has chosen not to set specific representation targets for women at Board level at this time. However, it recognises that the benefits of diversity, including gender diversity, will continue to be an active consideration when changes to the Board's composition are contemplated.

As part of the Board evaluation process in January 2012, Charles Irby as Senior Independent Director led a review of the Chairman's performance which concluded that the Chairman has a good working relationship with each of the Executive Directors and encouraged discussion and debate between the members of the Board.

Following a review of the composition of the Board and its Committees, it was agreed that no other changes should be made.

By order of the Board

Desna Martin
Company Secretary

23 May 2012

Directors' remuneration report

The Company's remuneration policy seeks to provide remuneration in a form to attract, retain and motivate high calibre executives, with an emphasis on delivering greater variable reward for achieving and exceeding the Group's strategic plan.

Charles Irby
Chairman of the Remuneration Committee

Remuneration policy principles

The Executive Directors' total pay is analysed by looking across each of the different elements of remuneration including salary, pension, the annual bonus plan and long-term incentives to provide the Remuneration Committee (the "Committee") with a total remuneration view rather than just the competitiveness of the individual elements. It is important that the Group's remuneration policy reinforces the Company's goals, providing effective incentives for exceptional Group and individual performance with significant upward and downward variability from median based on performance. As well as providing motivation to perform, remuneration plays an important retention role and needs to be competitive with alternative employment opportunities, in particular at a time in the property cycle where demands on the Executive Directors and employees are high and there is a scarcity value on proven performers.

To achieve the Company's remuneration policy, the Committee seeks to position total executive remuneration around mid-market for on-target performance taking into account the size and complexity of the business as compared to other peer companies in the sector, using a significant proportion of variable reward with the opportunity to increase total potential remuneration for superior performance through the annual bonus plan and long-term incentives.

Changes in 2011/12

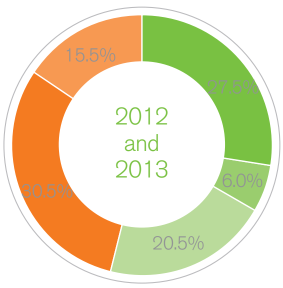
No changes were made to the Group's remuneration structure in the year ended 31 March 2012.

Changes in 2012/13

In considering the Executive Directors' reward structure for the year to come, the Committee believes that the relative size of the elements of the variable reward structure and the proposed performance targets in the Group's long-term incentive plan are appropriate in the current market environment.

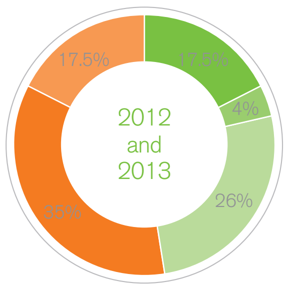
Composition of total "on-target" annual Executive Director remuneration[1]

- Salary
- Pension
- Bonus
- Performance shares
- Matching shares



Composition of maximum annual Executive Director remuneration[1]

- Salary
- Pension
- Bonus
- Performance shares
- Matching shares



1. The on-target award level for the bonus plan is assumed to be 75% of salary with a maximum award of 150% assuming the NAV underpin is achieved. If the NAV underpin is not achieved, the on-target award level for the bonus plan will be 52.5%. The on-target award for the Performance shares and Matching shares under the 2010 LTIP are based on the market norm expected values provided by PricewaterhouseCoopers LLP ("PwC") of 55% of face value apart from the additional award of Matching Shares in 2011 which has an expected value of 40% of face value.

Details of all payments to Executive Directors in the year, which are disclosed on page 107, show the relative values of the basic and performance related elements of remuneration for the year under review.

Basic salary and benefits

Basic salaries and the level and nature of benefits provided to Executive Directors are reviewed by the Committee annually and are assessed having regard to Company performance, individual performance and responsibilities, as well as salary levels in comparable organisations (particularly within the listed property sector). The Committee is, however, mindful of the need to treat comparisons with caution to avoid an upward ratchet of remuneration levels. It also takes account of pay and employment conditions across the Group, especially when determining annual salary increases. Basic salary is the only element of Executive Director remuneration which attracts pension contributions.

On 1 April 2012, the Executive Directors received increases in salaries, in line with the average increases provided to employees across the Group as follows:

	Year ended 31 March 2012 £000s	**Year ended 31 March 2013 £000s**	% increase
Toby Courtauld	490	**505**	3
Nick Sanderson	315	**325**	3
Neil Thompson	390	**402**	3

It should be noted that, unlike many of its peers the Company does not provide a car allowance for Executive Directors. Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel concessions and membership subscriptions. The taxable value of these benefits for Executive Directors is included in the table below. Following the increases to basic salary described above, the Committee notes that the fixed remuneration for the Executive Directors remains at or below market.

Directors' remuneration details in respect of the year ended 31 March 2012 (audited)

	Salaries/ fees £000	Performance related bonuses £000	Benefits £000	Pension allowance £000	**Total 2012 £000**	Total 2011[2] £000	**Pension contribution 2012[1] £000**	Pension contribution 2011 £000
Executive								
Toby Courtauld[1]	490	511	23	98	**1,122**	1,458	**–**	–
Timon Drakesmith[1, 3]	43	–	–	–	**43**	900	**11**	63
Nick Sanderson[1, 4]	216	225	5	–	**446**	–	**43**	–
Neil Thompson[1]	390	407	25	28	**850**	937	**50**	65
	1,139	1,143	53	126	**2,461**	3,295	**104**	128
Non-Executive								
Martin Scicluna	193	–	2	–	**195**	192	**–**	–
Charles Irby	61	–	–	–	**61**	59	**–**	–
Phillip Rose	49	–	–	–	**49**	47	**–**	–
Jonathan Short	50	–	–	–	**50**	48	**–**	–
Jonathan Nicholls	58	–	1	–	**59**	53	**–**	–
Total	1,550	1,143	56	126	**2,875**	3,694	**104**	128

1. A contribution of 20% of basic salary is made to each Executive Director for his personal pension arrangements (or pension allowance) or direct to his personal pension plan. Toby Courtauld receives a pension allowance. Timon Drakesmith's contribution was paid direct to his personal pension plan. Nick Sanderson's contribution is paid direct to his personal pension plan. Neil Thompson's contribution for the year ended 31 March 2011 was paid direct to his personal pension plan. For the year ended 31 March 2012, his contribution is split between a pension allowance and a contribution direct to his personal pension plan.
2. Incudes adjustment for deferred receipts in respect the year ended 31 March 2010 in connection with the CPO of 18/19 Hanover Square, W1 of £167,000 for Toby Courtauld, £102,000 for Timon Drakesmith and £107,000 for Neil Thompson. See last year's report for further details.
3. Resigned from the Board on 27 May 2011.
4. Joined the Board on 25 July 2011.

Directors' remuneration report

Alignment of variable awards with Company strategy and outcome for the year ended 31 March 2012

Variable component	Maximum percentage of salary	Key elements of strategy	Measured by	Maximum performance target	Actual/anticipated vesting level as a percentage of maximum
Annual Bonus Plan					
	75%	Market competitiveness	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index (for the year to 31 March 2012)	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London IPD index by 2.5%	67%
	45%	Absolute performance	Achievement of NAV targets (for the year to 31 March 2012) – positive NAV growth underpin	Positive NAV growth greater than 130% of target	54%
	30%	Operational excellence	Achievement against objectives (for the year to 31 March 2012)	Exceeding personal objectives	100%
Long-Term Incentive Plans and Share Matching Plans					
2008 and 2009 LTIP[1]	75%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2008[2]–100% 2009[3]–100%
	75%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's growth in net assets to exceed RPI plus 8%	2008[2]–0% 2009[3]–100%
2008 and 2009 SMP[1, 4]	50%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2008[5]–100% 2009[6]–100%
	50%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's growth in net assets to exceed RPI plus 12%	2008[5]–0% 2009[6]–100%
2010 Plan[1] Ongoing Performance shares Matching shares	66.66% 33.33%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	
Additional Matching shares (2010 only)	33.33%			Upper quintile TSR performance	
Ongoing Performance shares Matching shares	66.66% 33.33%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's growth in net assets to exceed RPI plus 9% p.a.	
Additional Matching shares (2010 only)	33.33%			The Group's growth in net assets to exceed RPI plus 9.5% p.a.	
Ongoing Performance shares Matching shares	66.66% 33.33%	Market competitiveness	Total property return (based on a three year performance period)	Upper quintile TPR performance	
Additional Matching shares (2010 only)	33.33%			Upper quintile TPR performance	

1. Measured over a three year performance period.
2. 100% of the 2008 TSR LTIP award vested to Toby Courtauld and Neil Thompson for awards made on 29 May 2008 and vesting in June 2011 following TSR targets being met. 0% of the 2008 NAV LTIP award vested as a result of NAV targets not being met.
3. As at the date of this Report under the 2009 award due to vest in May 2012, 100% of shares under the 2009 TSR LTIP target would vest and 100% of shares under the NAV target will vest.
4. Maximum SMP award is based on a maximum investment of 30% of pre-tax salary, grossed up at the prevailing marginal rate of income tax (i.e. 40%) and matched on a ratio of 2:1.
5. 100% of the 2008 TSR SMP award vested to Toby Courtauld and Neil Thompson for awards made on 6 June 2008 and vesting in June 2011 following TSR targets being met. 0% of the 2008 NAV SMP award vested as a result of NAV targets not being met.
6. As at the date of this Report, 100% of shares under the 2009 TSR SMP target would vest and 100% of shares under the NAV target will vest.

Bonus plan

Each year the Committee considers the appropriateness of the component parts of the annual bonus plan on page 108 in assessing the overall remuneration of Executive Directors. The Committee also has the discretion to recommend the payment of an additional bonus to a director for exceptional performance over and above the high standard already required. This discretion was not exercised for the year ended 31 March 2012.

The personal objectives, other than those covered by the corporate measures, for the Executive Directors for the year ended 31 March 2012 included the following and were specific as to each individual's role and responsibilities:

– proactive targeting of potential investment and development opportunities;

– de-risking of the short- to medium-term development programme;

– successful progression of the development programme;

– active tracking of, and responsiveness to, lease expiries;

– ensure regular meetings with key tenants;

– exceeding rental income, void and delinquency targets;

– proactive shareholder relations programme;

– provision of high quality financial reporting;

– review of internal controls systems;

– maintaining and extending strong relationships with debt finance providers;

– arrangement of appropriate financing facilities;

– effective internal and external communication;

– ensuring appropriate levels of human resources and succession planning;

– integration of the new Finance Director;

– supporting senior managers in growing into their roles;

– active representation on key property industry associations;

As a result of the achievement of the Executive Directors' objectives during the year, as reflected in the review of the Company on pages 2 to 61, the Committee has awarded the Executive Directors the full 30% of salary for operational excellence.

Long-Term Incentive Plans

2010 LTIP

Shareholders approved the 2010 Long-Term Incentive Plan (the "2010 Plan"), in July 2010 to simplify the LTIP and SMP arrangements and to improve the alignment of executive incentives with the Company's strategy.

The 2010 Plan has two elements: firstly, participants are eligible to receive a conditional annual allocation of shares or nil price options worth up to 200% of base salary ("Performance shares"); secondly, participants may purchase or pledge shares already owned in the Company ("Investment shares") up to a value of one-third of basic salary in return for which they receive a conditional allocation of shares worth up to three times the equivalent of the amount so invested or pledged ("Matching share award"). Except in the first year, the Matching Share Award will be limited to shares worth up to 100% of salary. Awards vest based on the achievement of performance conditions after three years.

In the first year of operation only, if Executive Directors purchased or pledged shares worth an additional one-third of basic salary, this limit was extended by an additional 100% of salary. The associated additional Matching share award is also subject to more stretching performance conditions.

Investment shares will remain registered in the name of the holder with full voting and dividend rights but if Investment Shares are disposed of then the corresponding conditional Matching share awards will lapse.

Dividends on Matching shares will be rolled up and paid to the extent that the Matching shares vest either in cash or shares at the discretion of the Remuneration Committee.

Under the 2010 Plan there are three separate performance conditions for the vesting of the Performance shares and the Matching share award, each applying to one-third of the shares awarded. The Committee believes these provide the best alignment between the interests of participants and shareholders.

Directors' remuneration report

2010 LTIP Performance measures

Performance measure over three years	% of award	Performance shares and Matching shares Vesting level		Additional Matching shares Vesting level		Start of measurement period
		20%	100%	20%	100%	
		Straight-line vesting between these points		Straight-line vesting between these points		
NAV growth for the period in excess of RPI	33%	3% p.a.	9% p.a.	4% p.a.	9.5% p.a.	1 April prior to grant
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	33%	Median	Upper quartile	60th percentile	80th percentile	Grant date
Total Property Return against constituents of IPD Total Property Return – central London index	33%	Median	Upper quartile	60th percentile	80th percentile	1 April prior to grant

The performance conditions selected for the 2010 Plan are considered by the Committee to mirror the fundamental measures that demonstrate the Group's performance of:

– growth in absolute net asset value per share;

– relative Total Property Return; and

– relative Total Shareholder Return.

Actual performance against the conditions will be independently verified and reported to the Committee.

Upon vesting, shares to satisfy awards under the LTIP, SMP and 2010 Plan are transferred out of the Great Portland Estates plc LTIP Employee Share Trust ("the Trust"), a discretionary trust established to facilitate the operation of the Company's share plans. The shares to satisfy vested awards have been purchased by the Trustees of the Trust in the open market.

The number of shares held by the Trust as at 31 March 2012 was 4,420,926.

2008 and 2009 LTIP awards

Executive Directors (and Senior Managers to a lesser extent) were eligible to be awarded shares under an LTIP, up to an annual limit of 150% of a participant's salary. Under the scheme there are two separate performance conditions for the vesting of awards, each applying to one half of the shares awarded which, at the time of the awards, were believed by the Committee to provide the best alignment between the interests of participants and shareholders.

2008 and 2009 LTIP Performance measures

Performance measure over three years	% of award	Vesting level		Start of measurement period
		20%	100%	
		Straight-line vesting between these points		
NAV growth for the period in excess of RPI	50%	3%	8%	1 April prior to grant
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median	Upper quartile	Grant date

Long-Term Incentive award details in respect of the year ended 31 March 2012 (audited)

	Plan	Award date	Market value of a share on grant Pence	Number of shares under award at 1 April 2011	Number of shares awarded during the year	Number of shares lapsed/did not vest during the year	Number of shares vested during the year	Market value on date of vesting Pence	Number of shares under award at 31 March 2012	Vesting date of outstanding shares
Toby Courtauld	LTIP	29 May 2008[1]	295.47	213,565	–	106,783	106,782	435.50	**–**	
	LTIP	28 May 2009[1]	229.96	278,647	–	–	–	–	**278,647**	28 May 2012
	2010 Plan	16 July 2010[2]	298.00	311,920	–	–	–	–	**311,920**	16 July 2013
	2010 Plan	02 June 2011[2]	435.50		228,384	–	–	–	**228,384**	2 June 2014
Total awards outstanding									**818,951**	
Nick Sanderson[3]	2010 Plan	25 July 2011[2]	430.00		144,310	–	–	–	**144,310**	25 July 2014
Total awards outstanding									**144,310**	
Neil Thompson	LTIP	29 May 2008[1]	295.47	136,873	–	68,437	68,436	435.50	**–**	
	LTIP	28 May 2009[1]	229.96	178,584	–	–	–	–	**178,584**	28 May 2012
	2010 Plan	16 July 2010[2]	298.00	215,231	–	–	–	–	**215,231**	16 July 2013
	2010 Plan	02 June 2011[2]	435.50		181,775	–	–	–	**181,775**	2 June 2014
Total awards outstanding									**575,590**	

1. Performance conditions attached to the 2008 and 2009 LTIP awards are described on page 110.
2. Performance conditions attached to the 2010 and 2011 Performance shares awards are described on pages 109 and 110.
3. Nick Sanderson joined the Board on 25 July 2011.
4. To take account of the Rights Issue completed in June 2009 adjustments were made to 2008 and 2009 awards under the LTIP and SMP by applying an adjustment factor to the awards to ensure that the value of shares under award before and immediately after shares in the Company became "ex-rights" were, as far as possible, the same. The figures in the table show the number of shares after the adjustment factor was applied.
5. Timon Drakesmith did not hold any LTIP awards during the year ended 31 March 2012.

Share Matching Plan

2008 and 2009 SMP awards

Executive Directors (and to a lesser extent Senior Managers) were eligible to be awarded shares under an SMP.

- an individual could purchase or pledge shares already owned in the Company ("Investment" shares) up to an amount equal to 30% of their pre-tax annual base salary. After the Investment shares have been purchased or pledged, the Company granted conditional awards of shares ("Matching" shares) under the SMP with a value equal to two times the value of the Investment shares (grossed up for the marginal rate of income tax);
- Investment shares remain registered in the name of the holder with full voting and dividend rights but if Investment shares are disposed of then the conditional Matching awards will lapse on a proportionate basis; and
- dividends on Matching shares are rolled up.

Directors' remuneration report

There are two separate performance conditions, each applying to half of the Matching shares awarded which, at the time of the awards, were believed by the Committee to provide the best alignment between the interests of participants and shareholders:

2008 and 2009 SMP Performance measures

Performance measure over three years	% of award	Vesting level		Start of measurement period
		20%	100%	
		Straight-line vesting between these points		
NAV growth for the period in excess of RPI	50%	4%	12%	1 April prior to grant
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	50%	Median	Upper quartile	Grant date

For the part of an award to which the TSR performance condition applies, for both the LTIP and SMP the Committee must also be satisfied that the number of shares that vest as a result of the performance conditions being met is reflective of the underlying financial performance of the Company. Actual performance against the conditions will be independently verified and reported to the Committee.

Matching Award details[1] in respect of the year ended 31 March 2012 (audited)

	Plan	Award date	Market value of a share on grant Pence	Number of shares under award at 1 April 2011[4]	Number of shares awarded during the year	Number of shares lapsed/did not vest during the year	Number of shares vested during the year	Market value on date of vesting Pence	Number of shares under award at 31 March 2012	Vesting date of outstanding shares
Toby Courtauld	SMP	06 June 2008[1]	285.58	142,377	–	71,189	71,188	433.20	**–**	
	SMP	03 June 2009[1]	231.45	185,762	–	–	–	–	**185,762**	03 June 2012
	2010 Plan	16 July 2010[2]	298.00	332,016	–	–	–	–	**332,016**	16 July 2013
	2010 Plan	02 June 2011[2]	435.50	–	118,236	–	–	–	**118,236**	2 June 2014
Total awards outstanding									**636,014**	
Nick Sanderson[3]	2010 Plan	25 January 2012[2]	351.30	–	92,406	–	–	–	**92,406**	25 January 2014
Total awards outstanding									**92,406**	
Neil Thompson	SMP	06 June 2008[1]	285.58	91,248	–	45,624	45,624	433.20	**–**	
	SMP	03 June 2009[1]	231.45	119,052	–	–	–	–	**119,052**	03 June 2012
	2010 Plan	16 July 2010[2]	298.00	229,098	–	–	–	–	**229,098**	16 July 2013
	2010 Plan	02 June 2011[2]	435.50	–	94,107	–	–	–	**94,107**	2 June 2014
Total awards outstanding									**442,257**	

1. Performance conditions attached to the 2008 and 2009 SMP awards are described on pages 111 and 112.
2. Performance conditions attached to the 2010 and 2011 Matching share awards are described on pages 109 and 110.
3. Nick Sanderson joined the Board on 25 July 2011.
4. To take account of the Rights Issue completed in June 2009 adjustments were made to awards under the LTIP and SMP by applying an adjustment factor to the awards to ensure that the value of shares under award before and immediately after shares in the Company became "ex-rights" were, as far as possible, the same. The figures in the table show the number of shares after the adjustment factor was applied.
5. Timon Drakesmith did not hold any SMP or Matching share awards during the year ended 31 March 2012.

Share ownership

Executive Directors are expected to build and hold a shareholding of the Company's shares obtained through incentive plans equal in value to 100% of salary within five years from appointment.

As at 31 March 2012

Director	Target value of shareholding £	Current shareholding shares	Value of shareholding 31 March 2011 £	Percentage holding against target
Toby Courtauld	490,000	602,827	2,169,574	443%
Nick Sanderson[1]	315,000	30,907	111,234	35%
Neil Thompson	390,000	246,835	888,359	228%

1. Nick Sanderson joined the Board on 25 July 2011.

Pensions

A contribution of 20% of basic salary is made to each Executive Director for his personal pension arrangements or direct to his personal pension plan.

Remuneration of Non-Executive Directors

Non-Executive Directors' annual fees as at 31 March 2012

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Martin Scicluna	192,500	–	–	–	–	192,500
Charles Irby	41,000	5,000	4,500	7,500	3,350	61,350
Phillip Rose	41,000	–	4,500	–	3,350	48,850
Jonathan Short	41,000	–	4,500	4,500	–	50,000
Jonathan Nicholls	41,000	–	9,000	4,500	3,350	57,850

The fees of the Non-Executive Directors, excluding the Chairman, are reviewed annually by the Executive Directors, who make recommendations to the Board. The Remuneration Committee is responsible for setting the Chairman's fee. The total of Non-Executive Directors' fees is limited by the Articles of Association. Remuneration of the Non-Executive Directors excluding the Chairman comprises a basic fee, together with a fee for serving on each Board Committee. The Chairman, who also chairs the Nomination Committee receives a basic fee of £192,500 per annum (increased to £198,300 from 1 April 2012) and all other Non-Executive Directors receive a basic fee of £41,000 per annum (increased to £43,000 from 1 April 2012). In addition, in recognition of greater responsibility and time commitment, the Senior Independent Director receives a fee of £5,000 per annum, the Chairman of the Audit Committee receives a fee of £9,000 per annum and the Chairman of the Remuneration Committee a fee of £7,500 per annum. Members of the Audit and Remuneration Committee receive a fee of £4,500 per annum and £3,350 for the Nomination Committee. Non-Executive Directors are not eligible for the Bonus Plan, Performance shares or Matching share awards, nor are contributions made to any pension arrangements.

Service agreements

The policy of the Company is to have service contracts for Executive Directors with notice periods of one year. It is sometimes necessary when recruiting a new Executive Director to give a service contract with an initial term of longer than one year. In such circumstances it is the policy of the Company that the notice period should reduce to one year after the initial period of service.

Toby Courtauld's compensation in lieu of notice, payable at the Company's discretion, is 12 months' basic salary. Compensation in lieu of notice of Timon Drakesmith, Nick Sanderson and Neil Thompson, payable at the Company's discretion, is 12 months' basic salary, pension allowance and the value of benefits in kind provided in the previous year, or the actual provision of those benefits. At the discretion of the Remuneration Committee, LTIP, SMP, Performance shares, Matching share awards and other awards may be permitted to vest based upon the applicable performance conditions being tested. Timon Drakesmith resigned from the Board with effect from 27 May 2011 and received only his salary, pension allowance and benefits for the period 1 April to 27 May 2011.

The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. It is the Committee's policy not to reward poor performance.

Directors' remuneration report

On a change of control, under the terms of the Bonus Plan, the LTIP and the SMP, all the Executive Directors would also be entitled to pro rata bonuses and outstanding awards subject to the meeting of the appropriate performance conditions for the period concerned.

Executive Directors may, with the consent of the Committee, retain fees paid to them for acting as a Non-Executive Director of a company outside the Group, except where the directorship is a representative of the Company. Toby Courtauld is a member of the Royal and Sun Alliance, London Board for which he receives £1,300 per annum and is a Non-Executive Director of Liv-ex Limited, for which he received no remuneration during the year. Toby Courtauld received no remuneration for serving as director of The New West End Company.

Non-Executive Directors who have letters of appointment, are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years, however, in accordance with the UK Corporate Governance Code are subject to annual re-election and have a notice period of three months by either party.

The following table sets out the dates of each of the Executive Directors' service agreements and their unexpired term, the dates of the Non-Executive Directors' letters of appointment and the date on which the Non-Executive Director is next subject to reappointment or re-election.

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002	12
Timon Drakesmith	15 August 2005	Resigned on 27 May 2011
Nick Sanderson	7 June 2011	12
Neil Thompson	1 August 2006	12
Non-Executive	Date of appointment letter	Date when next subject to re-election
Martin Scicluna	1 October 2008	5 July 2012
Charles Irby	1 April 2004	5 July 2012
Phillip Rose	11 April 2005	Retiring at AGM
Jonathan Nicholls	10 July 2009	5 July 2012
Jonathan Short	22 March 2007	5 July 2012

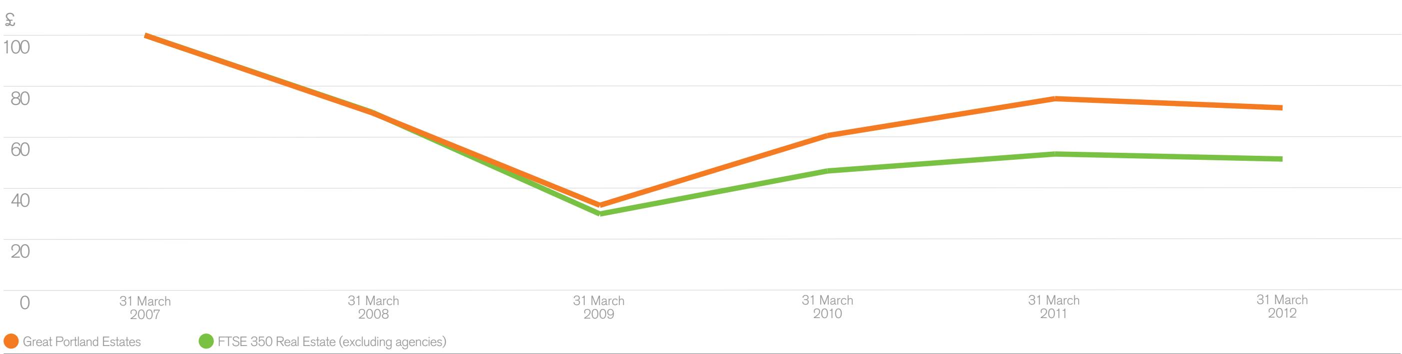
All-employee share plans

Following approval by shareholders at the 2010 Annual General Meeting, the Company introduced an HMRC approved Share Incentive Plan (the "2010 SIP") by which all employees may purchase shares up to £1,500 and be gifted two additional shares for each share purchased. If the shares are held in a trust for at least three years and the employee does not leave the Company during that period then the shares may be retained by the individual subject to some relief against income tax and national insurance charges.

Total shareholder return

The following graph shows the total shareholder returns for the Company for each of the last five financial years compared to the FTSE 350 Real Estate index (excluding agencies). The Company is a constituent of the FTSE 350 Real Estate index and the Committee considers this benchmark to be the most appropriate for illustrating the Company's performance.

Total shareholder return



Remuneration Committee and advisers

The Committee comprises three independent Non-Executive Directors, Charles Irby (Chairman), Jonathan Nicholls and Jonathan Short, and has responsibility for:

- determining the remuneration, contract terms and other benefits of the Chairman and Executive Directors in light of remuneration payable to employees across the Group;
- reviewing the remuneration framework for Senior Managers including the annual bonus plan, and long-term incentive arrangements and determining the remuneration, contract terms and other benefits for all employees with a basic salary of more than £150,000 per annum;
- reviewing the remuneration framework for all other employees including the annual bonus plan, where employees are eligible to participate in performance related bonus plans based on Company and individual performance targets;
- overseeing any significant changes to employee benefits, including pensions; and
- approving the design of and targets for performance related incentive schemes.

The Committee's Terms of Reference are available on written request and from the Company's website on www.gpe.co.uk/investors/governance/

The Committee was advised during the year by PwC as independent remuneration consultants who were appointed by the Committee. PwC also act as the Group's tax adviser. During the year the Committee was also advised by New Bridge Street, a firm of independent remuneration consultants, who provided advice to the Committee in respect of vesting of the Total Shareholder Return element of the LTIP and SMP awards and Investment Property Databank ("IPD") who provide measurement against its property benchmark, with both companies being appointed by the Committee in respect of these roles.

Toby Courtauld, the Chief Executive, provided input with regard to the discretionary bonuses for the other Executive Directors.

Remuneration report

In preparing this Remuneration report, the Committee has followed the requirements of the UK Corporate Governance Code, the Companies Act 2006, schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008, and the Listing Rules of the Financial Service Authority. This Report will be submitted to shareholders for approval at the Annual General Meeting to be held on 5 July 2012.

Approved by the Board on 23 May 2012 and signed on its behalf by

Charles Irby
Chairman of the Remuneration Committee

Report of the directors

Business review

The principal business of the Group is the investment in, and development of, freehold and leasehold properties. The information that fulfils the requirements of the Business Review can be found on pages 2 to 61, which are incorporated into this Directors' Report by reference. A review of the performance and development of the Group's business during the year including KPIs, the position at the year end and prospects, is set out in the sections covering our business and financial position on pages 24 to 39. A description of the principal risks and uncertainties facing the Group and how these are mitigated can be found on pages 50 and 53. Additional information on employees, environmental matters and social and community matters is included on pages 46 to 49 and on pages 54 to 61.

The purpose of the Annual Report is to provide information to the members of the Company, as a body. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends for the year

The Group results for the year are set out on page 64. An interim dividend of 3.2 pence per share (2011: 3.1 pence) was paid on 4 January 2012, and the directors propose to pay a final dividend of 5.2 pence per share, making a total of 8.4 pence per share (2011: 8.2 pence) for the year ended 31 March 2012.

Freehold and leasehold properties

A valuation of the Group's property portfolio at 31 March 2012 was carried out by CBRE on the basis of fair value which amounted to £1,334.7 million (2011: £1,021.0 million). The difference of £31.3 million between the book value and the fair value relates to the capitalisation of finance leases in respect of the present value of future ground rents. No account has been taken of any additional value which may be attributed to the portfolio if it were to be grouped judiciously prior to sale.

Directors

Biographical details of the directors of the Company are shown on pages 44 and 45.

Timon Drakesmith resigned from the Board with effect from 27 May 2011. Nick Sanderson was appointed as Finance Director by the Board on 25 July 2011 and is offering himself up for election by shareholders for the first time at the Annual General Meeting.

The Company's Articles of Association require that a director shall retire from office if he has been appointed since the previous Annual General Meeting or if it is the third Annual General Meeting following that at which he was elected or last re-elected. However, in accordance with the UK Corporate Governance Code the directors will all retire and will offer themselves for election or re-election at the forthcoming Annual General Meeting. The Chairman has confirmed that following the Board evaluation process, the performance of all of the directors continues to be effective and to demonstrate their commitment to the role.

Directors' shareholdings

	At 31 March 2012 Number of shares[1]	At 31 March 2011 Number of shares
Martin Scicluna	**8,636**	8,636
Toby Courtauld	**602,827**	517,002
Nick Sanderson	**30,907**	–
Neil Thompson	**246,835**	191,687
Charles Irby	**5,181**	5,181
Phillip Rose	**3,454**	3,454
Jonathan Nicholls	**10,000**	10,000
Jonathan Short	**13,455**	13,455

1 Includes shares held by the Executive Directors in the Group's 2010 Share Incentive Plan.

All directors' shareholdings are in ordinary shares and are beneficial, unless otherwise stated. There have been no changes in the shareholdings of any director between 1 April 2012 and 23 May 2012 apart from shares bought by the Executive Directors in the Company's Share Incentive Plan. No director had any interest in or contract with the Company or any subsidiary undertaking (other than service contracts) during the year.

Directors' indemnities

On 14 September 2007, an indemnity was given by the Company to the directors in terms which comply with Company law and remains in force at the date of this Report.

Corporate governance statement

The information fulfilling the requirements of the Corporate Governance Statement can be found in this Report of the directors and on pages 94 to 105, which are incorporated into this Report of the directors by reference.

Significant shareholdings

As at 14 May 2012, the Company had been notified of the following beneficial or discretionary interests amounting to 3% or more of the voting rights of the issued share capital:

	Number of shares	%
BlackRock, Inc	27,683,474	8.85
Norges Bank Investment Management	23,888,164	7.64
European Investors Inc	13,885,648	4.44
PGGM Investments	11,835,515	3.79
Legal & General Investment Management Limited	11,417,652	3.65
Standard Life Investments Limited	11,001,263	3.52

Share capital and control

On 31 March 2012, there were 312,676,149 ordinary shares of 12.5 pence in issue. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carries any special rights with regard to the control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers and voting rights.

The Great Portland Estates plc LTIP Employee Share Trust (the "Trust") is an employees' share scheme which holds ordinary shares in the Company on trust for the benefit of employees within the Group. The Trustee of the Trust has the power to exercise all the rights and powers (including rights with regard to control of the Company) incidental to, and to generally act in relation to, the ordinary shares subject to the Trust in such manner as the Trustees in their absolute discretion think fit as if they were absolutely entitled to those ordinary shares.

As far as the Company is aware, there are no persons with significant direct or indirect holdings in the Company other than those noted above.

The powers of the directors are contained in the Company's Articles. These include powers, subject to relevant legislation, to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting.

The rules about the appointment and replacement of directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by the shareholders in accordance with legislation in force from time to time.

Post balance sheet event

On 9 May 2012, the Company contracted to issue US dollar notes equating to £127.7 million through private placement. The funds will be drawn on 30 May 2012 (see note 15 forming part of the Group financial statements on page 79).

Financial instruments

Details of the financial instruments used by the Group are set out in notes 1 and 16 forming part of the Group financial statements on page 70 and pages 80 to 83, which are incorporated into this Directors' Report by reference. The Group's financial risk management objectives and policies are included in the Risk management overview on pages 50 to 53, in Financial management on pages 34 and 35 and in Our financial position on pages 36 to 39.

Report of the directors

Creditor payment policy

It is the Company's policy that suppliers be paid in accordance with those terms and conditions agreed between the Company and the supplier, provided that all trading terms and conditions have been complied with. For the year ended 31 March 2012, the average payment period for trade creditors was 28 days (2011: 36 days).

Essential contracts

The Company has no contractual or other arrangements which are considered essential to the business.

Charitable and other donations

Charitable donations for the year supporting organisations involved in health, the homeless and the community amounted to £52,339 (2011: £48,036); no contributions for political purposes were made.

Going concern

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Annual review on pages 2 to 61. The finances of the Group, its liquidity position and borrowing facilities are set out in Our financial position on pages 36 to 39 and in note 16 of the accounts on pages 80 to 83. The Group has completed significant bank refinancing during the year and has recently agreed to issue £127.7 million of bonds through private placement. As a result, the Group has strong liquidity, a favourable debt maturity profile and significant headroom against covenants.

The directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review the Group has considered the Group's cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of tenant leases. On the basis of this review, and after making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Statement as to disclosure of information to the auditor

So far as the directors who held office at the date of approval of this Directors' Report are aware, there is no relevant audit information of which the auditor is unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Deloitte LLP as auditor of the Company will be proposed at the Annual General Meeting.

Annual General Meeting

The Notice of Meeting on pages 122 and 123 sets out the resolutions to be proposed at the Annual General Meeting and gives details of the voting record date and proxy appointment deadline for that meeting. Resolutions 1 to 12 comprise ordinary business and resolutions 13 to 16 special business.

Authority to allot shares and grant rights

At the Annual General Meeting held on 7 July 2011, shareholders authorised the directors, under section 551 of the Companies Act 2006 to allot ordinary shares without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2012 or, if earlier, on 1 October 2012. Resolution 13 will seek to renew this authority and to authorise the directors under section 551 of the Companies Act 2006 to allot ordinary shares or grant rights to subscribe for or convert any securities into shares for a period expiring no later than 1 October 2013.

Paragraph (a)(i) of Resolution 13 will allow the directors to allot ordinary shares up to a maximum nominal amount of £13,028,172 representing approximately one-third of the Company's existing issued share capital and calculated as at 22 May 2012 (being the latest practicable date prior to publication of this Report). In accordance with the latest institutional guidelines issued by the Association of British Insurers, paragraph (a)(ii) of Resolution 13 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of Resolution 13, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a Rights Issue to ordinary shareholders up to a maximum nominal amount of £26,056,344, representing approximately two-thirds of the Company's existing issued share capital and calculated as at 22 May 2012 (being the latest practicable date prior to publication of this Report). The directors have no present intention of exercising this authority. However, if they do exercise the authority, the directors intend to follow best practice as regards its use as recommended by the ABI.

Resolution 13 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2013.

Disapplication of pre-emption rights

Also at last year's meeting, a special resolution was passed, under sections 570 and 573 of the Companies Act 2006, empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 14 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles of Association to issue shares in connection with a rights issue and otherwise to issue shares for cash up to a maximum nominal amount of £1,954,225 which includes the sale on a non pre-emptive basis of any shares held in treasury. The maximum nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 22 May 2012 (being the latest practicable date prior to publication of this Report).

The directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three year period without prior consultation with the shareholders and the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

Resolution 14 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2013.

Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 15 will seek to renew this authority. The maximum number of shares to which the authority relates is 46,870,154. This represents 14.99% of the share capital of the Company in issue as at 22 May 2012. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 15 is passed at the Annual General Meeting, the Company will have the option of holding as treasury shares any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the Company with additional flexibility in the management of its capital base. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares. Any shares purchased by the Company under this authority would be cancelled unless the shares are being purchased by the Company to hold and resell as treasury shares.

The price paid for ordinary shares will not be less than the nominal value of 12.5 pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days' preceding the day on which the ordinary shares are purchased and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003.

There were no purchases of shares by the Company during the year. At 31 March 2012, the number of shares which may be purchased under the shareholders' authority given at the 2011 Annual General Meeting was 46,870,154 based on shares in issue of 312,676,149.

At 22 May 2012, the Company held no shares in treasury.

Resolution 15 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2013.

Notice of general meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days, unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual General Meetings must always be held on at least 21 clear days' notice.)

At last year's Annual General Meeting, shareholders authorised the calling of general meetings other than an Annual General Meeting on not less than 14 clear days' notice and Resolution 16 seeks to renew this authority. The authority granted by this resolution, if passed, will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

The flexibility offered by this resolution will be used where, taking into account the circumstances, the directors consider this appropriate in relation to the business to be considered at the meeting and in the interests of the Company and shareholders as a whole.

Recommendation

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

By order of the Board

Desna Martin
Company Secretary
Great Portland Estates plc
Company number: 596137

23 May 2012

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

– properly select and apply accounting policies;

– present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

– provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

– make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

– the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

– the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Toby Courtauld
Chief Executive

23 May 2012

Nick Sanderson
Finance Director

23 May 2012

Analysis of ordinary shareholdings

At 31 March 2012

By shareholder

		Shareholding		Shareholding
	Number	%	Number	%
Banks and nominee companies	821	30.78	298,403,272	95.44
Individuals	1,751	65.65	6,944,948	2.22
Investment trusts	9	0.34	39,928	0.01
Insurance companies	3	0.11	72,421	0.02
Other limited companies	52	1.95	2,567,394	0.82
Pension funds	2	0.08	1,201,487	0.39
Other institutions	29	1.09	3,446,699	1.10
	2,667	100.00	312,676,149	100.00

By size of holding

		Shareholding		Shareholding
	Number	%	Number	%
1 – 500	651	24.41	152,277	0.05
501 – 1,000	428	16.05	323,359	0.10
1,001 – 5,000	892	33.45	2,093,080	0.67
5,001 – 10,000	201	7.54	1,461,453	0.47
10,001 – 50,000	194	7.27	4,756,159	1.52
50,001 – 100,000	74	2.77	5,250,079	1.68
100,001 – and above	227	8.51	298,639,742	95.51
	2,667	100.00	312,676,149	100.00

Notice of meeting

Notice is hereby given that the fifty-fifth Annual General Meeting of Great Portland Estates plc will be held at 50 Stratton Street, London W1, on Thursday 5 July 2012 at 11.30am, for the purposes set out below, with the Board available from 11.00am to meet shareholders and answer questions:

1. To receive and adopt the audited financial statements together with the directors' and auditors' reports for the year ended 31 March 2012.
2. To authorise the payment of a final dividend for the year ended 31 March 2012.
3. To approve the Directors' remuneration report.
4. To elect Nick Sanderson as a director of the Company.
5. To re-elect Toby Courtauld as a director of the Company.
6. To re-elect Neil Thompson as a director of the Company.
7. To re-elect Martin Scicluna as a director of the Company.
8. To re-elect Charles Irby as a director of the Company.
9. To re-elect Jonathan Nicholls as a director of the Company.
10. To re-elect Jonathan Short as a director of the Company.
11. To reappoint Deloitte LLP as auditors.
12. To authorise the directors to agree the remuneration of the auditors.

As special business, to consider and, if thought fit, to pass the following Resolution 13 as an ordinary resolution, and those numbered 14 to 16 inclusive as special resolutions. The items of special business are explained in more detail in the Report of the directors on pages 118 to 119.

Ordinary resolution

13. That:
    - (a) the directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
        - (i) in accordance with Article 9 of the Company's Articles of Association (the "Articles"), up to a maximum nominal amount of £13,028,172 (such amount to be reduced by the nominal amount of any equity securities (as defined in Article 10 of the Articles) allotted under paragraph (ii) below in excess of £13,028,172); and
        - (ii) comprising equity securities (as defined in Article 10 of the Articles), up to a maximum nominal amount of £26,056,344 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue (as defined in Article 10 of the Articles);
    - (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or, if earlier, at the close of business on 1 October 2013; and
    - (c) all previous unutilised authorities under section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this Resolution which would or might require shares to be allotted or rights to be granted on or after that date).

Special resolutions

14. That:
    - (a) in accordance with Article 10 of the Company's Articles of Association (the "Articles"), the directors be given power to allot equity securities for cash;
    - (b) the power under paragraph (a) above (other than in connection with a rights issue, as defined in Article 10 of the Articles) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £1,954,225;
    - (c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2013; and
    - (d) all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.

15. That, in accordance with the Companies Act 2006, the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Companies Act 2006) of its shares on such terms and in such manner as the directors may determine, provided that:

    (a) the maximum number of shares which may be purchased is 46,870,154;

    (b) the maximum price at which shares may be purchased shall not be more than the higher of an amount equal to 5% above the average of the middle market quotations for the shares as taken from the London Stock Exchange Daily Official List for the five business days, preceding the date of purchase and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003 and the minimum price shall be 12.5 pence, being the nominal value of the shares, in each case exclusive of expenses;

    (c) the authority conferred by this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or at the close of business on1 October 2013 whichever is the earlier, save that the Company may before such expiry enter into a contract or contracts for purchase under which such purchase may be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares in pursuance of any such contracts; and

    (d) all existing authorities for the Company to make market purchases of its shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this Resolution and which has or have not yet been executed.

16. That, in accordance with the Company's Articles of Association, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Registered office:
33 Cavendish Square
London W1G 0PW

By order of the Board

Desna Martin
Company Secretary

23 May 2012

Notes to notice of meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:

   - in hard copy form by post, by courier or by hand to the Company's Registrar at the address shown on the form of proxy; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

   and in each case must be received by the Company's Registrar not less than 48 hours before the time of the meeting.

2. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so. A shareholder must inform the Company's Registrar in writing of any termination of the authority of a proxy.

3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

4. The statement of rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by shareholders of the Company.

5. Nominated persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

6. As at 22 May 2012 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consists of 312,676,149 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 22 May 2012 are 312,676,149.

7. Copies of all directors' contracts are available for inspection at 33 Cavendish Square, London W1G 0PW during normal business hours on any weekday (English public holidays excepted) and will be available at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

8. (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

   (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. The Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00pm on 3 July 2012 (or in the event of any adjournment, at 6.00pm on the date which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

11. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006, and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.

12. A member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. A copy of this notice, and other information required by section 311A of the Companies Act 2006 can be found at www.gpe.co.uk/investors/agm/

14. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any other purposes other than those expressly stated.

15. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including all votes of shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held.

Glossary

Earnings Per Share (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA adjustments
Standard calculation methods for adjusted EPS and NAV as set out by the European Public Real Estate Association (EPRA) in their Best Practice and Policy Recommendations.

EPRA vacancy rate
The element of a property which is unoccupied but available for letting, expressed as the ERV of the vacant space divided by the ERV of the total portfolio.

Estimated Rental Value (ERV)
The market rental value of lettable space as estimated by the Company's valuers at each balance sheet date.

Fair value
The amount as estimated by the Company's valuers for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In line with market practice, values are stated net of purchasers' costs.

F&BS
Finance and Business Services sector.

IPD
The Investment Property Databank Limited (IPD) is a company that produces an independent benchmark of property returns.

IPD central London
An index, compiled by IPD, of the central and inner London properties in their monthly and quarterly valued universes.

Like-for-like portfolio
Properties that have been held for the whole of the period of account.

Loan To Value (LTV)
Total bank loans, private placement notes and debenture stock (including our share of joint ventures), net of cash, expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

Net assets per share or Net Asset Value (NAV)
Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Net gearing
Total borrowings less short-term deposits and cash as a percentage of adjusted equity shareholders' funds.

Net initial yield
Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchaser's costs.

Non-PIDs
Dividends from profits of the Group's taxable residual business.

Portfolio Internal Rate of Return (IRR)
The rate of return that if used as a discount rate and applied to the projected cash flows from the portfolio would result in a net present value of zero.

Property Income Distributions (PIDs)
Dividends from profits of the Group's tax-exempt property rental business.

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

Return on shareholders' equity
The growth in the adjusted diluted net assets per share plus dividends per share for the period expressed as a percentage of the adjusted net assets per share at the beginning of the period.

Reversionary or under-rented
The percentage by which ERV exceeds rents passing, together with the estimated rental value of vacant space.

Reversionary yield
The anticipated yield, which the initial yield will rise to once the rent reaches the ERV.

Total Property Return (TPR)
Capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value.

Total Shareholder Return (TSR)
The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period.

Triple net asset value (NNNAV)
NAV adjusted to include the fair value of the Group's financial liabilities on a diluted basis.

True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchaser's costs. Assumes rent is received quarterly in advance.

Weighted Average Cost of Capital (WACC)
The weighted average pre-tax cost of the Group's debt and the notional cost of the Group's equity used as a benchmark to assess investment returns.

Weighted Average Unexpired Lease Term (WAULT)
The Weighted Average Unexpired Lease Term expressed in years.

Five year record

Based on the Group financial statements for the years ended 31 March

Balance sheet

	2008 £m	2009 £m	2010 £m	2011 £m	**2012 £m**
Property portfolio	1,095.8	803.2	774.9	1,049.5	**1,366.0**
Joint ventures	390.6	183.2	332.4	449.8	**538.2**
Loans and borrowings	(425.3)	(378.3)	(278.3)	(352.1)	**(507.4)**
Other net (liabilities)/assets	(11.7)	(39.5)	47.7	(34.5)	**(158.5)**
Net assets	1,049.4	568.6	876.7	1,112.7	**1,238.3**

Financed by

Issued share capital	22.6	22.6	39.1	39.1	**39.1**
Reserves	1,026.8	546.0	837.6	1,073.6	**1,199.2**
Total equity	1,049.4	568.6	876.7	1,112.7	**1,238.3**
Net assets per share*	433p	234p	280p	359p	**402p**
Net assets per share – EPRA*	434p	245p	283p	360p	**403p**

Income statement

	£m	£m	£m	£m	**£m**
Net rental income	44.4	42.4	45.7	63.7	**46.4**
Joint venture fee income	5.8	4.7	3.0	4.1	**5.6**
Rental and joint venture fee income	50.2	47.1	48.7	67.8	**52.0**
Property and administration expenses	(19.9)	(17.6)	(16.6)	(21.3)	**(26.2)**
Development management profits	7.1	4.0	0.1	–	**–**
	37.4	33.5	32.2	46.5	**25.8**
Surplus/(deficit) on investment property	(8.7)	(315.5)	89.8	131.3	**97.2**
Share of results of joint ventures	(1.6)	(131.5)	59.0	97.9	**50.0**
Operating profit/(loss)	27.1	(413.5)	181.0	275.7	**173.0**
Finance income	0.6	0.3	0.4	2.2	**5.1**
Finance costs	(30.7)	(22.9)	(13.2)	(13.8)	**(21.4)**
Non-recurring items	–	(0.1)	(11.6)	(3.1)	**(1.5)**
Profit/(loss) before tax	(3.0)	(436.2)	156.6	261.0	**155.2**
Tax	(1.1)	0.1	(0.2)	(0.9)	**–**
Profit/(loss) for the year	(4.1)	(436.1)	156.4	260.1	**155.2**
Earnings per share – basic*	(1.6)p	(180.0)p	55.5p	83.8p	**50.2p**
Earnings per share – EPRA*	9.4p	9.1p	10.0p	16.0p	**5.6p**
Dividend per share*	8.9p	9.0p	8.0p	8.2p	**8.4p**

* Restated for the rights issue May 2009.

Financial calendar

2012

30 May
Ex-dividend date for 2011/2012 final dividend

1 June
Registration qualifying date for 2011/2012 final dividend

5 July
Annual General Meeting

10 July
2011/2012 final dividend payable

14 Nov
Announcement of 2012/2013 interim results (provisional)[1]

21 Nov
Ex-dividend date for 2012/2013 interim dividend (provisional)[1]

23 Nov
Registration qualifying date for 2012/2013 interim dividend (provisional)[1]

2013

2 Jan
2012/2013 interim dividend payable (provisional)[1]

22 May
Announcement of 2012/2013 full year results (provisional)[2]

1 Provisional dates will be confirmed in the Half Year results announcement 2012.
2 The timetable for the potential final dividend will be confirmed in the 2013 Annual Report.

Shareholders' information

Shareholder enquiries

All enquiries relating to holdings of shares, bonds or debentures in Great Portland Estates, including notification of change of address, queries regarding dividend/interest payments or the loss of a certificate, should be addressed to the Company's registrars:

The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
Fax: 01484 600 911
Email: shareholder.services@capitaregistrars.com

(Calls cost 10 pence per minute plus network extras;
lines are open 8.30am–5.30pm Monday to Friday).
If you are calling from overseas please dial +44 20 8639 3399

Unsolicited telephone calls – Boiler room scams

Over the last year, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company.

These are typically from overseas based "brokers" who target UK shareholders offering to sell them shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These operations are commonly known as "boiler rooms". Shareholders are advised to be very wary of any offers of unsolicited advice, discounted shares, premium prices for shares they own or free reports into the Company. If you receive any unsolicited investment advice:

- ensure you get the correct name of the person and organisation;
- check that the organisation is on the Financial Services Authority ("FSA") Register to ensure they are authorised at www.fsa.gov.uk/fsaregister
- use the details on the FSA Register to contact the firm;
- call the FSA Consumer Helpline (0845 606 1234) if there are no contact details in the Register or you are told they are out of date; and
- if the calls persist, hang up.

If you use an unauthorised firm to buy or sell shares, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Payment of dividends

If you would like your dividends/interest paid directly into your bank or building society account you should write to Capita Registrars including details of your nominated account. Although this will enable your dividend/interest to be paid directly into your account, your tax voucher will still be sent to your registered address.

Website

The Company has a corporate website, which holds, amongst other information, a copy of our latest annual report and accounts, a list of properties held by the Group and copies of all press announcements released over the last 12 months. The site can be found at www.gpe.co.uk

Tax consequences of REIT status

As a REIT, dividend payments must be split between PIDs and non-PIDs. Information in respect of the tax consequences for shareholders of receiving dividends can be found on the Company's website at www.gpe.co.uk/investors/shareholder-information/reits

Company Secretary

Desna Martin, BCom CA(Aust) ACIS
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Registered number: 596137

Your notes

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Andy Wilson

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Nick Guttridge

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