Unlocking potential

Great Portland Estates plc Annual Report 2017

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Other information

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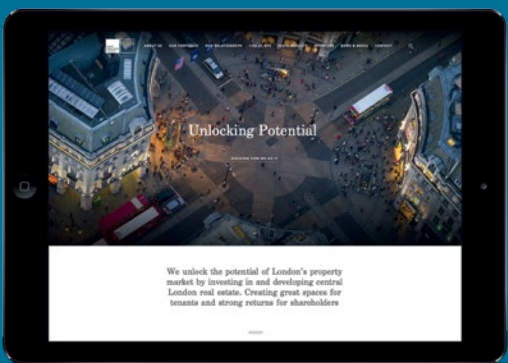


Cover image: The reception of 30 Broadwick Street, W1

Who we are

Great Portland Estates is a property investment and development company owning over £3.1 billion of real estate, 100% in central London.

We have a simple strategy – to generate superior portfolio and shareholder returns from investing in and improving central London real estate, a market that we know inside out.

We aim to achieve this through our intense, customer-focused approach to managing our properties combined with an effective reading of the property cycle, increasing and reducing risk as appropriate.

Strategic Report – Overview

"With our focused business model and disciplined approach, despite the more uncertain market conditions, our experienced team again delivered strong operational results, including record levels of capital recycling, multiple leasing successes and a resilient financial performance. Our 2017 Strategic Report on pages 1 to 75 has been reviewed and approved by the Board."

On behalf of the Board

Martin Scicluna Chairman

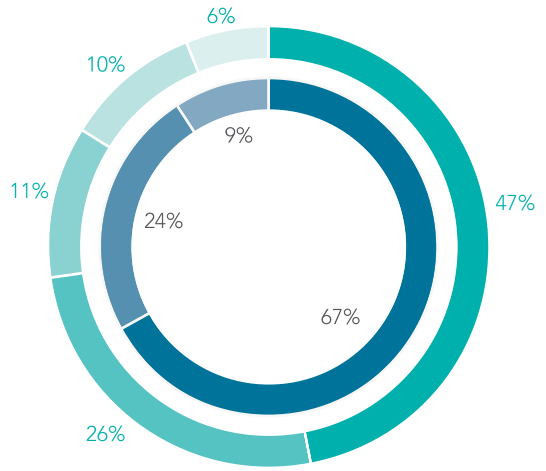
What we do

We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London. Our integrated team is focused on meeting tenants' needs through repositioning properties in tune with London's property cycle.

OUR PORTFOLIO – 73% IN WEST END

Locations
- North of Oxford Street £1,466.4m
- Rest of West End £812.2m
- City £351.5m
- Southwark £328.2m
- Midtown £187.2m

Business mix
- Office £2,117.3m
- Retail £743.6m
- Residential £284.6m



- £3,146 million portfolio valuation
- 3.0 million sq ft
- 12% in committed development programme
- 40% in development pipeline
- 57 properties, 42 sites
- 379 tenants
- £50.10 average office rent per sq ft
- 1.3% rental value decline in year
- 21.2% reversionary potential
- 6.8% vacancy rate
- 85% <800 metres from a Crossrail station

OUR FINANCIAL STRENGTH

Net assets	Net debt (excluding JVs)	Net gearing	Pro forma loan to value	Pro forma cash and undrawn facilities
£2.74bn	£502.8m	18.4%	12.2%	£618m

PERFORMANCE HIGHLIGHTS

Portfolio valuation	Rent roll	Total Property Return (TPR)	EPRA NAV per share	EPRA earnings per share
£3.15bn	£109.6m	(3.0)%	799p	17.3p
2016: £3.70bn (down 4.9% LfL) ↓	2016: £96.8m (up 13.2%) ↑	2016: 18.9%	2016: 847p (down 5.7%) ↓	2016: 13.5p (up 28.1%) ↑

Ordinary dividend per share	Special dividend per share	Total Shareholder Return (TSR)
10.1p	32.2p	(9.3)%
2016: 9.2p (up 9.8%) ↑	Declared in April 2017	2016: (9.3)%

EPRA and adjusted metrics: we prepare our financial statements using IFRS, however we also use a number of adjusted measures in assessing and managing the performance of the business. These include measures defined by EPRA which are designed to enhance transparency and comparability across the European real estate sector, see pages 149 to 151. For a definition of pro forma debt metrics see page 43.

+ **See our KPIs and operational measures** on pages 22 and 23

OUR MANAGEMENT TEAM

+ **See our Board and Management team** on pages 54 to 57

OUR INTEGRATED APPROACH

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 properties, off-market, that are rich with opportunity for improvement. Our reading of the cycle has led us to be net sellers for the last four years.

Record sales activity

£727.0m

+ **See more** on pages 34 and 35

Development management

Upgrading our portfolio with targeted capital expenditure improves its tenant appeal and longevity, enhancing both rental values and capital returns. Our strong relationships with planning authorities, contractors and local communities are central to our profitable development activities.

Profit on cost on completed and forward sold schemes

27.7%

+ **See more** on pages 36 to 39

Asset management

Keeping close to our 379 tenants to understand their needs helps us to ensure their satisfaction which, in turn, drives sustainable rental growth and minimises vacancy through tenant retention.

Lettings and renewals in year

£20.5m

+ **See more** on pages 40 and 41

Where we do it

North of Oxford Street

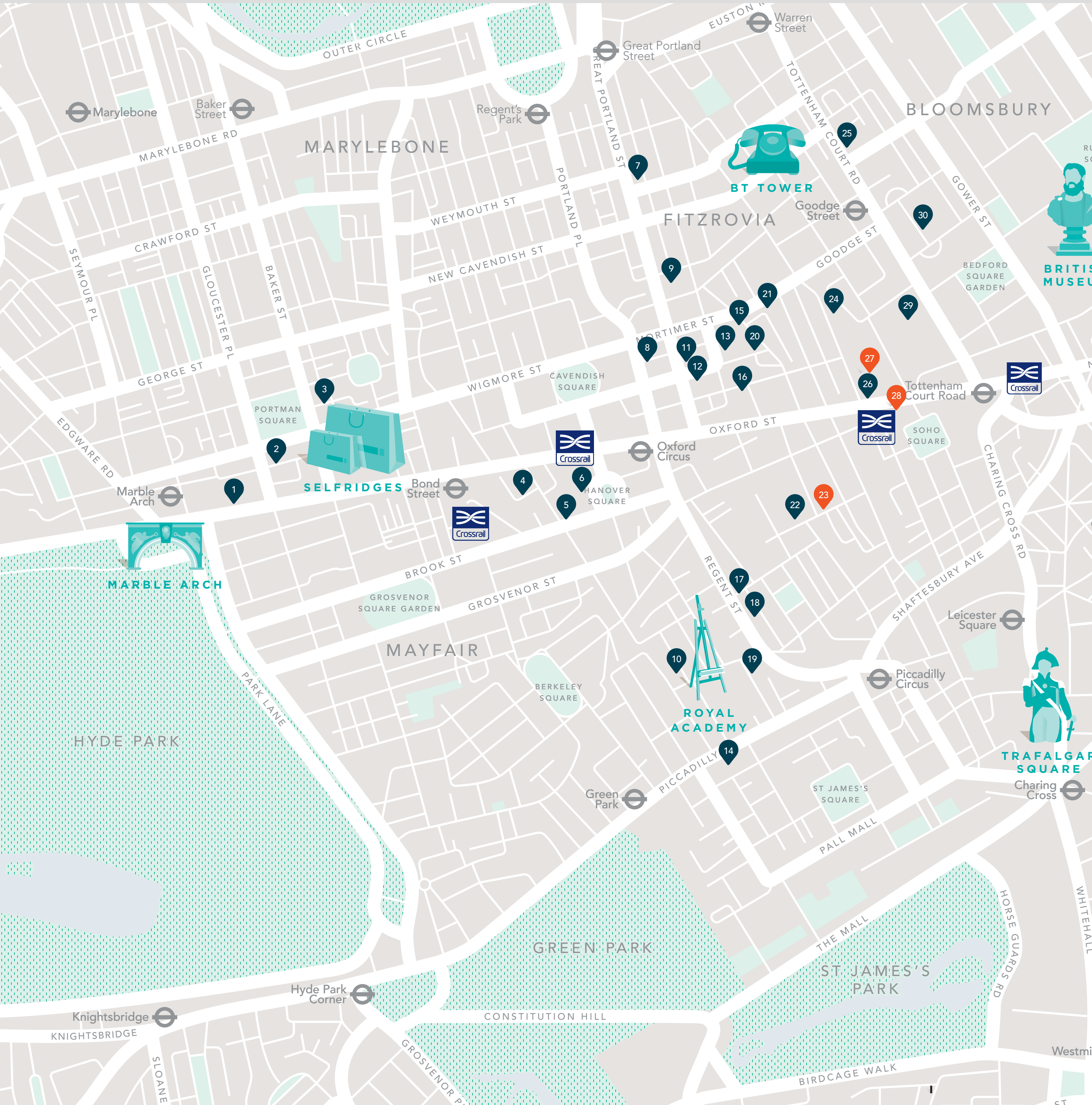
1. Mount Royal
2. 35 Portman Square
3. Orchard Court
7. 160 Great Portland Street
8. Walmar House
9. 78/92 Great Portland Street
11. 32/36 Great Portland Street
12. 6/10 Market Place
13. Elsley House
15. Wells & More
16. Kent House
20. 55 Wells Street
21. 27/35, 42/44 Mortimer Street
24. 23/24 Newman Street
25. 183/190 Tottenham Court Road
26. Oxford House
27. Rathbone Square
29. Percy House
30. 31/34 Alfred Place

Featured properties

23 **30 Broadwick Street**
See pages 16 and 17

27 **Rathbone Square**
See pages 18 and 19

28 **73/89 Oxford Street**
See pages 14 and 15

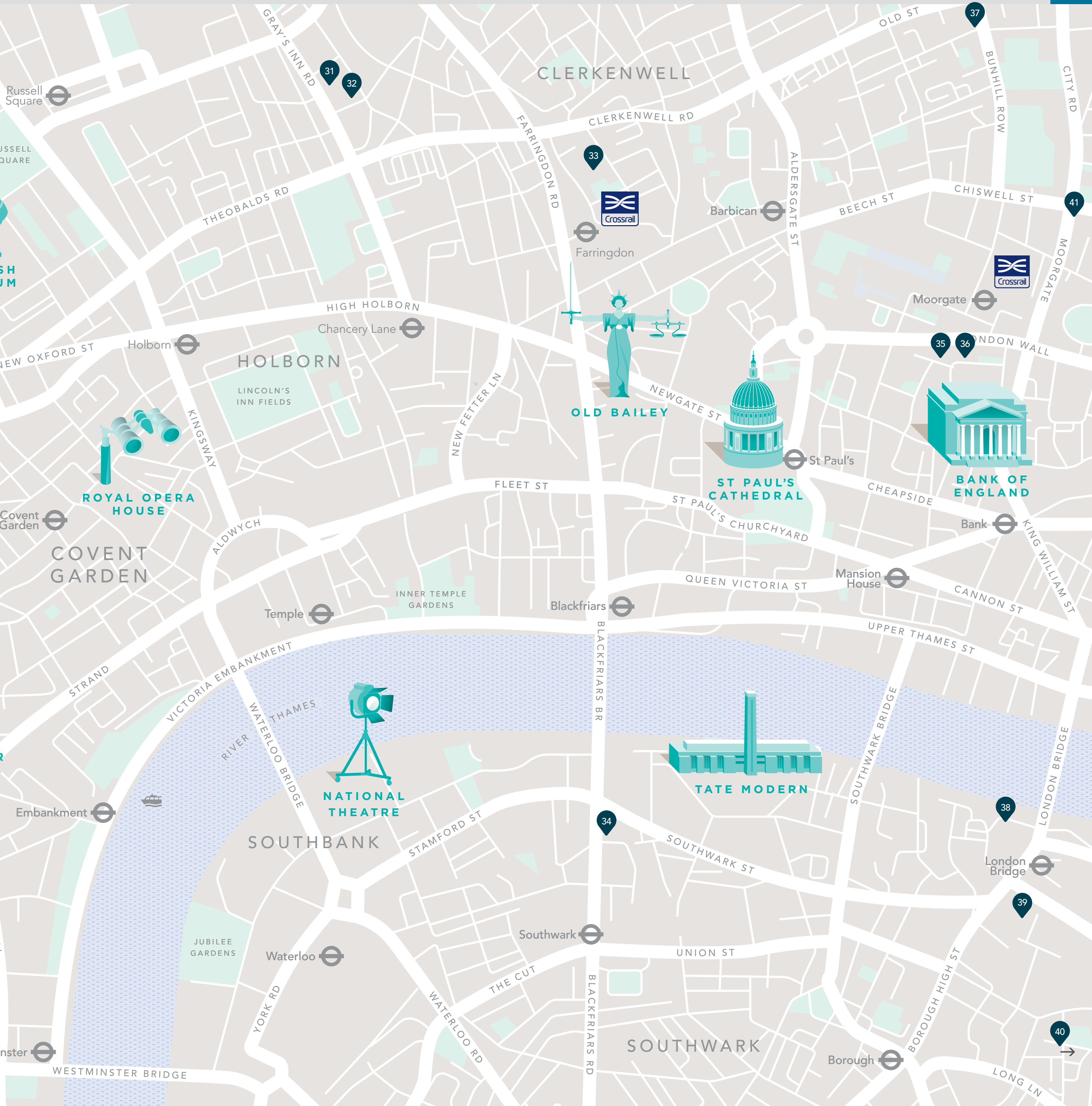


Rest of West End

4. 95/96 New Bond Street
5. 6 Brook Street
6. Hanover Square Estate
10. Pollen House
14. The Piccadilly Buildings
17. Carrington House
18. Kingsland House
19. 103/113 Regent Street
22. 48/54 Broadwick Street
23. 30 Broadwick Street
28. 73/89 Oxford Street

City, Midtown and Southwark

31. 200 Gray's Inn Road
32. Elm House
33. 24/25 Britton Street
34. 240 Blackfriars Road
35. City Place House
36. City Tower
37. 160 Old Street
38. Minerva House
39. New City Court
40. 46/58 Bermondsey Street
41. 50 Finsbury Square



Why London?

Toby Courtauld explains why Great Portland Estates is 100% focused on the central London property market.

"We expect London's commercial property market to remain cyclical, with increased uncertainty following the UK's referendum on EU membership."

So, why London?

London has the largest economy of any city in Europe and generates around 22% of UK GDP. It is one of the world's leading commercial, creative and financial centres, and as its population increases to more than 10 million by 2030 from 8.6 million today, we can look forward to further growth over the longer term. Its combination of a strong legal system, time zone advantages, international connectivity and a welcoming attitude to businesses from around the world has resulted in over a third of Fortune 500 companies now having their global headquarters in London.

How would you describe London's real estate market?

Central London has one of the world's largest commercial real estate markets, with more than 238 million sq ft of office and retail property attracting a deep and diverse mix of occupiers and property investors, many from overseas. Global businesses are attracted to London by its high calibre labour pool, with 1.7 million of London's workforce employed in highly-skilled roles (nearly 50% higher than New York, its nearest rival) and London being home to 15 top ranked universities and business schools, more than any other global city. Moreover, London was ranked the world's second most popular tourist destination in 2016, supporting retailer demand for well located stores.

+ **See our market section** on pages 27 to 31

Why is the majority of your portfolio in the West End?

With more than 390 million visitors a year, the West End provides a unique and diverse mix of commercial, retail, residential, cultural and tourist attractions, drawing people and businesses from around the world. It is also set to benefit from the opening of Crossrail in late 2018, which is already acting as a catalyst for regeneration around the West End stations. We own one of the largest commercial property portfolios (office and retail) in the core West End, and with no two properties the same, our deep local knowledge remains a key competitive advantage in this complex market.

+ **See our portfolio** on page 33

What are the challenges of operating in the West End?

Barriers to entry are high with around 70% of the core West End in a conservation area and the planning environment continuing to tighten. When combined with the West End's enduring appeal to occupiers, available space remains in short supply. Successfully navigating these barriers to development whilst delivering efficient and sustainable properties in attractive locations that meet tenants' needs remains critical to profitable real estate activities.

+ **See our relationships** on pages 47 to 49

What has been the impact of the EU referendum result?

Despite the more uncertain economic backdrop following the EU referendum, London's property market has proved broadly resilient to date, although property valuations have fallen. Whilst investment market activity was muted in the months immediately before and after the vote, investment turnover was £13.1 billion in 2016, and demand for high quality assets has remained robust, providing good liquidity for our profitable sales of Rathbone Square, W1 and 73/89 Oxford Street, W1 during the year. Occupational demand has also remained stronger than expected with annual take-up of 12.3 million sq ft in 2016, close to the ten year average.

However, we expect London's commercial property market to remain cyclical, with increased uncertainty following the EU referendum.

Our 100% central London focus, disciplined approach and experienced team means we are well positioned to capture the opportunities that this cyclicality creates. We will flex our operational risk in tune with market conditions, whilst always maintaining low levels of financial gearing.

+ **See how we create value** on pages 8 to 9

What is the outlook for London property?

Our leasing activity for the year demonstrates that tenant interest is healthy for our brand of high quality, well located sensibly priced space. However, whilst the weight of international capital looking to invest in London remains high, we expect the uncertain political and economic environment to weigh on rental levels across London's commercial property markets in the near term. Looking longer-term, we are optimistic that the capital will retain its status as one of only a handful of truly global cities.

+ **See our statement from the Chief Executive** on pages 25 and 26

How we create value

Our focused business model is all about repositioning properties to unlock their full potential. When combined with the effective reading of the property cycle, in a market we know inside out, we deliver attractive long-term returns for shareholders.

THE CORE PRINCIPLES OF OUR MODEL ARE…

- 100% central London; West End focus
- Reposition properties let off low rents
- Flex operational risk through the property cycle
- Maintain low financial leverage
- Deliver superior total returns by seeking to outperform our KPI benchmarks

…UNDERPINNED BY OUR UNIQUE COMBINATION OF ATTRIBUTES…

Our capital discipline

- Consistently strong balance sheet and conservative financial leverage.
- Low cost, diversified debt book and plentiful liquidity.
- Disciplined allocation of capital through analytical, risk adjusted IRR decision making.
- Detailed business plan for every property reviewed quarterly.
- Support progressive dividend policy.
- Tax efficient REIT structure.

+ **See our capital discipline** on pages 45 and 46

Our relationships

- Intense, customer-focused approach to understand tenants' needs.
- High tenant retention, low vacancy rates, diverse tenant base.
- Deep relationships with key suppliers (including contractors, debt providers and advisers) and joint venture partners.
- Positive engagement with local authorities, planning departments and local communities.

+ **See our relationships** on pages 47 to 49

Our culture and people

- Experienced management team supported by specialist in-house asset management, development, investment and finance teams.
- Incentivised to deliver strong total returns for shareholders and outperform our KPI benchmarks.
- Entrepreneurial and collegiate culture with disciplined approach to risk management and effective governance structure.

+ **See our culture and people** on pages 50 to 53

…AND OUR PROACTIVE MANAGEMENT OF OUR PORTFOLIO

Acquire

- Unloved assets in strong locations with angles to exploit.
- Below replacement cost and typically off-market.
- Off low rents.

+ **See Investment Management** on pages 34 and 35

Reposition

- Through lease restructuring, refurbishment or redevelopment.
- Deliver new space into supportive market conditions that meet tenant needs.
- Manage risk through pre-letting, JVs and forward sales.
- Enhance the local environment and public realm.

+ **See Development Management** on pages 36 to 39

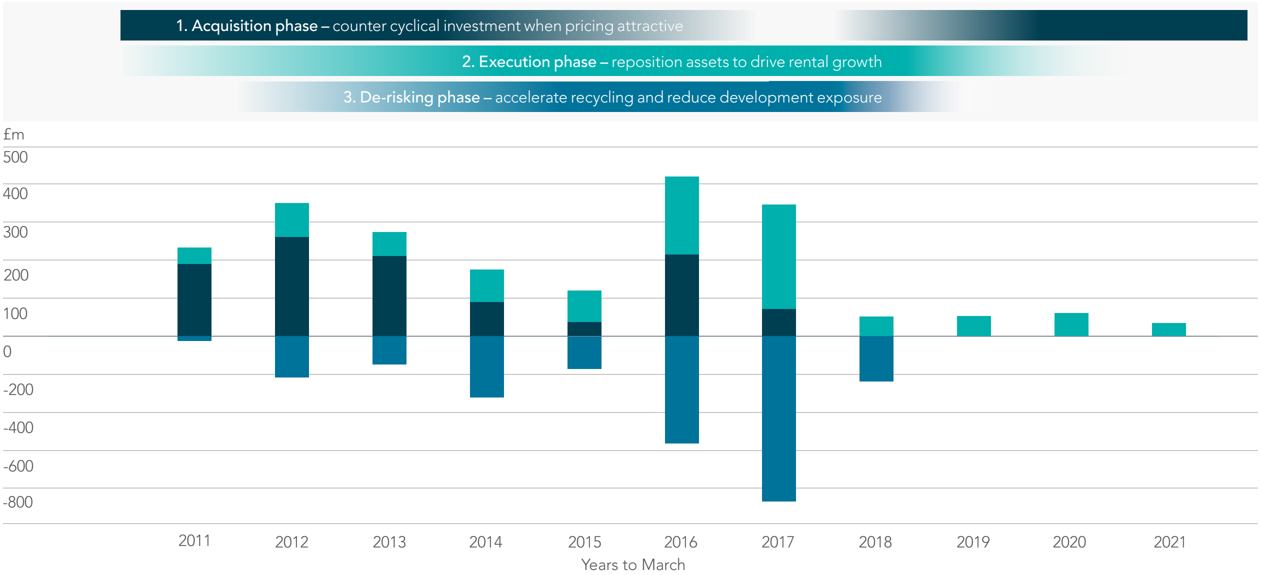
Recycle

- Disciplined capital recycling through the sale of properties where we have executed our business plans or where we are able to monetise our expected future profits.
- Reinvest proceeds into higher return opportunities.

+ **See our case studies** on pages 14 and 15, 18 and 19

WE FLEX OUR ACTIVITIES THROUGH THE CYCLE…

The central London property market is highly cyclical and we analyse the cycle in three phases. Today, we are moving into a more balanced phase as we near the end of the de-risking phase, having taken advantage of the supportive investment market to crystallise surpluses. The successful reading of this cycle and the flexing of our operational risk are key to delivering long-term sustainable shareholder value.



- **Acquisitions** – forecast represents currently completed or exchanged deals
- **Capex** – forecast represents committed and near-term projects
- **Sales** – forecast represents currently completed or exchanged deals

+ **See our strategic priorities** on pages 10 and 11

…WITH OUR TRACK RECORD HELPING US…

Acquire

- We embarked on our acquisition phase in 2009 when we saw deep value in the market to acquire raw material for the execution phase.
- Since 2009, we have bought £1.4 billion (our share: £1.2 billion) of assets or 64% of today's portfolio.

Reposition

- Whilst we started developing early in the 2009 economic recovery, these activities have accelerated in recent years to drive further organic growth.
- We have completed 17 developments since 2009 (1.5 million sq ft, 38% profit on cost). Today, the execution phase is almost complete and our team is now preparing our development pipeline for the next cycle.

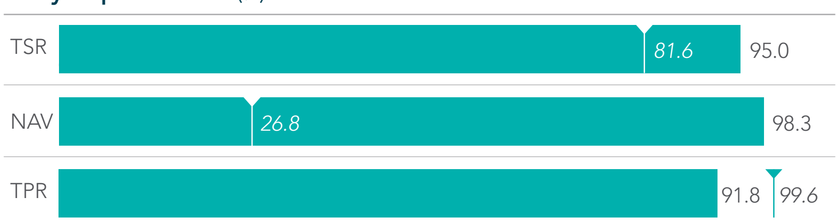
Recycle

- We typically rotate 10%–20% of the portfolio every year to monetise surpluses created by our repositioning activities.
- Given the strength of the investment market, we have been a net seller in each of the last four financial years.
- Our record level of recycling activity has enabled us to reduce leverage to record lows providing financial strength and firepower for the next cycle.

…OUTPERFORM OUR KPI BENCHMARKS

Over the past five years, our proactive approach has helped us outperform most of our benchmarks.

Five year performance (%)



Benchmark (in italics)

+ **See our KPI benchmarks** on pages 22 and 23

Our clear strategic priorities

We have a clear strategic focus that enables us to deliver long-term outperformance across the property cycle. With our financial position stronger than ever, this year our priorities turned to crystallising the significant development surpluses we have created, continuing to drive rental growth through capturing reversion and preparing the pipeline for the next cycle.

+ **See more** on pages 34 to 41

STRATEGIC PRIORITIES 2016/17

2016/17 priority	Key initiatives	2016/17 progress	
Crystallise profits through recycling + **See more** on pages 34 and 35	– Sell properties where value has been created to crystallise returns.	– Rathbone Square, W1 sold for £375.9 million crystallising a whole life surplus of approximately £110 million. – Total sales of £727.0 million at an average capital value of £1,559 per sq ft.	 Rathbone Square, W1 + **See our case study** on pages 18 and 19
Deliver and lease the current development programme and prepare the pipeline + **See more** on pages 36 to 39	– Deliver Rathbone Square, W1 offices to Facebook. – Complete 30 Broadwick Street, W1 and Great Portland Street, W1 developments. – Prepare near-term schemes for commencement. – Prepare pipeline for next cycle.	– Rathbone Square, W1 offices delivered to Facebook. – Four schemes completed since March 2016, further two forward sold. – Continued leasing momentum; on-site committed schemes, 65.2% pre-let or pre-sold, profit on cost 2.0%. – Deep development pipeline: 14 projects, 40% of portfolio, 1.6 million sq ft (including two consented near-term schemes).	 30 Broadwick Street, W1 + **See our case study** on pages 16 and 17
Drive rental growth through capturing reversion + **See more** on pages 40 and 41	– Capture reversionary potential. – Secure office lettings at 73/89 Oxford Street and 30 Broadwick Street, both W1. – Maintain investment vacancy rate below 4%. – Deliver ERV growth of around 5%.	– £5.5 million of reversion captured. – 73/89 Oxford Street, W1 91% pre-let prior to forward sale and 30 Broadwick Street, W1 now 69% let. – Vacancy rate of 6.8% due to recent development/ refurbishment completions. – Annual ERV decline of 1.3% in year, following impact of EU referendum result.	 73/89 Oxford Street, W1 + **See our case study** on pages 14 and 15

STRATEGIC PRIORITIES 2017/18

Impact on strategic KPIs	2017/18 priority	Target	Risk
– Sales at around book value lowers loan to value and supports TPR and NAV. – Accretive recycling and reinvestment should enhance TPR and TSR. + **See our KPIs and operational measures** on pages 22 and 23	Selective investment activity + **See more** on pages 34 and 35	– Acquire properties should we see value in the market. – Explore further sales opportunities to crystallise returns where forward prospective returns are insufficient.	– Insufficient market liquidity of attractively priced opportunities. – Pricing of potential disposals weakens. + **See more** on pages 68 and 69
– Development surpluses enhance TPR and NAV. – Pre-lettings accelerate TPR and mitigate voids. – Extensive pipeline of development opportunities can support TSR. + **See our KPIs and operational measures** on pages 22 and 23	Complete the current committed development programme and prepare the pipeline + **See more** on pages 36 to 39	– Complete the three committed development schemes. – Deliver Rathbone Square, W1 apartments to off-plan buyers. – Prepare the 14 schemes in the development pipeline for the next cycle.	– Impact of market declines amplified by development exposure. – Construction cost inflation reduces development profit. – Contractor/ supplier failure. – Tenants' needs not met by poorly conceived building design. + **See more** on pages 70 and 71
– Capture of rental reversion and tenant retention supports TPR. – Higher ERVs support asset values and TPR and NAV. + **See our KPIs and operational measures** on pages 22 and 23	Drive rent roll growth through capturing reversion + **See more** on pages 40 and 41	– Capture reversionary potential. – Secure office lettings at 160 Old Street, EC1 and 55 Wells Street, W1. – Reduce investment vacancy rate below 4%. – Limit total ERV reduction to 7.5%.	– Occupational market falters. – Wrong rental levels sought for local market conditions. – Poor marketing of our space. – Weak tenant retention. + **See more** on pages 70 and 71

Creating London spaces

We unlock the potential of London's property market by investing in and developing central London real estate, creating great spaces for tenants and strong returns for shareholders.

We focus on four great spaces over the following pages.

73/89 OXFORD STREET, W1

Creating valuable spaces

At 73/89 Oxford Street, W1, our activities have created significant shareholder value. Securing an attractive planning permission, pre-letting the majority of the building and enhancing our interest through acquiring the freehold together transformed the property into a valuable prime investment which we then forward sold in November 2016, crystallising a substantial profit of £117.2 million (or 74% whole life surplus).

We assembled the site through an innovative transaction to acquire the leasehold interest in 2011. This acquisition unlocked a retail-led development opportunity at the eastern end of Oxford Street, an area that was set to be re-rated ahead of the delivery of Crossrail in 2018. We secured planning for a 90,700 sq ft retail and office scheme in 2013, helping to lift the value of the land by £66.2 million at the point we committed to the development.

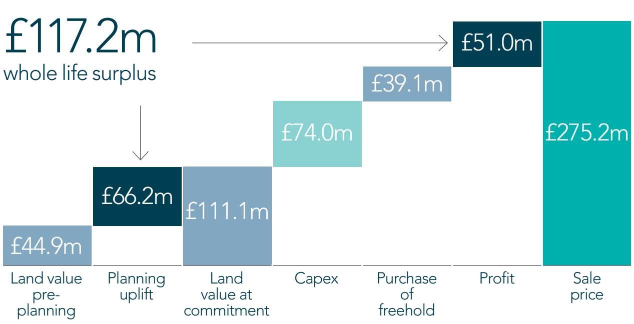
During the development of the building, we secured three pre-lets with an average lease term of 17 years, including our letting to Benetton which set a record retail rent for this part of Oxford Street at £707 Zone A, almost tripling the pre-development rental value.

In early 2016, we bought in the freehold interest for £39.1 million, helping to enhance our ownership and making the building more attractive to investors seeking exposure to prime London real estate.

In November 2016, with our business plan complete following the pre-let of three of the four office floors to Moneysupermarket.com, we forward sold the building to Norges for £275.2 million, reflecting a net initial yield of 3.2% and capital value of £3,051 per sq ft.

+ **See investment management** on pages 34 and 35

Crystallising a whole life surplus of £117.2 million



Together, the planning uplift of £66.2 million and the development profit of £51.0 million delivered a whole life surplus of £117.2 million (74% on all costs).

What they say...

"The freehold acquisition in early 2016 and the targeted sales process enabled GPE to capitalise on the appetite from overseas capital for prime London retail through their forward sale to Norges."

Phil Cann, UK Head of Investment Properties, CBRE

What we say...

"73/89 Oxford Street has been an exceptional project for us and this sale continues our strategy of recycling capital out of assets where we have created significant value."

Hugh Morgan, Head of Investment Management

What they say...

"30 Broadwick Street is a high quality development in a unique Soho location and we are excited to be moving our team to a building that is ideal for our future needs."

Rob Rackind, Partner, EQT

What we say...

"Our letting successes at 30 Broadwick Street, including achieving a new record office rent for Soho of £110.00 per sq ft, demonstrates that there is healthy demand for premium quality office space from a variety of occupiers, despite more uncertain market conditions."

Simon Rowley, Senior Leasing Manager

30 BROADWICK STREET, W1

Creating quality spaces

We have had another strong letting year, leasing space ahead of ERV and capturing a significant proportion of the Group's available reversionary potential. At 30 Broadwick Street, W1, our successful letting activities demonstrate that good buildings, in good locations, let well irrespective of wider market conditions. All of our lettings at 30 Broadwick Street were ahead of the March 2016 ERV, on at least ten year terms and were completed after the EU referendum.

Bought in 2012 for £46.6 million and let off average office rents of only £35.00 per sq ft, we commenced development of 30 Broadwick Street in January 2015, having further improved our original planning consent. We completed the BREEAM Excellent scheme in November 2016, delivering 92,300 sq ft of well specified office and retail space; the only new build office completion in Soho in 2016.

+ **See our sustainability case study** on page 60

Pre-letting interest in the building was good and in late June 2016 we pre-let the restaurant unit to The Ivy Soho Brasserie for an annual rent of £0.7 million. In September 2016, the third floor was pre-let to EQT, the European private equity business, paying annual rent of £1.3 million.

Since completion, we have let a further three office floors and all of the remaining retail space, 5.4% ahead of the March 2016 ERV, helping to further drive rental growth. We have let office floors to the pre-eminent UK gaming company, Jagex Limited, BCG Digital Ventures (the corporate innovation, incubation and investment arm of The Boston Consulting Group) and Exponent Private Equity LLP. These lettings equate to a total rent of £3.2 million per annum and, on the top floor, we set a new record office rent for Soho of £110 per sq ft.

Today, the building is 69% let, with a weighted average lease length of 10.9 years.

+ **See more** at our website http://iworkinsoho.com/

Average office rent (per sq ft)

+174%

Pre development
£35.00

Post development
£95.80

Our activities at 30 Broadwick Street, W1 have transformed the space, delivering a profit on cost of 35.8% and an 85.4% increase in capital value, since purchase, on a like-for-like basis.

RATHBONE SQUARE, W1

Creating special spaces

Our purchase of Rathbone Square, W1 in late summer 2011 started a process to regenerate an underutilised industrial site in the heart of the West End into a unique, mixed-use scheme around a new garden square. This culminated with the sale of the commercial element of the scheme in early 2017 for £435.0 million, with the profit of £110.0 million returned to shareholders by a special dividend in May.

Rathbone Square, W1 is a large mixed-use development situated at the eastern end of Oxford Street comprising 242,800 sq ft of offices, 151,700 sq ft of apartments and 25,200 sq ft of retail space. Having obtained an attractive planning permission and commenced construction in early 2014, we pre-sold the vast majority of the residential units in summer 2014 and today only two of the 142 apartments remain available. A year later, we secured one of the largest ever lettings in the West End with the pre-let of the entirety of the offices to Facebook on a 15 year term (without break) at an annual rent of £17.8 million.

With 91% of the scheme pre-let or pre-sold generating significant value, we crystallised the surplus through a sale of the freehold to Deka, in February 2017, for a headline price of £435.0 million, representing a 4.25% net initial yield.

The sale reduced the Group's financial leverage to a level where, when applying our usual financial discipline, we considered that we had surplus equity capital. As a result, in April 2017 we declared a special dividend of £110 million, representing approximately the whole life profit we had made from the scheme.

+ **See our capital discipline** on pages 45 and 46

Looking ahead, having now handed over the offices to Facebook, our focus is on completing the retail units around the garden square and delivering the apartments to the off-plan purchasers.

Before the development of the site, Rathbone Square was a postal sorting office on an underutilised site in the heart of the West End. Our activities have transformed the site, breathing new life into the local area.

What they say…

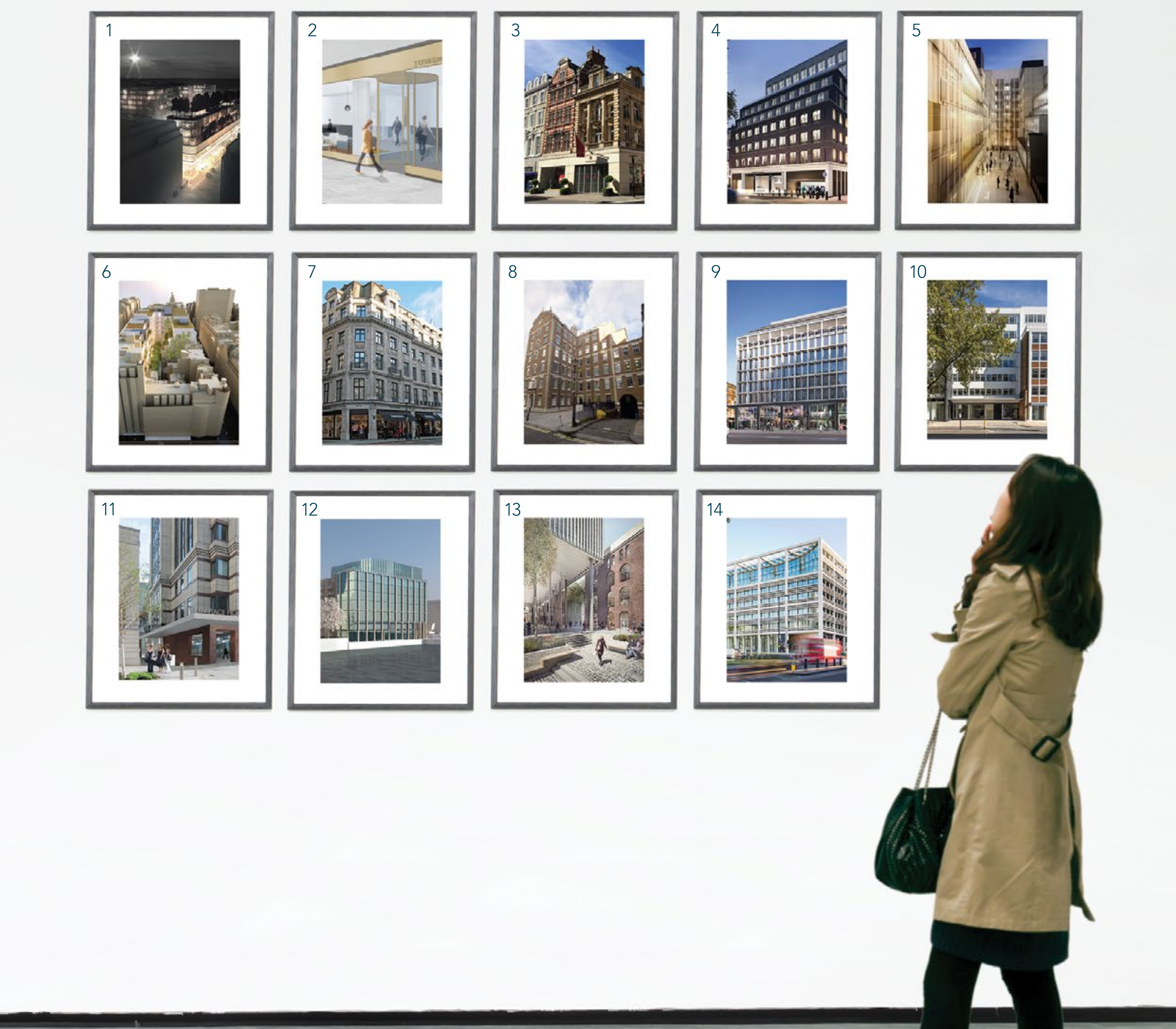
"Rathbone Square is an outstanding mixed-use development and the quality of the real estate is testament to GPE's ability to develop a best in class scheme, the successful disposal of which was a result of a long standing association with Deka."

Deka Immobilien

What we say…

"The successful sale of our largest ever development at Rathbone Square crystallised approximately £110 million of profit which is being returned to our shareholders by a special dividend."

Martin Leighton, Head of Corporate Finance



What they say...

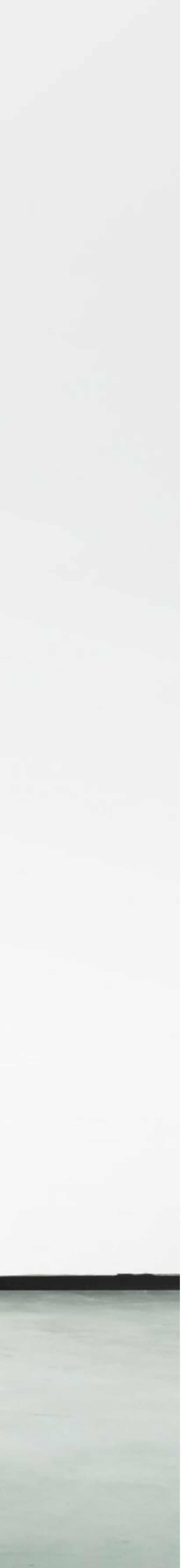
"Having worked with GPE to deliver the outstanding Rathbone Square, we look forward to partnering with GPE to deliver some of London's most exciting future developments."

Ken Shuttleworth, Make Architects

What we say...

"With more than 40% of the portfolio in our near-term and medium-term pipelines being prepared for redevelopment, our next cycle development opportunities are already in place."

Andrew White, Development Director



DEVELOPMENT PIPELINE

Creating tomorrow's spaces

Repositioning properties, at the appropriate point in the property cycle, is core to our business model. To do this, we need a pipeline of opportunities which when conditions allow, will become the development schemes of tomorrow.

Our development pipeline comprises 14 schemes with the potential to deliver 1.6 million sq ft of new space, clustered around major public transport interchanges, including new Crossrail stations, in the heart of London. Whilst largely income producing today, they provide a significant platform for long-term organic growth.

The pipeline of exciting schemes includes New City Court, SE1, located within the London Bridge Quarter and adjacent to one of London's busiest stations. Our early plans are for an office-led scheme delivering a significant increase in area from 97,800 sq ft today to potentially 352,000 sq ft.

At Mount Royal, W1, at the western end of Oxford Street, we are exploring an opportunity with our stakeholders to create a new major retail-led development on a two acre site on Europe's busiest shopping street.

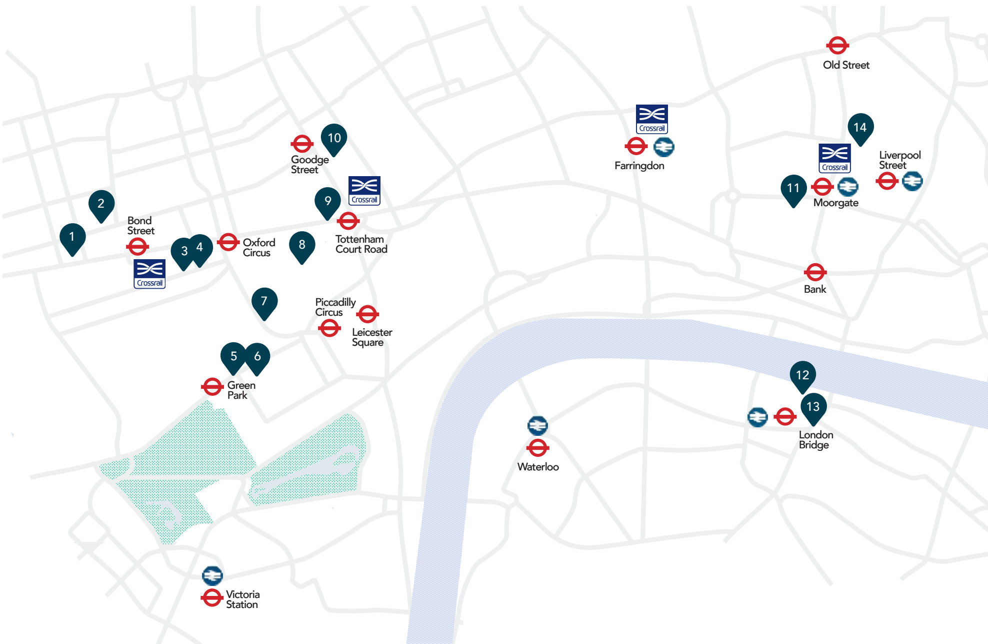
These 14 schemes represent the bedrock of tomorrow's GPE. With 40% of the portfolio sitting within our development pipeline, this depth of opportunity is substantial.

+ **See our total development pipeline** on page 39

3 minutes

The average time to walk to a London underground or train station from our 14 pipeline developments.

1. Mount Royal, W1
2. 35 Portman Square, W1
3. 95/96 New Bond St, W1
4. Hanover Square, W1
5. Piccadilly Buildings, SW1
6. French Railways House, SW1
7. Carrington House, W1
8. 52/54 Broadwick St, W1
9. Oxford House, W1
10. 31/34 Alfred Place, WC1
11. City Place House, EC2
12. Minerva House, SE1
13. New City Court, SE1
14. 50 Finsbury Sq, EC2

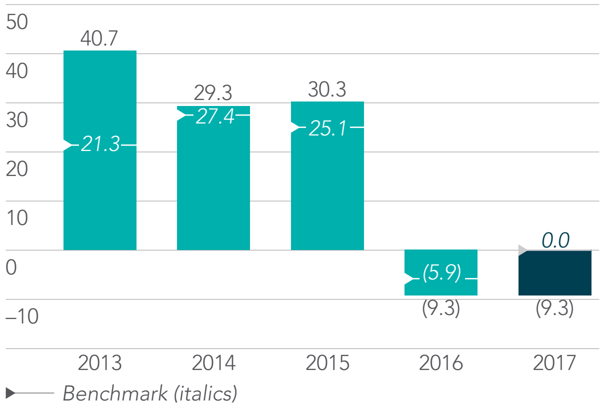


Our KPI benchmarks

Our key performance indicators (KPIs) measure the principal metrics that we focus on in running the business and they help determine how we are remunerated. Over the medium-term, we aim to outperform our benchmarks through successfully executing our strategic priorities.

KPIs

Total Shareholder Return (%) (TSR)



Rationale
TSR is a standard measure of a company's share performance over time. It measures the movement in a company's share price plus dividends expressed as an annual percentage movement.

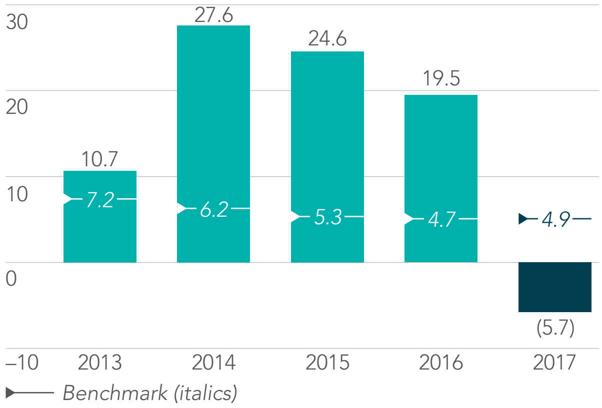
Commentary
TSR of the Group is benchmarked against the TSR of the FTSE 350 Real Estate index (excluding agencies).

The TSR of the Group was –9.3% for the year compared to 0% for the benchmark following a de-rating of the share prices of GPE and other London-focused property companies relative to the benchmark index, in part due to adverse market sentiment resulting from the EU referendum.

Alignment with remuneration
Performance criteria for Executive Directors' and certain senior managers' long-term incentives.

+ **See more** on page 106

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



Rationale
EPRA NAV growth is the industry standard measure of a real estate company's success at creating value.

Commentary
We compare our EPRA NAV growth with the increase in the retail price index (RPI) plus minimum and maximum hurdles of 9%–27% over three years. For the benchmark, we have used the minimum hurdle. EPRA NAV declined during the year by –5.7% as our property values reduced given the market uncertainty following the EU referendum result. This EPRA NAV decline resulted in a 10.6 percentage point relative underperformance for the year.

Alignment with remuneration
Performance criteria for Executive Directors' and certain senior managers' long-term incentives, and for Executive Directors' and employees' annual bonus. Given proposed changes to the performance measures, EPRA NAV growth is expected to be replaced by Total Accounting Return (TAR) as a KPI in the year ahead. Our TAR was –4.6% for this financial year.

+ **See more** on page 106

OPERATIONAL MEASURES

In addition to our KPIs, there are several key operational metrics that we actively monitor to assess the performance of the business and which feed into our KPIs. As well as measuring our financial performance, these operational metrics also measure our risk profile and our achievements against some of our sustainability targets. Each of these metrics for the year to 31 March 2017 is shown on the right.

+ **See approach to risk section** on pages 65 to 75

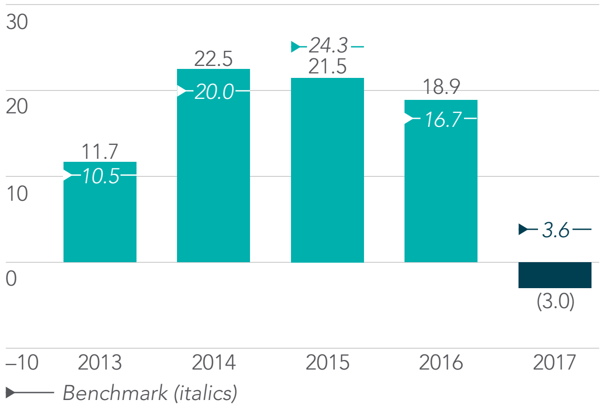
Investment management	
Purchases	£71.0m
Purchases – capital value per sq ft	£3,385
Purchases – net initial yield	2.7%
Sales	£727.0m
Sales – discount to book value	(3.1)%
Total investment transactions	£798.0m
Net investment	£(656.0)m

+ **See more** on pages 34 and 35

Development management	
Profit on cost	2.0%
Ungeared IRR	6.7%
Yield on cost	5.8%
Income/GDV already secured	65.2%
BREEAM Excellent	100%
Committed capital expenditure	£44.5m

+ **See more** on pages 36 to 39

Total Property Return (%) (TPR)



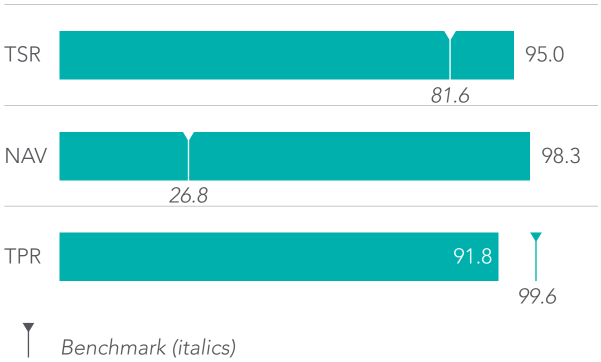
Rationale
TPR measures a company's performance at driving value from its property portfolio. It is calculated from the net capital growth of the portfolio plus net rental income derived from holding these properties plus profit or loss on disposals expressed as a percentage return on the period's opening value as calculated by IPD.

Commentary
TPR is compared to a universe of £52.8 billion of similar assets included in the IPD central London benchmark. The Group generated a portfolio TPR of –3.0% in the year whereas the benchmark produced a total return of 3.6%. This relative under-performance resulted from our lower than benchmark exposure to long-dated investment properties, whose valuations proved more resilient in the year and which we have sought to monetise through sales. Our portfolio is focused on the longer term growth opportunities available from our future development pipeline and active asset management properties, where income is necessarily shorter.

Alignment with remuneration
Performance criteria for Executive Directors' and certain senior managers' long-term incentives. The capital element of TPR is a performance criteria for Executive Directors' and employees' annual bonus.

+ **See more** on page 106

Five year performance (%)



Commentary
Over the last five years, our proactive approach and strong performance against most of our benchmarks has delivered a total shareholder return of 95.0% (or 14.3% p.a.), outperforming the comparator group by 13.4 percentage points.

Asset management	
New lettings and renewals	**£20.5m**
Premium to ERV (market lettings)	**0.6%**
Vacancy rate	**6.8%**
ERV decline	**1.3%**
Reversionary potential	**21.2%**
Rent collected within 7 days	**99.4%**
Tenant retention rate	**71%**

+ **See more** on pages 40 and 41

Capital discipline	
Net gearing	**18.4%**
Loan to value[1]	**12.2%**
Interest cover	**n/a**
Cash and undrawn facilities[1]	**£618m**
Weighted average interest rate[1]	**2.7%**
EPRA earnings per share	**17.3p**

1. Pro forma. See page 43.

+ **See more** on pages 45 and 46

People	
Employee retention	**89%**
Training provided per employee	**3.6 days**
Employees participating in optional Share Incentive Plan	**75%**

+ **See more** on pages 50 to 53

Sustainability	
Change in total energy consumption across our managed buildings	**No change**
GRESB rating	**Five star**

+ **See more** on pages 58 to 64

Strategic Report
Annual Review

In this section:

What they say...

"160 Old Street is a complex development involving a combination of refurbishment and new build. GPE is a demanding client, with exacting standards looking to deliver the best product to the market and we are achieving this together through a collaborative working partnership."

Stephen Bradbury, Wates Project Director

What we say...

"Designed to be attractive to a wide range of occupiers, 160 Old Street is adding to the regeneration of this vibrant area. Key to delivering the best possible space is our close collaboration with the design team, contractor and agents to encourage creative thinking at every stage of the project."

Kat Norton, Development Manager

Stephen Bradbury, Kat Norton and Miles Wilkinson, Project Managers, discuss progress at 160 Old Street, EC1.

Statement from the Chief Executive

"We have continued to recycle capital profitably, selling properties where we have created significant value, and maintained our strong leasing momentum, despite the less buoyant market environment. With our first-class team, unprecedented financial strength and portfolio rich with opportunities, we are well-positioned to capitalise on any market uncertainty."

Toby Courtauld Chief Executive

We are pleased to report resilient financial results for the year driven by our strong operational performance, with multiple leasing successes and record levels of capital recycling, we have taken advantage of elevated prices to crystallise development surpluses.

EPRA NAV per share fell by 5.7% in the year following seven consecutive years of growth delivering a cumulative uplift of 142%, whilst EPRA EPS grew strongly by 28.1% and ordinary dividends per share increased 9.8% to 10.1 pence. Returns to shareholders were further enhanced by a special dividend of 32.15 pence per share declared last month.

Less buoyant market conditions given more uncertain economic environment

Central London's property markets remain open for business with the weight of international capital and healthy tenant demand supporting the prime investment and occupational markets, despite the slowdown in activity levels over the last 12 months. Whilst the market was already slowing ahead of the EU referendum after seven years of consecutive capital value growth, with both rents and yields at record levels, the increased uncertainty following the result triggered a small increase in yields and rental falls. Across our portfolio, yield expansion of 15 basis points and rental falls of 1.3% resulted in a 4.9% like-for-like property valuation decline.

In the near term, we expect London's commercial markets to weaken further with the benefits of lower bond yields, weaker sterling and London's continued safe-haven status to be offset by potential further rental falls particularly for more secondary properties. However, we remain positive on the long-term prospects for London as a truly global city with enduring appeal for businesses and investors alike.

+ **See our market** on pages 27 to 31

Record year of capital recycling crystallising development profit

For the fourth consecutive year, we were a net seller with sales of £727.0 million, including the forward sale of two prime, long-let commercial development schemes at 73/89 Oxford Street, W1 and Rathbone Square, W1 which crystallised whole life capital returns of 74% and 20% respectively (a combined profit in excess of £227.0 million). Our £71.0 million of off-market acquisitions secured two West End properties, both enhancing existing Group interests. Looking ahead, we expect our investment market activity to be more balanced as prices correct, particularly for riskier assets.

+ **See investment management** on pages 34 and 35

Continued successful leasing activity ahead of ERV and capturing reversion

We have maintained our strong leasing momentum with £20.5 million of annual rent secured this year, on average 0.6% above our valuer's ERV, in a market where supply of new high quality office space remains tight. Our 52 new lettings included nine development lettings, which secured £8.3 million of rent from a diverse range of occupiers and all on leases with a term certain of at least ten years. Our team was also successful in capturing rental reversion across the investment portfolio, with 32 rent reviews settled securing £12.9 million at an average increase of 45.3% above the previous rent and beating ERV by 2.6%. Taken together, our annual rent roll increased by 13.2% over the year to £109.6 million and we can look forward to further growth given our significant reversionary potential of 21.2%, off low average office rents of £50.10 per sq ft. Today, we have a further £6.9 million of lettings under offer at a premium to March 2017 ERVs of 2.4%.

+ **See asset management** on pages 40 and 41

De-risked and reduced committed development programme, with our exceptional pipeline of opportunity

Our committed development exposure has significantly reduced following the successful completion of four schemes this year combined with the two profitable forward sales. Having now delivered 17 schemes since 2009, creating 1.5 million sq ft of high quality space with an average profit on cost of 38%, our immediate focus is on completing our three on-site schemes (350,000 sq ft) over the next nine months. These include the 142 residential apartments (with 140 already pre-sold) at Rathbone Square, W1 (151,700 sq ft), which are due to practically complete in September, and our 161,000 sq ft office redevelopment at 160 Old Street, EC1, where early leasing interest is encouraging ahead of expected completion in early 2018.

Looking further ahead, excellent progress has been made in preparing our substantial pipeline of future development opportunities, which extends to 1.6 million sq ft across 14 schemes, including two West End projects with potential starts in the next 12 months at Hanover Square and Oxford House on Oxford Street, both adjacent to Crossrail stations.

+ **See development management** on pages 36 to 39

Statement from the Chief Executive

Unprecedented financial strength and discipline

Our net sales activity and successful refinancing activities, including the recent issue of £175 million US private placement notes with a coupon of only 2.15%, means our financial position has never been stronger. Our pro forma loan to value ratio is low at 12.2%, even after the disciplined capital return of the Rathbone development profit of approximately £110 million to shareholders by special dividend. Our weighted average interest rate of 2.7% is at record low levels, with £618 million of cash and committed undrawn liquidity giving us plentiful financial firepower.

+ **See our capital discipline** on pages 45 and 46

Experienced and talented team

Our expanded Executive Committee, including our two new appointments, is operating well and our Board welcomed three new Non-Executive Directors during the year. We were delighted that the effort of the whole team was recognised with GPE ranked first in the property sector in Management Today's 'Britain's Most Admired Companies'. Pleasingly, in our inaugural engagement survey, 96% of our employees stated they would recommend GPE as a great place to work and I would like to thank them all for making it so and for their dedication throughout the year.

+ **See our culture and people** on pages 50 to 57

Outlook

GPE is exceptionally well positioned: Four years of net property sales combined with our recent refinancing successes gives us unprecedented financial capacity to exploit any market weakness with accretive acquisitions; our investment portfolio is well let, off low average rents and with significant reversionary potential; our remaining committed development projects are already 65% pre-sold with strong interest in much of the balance; our exceptional, income-producing, development pipeline is rich with opportunity, offering more than 1.6 million sq ft of flexible future growth potential, covering 40% of our existing portfolio; and, our first-class, refreshed team is ready to capitalise on this period of uncertainty.

Selected awards during the year

Britain's Most Admired Companies 2016/17 Winner MT

Editor's Choice Top Deal of the Year 2016 London West End Office CoStar

Building Public Trust in Corporate Reporting Awards 2016
Winner of 'Excellence in reporting' in the FTSE 250

Estates Gazette Awards 2016 Winner Deal of the Year

The GPE opportunity – our portfolio

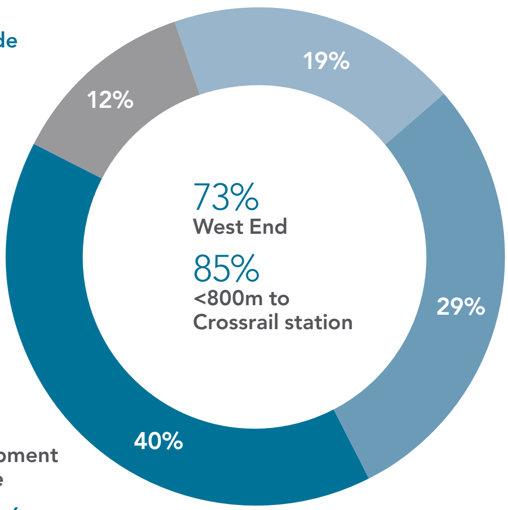
Our 100% central London portfolio is rich with opportunity to deliver both near-term surpluses and long-term value creation.

Our **committed developments** now represent 12% of the portfolio (down from 26% a year ago) and have been significantly de-risked through pre-sales with more profits to come. The investment portfolio comprises:

- **long-dated** investment properties which we developed with average lease lengths of 11.4 years where we expect to crystallise surpluses over time through recycling;
- classic **active asset management** investments on shorter leases with significant repositioning upside and reversionary potential to capture; and
- our future **development pipeline** where the reversionary potential is already significant even before redevelopment, giving us real long-term value potential.

Committed developments
£393m
65.2% pre-sold
Near-term value upside

Long-dated
£583m
3.6% net initial yield
Crystallise surpluses



Active asset management
£904m
19% reversionary
Repositioning upside

Development pipeline
£1,266m
27% reversionary
Long-term value upside

Total:
£3.15 billion

Our market

London remains a truly global city with a track record of successfully adapting to changing market conditions. However, while the long-term ramifications of the EU referendum result will likely be unclear for some time, we expect London's commercial property markets to weaken further in the near term given the political and economic uncertainty.

The economic backdrop is more uncertain

The UK proved to be one of the fastest growing advanced economies in 2016 with central London's economy and commercial property markets showing unexpected strength since the EU referendum result. Business and consumer surveys rebounded from immediate post referendum lows and whilst activity levels in our occupational and investment markets have declined, both remain open for business for better quality assets. However, the small increase in office property yields that occurred immediately following the referendum remains and market headline rental levels have fallen marginally.

Most economic forecasters now expect growth to slow as uncertainty about the shape of the UK's future outside of the EU reduces business investment and employment growth. Furthermore, the depreciation in sterling following the vote is expected to increase inflation and suppress consumer spending which has been a key driver of GDP in recent years. Accordingly, Oxford Economics' annual forecast GDP growth over the next three years has reduced from 2.2% a year ago to 1.6% today and recent data shows GDP growth in the first quarter of 2017 of 0.3% was the worst in the last 12 months. Moreover, the recent Deloitte survey of UK CFOs painted a mixed picture with optimism recovering from the lows in the weeks following the referendum, but risk appetite remaining well below the long-term average.

Looking ahead, despite the triggering of Article 50 in March, we remain in the early stages of a likely protracted process to both negotiate our exit from the EU and reshape our trading arrangements with the rest of the world. Furthermore, following seven years of consecutive growth and with both rents and yields at record levels, capital value growth was already slowing ahead of the referendum with the London market in the late stage of the cycle. As a result, our expectation is that London's commercial property markets will weaken further in the near term with the benefits of lower bond yields, weaker sterling and London's continued safe-haven status being offset by reduced rental growth prospects in a potentially more inflationary environment.

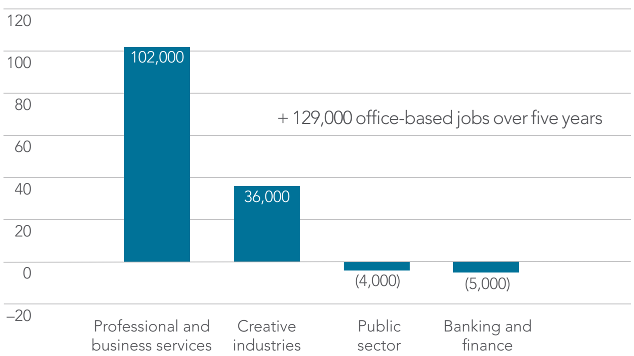
However, while the long-term ramifications will likely be unclear for some time, London remains a truly global city with a track record of successfully adapting to changing market conditions and offering significant attractions for a diverse range of businesses and investors as Europe's business capital.

London – long-term growth despite near-term uncertainties

With the largest economy of any city in Europe and generating around 22% of UK GDP, London remains one of the world's dominant commercial, creative and financial centres and continues to lead the Global Power City Index. Against a backdrop of slowing UK economic growth, London is expected to continue to outperform with Oxford Economics forecasting annual GDP growth of 2.3% over the next five years, making it one of Europe's fastest growing cities.

Despite the outcome of the EU referendum, London's population is forecast to increase to more than ten million by 2030 and CBRE/Oxford Economics predict that this will translate into inner London office-based employment growth with 129,000 new jobs (down from 165,000 a year ago) created over the next five years, driven by the professional services and creative industries. With London's deep pool of talented labour and collection of world-class universities and business schools, more than a third of Fortune 500 companies now have their global headquarters in London.

Forecast office-based employment growth in London (next five years) thousands of people



Source: CBRE/Oxford Economics

Notwithstanding London's long-term potential, it is likely that the near-term outlook will be dominated by the uncertainty created by our exit from the EU and the resultant negative impact on the London economy and its property market. Furthermore, wider global uncertainties persist given the recent change in the US administration, elections in the UK and Europe, and the outlook for global interest rates, along with a variety of other geopolitical risks. As a result, we continue to monitor closely prevailing market conditions and the fortunes of our diverse tenant base.

22%

London's share of UK GDP

Our market

"Whilst take-up has reduced and vacancy rates have risen across central London, our leasing successes in the period demonstrate that there is healthy occupier demand for high quality, well located space."

Marc Wilder
Leasing Director

Occupational demand resilient

Whilst the growth rate of economic activity in London has reduced, demand in our occupational markets remains resilient. For the year ended 31 March 2017, central London take-up was 11.7 million sq ft, 20.7% below the preceding 12 months but only marginally behind the ten year annual average of 12.4 million sq ft. This take-up was once again from a broad range of industries, including professional and business services (32%), TMT businesses (22%) and banking and finance (18%). Our own leasing successes this year reflect the diversity of the wider market, in particular demonstrating continued demand from the TMT and professional services sectors.

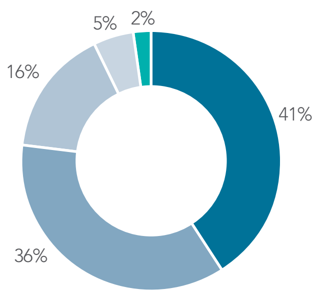
The central London market has witnessed significant growth in the provision of flexible office space in recent years. More recently, since the EU referendum, we have also seen some traditional landlords offering increased lease flexibility, including through shorter lease terms. Whilst this offering may be attractive for some occupiers, our own leasing track record demonstrates that for many businesses securing high quality, well-located space for longer-term occupation is vital, particularly as a tool for retaining and recruiting talent. In fact, all of our nine development lettings in the year (securing an annual rent of £8.3 million) were on leases with a term certain of ten years or more.

+ **See development management** on pages 36 to 39

Whilst the central London vacancy rate has increased to 4.7%, it remains low in absolute terms which has continued to drive occupiers to secure new space early and ahead of lease events through pre-lets. This in turn has helped to support headline rental values across our key markets, although tenant incentives (including rent-frees) have increased. The average time taken from commencing discussions with prospective tenants to finally signing new deals has also marginally increased.

GPE development and pre-lettings this cycle
by tenant sector

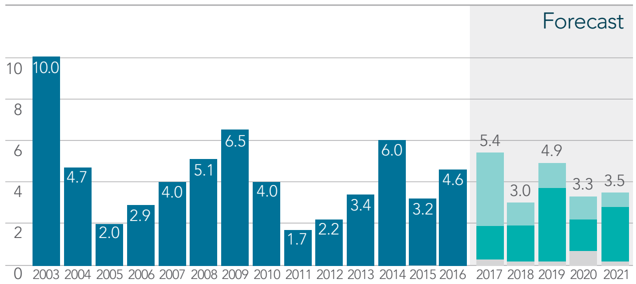
- Technology, media and telecommunications (TMT)
- Professional and business services
- Retail
- Banking and finance
- Corporate



New office supply remains tight, reflecting more uncertain backdrop

Development completions across central London have been rising, albeit from a low base with Grade A vacancy rates still near historical lows. Central London office development completions for the year to 31 March 2017 rose to 5.8 million sq ft, up from 3.6 million sq ft in the preceding 12 months. However, in the core of the West End, the focus of our development activities, development completions totalled only 2.1 million sq ft over the year. This has helped support rental values and letting activity across our markets as tenants continue to secure space in advance of buildings completing with pre-lets representing around a quarter of central London office take-up during the year to 31 March 2017.

Central London office potential completions million sq ft



- Completed
- West End core speculative
- Speculative
- Pre-let

Source: CBRE/GPE

Looking ahead, as shown in the chart, 20.1 million sq ft of new office space is expected to be delivered in central London over the five years to December 2021, of which 1.6 million sq ft is in the West End core, equating to only 0.6% per annum. Whilst the speculative development pipeline is forecast to increase from the lows of recent years, the heightened uncertainty created by the EU referendum has moderated the forecast growth, with some developers reluctant to commit until greater clarity prevails, particularly as construction costs continue to rise. As a result, the speculative development pipeline between 2017 and 2020 is now lower than the position we reported at 31 March 2016 with forecast completions reduced by 2.5 million sq ft or 13.1% over the year.

11.7 million

Central London office take-up (sq ft)

West End occupational markets

Over the year to 31 March 2017, West End office take-up was 3.8 million sq ft, 11.5% lower than the preceding year. Whilst availability has increased to 4.6 million sq ft (up from 4.3 million sq ft in the prior year), vacancy rates remain low with Grade A space vacancy estimated by CBRE to be only 3.2%. CBRE has reported that prime office rental values in the West End reduced over the year to £110 per sq ft, down from last year's peak of £120 per sq ft. In addition, rent free periods on average increased by six months over the last year to around 22 months on a ten year term. Looking ahead, CBRE are forecasting a reduction in rental values with West End prime office rents expected to reduce by around 6% over the next two years.

The West End prime retail market (where 31.2% of our West End portfolio by value is located) has continued to outperform offices. Over the last year, sustained demand for prime retail space has maintained a near zero vacancy, with leasing activity supporting prime rental values. Demand for retail space has been supported by increased spending from tourist visitors benefiting from weaker sterling, although business rates increases and the forecast squeeze on domestic consumer spending are likely to have some offsetting impact.

City, Midtown and Southwark occupational markets

Over the year to 31 March 2017, City office take-up was 4.6 million sq ft, down 23.0% on the preceding year, with availability rising to 6.2 million sq ft (up 26.7%) but in line with the ten year average. Although higher than in the West End, vacancy rates remain low with Grade A vacancy estimated by CBRE to be only 4.0%. CBRE has also reported that prime City rental values remained stable at £70 per sq ft.

Midtown and Southwark office take-up was 2.3 million sq ft, down 21.1% on the preceding year, while availability at 31 March 2017 was 2.5 million sq ft, slightly ahead of the ten year average. CBRE reported prime office rents in Southwark remained stable at £62.50 per sq ft with Midtown office rents reducing to £76.50 per sq ft from £80.00 per sq ft a year earlier.

GPE occupational market positioning

Whilst occupational demand has remained resilient to date and supply remains limited, the impact of the EU referendum means tenants have become increasingly discerning on the nature and pricing of their space requirements. Against this backdrop, we are well positioned: our leasing record remains strong, our committed development programme is nearing completion with the majority pre-sold, our average rents are low with further reversionary potential across the Group of 21.2% and 85% of our portfolio is within walking distance of a Crossrail station. However, we estimate that for the next 12 months rental values will reduce across our office and retail portfolio by between 0% and 7.5%, although our leasing transactions since 31 March 2017 would indicate we are more likely to be at the tighter end of this range.

"Investment market activity was muted around the EU referendum. However, activity has recovered with Q1 2017 nearing record levels."

Robin Matthews
Investment Director

Investment markets

Central London office investment activity was volatile in 2016. Activity slowed in the months leading up to the EU referendum and remained muted in the months immediately thereafter, barring a small number of forced sales by UK open-ended funds experiencing redemptions. However, following the significant weakening in sterling and reductions to both UK interest rates and bonds yields, activity returned to more normalised levels during the last quarter of 2016. In total, investment volumes were robust with CBRE reporting £13.1 billion of deals in 2016, a reduction of £3.0 billion on 2015, albeit in line with the ten year average. In the first quarter of 2017, investment transactions in central London totalled £4.9 billion, an increase on the last quarter of 2016 as investor sentiment remained robust, particularly at the prime end of the market with strong liquidity in large lot size City office properties.

Overseas investors continue to be the largest buyer constituency, accounting for 70% of transactions over the 12 months to December 2016, with Asian investors particularly active. The depreciation in sterling has added to London's attractiveness and it has maintained its reputation as a safe investment haven for international investors seeking to diversify away from their domestic markets. As we reported last year, strong competition for limited stock had driven investment yields for office properties to record lows. Subsequent to the EU referendum, prime yields adjusted upwards by 25 basis points as investors approached pricing with more caution (West End and City rising to 3.75% and 4.25% respectively). However, in the first quarter of 2017, the strength of demand for City offices reversed this outward movement returning the prime City yield to 4.00%, unchanged from March 2016.

£13.1 billion

Central London office property investment transactions in 2016

Our market

2016 proved to be strong for retail investment volumes, with £2.2 billion of turnover broadly in line with the five year average of £2.3 billion. As a result, prime yields remained firm during the year at 2.25% on Bond Street and 2.50% on Oxford Street. In November 2016, we took advantage of the supportive retail investment market selling 73/89 Oxford Street, W1 for £275.2 million, reflecting a net initial yield to the buyer of 3.2%, recycling capital out of an asset where we have created significant value.

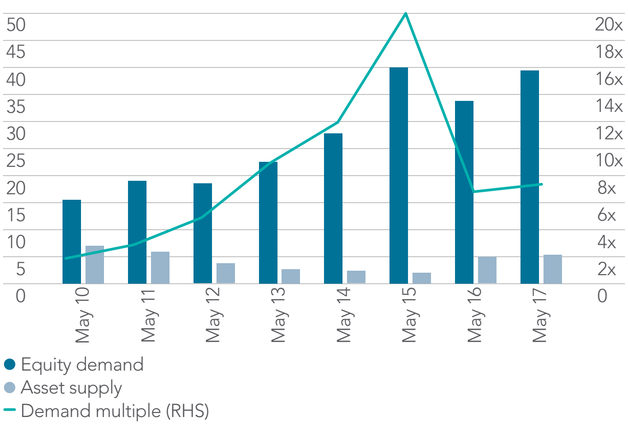
+ **See our case study** on pages 14 and 15

The central London residential market continues to be muted as increased stamp duty rates, over-supply concerns and cooling measures implemented in some Asian international markets continue to weigh on demand. Whilst transactional activity picked up in the last quarter of 2016, helping to deliver year-on-year house price growth of 1.6%, so did residential construction starts. As a result, the outlook remains challenging. Today, our residential exposure is limited, totalling some 9% of the portfolio by value or less than 1% if pre-sold units are removed. At Rathbone Square, W1, we have exchanged contracts to sell 140 of the 142 private units and we expect completions to start from September once we practically complete the residential building. Pricing on the Rathbone apartments which have been assigned in the secondary market is supportive of valuations.

Weight of money continues to support yields

As the chart below shows, the excess of equity capital to invest over commercial property available for sale across central London has remained high (estimated at £39.5 billion versus £5.3 billion respectively) as a number of international investors, particularly high net worth individuals, looked to deploy capital in the London market immediately after the EU referendum.

London equity demand and asset supply £bn



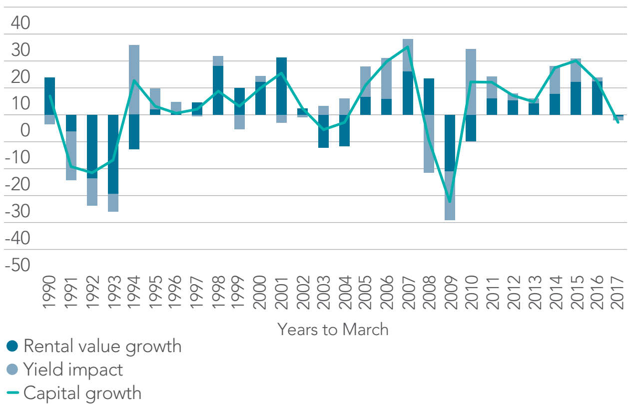
Source: CBRE/GPE

Whilst London real estate continues to offer relative value in a global environment where yield is scarce, we expect to witness some further modest expansion of prime yields in the medium term given the rental outlook, as the economic uncertainty persists as the UK negotiates its exit from the EU. For some secondary properties, we are seeing additional further upward pressure on yields as buyers look to discount prices to reflect the greater risks these assets possess.

GPE investment market positioning

As the chart below shows, yield expansion tends to occur ahead of falls in rental values towards the end of a property cycle. With yields moving out last summer, we would expect rents to follow and, therefore, values to reduce.

Capital growth attribution – IPD West End and Midtown %



Source: IPD monthly property index

In advance of this less favourable backdrop, GPE has been a net seller for the last four financial years, taking advantage of cyclically low yields to crystallise surpluses, either recycling the proceeds into our accretive development programme or using them to reduce the Group's leverage. Looking forward, with the bulk of our sales programme complete, we expect our investment market activity to be more balanced if vendors become more realistic on pricing, particularly for properties with a higher risk profile.

+ **See investment management** on pages 34 and 35

£39.5 billion

Equity demand for central London properties

Our lead indicators have weakened

Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last 12 months, we have seen our property capital value indicators weaken. Whilst investment activity in the central London commercial property market is robust and the real yield spread over gilt yields remains supportive, yields increased modestly in 2016 and we expect this trend to continue for more secondary properties. Moreover, although forecast rates of economic growth and business confidence levels bounced back from immediate post referendum lows, they remain lower than this time last year. Therefore, we expect further rental value declines over the next 12 months.

Selected lead indicators

Drivers of rents	2016 Outlook[1]	**2017 Outlook**
GDP/GVA growth	🟢	🟠
Business investment	🟢	🟠
Confidence	🟠	🔴
Employment growth	🟢	🟠
Active demand/take-up	🟢	🟠
Vacancy rates	🟢	🟠
Development completions	🟠	🟠
Drivers of yields		
Rental growth	🟢	🔴
Weight of money	🟢	🟠
Gilts	🟠	🟠
BBB Bonds	🟠	🟠
Exchange rates	🟠	🟠
Political risk	🔴	🔴

1. Last year's outlook was based on the assumption that the UK would remain in the EU.

Valuation

The valuation of the Group's properties reduced to £3,145.5 million from £3,703.9 million during the year. The reduction was due to our significant profitable recycling activities with net sales of £656.0 million and a valuation decline of 4.9% on a like-for-like basis.

"The pace of valuation decline slowed in the second half of the year following the immediate adverse impact of the EU referendum result on yields and valuations in the first half."

Steven Mew
Portfolio Director

At 31 March 2017, the wholly-owned portfolio was valued at £2,580.0 million and the Group had four active joint ventures which owned properties valued at £565.5 million (our share) by CBRE. The combined valuation of the portfolio of £3,145.5 million was down 4.9% on a like-for-like basis or £162.2 million since 31 March 2016.

Market uncertainty reducing valuations

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

– rental value decline – in the past 12 months rental values reduced by 1.3% on a like-for-like basis, predominantly driven by a 1.8% decline for offices, offset by an increase of 0.5% in retail rental values. At 31 March 2017, the portfolio was 21.2% reversionary;

+ **See our market** on pages 27 to 31

– development properties – the valuation of current development properties decreased by 1.2% on a like-for-like basis to £392.6 million during the year;

+ **See development management** on pages 36 to 39

– intensive asset management – during another strong year, 84 new leases, rent reviews and renewals were completed, securing £27.6 million (our share) of annual income, supporting the valuation over the year; and

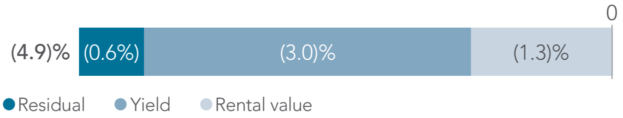
+ **See asset management** on pages 40 and 41

– higher investment yields – in the immediate period following the EU referendum yields increased as investors sought higher returns given the more uncertain market outlook. Our portfolio equivalent yield rose by 15 basis points (2016: 20 basis point reduction) during the year (with a 16 basis point increase in the first half of year and a 1 basis point reduction in the second half). At 31 March 2017, the portfolio equivalent yield was 4.5%.

+ **See our market** on pages 27 to 31

Including rent from pre-lets and leases currently in rent-free periods, the adjusted initial yield of the investment portfolio at 31 March 2017 was 3.5%, 30 basis points higher than at the start of the financial year.

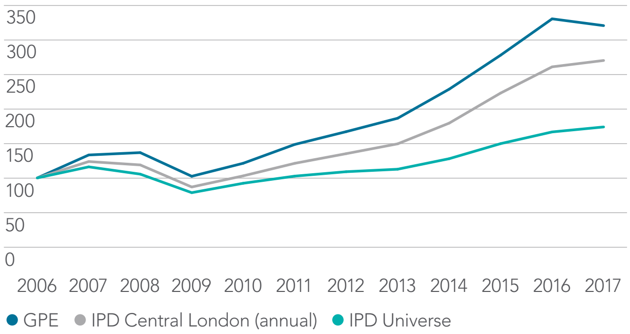
Drivers of valuation growth



Our Rest of West End portfolio produced the most resilient performance over the year, reducing in value by 4.1% on a like-for-like basis, in part driven by retail capital value growth of 2.7%. Our North of Oxford Street assets saw a 5.7% fall in values and the City, Midtown and Southwark properties reduced by 6.3%. Our joint venture properties fell in value by 8.0% over the year while the wholly-owned portfolio fell by 4.2% on a like-for-like basis.

The Group delivered a total property return (TPR) for the year of –3.0%, compared to the central London IPD benchmark of 3.6% and a capital return of –5.1% versus 0.4% for IPD. This relative underperformance resulted from our lower than benchmark exposure to long-dated investment properties, whose valuations proved more resilient in the year. Typically, we have sought to monetise surpluses created through the development of such assets allowing us to focus on the longer term growth opportunities available from our future development pipeline and active asset management properties, where income is necessarily shorter.

Capital return (indexed)
Cumulative relative performance to IPD benchmarks
Years to 31 March



4.5%

Portfolio equivalent yield

Portfolio performance

		Wholly owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	750.9	–	750.9	23.9	(4.9)
	Retail	244.1	114.3	358.4	11.4	(7.3)
	Residential	4.4	0.8	5.2	0.2	(12.4)
Rest of West End	Office	403.3	67.1	470.4	15.0	(7.7)
	Retail	219.7	75.7	295.4	9.3	2.7
	Residential	8.6	5.5	14.1	0.4	(10.1)
Total West End		1,631.0	263.4	1,894.4	60.2	(5.1)
City, Midtown and Southwark	Office	535.3	259.3	794.6	25.3	(6.9)
	Retail	28.3	2.0	30.3	0.9	11.3
	Residential	1.2	0.1	1.3	0.1	(22.5)
Total City, Midtown and Southwark		564.8	261.4	826.2	26.3	(6.3)
Investment property portfolio		**2,195.8**	**524.8**	**2,720.6**	**86.5**	**(5.5)**
Development property		351.9	40.7	392.6	12.5	(1.2)
Total properties held throughout the year		**2,547.7**	**565.5**	**3,113.2**	**99.0**	**(4.9)**
Acquisitions		32.3	–	32.3	1.0	(1.5)
Total property portfolio		**2,580.0**	**565.5**	**3,145.5**	**100.0**	**(4.9)**

1. GPE share.

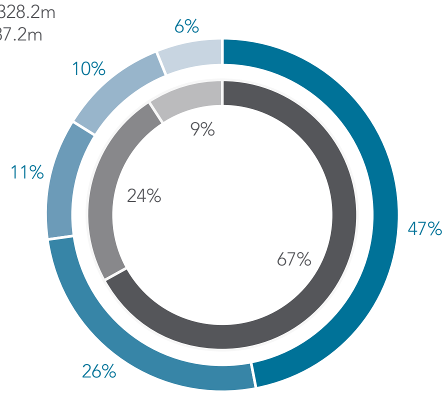
Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		1,114.5	351.9	1,466.4	813.2	384.0	269.2	1,466.4	1,096
Rest of West End		812.2	–	812.2	470.4	327.7	14.1	812.2	464
Total West End		**1,926.7**	**351.9**	**2,278.6**	**1,283.6**	**711.7**	**283.3**	**2,278.6**	**1,560**
City, Midtown and Southwark		826.2	40.7	866.9	833.7	31.9	1.3	866.9	1,477
Total		**2,752.9**	**392.6**	**3,145.5**	**2,117.3**	**743.6**	**284.6**	**3,145.5**	**3,037**
By use:	Office	2,015.9	101.4	2,117.3					
	Retail	716.4	27.2	743.6					
	Residential	20.6	264.0	284.6					
Total		**2,752.9**	**392.6**	**3,145.5**					
Net internal area sq ft 000's		2,646	391	3,037					

Our portfolio – 100% central London

Locations
- North of Oxford Street £1,466.4m
- Rest of West End £812.2m
- City £351.5m
- Southwark £328.2m
- Midtown £187.2m

Business mix
- Office £2,117.3m
- Retail £743.6m
- Residential £284.6m



Investment management

Our profitable recycling activities continued as we crystallised material surpluses including the sale of two of our exceptional pre-let development schemes. As a result, for the fourth consecutive year, we were a net seller, with sales of £727.0 million and acquisitions of £71.0 million during the year.

"Our sales activities have crystallised significant surpluses and in the case of Rathbone Square, W1 delivered a whole-life profit of approximately £110 million which we are returning to shareholders."

Hugh Morgan
Head of Investment Management

2016/2017 Strategic Priority:
Crystallise profits through recycling

Operational measures

	2017	2016
Purchases	**£71.0m**	£214.3m
Purchases – capital value per sq ft	**£3,385**	£704
Purchases – net initial yield	**2.7%**	5.1%
Sales	**£727.0m**	£469.7m
Sales – (discount)/premium to book value[1]	**(3.1)%**	10.0%
Total investment transactions[2]	**£798.0m**	£684.0m
Net investment[3]	**£(656.0)m**	£(255.4)m

1. Based on book values at start of financial year.
2. Purchases plus sales.
3. Purchases less sales.

Our approach

Buying at the right price and selling at the right time is central to our business model. Using its extensive network of market contacts, our investment team pursues a disciplined approach with the following acquisition criteria:

- complex properties in attractive locations;
- purchase price beneath replacement cost;
- typically off-market;
- low average rents per sq ft;
- short- to medium-term income; and
- development or repositioning potential.

Once we have acquired a property, the investment team works closely with our asset management and development teams to deliver the asset business plans and maximise the property's potential. Every asset's business plan is updated quarterly, providing estimates of forward look returns under different market scenarios. These plans also help to inform our sales activities, with the assets providing the lower risk adjusted returns often being sold and the proceeds recycled into better performing opportunities.

Crystallising profits from our pre-let developments with £727.0 million of sales

Whilst the economic backdrop became more uncertain after the summer's referendum result, investment pricing for long-let, well-located, prime assets remained robust. We took advantage of these market conditions with the forward sales of both 73/89 Oxford Street, W1 and our largest ever development, Rathbone Square, W1 locking in significant development profits. In total, sales generated £727.0 million in gross proceeds at a 3.1% discount to 31 March 2016 book values.

Sales for the year ended 31 March 2017

	Gross price[1] £m	Premium/ (discount) to book value	Price per sq ft[3] £
Rathbone Square, W1[2]	375.9	(5.5)%	1,403
73/89 Oxford Street, W1[2]	275.2	–	3,051
Mortimer House, W1	27.0	4.8%	1,134
40/48 Broadway, SW1	21.9	(16.0)%	596
Wigmore Street buildings, W1	17.4	2.3%	1,122
Rathbone Square residential, W1	5.0	(6.0)%	2,384
50 Broadwick Street, W1	4.6	1.2%	1,441
Total	**727.0**	**(3.1)%**	**1,559**

1. Joint ventures at share.
2. Sales price for completed building.
3. On completed buildings.

In April 2016, we sold Mortimer House, 37/41 Mortimer Street, W1 for £27.0 million having secured the necessary planning consents to undertake a comprehensive refurbishment of the 23,800 sq ft office property. However, as a consequence of the strong demand at the time for vacant refurbishment opportunities, we sold the property and secured our profit without taking any development or letting risk.

Following the profitable disposal of 95 Wigmore Street, W1 in April 2015, we have continued to dispose of the residual buildings that comprise the Wigmore Island Site within the Great Wigmore Partnership, our joint venture with Aberdeen Asset Management. In June 2016, we sold the majority of the remaining properties and subsequently we have sold nearly all of the residential element for a combined price, to date, of £34.8 million (our share: £17.4 million).

In November 2016, we forward sold the freehold of 73/89 Oxford Street, W1 to Norges Bank Real Estate Management ('Norges') for a price of £275.2 million, reflecting a net initial yield to the buyer of 3.2%. Norges paid £205.2 million, with two further payments due on completion of the leases in July 2017 of £44.9 million in respect of deferred consideration and £25.1 million to reimburse us for the development costs on completing the scheme.

73/89 Oxford Street, W1 is a retail and office development located at the eastern end of Oxford Street and is currently under construction with practical completion expected in July 2017. With the scheme pre-let to New Look, Benetton and Moneysupermarket.com on an average lease length of 17.0 years, and the freehold acquired to augment our interest in May 2016, our activities created significant value. The sale crystallised a whole-life capital return of 74% (or £117.2 million).

+ See more on 73/89 Oxford Street in our case study on pages 14 and 15

Maximising the retail opportunity on Bond Street

In May 2016, we acquired 95/96 New Bond Street, W1 comprising 9,600 sq ft of retail and office space at the northern end of Bond Street, W1. The building is let to Victorinox for a total rent of £880,000 per annum, which reflects around £400 per sq ft Zone A (ZA), significantly below CBRE's current estimate of £600 ZA. In the near-term, we have the opportunity to capture this reversion as we approach the rent review next year.

However, the longer-term opportunity is more significant and, accordingly, we have added the building to our development pipeline. Sitting opposite the GHS Partnership's Hanover Square estate, the building is set to benefit from our redevelopment of the northern end of Bond Street and from the opening of Crossrail in 2018. These activities will transform the immediate vicinity and increase the level of footfall heading to Oxford Street. As a result, we expect a future development to benefit from further increases in retail rents, closing the gap to prime Oxford Street (c.£1,000 ZA) which is located only 30 metres away.

In February 2017, we sold the freehold of Rathbone Square, W1 to Rathbone Place Jersey Limited, an entity owned by WestInvest Gesellschaft Für Investmentfonds mbH and Deka Immobilien Investment GmbH ('Deka'), for a headline price of £435.5 million (adjusted for final office area remeasurement), reflecting a net initial yield to the buyer of 4.25%.

The headline price was before deductions for Facebook tenant incentives and retail unit rent guarantees, totalling £59.6 million, resulting in a net price payable by Deka of £375.9 million (subject to settlement of the retail rental guarantees). The consideration comprised £369.4 million in respect of the freehold sale and £6.5 million for reimbursement of the development costs, under a development agreement, to complete the scheme. Deka paid £113.5 million on completion of the sale with a further £213.0 million paid in April 2017 on completion of the Facebook leases. A further £30.8 million is due on practical completion ('PC') of the retail units and £16.6 million on PC of the residential units and central garden in the summer of 2017 with a payment of £2.0 million 12 months thereafter. GPE retains the residual risk for completion of the sales of the private residential units, including the two remaining available units (after a further unit was sold during the year).

We expect the sale to crystallise a whole-life profit for GPE from the entire development project of approximately £110.0 million, equating to a 19.9% profit on cost and an annualised unlevered IRR of 12.1%.

+ **See more** on Rathbone Square, W1 in our case study on pages 18 and 19

In March 2017, the Great Victoria Partnership (our joint venture with Liverpool Victoria) sold 40/48 Broadway & 1/15 Carteret Street for £43.8 million (our share: £21.9 million) reflecting a net initial yield of 2.8%.

£727 million

Sales in year

£71.0 million of off-market acquisitions

Rather than compete for assets in a highly competitive investment market, during the year we bought two properties, in a single off-market transaction, both of which enhanced existing interests.

Purchases for the year ended 31 March 2017

	Price paid £m	NIY	Area sq ft	Cost per sq ft £
73/89 Oxford Street, W1 Freehold	38.5	n/a	n/a	3,385
95/96 New Bond Street, W1	32.5	2.7%	9,600	n/a
Total	**71.0**	**2.7%**	**9,600**	**3,385**

In May 2016, we acquired the entire issued share capital of 73/77 Oxford Street Ltd, a debt-free company, for £71.0 million. The company owned two properties in London's West End, with the consideration split as follows:

- £38.5 million for the freehold interest at 73/89 Oxford Street, W1. The purchase improved our existing leasehold interest and created a 100% prime asset which helped unlock the sale to Norges, as set out above.
- £32.5 million for 95/96 New Bond Street, W1. This mixed-use virtual freehold/short leasehold site comprises 9,600 sq ft of retail and office space at the northern end of Bond Street, W1 and sits opposite the GHS Partnership's Hanover Square estate, which is set to benefit from our future development activity and the opening of Crossrail in 2018.

More balanced outlook for sales and acquisitions

Having been a net seller for the past four financial years, our material sales programme is now largely complete. Looking forward, given our expectation that property values may soften over the next 12 months, we expect our sale and acquisition activity to be more balanced if vendors become more realistic on pricing, particularly for riskier assets. Moreover, with our unprecedented financial strength, we have significant capacity to exploit any market weakness with the ability to take advantage of any attractive acquisition opportunities that may arise should a more substantial correction in the market occur.

Development management

Since 31 March 2016, our committed development exposure has significantly reduced following successful completion of four schemes and the profitable forward sale of a further two. Today, we have only 350,000 sq ft on-site across three schemes of which 65.2% is pre-sold. However, the long-term opportunity is substantial with 40% of our existing portfolio in our development pipeline.

"Our strategic priorities are now focused on preparing the pipeline schemes so we are ready to commence development when the market supports it."

Andrew White
Development Director

2016/17 Strategic Priority:

Deliver and lease the current development programme and prepare the pipeline

Operational measures

	2017	2016
Profit on cost[1]	**2.0%**	27.1%
Ungeared IRR[1]	**6.7%**	18.0%
Yield on cost[1]	**5.8%**	5.7%
Income/GDV already secured[2]	**65.2%**	61.1%
BREEAM Excellent[3]	**100%**	n/a
Committed capital expenditure	**£44.5m**	£269.9m

1. Committed developments.
2. Income/gross development value (GDV) secured on committed developments at date of this report.
3. New build developments completed in financial year.

Our approach

The cyclical nature of central London property 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. Today, we are approaching the end of the execution phase of this property cycle with the delivery of the Group's significantly de-risked development programme nearing completion. Moreover, the continued preparation of the longer-dated development pipeline for the next cycle forms a key near-term strategic priority.

1.5 million sq ft of high quality developments completed so far this cycle

Since 2009, we have completed 17 schemes, delivering 1.5 million sq ft of high quality space with an average profit on cost of 38%. This includes four completions and two forward sales since 31 March 2016, delivering a profit on cost of 27.7%. We currently have three committed schemes (350,000 sq ft of space), with two in the West End and one in the City fringe. Taken together, these schemes have an expected profit on cost of 2.0%, a yield on cost of 5.8% and an annualised unlevered IRR of 6.7%. To date, 65.2% of the space has already been pre-sold, helping to manage our development risk. Capital expenditure to come at our committed schemes totals £44.5 million, which could rise to £196.5 million (our share) if the two near-term uncommitted schemes were to commence. At 31 March 2017, the committed development properties were valued at £392.6 million and the near-term development properties at £250.8 million (our share).

Four schemes completed since 31 March 2016

At 30 Broadwick Street, W1, our 92,300 sq ft new build, office and retail scheme, construction work completed in November delivering the only new build office completion in the Soho market in 2016. Letting interest in the building has been strong and we pre-let the 7,950 sq ft restaurant unit to The Ivy Soho Brasserie and the third floor (14,600 sq ft) to EQT, the European private equity business. Since we finished the building, we have let three further office floors and the remainder of the retail space. In total, we have secured £5.6 million of rental income within seven months of completion. The building is now 69% let, with two office floors remaining (28,100 sq ft) of which a part floor is under offer with good interest in the remainder.

+ **See asset management** for more details on pages 40 and 41

We also finished a collection of three smaller schemes at 78/82, 84/86 and 90/92 Great Portland Street, W1. These mixed-use schemes completed between August 2016 and May 2017 and total some 49,200 sq ft of new space, comprising 18,000 sq ft of offices, 10,700 sq ft of retail space and 26 residential units, including a number of off-site residential planning requirements for our developments at Hanover Square, 30 Broadwick Street and 55 Wells Street, all W1. We sold the affordable housing (nine units) to a housing association and we will start marketing 15 units for private sale shortly. In April 2017, we pre-let the 18,000 sq ft self-contained office unit at 84/86 Great Portland Street to a not-for-profit organisation for an annual rent of £1.2 million on a ten-year term (no breaks), 17.6% ahead of the March 2016 ERV.

Two schemes profitably forward sold

During the year we took advantage of supportive market conditions to forward sell both 73/89 Oxford Street, W1 and the commercial element of our largest ever development at Rathbone Square, W1, locking in significant development profits.

+ **See investment management** for more details on pages 34 and 35

27.7%

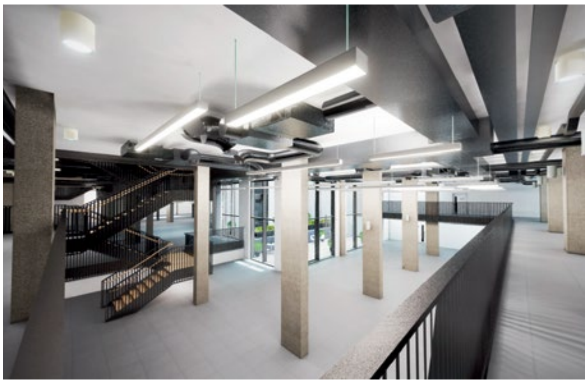
Profit on completed and forward sold schemes

Three committed schemes all completing in next nine months

With the commercial element of Rathbone Square forward sold and the offices completed, our activities on the site now focus on delivering the 142 private residential units. Whilst the residential element of the scheme made a small loss (based on land valuation at scheme commitment), it helped unlock a whole life surplus in excess of £110.0 million for the scheme as a whole. Fit-out of the apartments is progressing well and we expect to achieve practical completion in September. We have forward sold 140 of the 142 units with 25% cash deposits already paid by the majority of buyers. We expect to be able to start completing the sales and handing over the apartments to the buyers in stages shortly after completion, with the remaining 75% of the sales proceeds to be collected by the end of the year.

At 160 Old Street, EC1 (formerly 148 Old Street), owned in our 50:50 joint venture with the BP Pension Fund, the construction works are well underway to transform the old 97,800 sq ft building into around 161,000 sq ft of high quality office and retail space. We are targeting completion of the fully consented scheme in early 2018 and, with our marketing campaign recently launched, early leasing interest is encouraging given the low average ERV of only £53.35 per sq ft across the office space.

At 55 Wells Street, W1 (formerly Tasman House), we completed the demolition of the existing 1950s building earlier in the year and the main construction contract is progressing well. The new building will deliver 37,300 sq ft of well-specified office and retail space into an area that is benefiting from significant local investment, including our activities at Rathbone Square. The 4,500 sq ft of retail space is under offer to a restaurant operator and marketing for the office space will commence shortly, although we expect it to be let on a floor-by-floor basis after completion, given the size of the building.



Innovative marketing at 160 Old Street, EC1

At 160 Old Street, EC1, we are midway through delivery of our major refurbishment and, as we approach completion, we are focusing on pre-letting opportunities at our scheme branded 'Spectrum'. To enable potential tenants to visualise what the completed building will look like, we have built a high quality, on-site marketing suite containing models, CGI images and other tools to bring the development to life.

Prospective tenants are able to explore the entirety of the building including office floors, lifts and basement space within a digital 3D environment using an interactive computer application. Feedback on the new technology has been positive and early leasing interest has been strong.

SPECTRUM
160 OLD ST

Our committed schemes – 350,000 sq ft

Rathbone Square, W1 (residential)

Size	**151,700 sq ft**
Construction cost	**£195.5m**
Completion date	**September 2017**
Crossrail station	**80 metres[1]**

160 Old Street, EC1 (formerly 148 Old Street)

Size	**161,000 sq ft**
Construction cost	**£45.2m[2]**
Completion date	**February 2018**
Crossrail station	**760 metres[1]**

55 Wells Street, W1 (formerly Tasman House)

Size	**37,300 sq ft**
Construction cost	**£31.6m**
Completion date	**October 2017**
Crossrail station	**390 metres[1]**

1. Distance to nearest Crossrail station. 2. At share.

Development management

Two near-term schemes

Our near-term development programme comprises two schemes (309,300 sq ft), both with potential project starts over the next 12 months.

At Oxford House, 76 Oxford Street, W1, we achieved planning approval in June 2016 for a 89,100 sq ft major mixed-use refurbishment. As part of the letting to Facebook at Rathbone Square, Facebook had a right of first offer to take all of the 55,700 sq ft of office space which they chose not to exercise. We are now exploring whether a more substantial redevelopment, including improving the quality and scale of the retail space, would add additional value given the strong demand for high quality retail units at the eastern end of Oxford Street due to the opening of Crossrail in 2018.

At Hanover Square, W1, we have demolished the buildings facing New Bond Street on the western side of the site. These limited works give us the option, should the market be supportive, to accelerate the construction programme for the wider scheme ahead of delivery of the station structure by Crossrail in 2018. The development is owned in the GHS Partnership, our 50:50 joint venture with the Hong Kong Monetary Authority.

Our near-term schemes – 309,300 sq ft

Oxford House, W1

Size	89,100 sq ft
Potential start date	2018
Planning status	Consented
Crossrail station	30 metres[1]

Hanover Square, W1

Size	220,200 sq ft
Potential start date	2018
Planning status	Consented
Crossrail station	0 metres[1]

1. Distance to nearest Crossrail station.

Substantial medium-term development pipeline already in place

Beyond our committed and near-term schemes, we have an extensive further pipeline of 12 uncommitted schemes (1.3 million sq ft), which we are preparing for the next cycle. These schemes include a number of exciting projects, including New City Court, SE1 where we hope to materially increase the size of the existing 97,800 sq ft building which sits within the regenerating London Bridge Quarter. At Mount Royal, W1, located at the western end of Oxford Street, we are drawing up early plans to redevelop this two acre site into a retail-led development scheme.

As we work up our development proposals, we are mindful of occupiers evolving space and use requirements together with the impact of climate change, both areas that we are assessing further as part of our in-house Disruption Project.

The future development opportunity for the next cycle is substantial. Together with our near-term schemes, our pipeline totals some 1.1 million sq ft, with the potential to increase this to more than 1.6 million sq ft post development. In total, our potential development programme covers 40% of GPE's existing portfolio by value and will form the bedrock of our development activities for the next cycle.

+ **See case study** on pages 20 and 21

Developing over and around Crossrail

Crossrail

We believe that the opening of Crossrail in 2018 will be a game-changer for London's transport infrastructure and we have positioned our recent and future development programme to take full advantage. Today, 85% of our total portfolio is within walking distance of a Crossrail station.

An estimated 200 million passengers a year will use Crossrail and it will increase London's rail capacity by 10%, dramatically enhancing the east to west connectivity including from Heathrow airport into the heart of the West End. It will bring an extra 1.5 million people within 45 minutes of central London and Tottenham Court Road station in particular will see its passenger numbers transformed. Transport for London estimate that 108 million passengers a year will access Crossrail and London Underground at this station by 2026.

We have six schemes totalling 696,400 sq ft in our near and medium-term development pipeline focused on capturing the growth generated from the opening of Crossrail in 2018. These include Hanover Square, W1, which sits directly on top of the Bond Street Crossrail entrance and will become one of the main gateways into the West End.

Our total development pipeline

	Anticipated finish	New build area sq ft	Cost to complete £m	ERV[1] £m	Office ERV[1] avg £psf	Income/GDV secured £m	% let[2]/ sold	Profit/(loss) on cost[3]
Committed – 3 projects								
Rathbone Square, W1 – residential	Sept 17	151,700	18.5	–	–	270.5	95.4%	(1.8)%
160 Old Street, EC1	Feb 18	161,000	17.4	4.3	53.35	–	–	10.6%
55 Wells Street, W1	Oct 17	37,300	8.6	2.8	83.70	–	–	12.3%
Committed total[4]		**350,000**	**44.5**	**7.1**			**65.2%**	**2.0%**

	New build area sq ft	Existing area sq ft	Earliest start	Opportunity area
Near term – 2 projects				
Oxford House, 76 Oxford Street, W1	89,100	79,400	2018	Crossrail
Hanover Square, W1	220,200	23,100	2018	Crossrail
Near term total	**309,300**	**102,500**		

	Target area sq ft	Existing area sq ft	Earliest start	Opportunity area
Medium term – 12 projects				
City Place House, EC2	176,500	176,500	2018	Crossrail
50 Finsbury Square, EC2	126,400	126,400	2020	Crossrail
New City Court, SE1	352,000	97,800	2021	London Bridge
35 Portman Square, W1	73,000	73,000	2021	Core West End
52/54 Broadwick Street, W1	47,000	25,900	2021	Crossrail
Jermyn Street Estate, SW1	132,700	132,700	2022	Core West End
31/34 Alfred Place, WC1	37,200	37,200	2022	Crossrail
French Railways House and 50 Jermyn Street, SW1	75,000	54,600	2022	Core West End
Mount Royal, W1	92,100	92,100	2022	West End Retail
Kingsland/Carrington House, W1	51,400	39,800	2022	West End Retail
Minerva House, SE1	120,000	105,200	2022	London Bridge
95/96 New Bond Street, W1	9,600	9,600	2023	West End Retail
Medium term total	**1,292,900**	**970,800**		
Total programme – 17 projects	**1,952,200**			

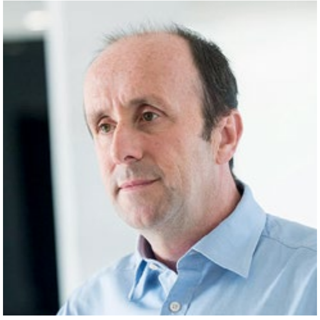
1. Agreed pre-let rent or CBRE ERV at March 2017.
2. Based on ERV of property.
3. Based on CBRE estimate of completed value.
4. At 24 May 2017.

40%

of existing portfolio in our future development pipeline

Asset management

Momentum from last year's record leasing has continued and we have delivered another 12 months of strong leasing performance. We agreed 52 new lettings, securing £20.5 million of rent, 0.6% ahead of March 2016 ERVs. This combined with 32 successful rent reviews helped capture significant reversion across the portfolio.



"Continuing to capture the significant rental reversionary potential of 21.2% across our portfolio is a strategic priority for the year ahead."

James Mitchell
Head of Asset Management

2016/17 Strategic Priority:

Drive rental growth through capturing reversion

Operational measures

	2017	2016
New lettings and renewals	**£20.5m**	£31.8m
Premium to ERV[1] (market lettings)	**0.6%**	10.4%
Vacancy rate	**6.8%**	3.1%
ERV (decline)/growth	**(1.3%)**	9.9%
Reversionary potential	**21.2%**	33.1%
Rent collected within seven days[2]	**99.4%**	99.9%
Tenant retention rate	**71%**	28.1%

1. ERV at beginning of financial year.
2. For March quarter.

Our approach

We consider that a close relationship with our tenants is vital to our success. As a result, we manage all aspects of our property portfolio in-house enabling us to continually refine our understanding of what tenants want and how we can meet their needs. Our asset managers also work closely with our development team to ensure that vacant possession is achieved on a timely basis, ahead of key development starts, wherever possible relocating tenants to other buildings within our portfolio.

Our asset managers administer a portfolio of approximately 379 tenants in 57 buildings across 42 sites from a diverse range of industries. This diversity limits our exposure to any one tenant or sector, with our 20 largest tenants at 31 March 2017 accounting for 39.6% (2016: 42.2%) of our rent roll.

+ **See our appropriate risks** on pages 65 to 75

Activity has remained high following record leasing last year

Against a backdrop of more uncertain market conditions and marginally lower rental values, down 1.3% in the year, we have delivered positive leasing results across the portfolio, in particular at our recently completed developments, and have also captured significant reversion.

The key highlights of a busy year included:

- 52 new leases and renewals completed during the year (2016: 52 leases) generating annual rent of £20.5 million (our share: £19.1 million; 2016: £31.1 million), market lettings 0.6% ahead of ERV;
- 32 rent reviews securing £12.9 million of rent (our share: £8.6 million; 2016: £6.6 million) were settled at an increase of 45.3% over the previous rent, 2.6% ahead of ERV and capturing significant reversion;
- total space covered by new lettings, reviews and renewals was 480,000 sq ft (2016: 562,800 sq ft);
- £5.5 million reversion captured (our share) in the year to 31 March 2017; and
- tenant retention high; 71% of space that was subject to tenant break or expiry retained, refurbished or re-let/under offer at the year end.

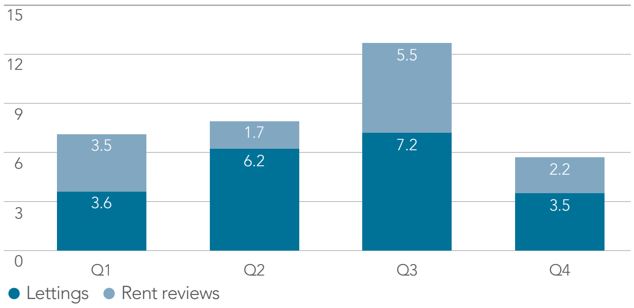
Our average office rent remains low at £50.10 per sq ft and our investment portfolio vacancy rate increased to 6.8% at 31 March 2017 (2016: 3.1%) due to recent development/refurbishment completions.

Since 31 March 2017, we have completed 14 lettings delivering £5.1 million (our share £4.4 million). We have a further 21 lettings currently under offer accounting for £6.9 million p.a. of rent (our share: £6.6 million), 2.4% ahead of March 2017 ERV. Should we convert all of the space under offer into lettings, the vacancy rate would fall to 4.3%.

Leasing momentum continued

We were encouraged by the continued positive momentum in the occupational market after the EU referendum for well-specified space with our leasing marginally accelerating in the second half of our financial year.

Lettings and rent reviews by quarter 2016/17 £m



At our newly-completed development at 30 Broadwick Street, W1, we let a total 63,500 sq ft, including four office floors, for a combined annual rent of £5.6 million, all with a minimum ten years on the lease (no breaks). The new tenants in the building are from a variety of sectors including private equity (Exponent and EQT), digital gaming (Jagex) and digital ventures (BCG Digital Ventures). The lettings were 3.6% ahead of the March 2016 ERV, including a new record Soho office rent of £110 per sq ft demonstrating that, even in more uncertain markets, delivering quality buildings into a supply-restricted market can drive rental growth.

At Mount Royal, W1, the Great Victoria Partnership agreed a back-to-back surrender and re-letting to replace an existing retailer with Holland & Barrett in a unit at our prime retail site at the western end of Oxford Street. Holland & Barrett will occupy the 10,200 sq ft store on a ten year lease paying annual rent of £1.6 million (£608 per sq ft Zone A), 26% ahead of the previous passing rent.

Capturing reversion through rent review

One of our strategic priorities for the year was to capture the significant reversionary potential (the difference between the passing rent and market rental value) within our investment portfolio. Of the reversion that could be captured this financial year, a large proportion was available through rent review. As a result, it was essential that we settled these reviews at, or ahead of, the market rental value. As the table below demonstrates, we had a busy year, settling 32 rent reviews, a record for this cycle, 45.3% ahead of the previous passing rent and at a 2.6% premium to ERV.

Rent reviews in 2016/17

No.	32
Area (sq ft)	197,350
£m (at share)	£8.6m
Rent per sq ft	£65.50
Reversion captured £m (at share)	£2.7m
% above previous passing rent	45.3%
% above ERV	2.6%

Significant transactions included:

– at Mount Royal, W1, we settled a rent review with Next plc, achieving an increase in the annual rent of £0.9 million to £2.9 million, equating to a Zone A rent of £615 per sq ft, up 45% from the previous rent; and

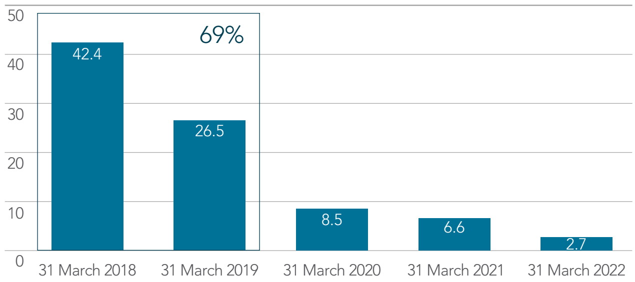
– at 200 Gray's Inn Road, WC1, we settled a number of rent reviews with Carlton Communications increasing the combined passing rent by £0.9 million, an increase of 37%.

Reversion reduced with the remainder near dated

Our activities over the past 12 months have reduced the portfolio reversion from 33.1% to 21.2% at 31 March 2017.

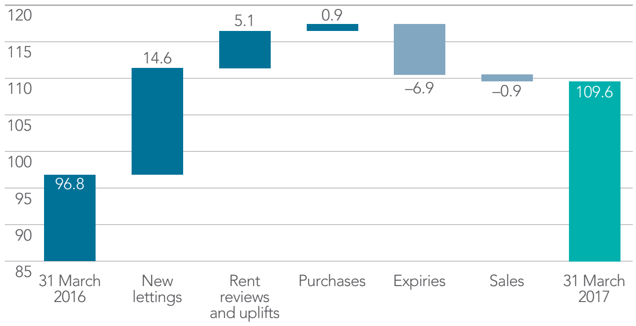
Looking forward, 69% of the reversion is available within the next 24 months and capturing this remains a priority for the asset management team.

Reversions: forecast total reversion to capture
% of total over next five years



Together, the combination of settling rent reviews and letting new space increased our rent roll (including share of joint ventures) by 13.2% to £109.6 million, up from £96.8 million last year. We have also maintained a diverse tenant base focused on retail and leisure (32%), TMT (27%) and professional services (18%) sectors, with less than 1.5% of rent roll coming from investment banking, securities trading and insurance companies.

Rent roll walk £m



Rent collection

Our quarterly cash collection performance throughout the year has remained very strong. We secured 99.4% of rent within seven working days following the March 2017 quarter date (March 2016: 99.9%). The average collection rate across the four quarters of the year was 99.6% (2016: 99.7%). Tenants on monthly payment terms represent around 3% of our rent roll (2016: 4%).

Refurbishment of Elm Yard, WC1

In July 2014, our Great Ropemaker Partnership (GRP) bought Elm Yard, WC1 for £26.0 million. Adjacent to GRP's 200 Gray's Inn Road, the property was vacant and offered an opportunity to refurbish the space and reposition the building to increase the rental tone.

In 2015, we embarked on an extensive programme to refurbish the 49,600 sq ft of offices. Since completion of the works in November 2016, we have let 5,500 sq ft and have positive interest in the remaining floors.

With the property due to benefit from the opening of a new Crossrail station at Farringdon in 2018 and the redevelopment of the adjacent Mount Pleasant site, it has the long-term potential for future growth.

Our financial results

"Our resilient financial results, with further EPRA earnings growth and our strongest ever financial position, reflect our continued leasing momentum and profitable recycling activities, supporting ordinary dividend growth of 9.8% and a special dividend of £110 million."

Nick Sanderson Finance Director

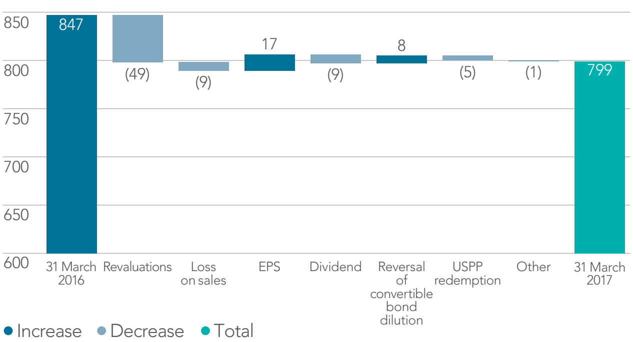
We calculate adjusted net assets and earnings per share in accordance with the Best Practice Recommendations issued by the European Public Real Estate Association (EPRA). The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe enhancing the transparency and coherence of the sector. We consider these standard metrics to be the most appropriate method of reporting the value and performance of the business and a reconciliation to the IFRS numbers is included in note 9 to the accounts.

+ **See performance measures and EPRA metrics** on pages 149 to 151

Lower EPRA NAV driven by valuation declines

EPRA net assets per share (NAV) at 31 March 2017 was 799 pence per share, a decrease of 5.7% over the year, largely due to the like-for-like reduction in value of the property portfolio. At 31 March 2017, the Group's net assets were £2,738.4 million, down from £2,912.2 million at 31 March 2016.

EPRA NAV pence



The main drivers of the 48 pence per share decrease in NAV from 31 March 2016 were:

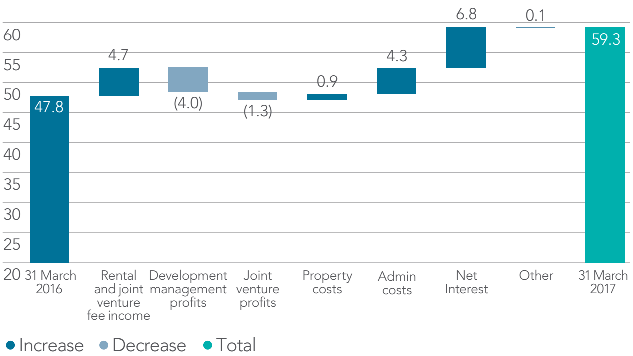
- the reduction of 49 pence per share arising from the revaluation of the property portfolio;
- losses on property disposals of 9 pence per share reduced NAV;
- EPRA earnings for the year of 17 pence per share enhanced NAV;
- dividends paid of 9 pence per share reduced NAV;
- the removal of the potential dilution arising from the convertible bond increased NAV by 8 pence per share;
- the prepayment of US private placement notes reduced NAV by 5 pence per share; and
- other movements reduced NAV by 1 pence per share.

EPRA NNNAV was 782 pence at 31 March 2017 compared to 831 pence at 31 March 2016 (down 5.9%). At the year end, the difference between NAV and NNNAV was due to the negative mark to market of the Group's 2029 debenture and remaining private placement notes combined with the potential tax due on the Group's sale of the residential element of Rathbone Square, W1 more than offsetting the positive valuation of the Group's derivatives.

Attractive EPRA earnings per share growth

EPRA earnings were £59.3 million, 24.1% higher than last year predominantly due to increased rental income, increased capitalised interest from our development activity and lower provisions for performance related pay including share-based payments.

EPRA earnings £m



Rental income from wholly-owned properties and joint venture fees for the year were £80.2 million and £4.1 million respectively, generating a combined income of £84.3 million, up £4.7 million or 5.9% on last year. This increase predominantly resulted from £3.4 million of like-for-like growth through capturing reversion on lease renewals and rent reviews, £2.1 million of development lettings offset by £0.8 million of net income lost by our net sales activity in the prior year. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including joint ventures) increased 8.6% on the prior year.

Following the completion in November 2015 of our forward sold development at 12/14 New Fetter Lane, EC4, development management profits reduced to £nil from £4.0 million in the prior year.

28.1%

EPRA EPS growth

EPRA earnings from joint ventures were £2.5 million, down £1.3 million from £3.8 million last year, reflecting lower levels of joint venture activity following the sale, last year, of 95 Wigmore Street, W1 and securing vacant possession at Hanover Square, W1.

Property expenses were £0.9 million lower at £7.3 million predominantly due to reduced marketing activities as a result of lower pre-letting activity in the development programme. Administration costs were £20.1 million, a reduction of £4.3 million on last year, largely as a result of lower provisions for performance related pay including payments under share incentive plans.

Gross interest paid on our debt facilities was £25.7 million (in line with the prior year), although we capitalised interest of £18.3 million (2016: £13.3 million) as we continued to deliver our committed developments including Rathbone Square, W1, 30 Broadwick Street, W1 and 55 Wells Street, W1. As a result, the Group had an underlying net finance expense (including interest receivable on joint venture balances) of £0.2 million (2016: £7.0 million).

The revaluation deficit of the Group's investment properties led to the Group's reported IFRS loss after tax of £139.4 million (2016: profit of £556.2 million). Basic IFRS EPS for the year was a loss of 40.8 pence, compared to a profit of 162.6 pence for 2016. Diluted IFRS EPS for the year was a loss of 40.8 pence compared to a profit of 161.9 pence for 2016. Diluted EPRA EPS was 17.3 pence (2016: 13.5 pence), an increase of 28.1% and cash EPS was 10.6 pence (2016: 8.9 pence).

Results of joint ventures

The Group's net investment in joint ventures was £480.8 million, a decrease from £543.4 million at 31 March 2016, largely due to the reduction in value of the property portfolio as well as several non-core asset disposals during the year. Our share of joint venture net rental income was £17.4 million, an increase of 2.4% on last year due to increased asset management transactions capturing reversion. Our share of non-recourse net debt in the joint ventures was lower at £74.0 million at 31 March 2017 (2016: £76.1 million) predominantly due to a higher cash balance being held.

+ **See our joint ventures** on page 48

Strongest ever financial position

Group consolidated net debt reduced to £502.8 million at 31 March 2017, down from £568.0 million at 31 March 2016 as proceeds from property disposals more than offset the Group's acquisitions and capital expenditure against a backdrop of broadly stable working capital. Group gearing fell to 18.4% at 31 March 2017 from 19.5% at 31 March 2016.

Including non-recourse debt in joint ventures, total net debt was £576.8 million (2016: £644.1 million) equivalent to a low loan-to-property value of 18.3% (2016: 17.4%). The proportion of the Group's total net debt represented by our share of net debt in joint ventures was 12.8% at 31 March 2017, compared to 11.8% a year earlier. At 31 March 2017, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £378 million.

Pro forma for the receipt of remaining deferred consideration on property sales, the special dividend of £110 million and the refinancing of the Group's remaining private placement notes in May 2017, the Group's loan-to-property value was 12.2%.

The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 4.0%, an increase of 10 basis points compared to the prior year. The weighted average interest rate (excluding fees) at the year end decreased to 3.0% (2016: 3.7%) due to the repayment in March 2017 of £159.7 million of private placement notes which had a blended fixed rate coupon of 5.3% and were due to mature in 2018 and 2021. The premium paid for the early repayment of these notes was £16.8 million (or 5 pence per share), representing the redemption value over book value of £51.5 million offset by £34.7 million received on the cancellation of the associated cross currency swaps. These notes were replaced with a new issue of seven-year private placement notes at a fixed rate coupon of 2.15% in May 2017.

+ **See our capital discipline** on pages 45 and 46

Debt analysis

	Pro forma[1]	March 2017	March 2016
Net debt excluding JVs (£m)	**309.9**	**502.8**	568.0
Net gearing	**11.5%**	**18.4%**	19.5%
Total net debt including 50% JV non-recourse debt (£m)	**383.9**	**576.8**	644.1
Loan to property value	**12.2%**	**18.3%**	17.4%
Total net gearing	**14.2%**	**21.1%**	22.1%
Interest cover	**n/a**	**n/a**	12.5x
Weighted average interest rate	**2.7%**	**3.0%**	3.7%
Weighted average cost of debt	**n/a**	**4.0%**	3.9%
% of debt fixed/hedged	**100%**	**82%**	100%
Cash and undrawn facilities (£m)	**618**	**378**	472

1. Pro forma for remaining 73/89 Oxford Street, W1 net receipts (£56.4m), remaining Rathbone commercial net receipts (£259.7m of which £214m received in April 17), special dividend (£110m), USPP2 repayment premium (£13.2m), and new USPP issuance (£175m).

At 31 March 2017, 82% of the Group's total debt (including non-recourse joint ventures) was at fixed or hedged rates (2016: 100%). The Group, including its joint ventures, is operating with substantial headroom over its debt covenants.

Robust tenant base

None of our tenants went into administration around the March 2017 quarter day (March 2016: none) and we had no tenant delinquencies in the year (2016: two). However, we are vigilant and continue to monitor the financial position of our tenants on a regular basis.

12.2%

Loan to value (pro forma)

Our financial results

Taxation

The tax credit in the income statement for the year is £0.8 million (2016: £1.1 million) and the underlying effective tax rate is 0% (2016: 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 Group complied with all relevant REIT tests for the year to 31 March 2017.

All entities within the Group are UK tax resident; as our business is located wholly in the UK, we consider this to be appropriate. The Group maintains an open working relationship with HMRC and seeks pre-clearance in respect of complex transactions. HMRC regards the Group as 'low risk' and maintaining this status is a key objective of the Group.

As a REIT, we are exempt from UK corporation tax in respect of our property rental business, provided we meet a number of conditions including distributing at least 90% of the rental income profits of this business (known as Property Income Distributions (PIDs)) on an annual basis. These PIDs are then typically treated as taxable income in the hands of shareholders. The Group's REIT exemption does not extend to either profits arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years or profits arising from trading properties (including the sale of the residential units at Rathbone Square, W1).

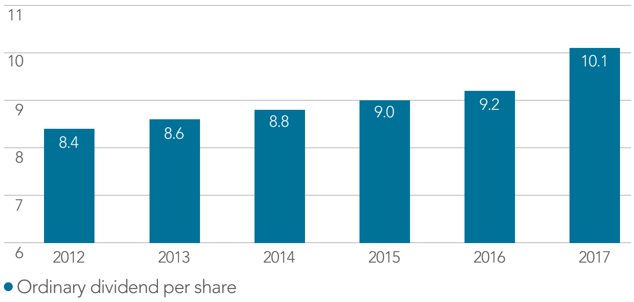
Despite being a REIT, we are subject to a number of other taxes and certain sector specific charges in the same way as non-REIT companies. During the year, we incurred £8.9 million in respect of stamp taxes, section 106 contributions, community infrastructure levies, empty rates in respect of vacant space, head office rates, employer's national insurance and irrecoverable VAT.

+ See more on our tax strategy at www.gpe.co.uk/about-us/governance

Dividend growth

The Group operates a low and progressive ordinary dividend policy. The Board has declared a final dividend of 6.4 pence per share (2016: 5.6 pence) which will be paid in July 2017. All of this final dividend will be a REIT PID in respect of the Group's tax exempt property rental business. Together with the interim dividend of 3.7 pence, the total dividend for the year is 10.1 pence per share (2016: 9.2 pence), a 9.8% increase in the 12 months.

Ordinary dividends per share pence



In addition, following the sale of the commercial element of Rathbone Square, W1, we announced a special dividend in April 2017 of £110 million, or 32.15 pence per share, representing approximately the whole life surplus generated from the development scheme. The special dividend will be paid on 31 May 2017 accompanied by a 19 for 20 share consolidation of the Company's ordinary share capital to maintain the Group's share price and per share financial metrics.

10.1p

Total ordinary dividends per share

EPRA performance measures

Measure	Definition of Measure	**March 2017**	March 2016
EPRA earnings*	Recurring earnings from core operational activities	**£59.3m**	£47.8m
EPRA EPS*	EPRA earnings divided by the weighted average number of shares	**17.3p**	14.0p
Diluted EPRA EPS*	EPRA earnings divided by the diluted weighted average number of shares	**17.3p**	13.5p
EPRA costs (by portfolio value)*	EPRA costs (including direct vacancy costs) divided by market value of the portfolio	**0.9%**	0.8%
EPRA net assets*	Net assets adjusted to include the valuation surplus from trading properties and exclude the fair value of financial instruments and deferred tax	**£2,735.9m**	£3,079.5m
EPRA NAV*	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**799p**	847p
EPRA triple net assets*	EPRA net assets amended to include the fair value of financial instruments, debt, deferred tax and tax on sale of trading properties	**£2,679.3m**	£3,022.6m
EPRA NNNAV*	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**782p**	831p
EPRA NIY	Annualised rental income based on cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the market value of the property increased by estimated purchasers' costs	**3.0%**	2.8%
EPRA "topped up" NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives)	**3.3%**	3.1%
EPRA vacancy rate	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**8.0%**	7.0%

* Reconciliation to IFRS numbers included in note 9 to the accounts.

Our capital discipline

Our balance sheet has never been stronger. With a pro forma loan to value ratio of just 12.2% and £618 million of cash and committed undrawn liquidity, we are very well placed for the current uncertain market conditions.

"The Group's strong financial position reflects an active year which has further improved our balance sheet. A combination of capital recycling and debt refinancing activities has significantly enhanced our key debt metrics."

Martin Leighton
Head of Corporate Finance

Operational measures

	2017	2016
Net gearing	**18.4%**	19.5%
Loan to value	**12.2%[1]**	17.4%
Interest cover	**n/a**	12.5x
Cash and undrawn facilities	**£618m[1]**	£472m
Weighted average interest rate	**2.7%[1]**	3.7%
EPRA earnings per share	**17.3p**	13.5p

1. Pro forma

Our approach

While our primary objective is to deliver returns consistently ahead of our cost of capital, we also seek to minimise the cost of our capital through the appropriate mix of equity and debt finance, and to ensure that we have access to sufficient financial resources to implement our business plans. Optimising and flexing the allocation of capital across our portfolio, including between our investment and development activities, is key to our business and ensuring that we maximise returns on a risk adjusted basis through the property cycle. Accordingly, we operate with four key "givens":

- conservative leverage – to enhance, not drive, returns;
- sustainable ordinary dividends;
- disciplined capital allocation; and
- balance sheet efficiency – track record of accretively raising and returning capital.

Our preference for low financial leverage helps to provide downside protection when operating in the cyclical central London property market and to maintain the financial flexibility to allow us to act quickly on new investment opportunities as they arise.

+ **See our approach to risk** on pages 72 and 73

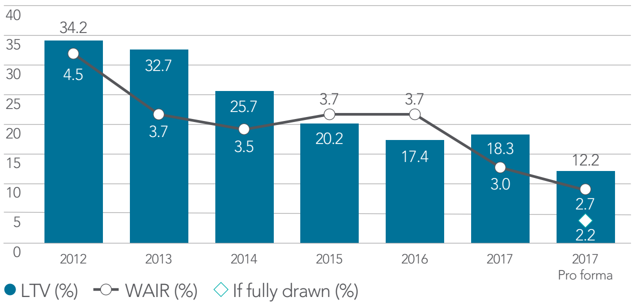
Reducing Group interest rates and extending maturities

The Group's sources of debt funding are diverse, both secured and unsecured, and include the public, private and bank markets. Our financing activities this year focused on further reducing our cost of debt and enhancing our debt maturity profile. In October 2016, we obtained bank consent to extend the maturity date of our flexible, low cost £450 million revolving credit facility by 12 months to October 2021. In May 2017, we issued £175 million of new seven-year US private placement notes with a fixed rate coupon of only 2.15% in order to refinance £160 million of existing notes with shorter maturity dates and a coupon of 5.32%. Shortly after year end, following receipt of the majority of the Rathbone Square, W1 sales proceeds, we repaid our remaining £128 million of existing US private placement notes and will pay a special dividend of £110 million on 31 May 2017.

At 31 March 2017, our loan to value (LTV) ratio was 18.3%, weighted average interest rate (WAIR) was 3.0% and weighted average drawn debt maturity was 5.1 years. Pro forma for the above transactions and the receipt of the outstanding deferred consideration from our recycling activities, these metrics improve to 12.2%, 2.7% and 6.4 years respectively.

At 31 March 2017, we had £378 million of cash and undrawn committed debt facilities (£618 million on a pro forma basis), giving us significant financial flexibility going forward and meaning that we have no immediate additional debt funding requirements with our next debt maturity not until September 2018.

LTV and cost of debt %



Low cost, flexible and diverse sources of debt finance – predominantly unsecured

At 31 March 2017, 75% of our total drawn debt (and 48% of our total debt) was from non-bank sources with 63% (and 76% of total debt) borrowed on an unsecured basis.

2.7%

Weighted average interest rate (pro forma)

Strategic Report – Annual Review

Our capital discipline

Due to the treatment of capitalised interest under our Group covenants, there is no net interest charge in the year applicable for the purposes of calculating our interest cover ratio. Given our low weighted average interest rate and increased earnings (with EPRA EPS rising 28.1% to 17.3 pence for the year), even without the benefit of interest capitalised, interest cover would be a very healthy 3.4 times.

Balance sheet discipline and £110 million special dividend

When considering the appropriate level of financial leverage in the business, we apply the same capital discipline that we use when making asset level decisions. Typically, we aim for a loan to value ratio of between 10%–40% through the cycle and today we are at the lower end of the range given our portfolio activities and market cycle position. Additionally, we have a track record of accretively raising and returning equity capital to shareholders at the appropriate time and in the appropriate circumstances. Our key considerations when making such capital decisions include:

- the market outlook;
- opportunities for growth (both capital expenditure and acquisitions);
- opportunities for profitable recycling activity; and
- current and prospective debt ratios (including LTV and interest cover).

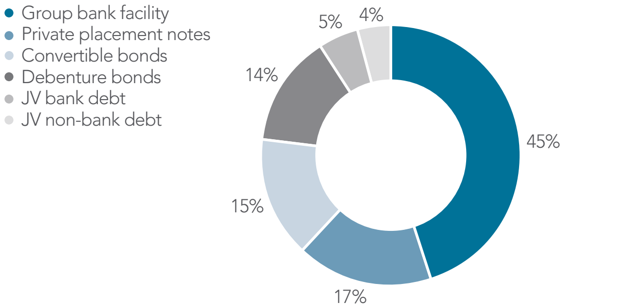
The most recent example of this discipline in action was our announcement in April 2017 of a £110 million special dividend.

+ **See our financial results** on page 44

£110 million

Special dividend

Sources of debt funding[1]



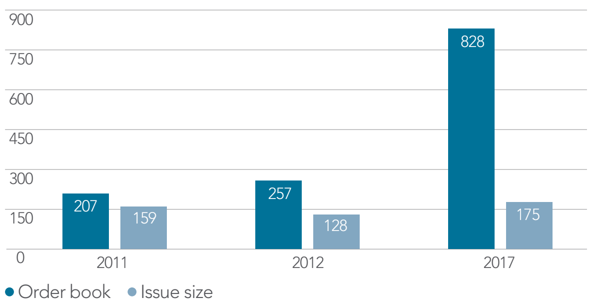
1. Based on committed facilities at 24 May 2017.

Record breaking debt issue – 2.15%

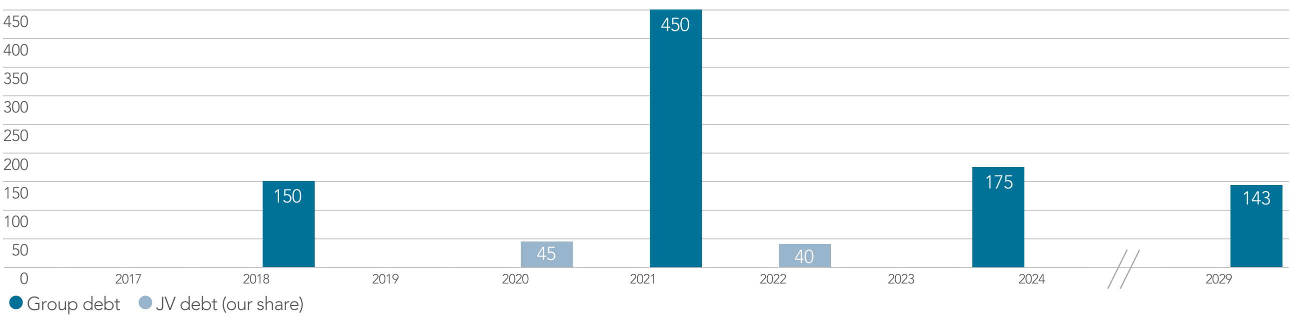
Between February 2017 and May 2017, we raised £175 million through the issue of new US private placement notes and prepaid £287.4 million of existing notes. The new notes were placed with eight US institutional investors (including three new lenders to GPE), mature in May 2024 and have a fixed rate coupon of 2.15% (a margin of 125bp over the relevant Gilt). This profile compares very favourably with the prepaid notes which had a weighted average maturity date of September 2019 and weighed average coupon of 5.0%.

The order book for the new notes exceeded £800 million and we believe the coupon is the lowest sterling rate ever achieved by a REIT in the US private placement market. These refinancing activities significantly improved a number of our key metrics including weighted average debt maturity (6.4 years today versus 5.5 years at March 2016) and reduced our weighted average interest rate (2.7% today versus 3.7% at March 2016).

Order book on GPE private placements (£m)



Debt maturity profile[1] £m

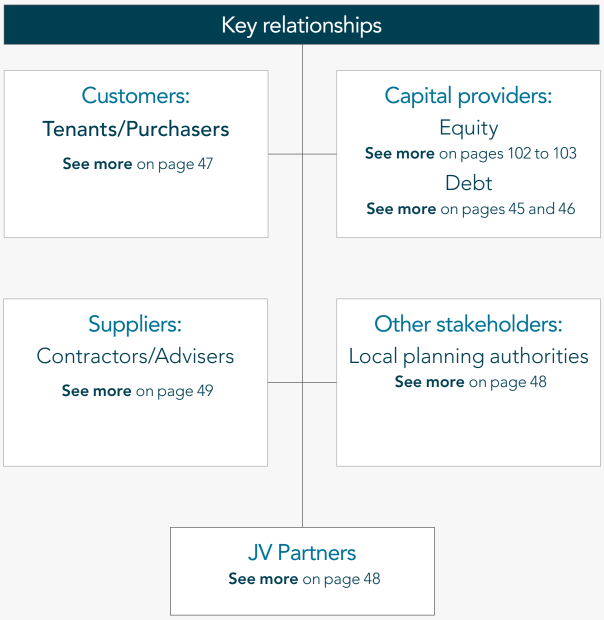


1. Based on committed facilities at 24 May 2017.

Our relationships

Building and nurturing strong working relationships with our customers, suppliers, JV partners, capital providers and other stakeholders is critical to our success.

Our key relationships



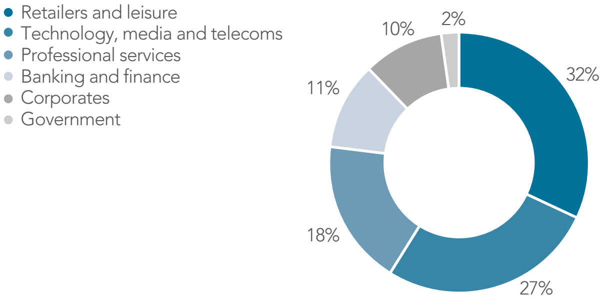
Our approach

We aim to build lasting relationships with our stakeholders based on professionalism, fair dealing and integrity. Our active engagement with our stakeholders helps us build long-term relationships with the individuals and groups upon which the success of our business depends.

Focused approach to meet customers' needs

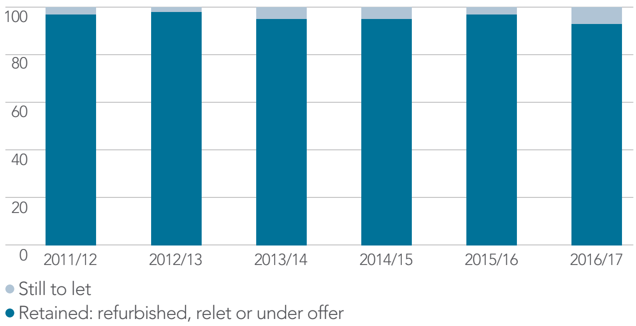
Across the portfolio we have 379 tenants in 57 buildings across 42 sites. Our tenants operate across a wide spectrum of business sectors and range from Fortune Global 500 companies to local sole traders. We consider that a close relationship with our tenants is vital to our success. As a result, we manage all aspects of our property portfolio in-house enabling us to continually refine our understanding of what tenants want and how we can best meet their needs.

GPE tenant mix %



This understanding depends on successful communication. Therefore, each of our asset managers is required to formally meet with every tenant twice a year and at least one Executive Committee member will meet with our top 20 tenants at least annually. This process provides valuable insight into their business which allows us not only to ensure that our tenants are satisfied with their existing space but also to retain them when their leases expire and our tenant retention rate is high. We also aim to be our tenants' first port of call should they require further space and we have successfully supported a number of tenants to grow their businesses by providing space for them to expand within our portfolio, such as Double Negative (visual effects) at 160 Great Portland Street, W1 and ITV at 200 Gray's Inn Road, WC1.

Annual rent roll lost through tenant breaks and expiries %



Our residential sales programme at Rathbone Square, W1 commenced in July 2014 and to date we have sold 140 out of the 142 private apartments in the scheme. Construction is expected to complete in September with the apartments handed over to the new owners in the autumn. In order to manage the completion process, we recruited last year a customer services manager to keep the buyers up to date on the progress of their apartments and to conduct the complex exercise to allow the new owners to take occupation of their apartment over the ten week handover phase.

Our relationships

Joint ventures remain an important part of our business

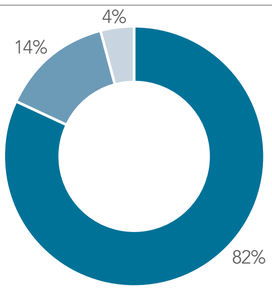
We categorise our joint ventures into two types:

- access to new properties (2.8% of GPE's net asset value). The relevant joint ventures are the Great Victoria Partnership (GVP) with Liverpool Victoria Friendly Society and the Great Wigmore Partnership (GWP) with Aberdeen Asset Management (formerly Scottish Widows); and
- risk sharing on development projects and/or large lot size properties (14.8% of GPE's net asset value). The relevant joint ventures are the GHS Limited Partnership (GHS) with the Hong Kong Monetary Authority (HKMA) and the Great Ropemaker Partnership (GRP) with BP Pension Fund.

Our four active joint ventures continue to represent an important proportion of the Group's business. At 31 March 2017, they made up 18.0% of the portfolio valuation, 17.5% of net assets and 16.8% of rent roll (at 31 March 2016: 16.9%, 18.7% and 18.7% respectively).

Wholly-owned and joint venture property values at 31 March 2017

- Wholly-owned £2,580.0m
- Risk sharing £450.4m
- Access to new properties £115.1m



Navigating the planning process together with local authorities

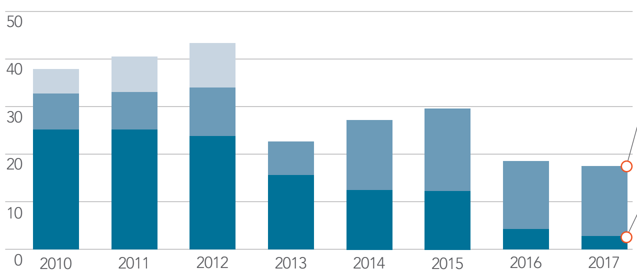
Developing new buildings in central London is difficult, particularly in the West End. Large areas are protected by conservation areas, building heights are restricted, development needs to be considerate to local residents and the planning process is stringent. Navigating this process is a core driver of our success. As a result, our relationships with the local planning authorities are key to delivering on our business plans.

We are open, transparent and non-adversarial in our approach to securing planning consents. We engage proactively in pre-application consultations with key stakeholders and will adjust our proposals to take account of comments received. Where possible, we use planning performance agreements with the local planning authority to ensure that our planning applications are determined in a timely manner.

Recent planning successes include planning consent for our 89,100 sq ft retail and office redevelopment of Oxford House, W1 at the eastern end of Oxford Street.

During the year, there have been a number of changes in the senior political leadership of Westminster City Council. A new leader of the Council has been appointed as well as the Cabinet Member for Planning and the Public Realm, and Chairman of Planning. We are closely monitoring whether this signals a change of tone and/or policy for Westminster in relation to planning.

GPE's net investment in joint ventures %



- Bank Work out
- Risk sharing
- Access to new properties

Joint venture partners

	Net assets at 31 March 2017
GRP – BP Pension Fund	£294.3m
GHS – Hong Kong Monetary Authority	£110.5m
GVP – Liverpool Victoria	£74.4m
GWP – Aberdeen AM	£1.5m
GCP – Capital & Counties*	£0.1m
Total	**£480.8m**
As % of Group net assets	**17.6%**

* Inactive

17.6%

Net assets in joint venture

Working closely with our contractors

The successful and profitable delivery of our developments requires the effective management of a multitude of factors, including maintaining deep relationships and collegiate working with our main contractors. Whilst the construction of our developments is subject to a tender process to ensure we obtain value for money, we try to secure the best people with an established track record and where possible, retain key team members on successive developments.

This close collaboration combined with bi-monthly payment terms, a track record of successful project delivery and a deep pipeline of future work means that contractors want to work with us, enhancing our good access to quality suppliers.

We work with a broad and diverse range of suppliers, from small independent companies to large multinationals. Whilst we require all our suppliers to comply with standards and codes that may be specific to their industry, our Supplier Code of Conduct sets out the standards that we require of our suppliers.

Our Supplier Code of Conduct ensures that suppliers are operating ethically and responsibly, inside a wider context of ensuring high standards of health and safety, looking after people, protecting our environment, and engendering a positive relationship in the communities in which we operate.

Our contractors provide regular feedback on our sites at meetings and also through monthly progress reports which include information on health and safety and sustainability.

We also regularly meet with the senior management team of our Principal Contractors to understand their health and safety culture and their sustainability priorities as an organisation.

+ **See sustainability** on pages 58 to 64
+ **See our approach to human rights and supplier stewardship** on page 83

Considerate Contractors Scheme

We require all our contractors to register with the Considerate Constructors Scheme (CCS) and set a target of score of 40 out of 50.

During the year, five of our site teams were presented with awards during the CCS annual awards ceremony.

Property	Contractor	Award
30 Broadwick Street, W1	BAM	**Silver**
1 Dean Street, W1	Multiplex	**Silver**
Rathbone Square, W1	Lendlease	**Silver**
GPE head office refurbishment	Overbury	**Silver**
160 Old Street, EC1	Cantillon/Wates	**Bronze**

Contractors employed on committed development schemes during the year

Project:	Contractor:	Previous work with GPE:
30 Broadwick Street, W1	bam	**n/a**
78/82, 84/86 and 90/92 Great Portland Street, W1	knight harwood	**22 Regent Street, W1, French Railways House, W1 and 23/24 Newman Street, W1**
160 Old Street, EC1	wates	**95 Wigmore Street, W1 and 33 Margaret Street, W1**
73/89 Oxford Street, W1	MULTIPLEX Built to outperform.	**100 Bishopsgate, EC2**
Rathbone Square, W1	lendlease	**Wells & More, W1**
55 Wells Street, W1	wates	**95 Wigmore Street, W1 and 33 Margaret Street, W1**

Our culture and people

This year our focus has been ensuring our teams and the Executive Committee interact even more effectively and that all of our employees have a personal development plan.

"Our people care passionately about both their work and the success of our organisation. They collaborate with others inside and outside the Company, to deliver great results that benefit GPE and all those who have a stake in our business."

Toby Courtauld
Chief Executive

Operational measures

Employee retention	89% 2016: 88%	Employees participating in Share Incentive Plan	75% 2016: 66%
Days training provided per employee[1]	3.6 2016: 3.1	Lateral moves and promotions	4 2016: 8

1. On average

Our approach

Our entrepreneurial and pragmatic culture is fundamental to our ability to attract, develop, motivate and retain our talented people, with a high level of involvement from senior and executive management and an emphasis on cross-disciplinary teamwork. Our culture and people lie at the heart of our ability to achieve our strategic priorities, unlocking potential across our portfolio.

Our process

We recognise the benefits of our positive culture and work hard to maintain it through:

- regular and effective engagement through two way communication, an 'open door' policy and communal working space specially designed for regular informal meetings and discussions;
- regular meetings held weekly, monthly and quarterly across the various teams on different aspects of the business;
- encouraging our people to be innovative, whilst still maintaining 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 timely interaction of every member of the team;
- providing well-constructed and fair reward systems designed to incentivise superior individual and team performance and align employees' and shareholders' interests;
- providing an attractive pipeline of high-quality projects and assets to manage;
- recruiting high quality individuals with a constructive mindset and valuable experience;
- a formal and extensive induction process for new joiners;
- ensuring continual improvement of the skills and competency of our employees at all levels and across all disciplines through appropriate training and personal development opportunities including new responsibilities, undertaking different projects and coaching; and
- fostering a friendly environment which engenders a strong camaraderie.

Our integrated team

GPE combines the very best of a disciplined approach to work, high standards in everything we do and also high expectations of our people, but with a collegiate approach to projects, a friendly environment and strong camaraderie.

As a small organisation in people terms – just over 100, every single person's contribution counts. When we hire, we look for individuals who are comfortable taking responsibility and working constructively and flexibly with colleagues. We then invest time in giving new starters an extensive induction to the organisation so they can feel at home right away and able to give their best.

Our talented team brings together specialist skills which are used to manage our portfolio rigorously, on an asset-by-asset basis, and ensure the achievement of our strategic priorities. Each of our department heads, collectively our Senior Management Team, interact daily with the Executive Directors and report regularly to the Company's Executive Committee, the principal decision making body for management and operational matters.

In September 2016, Robin Matthews, formerly at the real estate and private equity group Moorfield, joined our Executive Committee to replace Ben Chambers as Investment Director and, in October 2016, we expanded the Committee with Steven Mew joining as Portfolio Director from listed property company McKay Securities plc.

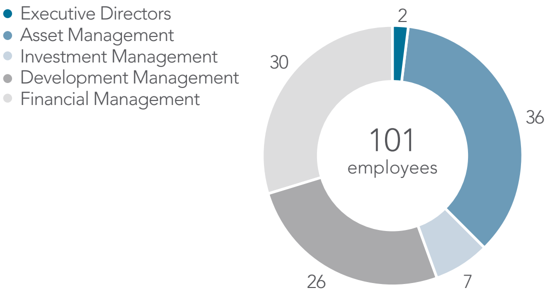
Following feedback from our employee engagement survey, this year we formalised our ground rules that guide how the Executive Committee should operate and interact with those presenting to improve the discussion and debate on operational matters brought for decision on a weekly basis. To enable more discussions within the Executive Committee on strategic issues, in addition to the existing weekly Executive Committee meetings, from April 2017 we have instigated a separate fortnightly meeting reserved for strategic matters where we involve members from different teams as appropriate.

A working group of a number of senior employees was formed to look at how we could further empower our people, resulting in a revision in authority levels across the asset management, development and finance teams. To ensure that everyone understood these changes, presentations on the new Executive Committee arrangements were offered to all employees.

During 2016, we undertook a fit out of additional space at 33 Cavendish Square moving our meeting room suite down one floor enabling us to create a significant informal meeting and 'collision' space adjacent to our open plan offices. This new space enables us to hold informal meetings to great effect and encourages more regular two-way communication both within, and across our various teams. At the same time we took the opportunity to upgrade our IT systems to enable more flexible and effective working processes both within our office and outside i.e. when working from home or when travelling.

+ **See more** on page 59

Number of employees 2017 at 31 March 2017



Supporting diversity and inclusion

Our culture is grounded in mutual respect and non-discrimination in respect of age, disability, gender, race, religion, sexual orientation or educational background. Our aim is to foster a culture of respect and fairness where individual success depends solely on ability, behaviour, work performance, demonstrated potential and perhaps most importantly, the ability to work as part of a team.

Whilst our policy remains that selection should be based on the best person for the role, we recognise the benefits of gender diversity and when recruiting, where possible, our policy is that at least 30% of potential candidates identified should be women.

This year we relaunched our website including, for the first time, a section on 'Life at GPE' aimed at describing just what people can expect when they join us. Included are a number of filmed and written interviews from different people across the organisation explaining what, in their view, life is really like at GPE. See more at **www.gpe.co.uk/life-at-gpe/meet-our-people/**

97%

of employees believe in what we are trying to achieve

Building an effective team – Rathbone Square, W1

On a project as complex as Rathbone Square, it was critical to encourage close collaboration across the team. Led by Helen Hare, our Senior Project Manager, a project office was set up in a property adjacent to Rathbone Square to allow the GPE project team, the contractor, the architect and other key consultants to work together in close proximity. The site team worked closely with other construction sites located within the immediate area and participated in a cycle safety event in conjunction with our 1 Dean Street contractor, Multiplex, Crossrail and the Metropolitan Police.

With many of the team working together on the project for over two years, in July 2016 the combined Rathbone Square project team collaborated to arrange a family day at Rathbone Square, to showcase the development to their families. Over 300 people attended this great team building event over the weekend, with activities available for children of all ages, from colouring and drawing to Rathbone Square lego. For several of the children it was their first opportunity to see a construction site and they were able to experience site tours, meeting Ivor Goodsite (the CCS scheme Health and Safety mascot) along the way. Many of the children were able to talk to a crane driver over the radio and help move a load and enjoyed looking at some of the machinery used on site in a safe environment. Guests were also able to view and manipulate the BIM model and tour the finished residential units using Virtual Reality.

In November 2016, members of the Rathbone Square project team also participated in the Centrepoint Sleep Out. As the leading charity for homeless young people, Centrepoint support in excess of 9,000 young people each year. Many of these young people are housed in hostels in central London and access the Centrepoint health centre located in Soho, close to Rathbone Square. Together, representatives of the GPE team, the contractor and three of the consultants involved in the project raised in excess of £20,000.

Our great team ethos has paid dividends with practical completion for the commercial office achieved on schedule and 2.5 million safe working hours worked on site without a lost time incident.

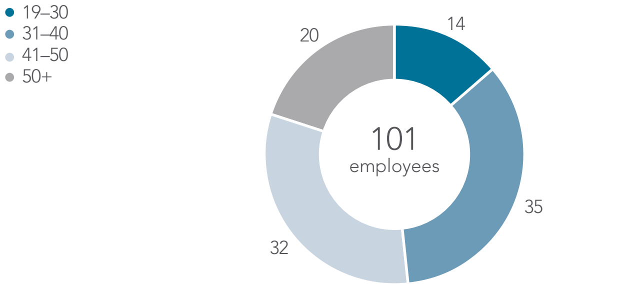
Our combined Rathbone team at the Centrepoint Sleep Out.

Our culture and people

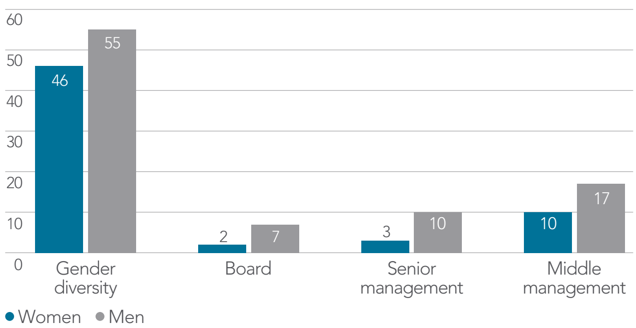
"We have built our organisation around four specialist areas of investment, development, asset and financial management in order to make the best use of specific expertise. However, everyone in the organisation knows that our success depends on us all working together as a single integrated team."

Sally Learoyd
Head of Human Resources

Employee profile age number of people



Employee profile gender diversity number of people



Promoting engagement

We believe that in order to deliver our strategy it is important that every member of our team is fully engaged. As our business has grown, it is key that we retain what is unique and best about GPE whilst at the same time evolving so we can continue to deliver outstanding results in our larger, more complex organisational environment. In the summer of 2016 we undertook our inaugural employee engagement survey which was completed by almost 90% of our employees and was designed, following six workshops with employees, to identify the areas that mattered to them most.

96%

of employees would recommend GPE as a great place to work

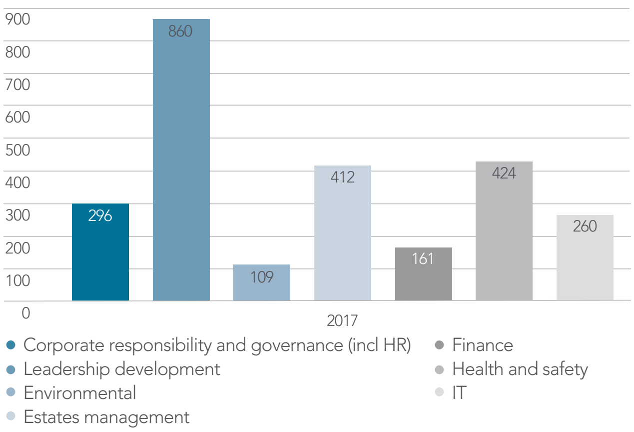
While the headline findings were positive, the survey gave us a significant amount of useful feedback which we then shared with our employees via a series of detailed presentations. Line Managers also used this feedback to discuss with their teams strategies to further improve teamwork. One area identified for improvement across the Company was our policy towards flexible working, including helping people improve their work-life balance. Following the survey results, we set up a working group to look at this in more detail with representatives from across all teams and levels. The group identified that people were mainly looking for informal flexible working options. On the back of this input, a Company-wide approach has been developed including flexible start/finish times and ad hoc working from home. Work is also ongoing on other areas including communication, systems and processes to help make employees' work easier and more fulfilling on a daily basis.

Unlocking our people potential

During the year ended 31 March 2017, £137,971 was invested in employee and Non-Executive Director training, providing 2,522 hours of training averaging 3.6 days per employee.

We have always encouraged our people to develop in their careers, providing professional development experience opportunities as well as funding and support for qualifications. In the year to 31 March 2017, we made behavioural profiling available to all of our people as a tool to help them both with their personal development and to optimise working relationships with colleagues both internally and externally. We also refocused our mid-year appraisal process towards discussion around each individual's Personal Development Plan.

Total number of training hours by type



As part of this process, Line Managers and their team members identified ways in which individuals could grow personally through expanding or changing their responsibilities, taking on different projects, identifying areas where they could benefit from coaching or undertaking some training programmes tailored specifically to their needs. As a result, we are creating a structured HR programme of activities that will enable us to grow the talent in our organisation to meet business needs as well as opening up further options for internal succession. On the training front, courses developed from needs identified in people's Personal Development Plans include how to communicate more effectively, presenting information better to others, improved time management and finance for non-financial people.

51% of our people have attended an in-house GPE specific course since January 2017.

In addition, in the year ended March 2017, we completed a 12-month long, in-depth, tailored Leadership Development programme for all of our 24 line managers including our Executive Committee which included behavioural profiling, workshops and coaching. All Line Managers also attended sessions on Mental Health at Work to identify how our employees can be better supported in their day-to-day work.

In 2017/18, our plans include:

– management/leadership training for our people who lead external teams; and
– for all employees, continuing provision of GPE specific training courses and workshops to enhance team-working skills.

Rewarding performance

The Board is responsible for setting our strategic priorities and monitoring performance against them – see pages 10 and 11. Our senior managers are accountable for working with their team members to develop appropriate annual objectives based on the nature of their role and for ensuring that everyone understands how they contribute to overall business objectives.

"You could see the difference the Leadership Programme made between the first and the third workshops and how we are now better equipped to both support each other and work to empower, encourage and motivate both within and across our teams, reinforcing GPE's positive culture."

Lisa Day
West End Regional Building Manager

"Having the opportunity to look differently at how you work and communicate with people across GPE and externally, was extremely useful."

Catherine Heath
Personal Assistant

All employees have mid-year and annual performance reviews. In addition, all employees participate in the Company's annual employee bonus plan, with a portion of their reward driven by performance against personal objectives and the balance triggered by GPE's corporate performance against key financial targets. As part of the leadership development programme, managers were also provided with training to help them with their role of giving constructive, developmental feedback to team members to enhance individual and team performance and to focus on what is important in relation to their performance during the year.

As part of the year-end remuneration process, the Executive Committee and the Senior Management Team review salary benchmarking against market competitors, individual performance against personal objectives, proposed discretionary bonuses and planned Long-Term Incentive Plan awards. The outcome of this process is then provided to the Remuneration Committee, which reviews remuneration levels proposed for all employees, and decides upon recommendations made for senior manager and Executive Director salary levels, bonus awards for achievement of personal objectives and proposed Long-Term Incentive Plan awards.

The base salary increase for employees for the year ending 31 March 2018 is 2%. Increases of more than 2% were given to some employees due to market realignment and/or increases in responsibility and contribution, such that the average increase in base salary for the year ending 31 March 2018 will be 3.6%.

All employees have the opportunity to participate in the Company's 'two for one' Share Incentive Plan (SIP) which encourages people to become investors in GPE and to share in the Company's financial success. 75% of employees participate in the SIP scheme.

3.6 days

training per employee

The Board

Non-Executive Director

Martin Scicluna
Chairman
BCom

Committee memberships:
Chairman of the Nomination Committee

Date appointed to the Board:
October 2008

Independent: Yes, on appointment

Skills and experience:
Chairman of RSA. Formerly Non-Executive Director and Chairman of the Audit Committee of Lloyds Banking Group following 34 years at Deloitte, including Chairman from 1995 to 2007. Age 66.

Current external commitments:
Chairman of RSA plc, Non-Executive Director, Senior Independent Director and Chairman of the Audit Committee of WorldPay.

Executive Directors

Toby Courtauld
Chief Executive
MA, MRICS

Committee memberships:
Chairman of the Executive Committee

Chairman of Sustainability Committee

Date appointed to the Board:
April 2002

Independent: No

Skills and experience:
Joined the Group in April 2002 as Chief Executive. Previously with the property company MEPC for 11 years, he gained broad experience ranging from portfolio management through to corporate transactions and general management as a member of the Group Executive Committee. Past President of British Property Federation. Age 49.

Current external commitments:
Member of the British Property Federation Board and Policy Committee, Director of The New West End Company, Non-Executive Director of Liv-Ex Limited, Member of the Council of Imperial College.

Nick Sanderson
Finance Director
BA (Hons), ACA

Committee memberships:
Member of the Executive Committee

Chairman of the Health and Safety Committee

Appointed to the Board: July 2011

Independent: No

Skills and experience:
Joined the Group in July 2011 as Finance Director. Formerly Partner, Head of Real Estate Corporate Finance Advisory at Deloitte, following ten years of real estate investment banking experience in Europe and Asia with Nomura, Lehman Brothers and UBS Investment Bank. Age 44.

Current external commitments:
Member of the Finance Committee of the British Property Federation, Member of the Reporting & Accounting Committee of EPRA.

Senior Independent Director

Charles Philipps
ACA

Committee memberships:
Member of the Audit Committee

Member of the Nomination Committee

Date appointed to the Board:
April 2014

Independent: Yes

Skills and experience:
Chief Executive Officer of MS Amlin plc and formerly a director of NatWest Markets. Age 58.

Current external commitments:
Chief Executive Officer of MS Amlin plc and Executive Officer of its parent company Mitsui Sumitomo Insurance, Trustee of the Outward Bound Trust.

Left to right:
Martin Scicluna, Toby Courtauld, Nick Sanderson, Charles Philipps, Wendy Becker, Nick Hampton, Elizabeth Holden, Richard Mully, Jonathan Short.

Non-Executive Directors

Wendy Becker
BASc, MBA

Committee memberships:
Member of the Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Date appointed to the Board:
February 2017

Independent: Yes

Skills and experience:
Non-Executive Director of NHS England and Deputy Chair of Cancer Research UK. Former Non-Executive Director of Whitbread PLC, Chief Executive of Jack Wills Ltd and a partner of McKinsey & Company Inc. Age 51.

Current external commitments:
Non-Executive Director of NHS England and Deputy Chair of Cancer Research UK.

Nick Hampton
MA (Hons)

Committee memberships:
Chairman of the Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Date appointed to the Board:
October 2016

Independent: Yes

Skills and experience:
Chief Financial Officer of Tate & Lyle, 20 years with PespiCo in a number of financial, commercial and operational roles. Age 49.

Current external commitments:
Chief Financial Officer of Tate & Lyle.

Elizabeth Holden
MA (Hons)

Committee memberships:
Member of the Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Date appointed to the Board:
September 2012

Independent: Yes

Skills and experience:
Formerly a corporate partner at Slaughter and May specialising in mergers and acquisitions, corporate advisory and governance matters. Age 49.

Current external commitments:
Non-Executive Director of Your Lifespace Ltd and HML Holdings plc.

Richard Mully
BSc (Hons), MBA

Committee memberships:
Member of the Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Date appointed to the Board:
December 2016

Independent: Yes

Skills and experience:
Non-Executive Director and Chairman of the Remuneration Committee of Aberdeen Asset Management, Senior Independent Director of St Modwen Properties and member of the Supervisory Board of Alstria Office REIT-AG. Formerly founder and Managing Partner of Soros Real Estate Partners LLC and Senior Independent Director at ISG and Hansteen Holdings. Age 55.

Current external commitments:
Non-Executive Director at Aberdeen Asset Management, Senior Independent Director at St Modwen Properties and Vice Chairman of the Supervisory Board of Alstria Office REIT-AG.

Jonathan Short
BSc, ACIB, FRICS

Committee memberships:
Chairman of the Remuneration Committee
Member of the Audit Committee
Member of the Nomination Committee

Date appointed to the Board:
March 2007

Independent: Yes

Skills and experience:
Founding Partner of Internos Global Investors LLP, a pan-European real estate investment management business. Previously CEO of Pramerica's real estate private equity business following 16 years in investment banking at Lazard, Barings and SG Warburg. Formerly a Non-Executive Director of Big Yellow Group plc. Age 55.

Current external commitments:
Executive Chairman of Internos Global Investors LLP and Deputy Chairman of Annington Limited Group.

Senior Management Team

Sally Learoyd
Head of Human Resources
MBA, FCIPD

Date joined the Group:
Joined the Group in 2015 as Head of Human Resources.

Experience and responsibilities:
Formerly HR Director for King & Wood Mallesons and previously with Hammerson. Responsible for human resource management and development across the Group.

Richard Moran
Head of Information Technology

Date joined the Group:
Joined the Group in January 2000 as IT Manager and appointed Head of Information Technology in 2015.

Experience and responsibilities:
Formerly IT Manager for Dalau Ltd. Responsible for operational and strategic aspects of technology across the Group.

Robin Matthews
Investment Director
MA (Hons), MSc, MRICS

Date joined the Group
Joined the Group in September 2016 as Investment Director and a member of the Executive Committee.

Experience and responsibilities
Former Property Director at Moorfield Group and previously with London & Capital Group and Colliers International. Responsible for overseeing the Group's new investment activities.

A member of the Group's Executive Committee.

Steven Mew
Portfolio Director
BSc (Hons), Dip PropInv, MRICS

Date joined the Group
Joined the Group in October 2016 as Portfolio Director and a member of the Executive Committee.

Experience and responsibilities
Former Director at McKay Securities. Previously with Gooch Webster. Responsible for driving the performance of the Group's Investment portfolio.

A member of the Group's Executive Committee and a Director of the Great Ropemaker Partnership.

James Mitchell
Head of Asset Management
MA, MRICS

Date joined the Group:
Joined the Group in November 2003 as Asset Manager and appointed Head of Asset Management in 2005.

Experience and responsibilities:
Formerly an Associate with Cushman & Wakefield, and previously with MEPC and Weatherall, Smith & Green. Responsible for the net income return of the portfolio across the Group.

A member of the British Property Federation Commercial Committee.

Janine Cole
Head of Sustainability
MIOSH, AIEMA

Date joined the Group:
Joined the Group in November 1998 as Health and Safety Administrator. Promoted to Safety, Health and Environmental Manager in 2002 and appointed Head of Sustainability in 2011.

Experience and responsibilities:
Formerly a Professional Services Administrator with National Britannia. Responsible for environment and health and safety management across the Group.

A member of the British Property Federation Sustainability Committee.

Martin Leighton
Head of Corporate Finance
LLB, ACA, CTA

Date joined the Group:
Joined the Group in January 2003 as Corporate Finance Manager and appointed Head of Corporate Finance in 2011.

Experience and responsibilities:
Formerly a Corporate Finance Assistant Director with Ernst & Young. Responsible for the day-to-day management of all tax affairs, transaction structuring, raising debt finance and interest rate risk management across the Group.

A member of the British Property Federation Tax Committee.

Left to right:
Sally Learoyd, Richard Moran, Robin Matthews, Steven Mew, James Mitchell, Janine Cole, Martin Leighton, Stephen Burrows, Marc Wilder, James Pellatt, Desna Martin, Andrew White, Hugh Morgan.

Stephen Burrows
Head of Financial Reporting and IR
BA (Hons), MA, ACA

Date joined the Group:
Joined the Group in September 2003 as Financial Accountant and appointed Head of Financial Reporting and Investor Relations in 2011.

Experience and responsibilities:
Formerly an Audit Manager in Ernst & Young's Real Estate Group and previously with the National Audit Office. Responsible for financial reporting, forecasting and investor relations across the Group.

A member of the British Property Federation Technical Accounting Group and the EPRA IR Committee.

Marc Wilder
Leasing Director
BSc (Hons), MRICS

Date joined the Group:
Joined the Group in June 2005 as Leasing Manager and appointed Head of Leasing in 2009. Appointed to the Executive Committee in July 2015 as Leasing Director.

Experience and responsibilities:
Formerly Head of Leasing at Benchmark plc, and previously with Threadneedle Asset Management and Hemingway Properties Limited. Responsible for leasing across the Group's investment portfolio and development programme.

A member of the Group's Executive Committee.

James Pellatt
Head of Projects
BSc (Hons), MRICS

Date joined the Group:
Joined the Group in March 2011 as Head of Projects.

Experience and responsibilities:

Formerly a Senior Director with Tishman Speyer and previously with More London Development and EC Harris. Responsible for setting procurement strategy and ensuring capital expenditure on all projects is completed in accordance with individual asset business plans across the Group.

Desna Martin
Company Secretary
BCom, FCA (Aust), ACIS

Date joined the Group:
Joined the Group as Company Secretary in October 1998.

Experience and responsibilities:
Formerly an Audit Senior Manager with Ernst & Young. Responsible for corporate governance across the Group.

Company Secretary for all joint venture companies.

Andrew White
Development Director
BSc (Hons), Dip IPF, MRICS

Date joined the Group:
Joined the Group in March 2013 as Head of Development. Appointed to the Executive Committee in July 2015 as Development Director.

Experience and responsibilities:
Formerly a Divisional Director at Kier Property and previously with BAA Lynton and Development Securities. Responsible for the total return of the development portfolio including the successful delivery of all development projects across the Group.

A member of the Group's Executive Committee, the GHS Limited Partnership Operational Committee and a Director of the Great Victoria Partnership.

Hugh Morgan
Head of Investment Management
BSc (Hons), MRICS

Date joined the Group:
Joined the Group in September 2007 as Investment Manager and appointed Head of Investment Management in 2010.

Experience and responsibilities:
Formerly a Director with Savills and previously with Nelson Bakewell. Responsible for generating and executing asset strategies for existing assets within the Group's portfolio including hold/sell decisions.

A member of the GHS Limited Partnership Operational Committee and a Director of the Great Wigmore Partnership.

Sustainability

We constantly strive to improve the sustainability credentials of our buildings. During the year we were proud to deliver our first EPC A rated property and sourced 100% of landlord purchased electricity from renewable sources.

"This year we broadened the reach of our Sustainability Policy, launched our first Supplier Code of Conduct, added health and wellbeing to our Sustainable Development Brief and implemented our Soft Landings approach across our entire development portfolio."

Janine Cole
Head of Sustainability

Operational measures

Change in total energy consumption across our managed buildings	0%	Number of F and G rated Energy Performance Certificates	20
BREEAM Excellent Ratings Achieved	30 Broadwick Street	GRESB Rating	Five star

Our approach

We aim to meet current and future tenant needs by future-proofing our buildings, whilst having regard to the wider environment in which our buildings are located. Through responsible development and management of our buildings, we can unlock the potential of our properties and enhance the long-term value of our business.

Our sustainability strategy is reviewed annually by the Sustainability Committee and approved by the Board. A gap analysis is undertaken to ensure that:

- current regulatory requirements are met and, where appropriate, exceeded;
- we evolve to keep pace and prepare for changes in legislation;
- our sustainability strategy reflects the expectations of our stakeholders;
- our sustainability strategy reflects industry best practice; and
- our sustainability strategy is compatible with our overall business strategy.

Our process

At the beginning of 2017, we relaunched our Environmental Policy Committee as the Sustainability Committee (chaired by Toby Courtauld) to look at issues such as Energy and Resource Use, Climate Change, Community, Education and Modern Slavery. We also relaunched our Corporate Responsibility Working Group as the Health and Safety Committee (chaired by Nick Sanderson), widening its remit to include security and terrorism.

Our Committees meet on a quarterly basis and are made up of representatives of teams across the Company.

During the year, the Sustainability Committee looked at issues such as the effective implementation of our Soft Landings approach, amendments to our Sustainable Development Brief, reviewed investor engagement on sustainability and considered the Group's performance in sustainability related indices. The Committee also regularly reviews the Company's watch list of lower rated EPCs to consider the impact of the forthcoming Minimum Energy Efficiency Standards.

Sustainability Committee

Toby Courtauld (Chair) Chief Executive
Nick Sanderson Finance Director
Steven Mew Portfolio Director
Desna Martin Company Secretary
James Pellatt Head of Projects
Janine Cole Head of Sustainability
Piers Blewitt Senior Development Manager
Peter Nolan Building Services Manager
Dominic Jackson Energy Manager

Health and Safety Committee

Nick Sanderson (Chair) Finance Director
James Pellatt Head of Projects
James Mitchell Head of Asset Management
Janine Cole Head of Sustainability (responsible for health & safety)
Peter Nolan Building Services Manager
Sam Keane Senior Facilities Manager
Mike Gould Regional Building Manager (City)
Brett Crawley Insurance Manager

During the year, we have been working on our 'Towards the 2030s' strategy, which will present our long-term vision for sustainability. The strategy will specify long-term goals in connection with reducing our impact on the environment, contributing to a more sustainable London, improving the wellbeing of our tenants and employees and working with the local community.

In addition to evaluating health and safety compliance across our portfolio, the Health and Safety Committee also reviewed issues such as the potential effect of Brexit on health and safety and environmental legislation and discussed the impact of changes to the Construction (Design and Management) Regulations 2015 and resultant changes to our procedures. The Executive Committee also approved new employee wellbeing policies and a mental health training programme for Line Managers.

Practising what we preach

In October 2016, we completed our Head Office refurbishment. New spaces were created to allow more agile working, with focus rooms, a quiet room and an open, relaxed, social 'collision' space to hold informal meetings both internally and with external visitors. We also renewed our office space, relocated our meeting room suite and significantly upgraded our IT equipment to enable more interactive discussions in meetings and flexible working. This was no mean feat with the work undertaken whilst we remained in situ.

The principles of sustainable design are integral to all projects undertaken by the Company and expectations were equally high for our head office refurbishment. We set our team challenging targets, looking for a SKA Gold rating, specified that at least 95% of the waste generated should be diverted from landfill and that the team should target a Considerate Constructors Scheme score of 40.

The design included new energy-efficient lighting systems with LED light fittings and presence detectors and water saving devices within washrooms. Improved waste segregation measures were also specified to improve head office recycling rates.

All new fixtures, fittings and finishes were assessed under responsible sourcing guidelines set by SKA and we reused as much furniture as possible. Where furniture and IT equipment could not be reused, either within our head office or at our properties, we were able to donate much of what remained to schools and charities. Where waste could not be reduced or reused it was recycled, with 96% of the waste created diverted from landfill. To ensure a smooth transition to operation, a user guide was produced and a soft landings process followed to ensure that out head office facilities team were fully briefed on the refurbishment.

We were delighted that the hard work of the project team was rewarded with a score of 43 and a Performance beyond Compliance certificate from the Considerate Constructors Scheme, a considerable achievement given the close proximity to other tenants. The project went on to win a silver award at the annual Considerate Constructors Scheme awards. We also achieved our goal of a SKA Gold rating.

"Great Portland Estates plc expect their design teams and contractors to consider sustainability in everything that they do, irrelevant of the size and scale of the project. Their head office refurbishment was no different."

Rob Smith Senior Project Manager, Overbury Plc

Sustainability

Collaborating and innovating at 30 Broadwick Street, W1

30 Broadwick Street, W1 has impressive sustainability credentials. A new build 92,300 sq ft office building with retail at ground and basement, the property was our first to achieve an Energy Performance Certificate Rating of A and benefits from mixed mode ventilation with openable windows and a VRF air conditioning system. The building also has a photovoltaic array and a green wall, achieving a BREEAM Rating of Excellent and full Forest Stewardship Council Chain of Custody Project Certification.

Starting in 2015, we used 30 Broadwick Street as our pilot building for our Soft Landings approach. A Soft Landings Co-ordinator was appointed, a programme of meetings was established and building walk rounds undertaken to familiarise the property team with the design features of the building early in the construction process.

This early access allowed the property team to provide input on the servicing strategy of the building, influence the waste strategy and advise on the best location of key security features to improve the operation of the building.

The use of BIM (Building Information Modelling) during the design and construction of the building helped deliver it as efficiently as possible. In addition, for the first time, the team could also pass on digital information from planning through construction to the operation of the building. This enabled the team to provide potential maintenance contractors with necessary information on the building services ahead of practical completion to enable the maintenance contract to be competitively bid well before completion.

Due to the early involvement of the building management team and the timely appointment of the maintenance contractor, the operational training programme was tailored to the needs of the contractor and building management team in collaboration with the design team, Principal Contractor and commissioning engineers. At practical completion, due to their comprehensive knowledge of the building and its systems, both the contractor and the building management team were well placed to assist tenants in their fit out process.

The next stage of the process at 30 Broadwick Street will be for seasonal commissioning to be undertaken to ensure that systems work efficiently under peak load during the summer and in the winter. An analysis of energy consumption in use will then be undertaken to allow a comparison to be made with the projected operational usage forecast at design stage.

"Use of the BIM model in both the construction and operation of the building has already paid dividends, enabling the early appointment of the Mechanical and Electrical contractor and resulting in a cohesive team upon handover of the building."

James Pellatt
Head of Projects

Managing our sustainability risks:

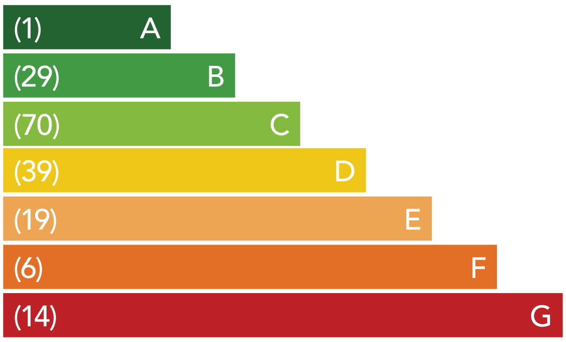
Responding to Minimum Energy Efficiency Standards

We operate a watch list of E, F and G rated buildings, not only due to Minimum Energy Efficiency Standards coming into effect in April 2018, which prohibit the letting of spaces with Energy Performance Certificates (EPC) ratings of F and G, but also to reduce energy costs for our tenants. Whilst some of our 20 F and G rated units may be exempt due to the payback period of measures to improve energy efficiency, we are actively reviewing how we can improve our lower rated buildings as demises fall vacant.

For acquisitions, where EPC ratings are below an E rating, consideration is given to the level of further investment required to improve the EPC prior to purchase. Costs related to introducing energy efficiencies are included in all refurbishment plans and prior to the commencement of a refurbishment, the EPC for a demise is reviewed to ensure that the works target an improvement in EPC rating by at least one grade.

During the year to March 2017, we reduced the number of F and G rated Energy Performance Certificates from 23 to 20, with our first EPC A rated building, 30 Broadwick Street, launched in November 2016. 10 of the F and G rated demises relate to retail units and are lower rated as a result of the current tenants' fit out. The remaining ten relate to listed buildings. In all cases we will be looking to improve the rating once the demise is vacated, and where the payback period is prohibitive, we will register an exemption via the Private Rented Sector Exemptions Register.

Our buildings' energy performance ratings



We recognise that EPC ratings are a measure of the potential energy efficiency of a building rather than a reflection of actual energy consumption. During the year, in order to benchmark the energy efficiency of our managed buildings against similar buildings owned by other organisations, we participated in the Better Buildings Partnership (BBP) Real Estate Energy Benchmark (REEB) along with 22 other member organisations. Out of 23 participants, we were pleased to be placed third in the index.

There is growing recognition within the property industry that buildings with higher EPC ratings (e.g. A+, A and B ratings) are often using more energy that their designers originally anticipated. In light of this, we fully evaluate potential operational energy usage at design stage using the CIBSE Technical Memorandum (TM54) and then compare this against actual operational usage as part of our Post Occupancy Evaluation Process to ensure that our buildings are being operated as designed.

Delivering buildings that meet tenants' needs

It is essential that our developments operate as designed to meet our tenant's high expectations.

During the year we rolled out the brief for our Soft Landings approach, which ensures the transition of our buildings through the construction phase, commissioning, fit out and into occupation is managed effectively on all our active developments, irrelevant of the size or stage. A member of the team now acts as Soft Landings Co-ordinator to oversee the process and manage the outcomes of regular meetings between the design, project and operational team, ensuring that the Services Consultant and our Building Services Manager provide essential information from the commissioning process to the building management team in the run-up to practical completion.

The end result of which is as smooth a handover as possible to our tenants as they commence their fit out.

Looking to our future developments, we are mindful of occupiers evolving requirements which we are addressing through our Disruption Project involving individuals from across all of our teams.

+ **See our development pipeline** on pages 38 and 39

Adapting to climate change

We make a significant effort to reduce our contribution to climate change through the efficient use of resources both during the development of our buildings and also once they are let. However, we recognise that there is an increased likelihood of extreme weather events as a result of climate change and that these events could potentially affect building structure, systems, materials and the health and safety of building occupants. There is a risk that such events could have knock-on effects in connection with business continuity for our tenants and impact on the longevity of the building itself.

We, therefore, review our building's design to ensure that it is capable of withstanding the impacts of extreme weather events that may arise from climate change. As part of this process, we carry out a site specific systematic climate change adaptation risk assessment for all projects. This assessment typically covers the effects of climate change on overheating, cooling and plant sizing and any impact it may have on the building structure or durability. Early in the building design, we undertake a flood risk review and look at measures such as urban drainage systems and greening measures to reduce the impact of surface water run-off from our buildings. The installation of green walls and green roofs, as well as having a positive impact on biodiversity and assisting in reducing air pollution, also help to reduce the impact of the heat island effect by cooling walls.

Due to the increased likelihood of drought, we also look to install water saving devices and water harvesting measures where appropriate.

Addressing the skills gap

In order to ensure that we can continue to build the workplaces and homes of the future, it is essential that we support local skills and opportunities to help support the skilled workforce of the future. We also want to assist the communities in which we are developing and managing our buildings access training and job opportunities. We, therefore, encourage our supply chain to actively engage with apprenticeship programmes and during the year, across our development portfolio, 53 apprentices were appointed on-site.

To encourage young people to pursue careers in building related disciplines, we support educational initiatives that help promote the property industry. Working with our contractors, we look to establish links with educational initiatives at all our development projects. During the year to March 2017, we supported a variety of initiatives including attendance of careers fairs, visiting local schools and participation in the Construction Industry 'Open Doors' event.

Setting standards:

Working with our supply chain to eradicate Modern Slavery

In September 2016, in accordance with the Modern Slavery Act 2015, we published our inaugural Modern Slavery Statement. Alongside our statement, we also introduced a Supplier Code of Conduct and updated our Sustainability Policy Statement to include requirements in connection with ethical working practices, human rights, child labour, forced labour, working hours, wage and benefits and apprenticeships.

Earlier in the year, we completed an initial risk assessment of our supply chain to identify suppliers who might be more likely to employ people at risk of modern slavery or human trafficking by virtue of the industry in which they operated. Our Modern Slavery Statement, Supplier Code of Conduct and Sustainability Policy Statement, which outline our expectations, were sent to all these suppliers. We also inserted compliance clauses into all asset management contracts and made the payment of the London Living Wage a condition of employment for suppliers engaged at our managed properties.

During the year, we provided training on the Modern Slavery Act for 45 members of our development, asset management, building management and company secretarial teams to help them understand how modern slavery might manifest itself in our industry. In addition, we also carried out a pilot audit at one of our construction sites to ascertain how we might roll out an audit programme for all our active development sites, which would not only address modern slavery, but also provide constructive feedback on welfare matters more generally.

45%

of GPE employees have attended Modern Slavery Act training

Westminster University students presenting to James Pellatt, Head of Projects and Ian Cartwright, Project Manager.

Supporting local universities to bridge the gap between education and employment

Since 2013, we have had an active programme working with and supporting Westminster University in delivering their building-related degrees programme. This has involved hosting building visits for students at key points during the construction process of a number of our buildings, most recently at 240 Blackfriars Road, SE1, 95 Wigmore Street, W1 and 30 Broadwick Street, W1. GPE Project Managers have also provided presentations at the university to provide students with real life examples on which to base their studies.

During the year ended 31 March 2017, we supported the Procurement and Project Management module, using our 55 Wells Street, W1 development for site tours. We provided technical support on Building Information Modelling, development appraisals and the project life cycle. Our Project Managers also attended the university to give a client briefing session to provide details on the scope of the project. The students then produced a project brief giving consideration to programming, procurement and delivery aspects of our 55 Wells Street scheme and presented their views in our Board room with questions and feedback given by members of our Project Management team.

"Partnering with GPE on our construction studies degree programme has provided our students with real life scenarios on which to base their studies. The opportunity to present their proposals to property experts in a board room environment has been an invaluable experience and will go a long way to preparing them for their first role."

Martin Ball
Undergraduate Programme Leader
Construction Studies, University of Westminster

Sustainability

Maintaining high health and safety standards

We are committed to maintaining the highest standards of health and safety at our buildings in order to minimise the risk of accidents and incidents to our tenants, contractors and employees, and also to comply with legislation.

As works undertaken at our buildings are outsourced to contractors, much of our health and safety risk is in connection with the activities of our contractors. Communication with our contractors on health and safety is therefore key. We review the health and safety record of all our contractors prior to instruction, ensuring that appropriate risk assessments and method statements are provided ahead of start on-site. We also provide our employees with regular health and safety training updates to ensure that changes to legislation and policy updates are communicated as soon as possible.

Whilst we work hard to minimise the risk of accidents and incidents at our buildings, where accidents occur, all are fully investigated by the Building Manager or Project Manager with input from members of the Health and Safety Committee and the Head of Sustainability as required. Details on follow-up actions following significant accidents and incidents are provided to the Executive Committee and Board where appropriate. A report on accidents and near misses at our managed buildings and development sites is provided to Executive Committee and an annual report is provided to the Board.

Health and Safety statistics

	2014	2015	2016	**2017**
Number of reportable injuries	0	2	0	**0**
First aid injuries	10	10	12	**9**
Three day injuries	0	0	0	**0**
Work related fatalities	0	0	0	**0**
Number of enforcement notices or fines	0	0	0	**0**
Employee accidents and incidents	2	2	3	**1**
Number of employee days off work from injury	0	0	0	**0**

We recognise that our employees are our most valuable resource. During the year, we updated our employee wellbeing policies, introduced flexible working and provided Mental Health at Work training for all Line Managers. In 2017/18, we will be relaunching our Employee Assistance Programme and providing Personal Resilience training for all our employees.

0

Number of reportable injuries

Greenhouse Gas Emissions Statement

Our Greenhouse Gas Emissions Statement includes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 for the financial year to 31 March 2017 and includes further comparison on a like-for-like basis.

For more information on our carbon emissions including emissions adjusted for market based factors. See our Environmental Data Report **www.gpe.co.uk/sustainability/our-performance**

	2017 (Tonnes of CO_2e)	2016 (Tonnes of CO_2e)
Scope 1		
Combustion of fuel and operation of our facilities	**2,523**	2,889
Operation of facilities (refrigerants)	**402**	127
Scope 2		
Electricity, heat, steam and cooling purchased	**6,667**	6,634
Head office usage	**79**	90
Total footprint	**9,671**	9,740
Intensity Measure		
Emissions per m^2 gross internal area	**0.0385**	0.0398
Like-for-like emissions		
Absolute emissions on a like-for-like basis	**9,131**	9,588
Emissions per m^2 on a like-for-like basis	**0.0377**	0.0396

Like-for-like data compares emissions at properties held for the entirety of 2016 and 2017.

Independent assurance

Independent assurance is provided by Deloitte LLP in accordance with the International Standard on Assurance Engagements (ISAE 3000).

Our methodology

For our Greenhouse Gas Emissions Statement, we have used the operational control consolidation method as this best reflects our property management arrangements and our influence over energy consumption. For the first time this year we have normalised our scope 1 emissions to take account of degree days. We have restated our 2016 figures in line with this approach. Included in our operational control data are emissions from our managed properties (including 100% of emissions from joint venture properties) and head office usage. Not included within this data are tenants' usage or emissions from our development sites as these are considered to fall out of our scope 1 and 2 emissions. Emissions in relation to our development sites are reported separately on our website, **www.gpe.co.uk/responsibility**. Emissions from vacant space have been excluded as the related carbon emissions are below a materiality threshold of 5%. There are no Company-owned vehicles to be reported.

We have used DEFRA Environmental Reporting Guidelines and the Greenhouse Gas Protocol to calculate our emissions.

Our approach to risk

The successful management of risk is critical for the Group to deliver its strategic priorities. Whilst the ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is integral in the way we do business and the culture of our team, where the attitude to risk is that of collective responsibility.

Our organisational structure, with close involvement of senior management in all significant decisions, combined with our prudent and analytical approach, is designed to align the Group's interests with those of shareholders.

Setting and monitoring our 'risk appetite'

The Group's overarching risk appetite is set in the context that we focus on only one market that we know inside out – central London. We also operate out of a single head office within close proximity to all of our properties. However, because our market is cyclical, we apply a disciplined approach to managing our operational risk, in particular our development exposure, in tune with market conditions whilst always maintaining low financial risk through conservative financial leverage.

We use a suite of key operational parameters as an important tool to set and then measure the Group's risk profile. These parameters consider, amongst others, the Group's size, financial gearing, interest cover, level of speculative and total development exposure, and single asset concentration risk. These parameters are revisited annually as part of the Group's Strategy Review and reviewed at each Board meeting. Both the Group's actual and forecast position over the next five years against these parameters are monitored.

+ See our operational measures on pages 22 and 23

How we manage our risks

We believe that effective management of risk is based on a 'top-down' and 'bottom-up' approach with inherent lines of defence outlined on page 66 which include:

- our strategy setting process;
- the quality of our people and culture;
- established procedures and internal controls;
- policies for highlighting and controlling risks;
- regular oversight by the relevant Committees; and
- a clear reading of market conditions and the cycle.

Given the market uncertainty following the EU referendum, in early September 2016 we held a series of lunchtime presentations for all employees based upon the risks disclosed in last year's Annual Report and how the Executive Directors assessed the impact and likelihood of these risks had changed, along with actions that individual teams should take to address these changes.

How the Board monitors the Group's principal risks

The Group's principal risks and the processes through which the Company aims to manage these risks are outlined on pages 66 to 75. Ongoing monitoring of our principal risks and controls by the Board is undertaken by:

- relatively low levels of authority for transactions requiring Board approval – see pages 84 and 85, with investment transactions and development approvals requiring, amongst others, consideration of the impact on financial leverage, interest cover and portfolio risk/composition;
- the Executive Directors' oversight of all day-to-day significant decisions with a copy of the weekly Executive Committee minutes provided to the Non-Executive Directors;
- the Chief Executive reporting on the market conditions dashboard, operational parameters and people at each of the scheduled Board meetings;
- members of the Executive Committee providing a review on the development programme, occupational markets and key property matters at each of the scheduled Board meetings;
- the Finance Director reporting on the Group forecasts including actual and prospective leverage metrics, the tenant watch list and delinquencies, and health and safety at each of the scheduled Board meetings;
- Senior Managers attending the Board and Audit Committees as appropriate to discuss specific risks either across the business, such as health and safety and cyber, or relating to transactions; and
- the Audit Committee meeting with the valuers twice a year to better understand market conditions and challenge the assumptions underlying the valuation.

Risk Assessment

As part of a robust assessment of the principal risks facing the Group, at the half year and year end, the Group's principal risks including those that would threaten its business model, future performance, solvency and liquidity, the controls in place to mitigate them and how key controls operated in the preceding six months were reviewed by the Executive Committee, the Audit Committee and the Board. A description of the Group's principal risks, steps taken to mitigate those risks, together with an assessment of the impact and likelihood of each and how the risks have changed in the year is shown on pages 68 to 75.

Our approach to risk

Board oversight of risk

Board

- Nomination Committee
- Audit Committee
- Remuneration Committee

Executive Committee

Operational Committee oversight

Weekly	**Quarterly**
Development management	Strategy update
Asset management	Health and Safety
Investment management	Development management review
Financial management	Asset management review
	Sustainability

Policies for highlighting and controlling risk

Third line of defence

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

Procedures and internal controls

Second line of defence

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	Whistleblowing policy

People and culture

First line of defence

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

Our focus during the year

With the more challenging market conditions as a result of the uncertain economic environment following the EU referendum, the focus on our strategy and business model, and the clear linkage back to overarching strategic priorities and operational parameters, have been revisited at all of our scheduled Board meetings. Three significant areas identified for particular focus, and addressed in light of this increased uncertainty, have been:

– the continued strong and pragmatic leasing activity across our development and investment portfolios

+ See more on pages 40 and 41

– continuing to crystallise profits through sales of 73/89 Oxford Street and Rathbone Square

+ See more on pages 14 and 15, 18 and 19, and 34 and 35

– reducing our financial risk with our leverage now at record low levels.

+ See more on pages 43, 45 and 46

This year, we have also amended our 2015/16 market risk of a 'potential economic downturn' to a 'worsening macro-economic environment for property investment' to reflect better the risk as it relates to GPE.

Emerging risks

The risks identified on pages 68 to 75 are risks that impact us as of today. However, we are also mindful that we need to consider other potential emerging principal risks in advance of them affecting us, including:

– in designing our buildings, taking into account that how people use offices may change over time together with the impact of climate change. We are considering both of these through our Disruption Project outlined more on page 38; and

– tenants becoming more 'fleet of foot' and willing to move to new areas within central London where they perceive they will obtain greater value or where the buildings and/or the area appeal more to their employees. With good transport being a big deciding factor in occupiers' decisions, in addition to the work we are doing looking at building design within the Disruption Project, we are well positioned with 85% of our buildings within walking distance of a Crossrail station.

Viability statement

Assessment of the Group's prospects

In accordance with provision C.2.2 of the 2014 Revision of the UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months that has been required by the 'Going Concern' provision. This longer-term assessment supports the Board's statements on both viability, as set out below, and going concern as set out on page 132.

The Group's future prospects are assessed primarily through its annual Strategy Review. This review is led by the Chief Executive drawing on expertise from across our integrated team. It includes an assessment of the macro-economic environment, forecasts of key property market metrics (including yields and rental value growth), annual valuation progressions for each of its assets and full forecast financial statements for a five-year period, with a primary focus on the first three years. The three-year period is considered an optimum balance between our need to plan for the long term and the shorter-term nature of our active business model, which includes high levels of recycling of our property portfolio and a committed development programme which completes over the next nine months.

The key outputs from this process are financial forecasts, summarised in a dashboard, which analyse profits, cash flows, funding requirements, key financial ratios and headroom in respect of the financial covenants contained in the Group's various loan arrangements. The Strategy Review is considered by the Board in early April and thereafter the financial forecasts are updated and presented for regular review by the Board. For the year ended 31 March 2017, following the result of the EU referendum the Group's forecasts were updated on a more frequent basis to reflect the heightened levels of uncertainty.

The Group's financial forecasts contain a number of assumptions, including:

– estimated year-on-year movements in rental values and yields for each of our key sub-markets;

– the refinancing of the Group's debt facilities as they fall due within the forecast period;

– the completion of the Group's committed development programme and the commencement of its near-term projects;

– the Group maintains its preference for low financial leverage; and

– forecast interest rates.

Assessment of viability

Further sensitivity analysis was undertaken to flex the financial forecasts under a variety of macro-economic scenarios, both positive and negative. The negative scenarios included stress testing the resilience of the Group, and its business model, to the potential impact of the Group's principal risks, or a combination of these risks. Specifically, the Board considered the impact of a significant economic downturn leading to asset value declines; similar to the market movements of 2008/9. In addition, a further reverse stress test was carried out to understand how far property yields would need to rise, or rental values fall, before the Group was at risk of breaching the financial covenants contained in its various loan arrangements.

The results of this sensitivity analysis showed that the Group would be able to withstand the impact of these scenarios over the period of the financial forecast.

Viability statement

Whilst the directors have no reason to believe that the Group will not be viable over a longer period, based on this assessment of the prospects and viability of the Group the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 March 2020.

Our approach to risk

How we manage risk

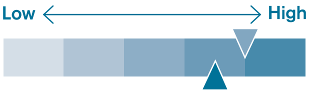
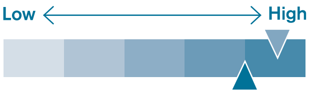
Market risk

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Central London real estate market underperforms other UK property sectors.	Reduced relative performance.	■ ◆ ●	The execution of the Group's strategy covering the key areas of investment, development and asset management is adjusted and updated throughout the year, informed by regular research into the economy, investment and occupational markets. The Group's strategic priorities and transactions are considered in light of regular review of dashboard lead indicators and operational parameters. The Group aims to maintain low financial leverage throughout the property cycle.
Weakening macro-economic environment for property investment.	Property valuations may decline, with increased property, yields and reduced tenant demand for space.	■ ◆ ●	Regular economic updates are received and scenario planning is undertaken for different economic cycles, including various potential UK exit arrangements from the EU. The Group aims to maintain low financial leverage throughout the property cycle.
Heightened political uncertainty and potential negative economic impact following EU referendum.	Reluctance by investors and occupiers to make investment decisions whilst outcomes remain uncertain and/or reduced attractiveness of London as a global commercial centre.	■ ◆ ●	The Group's strategic priorities and transactions are considered in light of these uncertainties. The Group's financial forecasts and business plans continue to be prepared under a variety of market scenarios, including to reflect different potential exit arrangements from the EU, with the frequency of updates increased following the referendum result. Lobbying property industry matters is undertaken by active participation of the Executive Committee members through relevant industry bodies. The Group aims to maintain low financial leverage throughout the property cycle. The Group has a diverse tenant base with around 11% in the financial service sector, including only c.1% in the investment banking, securities trading and insurance sectors (which are perceived to be most at risk in London to any adverse impact of the UK's exit from the EU).

Investment management

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Incorrect reading of the property cycle through poor investment decisions and/or mis-timed recycling of capital.	Not sufficiently capitalising on market investment conditions.	■ ◆	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Regular review of property cycle by reference to dashboard of lead indicators. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate rotation of those buildings with limited relative potential performance. Regular review of the prospective performance of individual assets and their business plans including with joint venture partners where relevant.
Inappropriate asset concentration, building mix, tenant covenant quality and exposure, lot size and joint venture exposure.	Reduced liquidity and relative property performance.	■ ◆ ●	Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding. The Group has a diverse tenant base with its ten largest tenants representing only 27.0% of rent roll. Tenants' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions.

■ Crystallise profits through recycling ◆ Deliver development programme ● Drive rental growth

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
↑	↗		The central London real estate market underperformed the wider UK market during the year ended 31 March 2017, demonstrated by IPD's universe TPR exceeding IPD's central London by 79 basis points on an absolute basis. This is the first year of relative underperformance since 2009, driven by central London office yield expansion immediately following the EU referendum, with rental levels also subsequently marginally falling resulting in property valuations falling. The expectation of potential further rental declines over the next 12 months combined with the preceding seven years of outperformance means the likelihood of this risk after mitigation has marginally increased. + **Our market** on pages 27 to 31
↑	↗		The macro-economic growth and interest rate outlook has become more mixed over the last 12 months, in part driven by a more uncertain geo-political outlook associated with the EU referendum result, a number of recent and upcoming European elections (including in the UK) and the impact of the change in the US presidency. When combined with continued stock market and increased foreign exchange market volatility, the likelihood of this risk has increased. However, having sold £727.0 million of properties in the financial year the Group's financial strength, including a current pro forma loan to value of only 12.2%, means that it is well positioned. + **Our market** on pages 27 to 31
↑	↗		Although investor and occupier demand for London commercial property has remained broadly resilient since the EU referendum, the negotiations to leave the EU may result in arrangements that are damaging to the UK economy and/or central London, further increasing the impact and likelihood of this risk from last year. The negotiations together with the transition is expected to take several years, creating uncertainty which may impact investment, capital, financial and occupier markets. In the long term, exit from the EU could reduce levels of investor and occupier demand as a result of reduced trade and relocation of corporations and financial institutions away from the UK. These risks would likely be further increased by any additional impediments for London's businesses to access talented employees from the EU and beyond. + **Our market** on pages 27 to 31

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
↗	↗		The Group has continued to profitably recycle capital against a backdrop of a surfeit of buyers to sellers in the investment market, with sales totalling £727.0 million in the year. £71.0 million of bolt-on, off-market acquisitions secured during year and lack of available stock mitigated by depth of opportunity in current portfolio with 40% in the future development pipeline. However, the prevailing market uncertainty has increased the likelihood of this risk. + **Case studies** on pages 14 and 15, and 18 and 19 **Investment management operational measures** on page 34 **Our market** on pages 27 to 31 **Investment management** on pages 34 and 35
→	→		The Group continues to monitor its portfolio mix and asset concentration risk. Following our sale of Rathbone Square, W1, our largest asset is now only 8.4% of the total portfolio and 18.0% of the portfolio was held in joint ventures at 31 March 2017. + **Valuation** on pages 32 and 33

2017 2016

Our approach to risk

How we manage risk

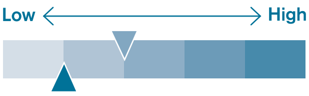
Asset management

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Poor management of voids, rental mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments.	Failure to maximise income from investment properties.	●	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments and liaise regularly with external advisers to ensure correct pricing of lease transactions. Tenants' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions. Although many tenants all-in occupational costs will increase in 2017 given the increase in business rates, our low average office rents of only £50.10 per sq ft are expected to provide some protection to our tenants.

Development management

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
An inappropriate level of development undertaken as a percentage of the portfolio.	Underperformance against KPIs.	◆	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed to when pre-lets obtained and/or market demand and supply considered to be sufficiently supportive.
Poor execution of development programme through: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – failure to reach agreement with adjoining owners on acceptable terms; – level of speculative development; – incorrect cost estimation; – construction cost inflation; – contractor availability and insolvency risk; – insufficient human resources; – a building being inappropriate to tenant demand; – weak demand for residential apartments; – quality and benchmarks of the completed buildings; – construction and procurement delays; – ineffective marketing to prospective tenants; and – poor development management.	Poor development returns.	◆	See Market risk on page 68. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Early engagement and strong relationships with planning authorities. Early engagement with adjoining owners. Benchmarking of costs with comparative schemes. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk with construction costs now fixed on over 98% of committed schemes' capital expenditure. Internal and external resourcing requirements regularly reviewed by the Executive Committee, Development Director and Head of Projects. Third party resource expertise used to support in-house teams, where appropriate. Due diligence is undertaken of the financial stability of demolition, main contractors and material sub-contractors prior to awarding of contracts. Working with agents, potential occupiers' and purchasers' needs and aspirations are identified during the planning application and design stages. In-house Leasing/Marketing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing/marketing objectives. All our major developments are subject to BREEAM ratings with a target to achieve a rating of 'Very Good' on major refurbishments and 'Excellent' on new build properties. Proactive liaison with existing tenants before and during the development process. Selection of contractors and suppliers based on track record of delivery and creditworthiness. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Regular review of the prospective performance of individual assets and their business plans with joint venture partners. Post-completion reviews undertaken on all developments to identify best practice and areas for improvement.

■ Crystallise profits through recycling ◆ Deliver development programme ● Drive rental growth

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
↗	↗		The Group continues to maintain a relatively low void rate which was 6.8% at 31 March 2017, up from 3.1% a year ago given recent development and refurbishment completions. No tenant delinquencies during the year to 31 March 2017. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. During the year, we secured £20.5 million of new rental income including £8.3 million of development lettings. However, given that our vacancy rate, along with the overall vacancy rate across the central London office market, has increased by 3.7% over the last year to 6.8% and the market uncertainty, the likelihood of this risk has risen. + **Case studies** on pages 12 to 21 **Asset management operational measures** on page 40 **Asset management** on pages 40 and 41 **Our approach to sustainability** on page 58

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
↗	↘		The Group's committed development exposure has reduced significantly over the year, from 26% of the total portfolio 12 months ago to only 12% at 31 March 2017, with only 34.8% being on speculative basis. As a result, the impact of this risk has fallen. + **Case study** on pages 20 and 21 **Development management** on pages 36 to 39
↗	↘		The Group's development exposure has significantly decreased since 31 March 2016 following four scheme completions and the profitable forward sales of pre-let schemes at 73/89 Oxford Street, W1 and Rathbone Square, W1. The Group currently has only three schemes on-site with a combined GDV £414.8 million which are already 65.2% de-risked through residential unit pre-sales and with capex to come of only £44.5 million. Whilst the Group's committed development exposure has reduced significantly during the year, the more uncertain market conditions mean the risk likelihood after mitigation is unchanged. + **Case study** on pages 20 and 21 **Development management operational measures** on page 36 **Development management** on pages 36 to 39 **Our approach to sustainability** on page 58

▼ 2017 ▲ 2016

Our approach to risk

How we manage risk

Financial risks

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Limited availability of further capital.	Growth of business is constrained or unable to execute business plans.	■ ◆ ●	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.
Increased interest rates and/or a fall in capital values.	Adverse market movements negatively impact on debt covenants.	■ ◆	Consistent policy of conservative financial leverage. Regular review of current and forecast debt levels and financing ratios under various market scenarios. Our annual Business Plan which is regularly updated includes stress tests considering the impact of a significant deterioration in the markets in which we operate. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 31 March 2017. We estimate that, absent any mitigating management actions, values could fall by around 62% from their 31 March 2017 levels before Group debt covenants could be endangered.
Inappropriate capital structure.	Sub-optimal NAV per share growth.	■ ◆	Regular review of current and forecast capital requirements and gearing levels and financing ratio.

People

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Incorrect level and mix/retention of people to execute our business plan, combined with inability to attract, develop, motivate and retain talent.	Strategic priorities not achieved.	■ ◆ ●	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 six-monthly appraisal system to provide regular assessment of individual performance. Benchmarking of remuneration packages of all employees is undertaken annually. Annual personal development planning and ongoing training support for all employees together with focused initiatives to nurture potential successors. Focus on people engagement with regular two-way communication and responsive employee-focused activities e.g. flexible working. High profile, attractive development pipeline and high quality assets to manage.

■ Crystallise profits through recycling ◆ Deliver development programme ● Drive rental growth

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
→	→	Low ⟷ High 	The Group has continued to extend the maturity ladder of its debt financing and maintain diverse funding sources. During the year, the Group extended the maturity of its £450 million revolving credit facility to October 2021 and raised £175 million of seven year private placement notes. As a result, the Group's weighted average debt maturity has increased to 6.4 years. Cash and undrawn credit facilities were £378 million at 31 March 2017 and committed capex to come has fallen from £269.9 million 12 months ago to £44.5 million today. + **Our capital discipline** on pages 45 and 46 **Our financial results** on pages 42 to 44 **Notes 16 and 17 forming part of the Group financial statements** on pages 156 to 160
↗	↘	Low ⟷ High 	Having delivered seven years of like-for-like positive property valuation growth, this year's decline of 4.9% may reflect the market cycle inflection point and over the next 12 months we expect rental growth to be flat to marginally down along with modest yield expansion for secondary properties. Whilst broader economic and political uncertainties have kept global interest rates at very low levels, there remains an expectation of increases in UK interest rates in the medium-term given increased inflation and increasing US interest rates. However, this risk likelihood after mitigation is unchanged given our significant headroom against debt covenants and 100% of the Group's debt being at fixed or hedged interest rates. + **Our capital discipline operational measures** on page 45 **Our capital discipline** on pages 45 and 46 **Our financial results** on pages 42 to 44 **Notes 16 and 17 forming part of the Group financial statements** on pages 156 to 160
→	→	Low ⟷ High 	The Group's existing capital structure is well placed to take advantage of opportunities as they arise and to deliver our remaining development commitments. + **Our capital discipline** on pages 45 and 46 **Our financial results** on pages 42 to 44

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
→	→	Low ⟷ High 	The motivation of our people remains fundamental to the delivery of our strategic priorities. However, staff retention is high at 89% and 96% of participants in our inaugural employee engagement survey stated that they would recommend GPE as a great place to work. The risk likelihood after mitigation is unchanged over the year with our new Investment Director and Portfolio Director both settling in well, combined with various successful HR initiatives. + **Our culture and people operational measures** on page 50 **Our culture and people** on pages 50 to 57 **Remuneration report** on pages 104 to 130

▼ 2017 ▲ 2016

Our approach to risk

How we manage risk

Regulatory

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Adverse regulatory risk, including tax, planning, environmental and other legislation increases cost base.	Reduces flexibility and may influence potential investor and occupier interest in buildings.	■ ◆ ●	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies. Environmental Policy Committee meets at least quarterly to consider strategy in respect of environmental legislation. We maintain a low-risk tax status and have regular meetings with HMRC.
Health and Safety incidents. Loss of life or injury to employees, contractors, members of the public or tenants.	Resultant reputational damage.	■ ◆ ●	The Group has dedicated Health and Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health and Safety areas including employee, contractor, members of the public and tenant safety. On all construction projects, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors which includes a Health and Safety assessment. Contractors' responses to accidents and near misses are actively monitored and followed up by our Project Managers and Head of Sustainability, with reporting to the Executive Committee and Board as appropriate.

Business interruption risk

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
An external event such as a power shortage, extreme weather, environmental incident, civil unrest or terrorist or cyber attack that significantly affects the Group's operations, particularly given our portfolio concentration in central London.	Significant damage, disruption and/or reputational damage to the Group's portfolio and operations.	■ ◆ ●	The Group has a Business Continuity Plan with predetermined processes and escalation for the Crisis Management Team. Asset emergency plans exist for individual properties. Physical security measures are in place at properties and security threats are regularly assessed through links with security agencies. Regular testing of IT security is undertaken, the Group's data is regularly backed up and replicated, and staff awareness training on cyber risk was undertaken during the year by all employees. The Group's insurance policies include cover for catastrophic events including fire, storm, riots and terrorism. Cyber risk insurance is being evaluated.

■ Crystallise profits through recycling ◆ Deliver development programme ● Drive rental growth

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
↗	↗	Low ⟷ High 	In addition to the significant regulatory and tax uncertainty associated with the UK's exit from the EU, the June 2017 general election may result in further tax changes which adversely impact the property sector, along with the upcoming implementation of the Base Erosion and Profit Shifting legislation and the transition to higher business rates. We are closely monitoring whether recent changes in the political leadership of Westminster City Council impacts any existing planning policy and/or procedures. + **Our market** on pages 27 to 31 **Property industry representation** on pages 54 to 57 **Sustainability** on pages 58 to 64
↘	→	Low ⟷ High 	With reduced levels of development activity, the likelihood of this risk marginally fell over the year. The Group had no reportable accidents and no reportable incidents during the year. + **Health and safety** on page 64

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
↗	→	Low ⟷ High 	The likelihood of this risk has increased given the increased terrorism threat in London given recent events and the elevated profile of cyber security threats.

▼ 2017 ▲ 2016

Governance

In this section:

What they say...

"We are pleased to have GPE's significant experience to actively manage and develop our joint assets. Our regular tours of the buildings clearly demonstrate the high standards set and level of effort made by all of the GPE teams from development through to leasing and day-to-day building management."

Tim Hayne, Head of Property, BP Pension Fund

What we say...

"Key to our working to shared goals with our joint venture partners is our working closely to understand their aims and priorities and providing regular and timely updates on our activities between Board meetings."

Steven Mew, Portfolio Director

Steven Mew and Tim Hayne
at 240 Blackfriars Road, SE1.

Overview

Leadership

Explains the governance framework and the roles of the Board and its directors, including:

- The role of the Board and its Committees during the year
- Board activities during the year
- Setting the Company's standards

+ **See our approach to leadership** on pages 78 to 85

Effectiveness

Sets out the key processes which ensure that the Board and its Committees can operate effectively, including:

- Nomination Committee report
- This year's Board evaluation
- Composition and independence
- Board induction and development
- Our conflicts of interest procedures

+ **See our approach to effectiveness** on pages 86 to 93

Accountability

Explains the role of the Board and the Audit Committee in ensuring the integrity of the financial statements and maintaining effective systems of internal controls:

- Internal controls and ongoing risk management
- Fair, balanced and understandable
- Audit Committee report

+ **See our approach to accountability** on pages 94 to 101

Relations with shareholders

Provides an overview of the activities undertaken to maintain an open dialogue with shareholders, including:

- Investor contact by method
- Investor contact by location
- Activity calendar

+ **See our approach to relations with shareholders** on pages 102 to 103

Remuneration

Describes the Company's remuneration arrangements in respect of its directors, and how these have been implemented in 2016/2017:

- Statement by the Remuneration Committee Chair
- Remuneration of directors at a glance
- Remuneration Committee Report
- Summary of Remuneration Policy

+ **See our approach to remuneration** on pages 104 to 130

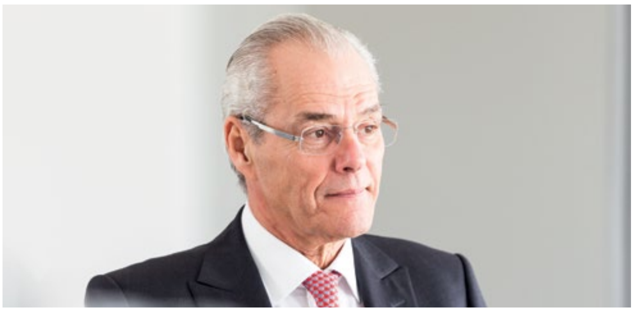
Statement by the directors on compliance with the provisions of the UK Corporate Governance Code

A summary of the system of governance adopted by the Company is set out on pages 78 to 130. Throughout the year ended 31 March 2017, the Company fully complied with the principles set out in the UK Corporate Governance Code 2014, publicly available at **www.frc.org.uk** with the exception that, from Jonathan Nicholls' retirement at the 2016 Annual General Meeting on 7 July 2016 to Nick Hampton's appointment on 17 October 2016, the Remuneration Committee consisted of only two independent Non-Executive Directors. For explanation and detail on how we managed this, see page 104. The Company has applied the UK Corporate Governance Code 2016 since its financial year end and will report on compliance in the 2018 Annual Report.

Introduction from the Chairman

"We aspire to the highest standards of conduct and, together with a culture of continuous improvement in standards and performance, this ensures good governance extends beyond the Boardroom."

Martin Scicluna
Chairman



Dear fellow shareholder

I am pleased to introduce this Corporate Governance report in which, among other things, we describe the Company's compliance with the UK Corporate Governance Code, explain how the Board and its Committees have operated during the past year, and describe how effective stewardship is exercised over the Group's activities in the interests of shareholders and other stakeholders. As Chairman, I am responsible for ensuring that the Board operates effectively and efficiently and that it continues to uphold a high standard of corporate governance for the long-term success of the Company.

The Board's oversight of our strategic priorities during the year and monitoring of risks

The Group's business model and strategy are outlined on pages 1 to 11. In our Annual Report last year we identified that our strategic priorities for 2016/17 were to:

- crystallise profits through recycling;
- deliver and lease the current development programme and prepare the pipeline; and
- drive rental growth through capturing reversion.

We were successful in delivering these strategic priorities and see pages 84 and 85 for significant transactions approved by the Board during the year.

During the year, much of the focus of the Board has been on the changing economic environment and the outlook for the London property market, against the backdrop of the results of the EU referendum and US elections, along with numerous other geopolitical factors. With the more challenging market conditions as a result of the uncertain economic environment following the EU referendum, the focus on our strategy and business model, and the clear linkage back to overarching strategic priorities and operational parameters, have been a consistent and prevailing feature of our Board meetings.

This year, the Board met ten times with five unscheduled meetings to consider specific transactions and also undertook two property tours. Our high level of involvement by executive and senior management in all our activities ensures that good governance extends beyond the Boardroom and is continually borne in mind in the successful delivery of the Group's strategic priorities over both the short and long term. We also value presentations from different people in the business on both the property and finance side who can tell us what they are seeing and hearing on the ground as well as from external advisors who can give us a wider perspective on market trends. For this reason, we find it helpful that all of the Non-Executive Directors serve on our Audit Committee to hear direct from the valuers, about recent transaction evidence and changes in market conditions. Individuals performing key roles on transactions are also involved in presentations on these to the Board and the Non-Executive Directors meet separately with Executive Directors, Executive Committee members and Heads of Departments outside of the Board meetings.

With our culture of continuous improvement, looking back on what went well and what we could do better on each of our developments is key. This year we reviewed developments at 33 Margaret Street, 240 Blackfriars Road, Walmar House, City Tower and New Fetter Lane, focusing on a number of aspects including the timing in the cycle, design, procurement and how we met tenants' expectations in the handover process, as well as the schemes' financial performance.

Each year, the Board formally revisits its level of oversight and the monitoring of risks over a variety of areas including strategy, acquisitions and disposals, capital expenditure on developments, finance, people and sustainability matters. Recognising our responsibility for oversight on health and safety and our supply chain, we also received a presentation on management of health and safety on our developments and refurbishments and, in September 2016, approved our inaugural Modern Slavery Statement. In addition, in January 2017, we covered cyber security in a presentation on the Group's IT strategy from our Head of IT and the consultants involved. This year, as part of a wider review of authority levels across all aspects of the business, we increased the Board level approval required on leases, rent reviews and surrenders from £1 million to £2 million p.a. However, the Board remains informed of all leases of more than £500,000 through their approval by the Executive Committee and receipt of minutes by the Board. Moreover, we maintained the Board approval levels for acquisitions and sales at £25 million and for development expenditure on schemes over £15 million.

Following our success in delivering against our priorities during the year, our attention for this year will again be focused on delivering attractive long-term shareholder returns and appropriately managing risk. With our clearly identified initiatives, we will complete the current committed development programme and prepare the pipeline, drive rental growth through capturing reversion and pursue selective acquisition activity.

+ **See our strategic priorities** on pages 10 and 11

Succession planning and Board changes

During 2016, we broadened the bench strength of our Executive Committee team with the external appointments of Robin Matthews, previously with Moorfield Group, joining as Investment Director in the summer and Steven Mew, formerly a Board director of McKay Securities plc joining as Portfolio Director in the autumn. Working closely with Andrew White, our Development Director, and Marc Wilder, our Leasing Director, I am delighted to be able to say Robin and Steven are settling in well and collaboratively helping to manage our property teams. Neil Thompson stepped down from the Board mid-December and left the Group on 31 December 2016, on the basis that we could not find a role that matched his aspirations within the Group. On behalf of the Board, I would like to express my gratitude to him for his significant contribution to the Group.

With Jonathan Nicholls retiring from the Board at the 2016 AGM to become Chairman of Shaftesbury plc, we were pleased to appoint Nick Hampton, Chief Financial Officer at Tate & Lyle plc, who joined us in the autumn, as Chairman of the Audit Committee.

As part of our regular succession planning for the Non-Executive Directors, we were also delighted to appoint Richard Mully (Non-Executive Director of Aberdeen Asset Management, Senior Independent Director of St Modwen plc and a member of the supervisory Board of Alstria Office REIT) and Wendy Becker (formerly a Non-Executive Director at Whitbread and Chief Executive of Jack Wills) to the Board in November 2016 and February 2017 respectively.

Following an external Board evaluation process, we are proposing that Jonathan Short (who will have served on the Board for ten years at the 2017 AGM) remain as an independent Non-Executive Director for a further year. With his considerable property knowledge and experience of numerous market cycles in his 34-year career, Jonathan is considered by all of the Board to provide wise counsel, independent challenge and judgement not only at Board level but also on each of the Board Committees on which he serves. As the Board believes that Jonathan will also provide valued additional continuity, it is intended that, particularly with the continuing uncertain economic environment, Jonathan will remain as a member of the Audit Committee and Nomination Committee. Whilst Wendy Becker will become Chairman of the Remuneration Committee from the 2017 AGM, Jonathan will also remain as a member of the Remuneration Committee to act as a sounding board for Wendy in her new role until his proposed retirement at the 2018 AGM.

Elizabeth Holden, having served as a Non-Executive Director since 2012, will retire at the 2017 AGM and I would like to thank her for her contribution to the Board and, in particular, the Remuneration Committee.

Following Jonathan Nicholls' retirement, Charles Philipps took on the additional roles of acting Senior Independent Director and Chairman of the Audit Committee, the latter until Nick Hampton subsequently took on this role, and we were delighted that Charles agreed to be formally appointed our Senior Independent Director from April 2017.

Ongoing communication with shareholders and other stakeholders

Communication with investors is given a high priority by the Board. During the year, 270 presentations were made to shareholders and potential shareholders 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 at the scheduled Board meetings.

This year we also consulted with our top shareholders, together owning more than 40% on both our proposals in relation to our new three-year Remuneration Policy, outlined in more detail on pages 120 to 130, and retaining Jonathan Short on the Board for a further year with a view to his retiring at the 2018 AGM. The consultations explained the rationale for the changes to the Remuneration Policy, as outlined in this Annual Report, and provided shareholders with the opportunity to discuss them with Jonathan Short as Chairman of the Remuneration Committee or me, as appropriate in person.

I am pleased to be able to report that we received external recognition for our investor relations efforts with GPE being ranked by Extel number 1 for IR in the European real estate sector and our Chief Executive and Finance Director were ranked number 1 and 2 respectively in European real estate in the Institutional Investor survey. In addition, our 2016 annual report was voted best annual report in the FTSE 250 in the PwC Building Public Trust Awards for 'Excellence in Reporting'. We also received gold awards in relation to EPRA's 2016 Best Practice Recommendations and Sustainability Best Practice Recommendations and a green five star rating in relation to GRESB. Finally, I am very proud to be able to report that we were ranked first in the property sector in Management Today's 'Britain's Most Admired Companies' which I think is a testament to the abilities and efforts of each and every one of our team members.

Martin Scicluna
Chairman

Introduction from the Chairman

The Board's attendance in 2016/17

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

	Board – scheduled (5 meetings)[1]	Board – unscheduled (5 meetings)[1]	Audit Committee (4 meetings) See pages 94 to 101	Nomination Committee (5 meetings) See pages 86 to 93	Remuneration Committee (6 meetings) See pages 104 to 106
Chairman					
Martin Scicluna[2]	■■■■■	■■■■■	(3/4) ■■■	■■■■■	(5/6) ■■■■■
Executive Directors					
Toby Courtauld[3]	■■■■■	■■■■■	□	■■■■	■■■■■
Nick Sanderson[3]	■■■■■	■■■■■	□■□■	■	■■
Neil Thompson[3, 4]	■■■■ (4/4)	■■■ (3/3)	□	–	–
Non-Executive Directors					
Wendy Becker[5]	(0/0)	(0/0)	(1/1) ■	(1/1) ■	(0/0)
Nick Hampton[5]	(2/2) ■■	(2/3) ■■	(2/2) ■■	(2/2) ■■	(3/3) □■■
Elizabeth Holden	■■■■■	■■■■■	■■■■	■□■	■■■■□■
Richard Mully[5]	(1/1) ■	(2/2) ■■	(1/1) ■	(2/2) ■■	(2/2) ■■
Jonathan Nicholls[6]	■■ (2/2)	■■ (2/2)	■ (1/1)	(0/0)	■■ (2/2)
Charles Philipps[7]	■■■■■	■■■■■	■■■■	■■■■■	–
Jonathan Short	■■■■■	■■■■■	■■■■	■■■■□	■■■■■■

□ Part attendance at Committee meetings

1. Due to the way the Board dates fell, there were five scheduled Board meetings rather than six in 2017. There were five unscheduled Board meetings held at short notice during the year – see Board activities on pages 82 and 83.
2. Although Martin Scicluna is not a member of either the Remuneration or Audit Committees, in his role as Chairman of the Board, he is invited, where appropriate, to attend key meetings of the Remuneration Committee in relation 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. In respect of the Remuneration Committee, this year, Martin Scicluna also attended the Remuneration Committee meetings following Jonathan Nicholls' retirement from the Board and prior to Nick Hampton's appointment to ensure that three Non-Executive Directors were present for all discussion in relation to the new three-year Remuneration Policy. The number in (parentheses) indicates the number of the Remuneration and Audit Committees the Chairman is expected to have attended in this respect.
3. The Executive Directors are not members of the Audit, Nomination or Remuneration Committees, however, they are invited to attend for parts of or all of certain Committee meetings where appropriate.
4. Neil Thompson stepped down from the Board on 12 December 2016. The number in parenthesis is the number of Board meetings he was expected to have attended.
5. Wendy Becker, Nick Hampton and Richard Mully joined the Board on 1 February 2017, 17 October 2016 and 1 December 2016 respectively and, therefore, the number of meetings in parentheses is the number of meetings they could have attended in the year.
6. Jonathan Nicholls retired from the Board at the 2016 AGM. As a number of Nomination Committee meetings involved the appointment of his successor, he was stood down from these meetings. The numbers in parentheses is the number of meetings he was expected to have attended.
7. Charles Philipps is not a member of the Remuneration Committee.

Leadership

The role of the Board and its Committees during the year

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

Board

- sets strategy
- approves major transactions
- provides risk oversight
- provides oversight of governance

Board Committees

Audit Committee

- oversees financial reporting
- monitors risk management and internal controls
- evaluates the auditor

+ **See Audit Committee report** on pages 94 to 101

+ **See risk management reports** on pages 65 to 75

Remuneration Committee

- establishes remuneration policy
- sets executive remuneration schemes
- reviews Executive Committee member objectives and achievements
- approves senior management remuneration and LTIP awards
- approves executive bonus plan and LTIP targets

+ **See Directors' remuneration report** on pages 104 to 130

Nomination Committee

- recommends Board appointments
- approves senior management appointments
- oversees succession planning
- responsible for Board effectiveness evaluation

+ **See Nomination Committee report** on pages 86 to 93

Management committees

Executive Committee

- implements the Group strategy
- oversees transactions
- monitors risks
- responsible for succession planning, resourcing and people development

+ **See Strategic report** on pages 1 to 75

Sustainability Policy Committee

- monitors best practice
- sets the Group's sustainability policies

+ **See Sustainability on our website www.gpe.co.uk/sustainability**

Health and Safety Committee

- reviews the Group's health and safety compliance

+ **See Sustainability on our website www.gpe.co.uk/sustainability**

Leadership

Board activities

The Board typically meets for scheduled Board meetings six times a year. This year, due to the timings of Strategy Review meetings in March 2016 and April 2017, the Board had five scheduled meetings in the year. Regular matters reserved for consideration by the Board at these meetings include:

	July	September	November	January	March/April	May
Strategy and its implementation						
Strategic review and setting of Business Plan				■	■	
Chief Executive's Report including market conditions dashboard, operational parameters, investment market and propositions, asset strategies, team resourcing and development		■	■	■		■
Board Reports on valuation, leasing activity, major developments summary, approved vs. actual development spend, longer-term pipeline and sales review		■	■	■		■
Finance Director's Report including forecasts, finance initiatives, Health and Safety and tenant watch list		■	■	■		■
Shareholder analysis	■	■	■	■	■	■
Board property tour		■			■	
Risks						
Formal review of risk management and internal controls			■			■
Ongoing monitoring of risks	■	■	■	■	■	■
Governance						
Review of half year or annual results, going concern, viability statement, dividend policy and analyst presentation			■			■
Feedback from shareholders and analysts	■	■	■	■	■	■
Reports from Board Committees	■	■	■	■	■	■
Corporate governance matters including Board evaluation, authority levels, Terms of Reference, UK Corporate Governance Code compliance					■	
Annual Health and Safety and Sustainability Reports including approval of the Company's Health and Safety and Environmental policies					■	
Annual Corporate Responsibility Report including approval of the Company's Ethics and Whistleblowing policies and sustainability objectives and targets						■
Evaluation						
Board evaluation				■		
Conflicts of interest	■	■	■	■	■	■

Other ad hoc matters for consideration by the Board at both scheduled and unscheduled Board meetings in addition to the above include:

- major potential acquisitions and disposals;
- significant leasing arrangements;
- approval of major developments;
- significant financing arrangements;
- Board and senior management appointments; and
- appointment of principal advisers.

Significant matters discussed and major transactions approved specific to 2016/17 by the Board in the year are shown on pages 84 and 85.

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

At least annually, 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 routinely 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 with senior management as the Executive Committee, chaired by the Chief Executive, to attend to the ongoing management of the Group. Copies of the minutes of these meetings are distributed to the Chairman and Non-Executive Directors. All directors have access to the advice and services of the Company Secretary, who is responsible to the Chairman on matters of corporate governance.

How we behave, human rights and supplier stewardship

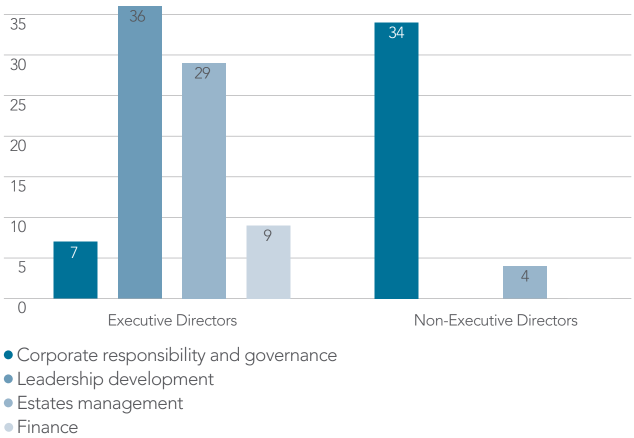
We aspire to the highest standards of conduct based on honesty and transparency in everything we do. Our Executive Committee has a high level of oversight over the Group's day-to-day policies and procedures and carries out regular reviews of the appointment of contractors, consultants and suppliers. Whilst we do not have a separate human rights policy, we seek to avoid causing or contributing to adverse human rights impacts through our activities. In our business relationships, we look to demonstrate a commitment to fundamental human rights through our own behaviours and look to engage suppliers whose values and business principles are consistent with our own. GPE team members regularly meet with suppliers to share information on best practice about health and safety, employee pay rates and responsible sourcing. This year we produced a Supplier Code of Conduct which sets out the standards we expect our suppliers to apply to ensure they are operating ethically and responsibly. In September 2016, we published our Modern Slavery Act Statement, which can be found at **www.gpe.co.uk**, setting out the steps we have taken to ensure our suppliers and their supply chains adopt similar standards to our own to prevent slavery and human trafficking taking place within our supply chain. This included amending our Whistleblowing policy which along with our Ethics Policy is reviewed annually by the Audit Committee and the Board, see more on page 95. Our Ethics and Whistleblowing policies can be found at **www.gpe.co.uk/about-us/governance/**

Our approach to Board development

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 conducted by the relevant GPE teams. 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 present to the Board during the year on a range of subjects and the directors also individually attend seminars or conferences associated with their expertise or responsibility, and are provided each quarter with a list of relevant upcoming seminars by various firms. The level and nature of training by the directors is reviewed by the Nomination Committee at least annually.

In the year to 31 March 2017, in addition to internal presentations, in total Board members undertook 119 hours of externally facilitated training.

Total number of Board training hours during the year by type



Our conflict of interest procedures

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 Company has established a procedure whereby actual and potential conflicts of interest of directors' current and proposed roles 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. A director who has a conflict of interest is not counted in the quorum or entitled to vote when the Board considers the matter in which the director has an interest. The Board considers these procedures to be working effectively.

Leadership

What we did in 2016/17

In the year ended 31 March 2017, significant discussions, transactions and appointments approved by the Board over and above the scheduled matters outlined on page 82 included:

2016

April 2016

Risk and market

- review of the revised market assumptions adopted for the forecasts in light of impending EU referendum

+ See pages 27 to 31

- approval of the pre-let of the third floor of 30 Broadwick Street, W1, and the third, fourth and fifth floors, 1 Dean Street, W1

+ See pages 16 and 17

Human resources

- approval of the appointment of Robin Matthews as Investment Director

+ See page 87

May 2016

Risk and market

- approval of the acquisition of the freehold of 73/89 Oxford Street, W1 the virtual freehold of 95 New Bond Street, W1 and the leasehold of 96 New Bond Street, W1

+ See pages 34 and 35

- noting of Sadiq Khan's policies as new Mayor of London
- a review of London's emerging markets for potential acquisitions

Governance

- approval of the Group's inaugural viability statement and the agreement that a three-year lookout period was appropriate

+ See page 67

- consideration of Charles Philipps' appointment as Executive Director of Mitsui Sumitomo and the conclusion that this would not involve a conflict of interest or limit his availability

July 2016

Risk and market

- discussion on the impact of the EU referendum result on the market generally and the potential effect on transactions being considered by GPE together with the review of preliminary Brexit forecast scenarios
- approval of the extension of the £450 million RCF from 2020 to 2021

+ See page 45

Governance

- Board update on the Market Abuse Regulation

September 2016

Risk and market

- an update was provided to the Board by the development teams involved on 50 Finsbury Square, 160 Old Street, EC1, 200 Gray's Inn Road, WC1 and Elm Yard, WC1 as part of a Board tour
- a market update was received from Lazard
- a leasing market update post the EU referendum was received from Marc Wilder, Leasing Director

Governance

- approval of the Group's Sustainability Policy and Modern Slavery Act Statement for inclusion on the Group's website

+ See page 62

Human Resources

- a review of the results of the Group's inaugural staff engagement survey and management's decision to establish a number of working groups to consider various areas for improvement including flexible working

+ See pages 50 and 52

November 2016

Risk and market

– approval of the sale of 73/89 Oxford Street and 1 Dean Street, W1 to Norges Bank for £275.2 million

+ See pages 14, 15 and 34

– agreement to proceed with the sale discussions of the commercial element of Rathbone Square, W1

– review of GPE's current and forecast balance sheet structure

– a health and safety update was received from Janine Cole, Head of Sustainability

Governance

– consideration of the draft analyst presentation of the half-year results

December 2016

Human resources

– approval of the announcement of Neil Thompson's stepping down from the Board

+ See page 106

January 2017

Risk and market

– approval of the sale of Rathbone Square, W1 to Deka for £435.0 million

+ See pages 18, 19 and 35

– the in principle decision for a potential return of capital to shareholders, early redemption of the existing USPP notes and an issuance of new USPP note

– noting of the proposed sale of 40 Broadway Street, SW1

+ See page 35

– consideration of the potential pre-let of 82/84 Great Portland Street, W1

+ See page 36

– discussion of key themes to be addressed as part of the 2017 Strategy Review

– a presentation was received from Richard Moran, Head of IT and PwC on the Group's IT strategy and cyber security

– review of the lessons learnt from our developments on 33 Margaret Street, W1, 240 Blackfriars Road, SE1, Walmar House, W1, City Tower, EC2 and New Fetter Lane, EC4 from Andrew White, Development Director and James Pellatt, Head of Projects

+ See page 78

– an update from Marc Wilder, Leasing Director on the retail leasing at Rathbone Square, W1 and the campaign planned for Hanover Square, W1

– key themes and trends in the investment market from Robin Matthews, Investment Director

Governance

– external Board evaluation feedback was received from Dr Tracy Long

Human resources

– feedback was received from Steven Mew, Portfolio Director on his initial impressions since joining GPE

April 2017

Risk and market

– an update was provided to the Board by the development and asset management teams involved in the Non-Executive Directors' induction tour

+ See pages 90 and 91

– market updates received on the economic outlook, London's real estate outlook and tenant trends provided by Deloitte and CBRE in advance of the annual Board Strategy Review

– approval of the £110 million Special Dividend, share consolidation and Circular for the General Meeting

+ See pages 44 and 46

Governance

– an investor relations update was received from Stephen Burrows, Head of Financial Reporting and Investor Relations

– approval of the revised Non-Audit Services and Gifts and Hospitality policies

May 2017

Risk and market

– approval of a property acquisition subject to completion of due diligence

Governance

– consideration of the draft analyst presentation of the year end results

– approval of GPE's tax strategy

+ See page 44

– approval of the Group's 'Towards the 2030s' sustainability strategy

– consideration of Jonathan Short's appointment as Deputy Chairman of Annington

2017

Effectiveness

Nomination Committee

Nomination Committee members and attendance by others

Chairman	5 meetings
Martin Scicluna	
Members	
Wendy Becker[1] (1/1)	
Nick Hampton[1] (2/2)	
Elizabeth Holden	
Richard Mully[1] (2/2)	
Jonathan Nicholls[2] (0/0) (retired at the 2016 AGM)	
Charles Philipps	
Jonathan Short	
In attendance	
Toby Courtauld	
Nick Sanderson	

Part attendance

1. Wendy Becker, Nick Hampton and Richard Mully joined the Committee in February 2017, October 2016 and December 2016 respectively.
2. Jonathan Nicholls was not required to attend Committee meetings held to discuss search plans for his successor.

Our approach

The key objectives of the Committee are to regularly review the skills and experience of the Board to ensure that it is the right size, structure and composition taking into account the skills, experience, independence, knowledge and diversity, to consider any related succession planning including of other Senior Executives, and lead on the process for Board appointments.

As part of these objectives, the Committee reviews and ensures that actions identified by the Board Evaluation process are appropriately followed up, recommends to the Board both the composition of the Audit, Nomination and Remuneration Committees taking into consideration individuals' experience, ongoing training and development and time commitments, and the re-election of directors by shareholders at the Annual General Meeting.

Our process

The Nomination Committee Terms of Reference are available on the Company website at **www.gpe.co.uk/about-us/governance**

The Nomination Committee membership includes all of the Non-Executive Directors. At the beginning of the year, the Nomination Committee comprised four independent Non-Executive Directors, Elizabeth Holden, Jonathan Nicholls, until he retired at the 2016 AGM, Charles Philipps, Jonathan Short and Martin Scicluna. Independent Non-Executive Directors, Nick Hampton, Richard Mully and Wendy Becker became members of the Committee on joining the Board in October 2016, December 2016 and February 2017 respectively.

In making any recommendations for Board appointments, the Nomination Committee also consults with the Chief Executive and other members of the Board as appropriate. During the year, Toby Courtauld was invited to attend a number of the Nomination Committee meetings to provide the Committee with updates on human resourcing and succession planning and provide his input to the succession planning for the Non-Executive Directors.

Non-Executive Directors are not appointed for specific terms, but following the UK Corporate Governance Code, are subject to annual re-election and all proposed re-elections to the Board are formally considered by the Nomination Committee taking account of each individual's effectiveness and commitment to the role. In addition, annually at its March meeting, the Nomination Committee formally reviews the recommendations of the Board Evaluation process and progress against the recommendations from the previous year.

"This year our main focus has been having oversight of the development of the GPE Executive Committee team and succession planning of the Non-Executive Directors."

Martin Scicluna
Chairman of the Nomination Committee

Dear fellow shareholder

On behalf of the Nomination Committee, welcome to the Report of the Nomination Committee for the year ended 31 March 2017. This year, our focus has been on reviewing the succession planning implemented last year in relation to the Executive Committee and evolving our succession planning for the Non-Executive Directors.

Our approach to diversity

The Board's policy is that the selection of new Board members should be based on the best person for the role. Whilst the Nomination Committee continues not to set specific representation targets for women at Board level, on recruitment, our policy is that we expect our search consultants to ensure, where possible, at least 30% of potential candidates are women. This policy is mirrored by our Executive Committee for all recruitment below Board level. The benefits of diversity, including age, gender, core skills, experience and educational and professional background continue to be an active consideration whenever changes to the Board's composition are contemplated.

Succession planning

Through 2015/16 and the earlier part of the 2016/17 financial year, the Committee received regular updates from Toby Courtauld on proposals to broaden the Executive Committee to help deliver the next phase of the Company's growth. This resulted in the internal promotions of Marc Wilder and Andrew White as Leasing Director and Development Director respectively in July 2015 and the announcement in March 2016 of the appointment of Steven Mew, formerly a Board director at McKay Securities plc, in a new Portfolio Director role on the Executive Committee starting in October 2016. In the knowledge of Ben Chambers, our Investment Director's planned departure in March 2016, in May 2016 we appointed Robin Matthews, previously at Moorfield Group, as Investment Director who joined us in September 2016. Following the appointments, Toby Courtauld provided us with regular updates as to how the new Executive Committee team were working together and, given the strength and depth of our resultant Executive Committee team, we did not look to replace Neil Thompson when he left at the end of December 2016.

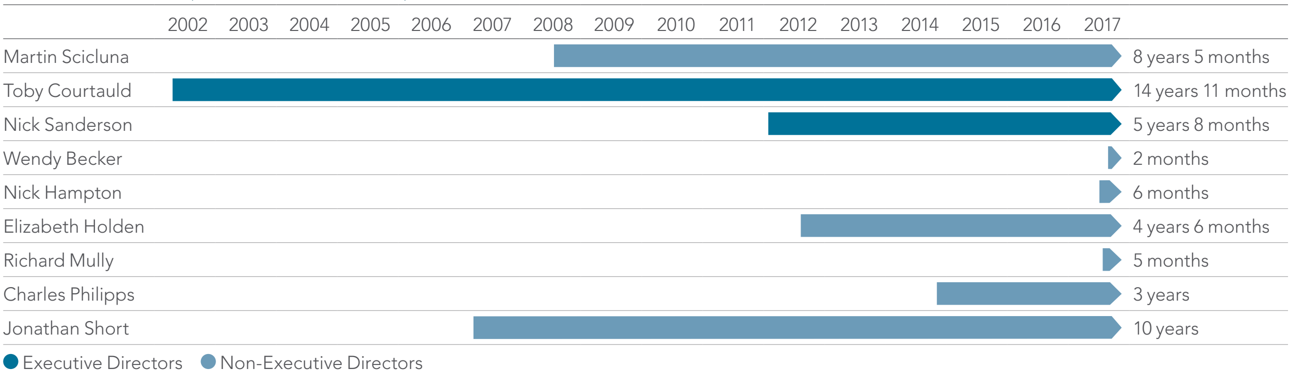
In relation to the Non-Executive Directors, this year, our proposed succession plans were to both recruit for Jonathan Short's replacement, in particular, to replace his valued industry expertise and to look to expand the Board by the recruitment of a further Non-Executive Director. In April 2016, we appointed Ridgeway Partners, who had previously successfully worked with us in our appointment of Charles Philipps in 2014 but otherwise has no connection with the Company, to undertake both searches. Already familiar with our approach to diversity, as part of their process to understand the requirements of the roles, they met separately with Jonathan Short and Charles Philipps to help gain a better understanding as to the Board dynamics and characteristics sought from a long standing and most recently recruited Non-Executive view respectively.

As a result of Jonathan Nicholls retiring from the Board at the 2016 AGM to take on the role of Chairman of Shaftesbury plc in September 2016, we appointed Zygos (which has no other connection with the Company) in May 2016, to undertake the search for a third role of a new Audit Committee Chairman to widen our pool of potential candidates. As part of the specification for this role, we also ensured that Zygos had a clear understanding of our approach to diversity. In the interim, we were pleased that Charles Philipps agreed to be acting Senior Independent Director and Chairman of the Audit Committee.

It was agreed with the Nomination Committee that Jonathan Short and I should meet with the shortlist of candidates for all three roles, after which the preferred candidates should meet with Charles Philipps, Toby Courtauld and Nick Sanderson prior to recommendations being made to the Board.

Given that we often have unscheduled Board meetings at relatively short notice relating to transactions, a key requirement of all of our Non-Executive Directors is that they should be able

Directors' tenure (as at 31 March 2017)



Governance

Effectiveness

to devote sufficient time to the role. This was an important point which Jonathan and I explored in detail at our initial interviews with the shortlist. As a result, two of our shortlisted candidates withdrew from the process realising that they would not have sufficient time or flexibility with their other roles.

Following interviews with a shortlist of six candidates for the Audit Committee Chair role, we were delighted that Nick Hampton, Chief Financial Officer at Tate & Lyle and with his significant financial and commercial experience from his current role and previous roles at Pepsi, accepted the role and joined the Board in October 2016.

Simultaneous to our search for our new Audit Committee Chair, for our experienced property Non-Executive Director role to replace Jonathan Short, we spent considerable time reviewing the candidate lists provided by Ridgeway to ensure there were no conflicts of interest as well as providing suggestions of our own. Following interviews with five candidates, we were pleased to appoint Richard Mully to the Board in December 2016 with his significant relevant experience through a range of roles including Non-Executive Director and Chairman of the Remuneration Committee at Aberdeen Asset Management, Senior Independent Director at St Modwen Properties and member of the Supervisory Board of Alstria Office REIT, and previously as Senior Independent Director at both ISG and Hansteen Holdings.

For our final role, we interviewed eight candidates with a wide range of differing industry experience. As well as different experience from the rest of the Board, it was important to us in this appointment that the individual would also take on the role of Remuneration Committee Chair. We were, therefore, delighted to appoint Wendy Becker to the Board at the start of February 2017 with her non-executive experience as a Non-Executive Director of NHS England and Deputy Chair of Cancer Research UK, retail experience as CEO at Jack Wills, hotel and Remuneration Committee experience as a Non-Executive Director at Whitbread as well as her earlier experience as partner at McKinsey & Company.

GPE's Board composition and independence

As at 31 March 2017, the Board comprises the Chairman, two Executive Directors and six Non-Executive Directors. The biographies of all members of the Board outlining the experience they bring to their roles are set out on pages 54 and 55. As Chairman, I am responsible for leading the Board and for its effectiveness, meeting with shareholders as appropriate. Toby Courtauld, as Chief Executive, is responsible for the day-to-day management of the Company. Charles Philipps, the Senior Independent Director, is also available to shareholders as required and acts as a sounding board for the Chairman. Each year the terms of reference for the roles of Chairman, Chief Executive and Senior Independent Director are revisited by the whole Board.

Each of the Non-Executive Directors is considered independent of the Executive Management and free from any business or other relationship which could materially interfere with their exercising of independent judgement.

Ensuring the directors' commitment and independence in their roles

In making recommendations to the Board on Non-Executive Director appointments, the Nomination Committee specifically considers the expected time commitment of the proposed Non-Executive Director and other commitments they already have. Agreement of the Board is also required before a director may accept any additional commitments to ensure possible conflicts of interest are identified and that the directors will continue to have sufficient time available to devote to the Company. Any other conflicts of interest are also considered at each Board meeting.

Non-Executive Directors are not appointed for specified terms, but, following the UK Corporate Governance Code, are subject to annual re-election. All proposed re-elections to the Board are formally considered by the Nomination Committee, taking account of each individual's continued effectiveness and commitment to the role, with those directors who will have served more than six years on the Board being subject to particular focus.

As part of the Board evaluation process, specific consideration was given to the fact that Jonathan Short and I will have served on the Board for ten and eight years respectively by the time of the 2017 Annual General Meeting. Feedback was provided to the Board as a whole at the January 2017 Board Meeting and actions were discussed in more detail at the March 2017 Nomination Committee meeting. Individual feedback was also provided to directors by Dr Tracy Long. With Jonathan Short having served on the Board for ten years by the time of the 2017 Annual General Meeting, his performance was specifically considered by the Board at the January and March 2017 Nomination and Board meetings and it was unanimously concluded that he remains an effective independent director and that the Board supported his continuing in office for another year with a view to his retiring at the 2018 AGM. In considering succession planning for my role as Chairman, after the April 2017 Board meeting, Charles Philipps, having first sought feedback from the Executive Directors, met with the other Non-Executive Directors without my being present to consider my performance and recommended that I be asked to remain Chairman until at least 2019, although as part of the annual re-election of directors, this will be reviewed again at the beginning of 2018.

Martin Scicluna
Chairman of the Nomination Committee
24 May 2017

What we did in 2016/17

2016

April 2016

Nomination Committee
Martin Scicluna and Jonathan Short meet Robin Matthews as the proposed candidate for Investment Director

Board meeting
The Board approves the appointment of Robin Matthews as Investment Director and the Remuneration Committee approve his remuneration package

May 2016

Nomination Committee
Jonathan Nicholls informs the Chairman that he is in discussions with Shaftesbury to become Shaftesbury's Chairman and the Committee agrees that should the appointment be confirmed:

- Charles Philipps should become acting Senior Independent Director and Chairman of the Audit Committee
- Zygos should be appointed to lead the search process for Jonathan Nicholls' replacement

Possible candidates for an experienced property Non-Executive Director as Jonathan Short's planned replacement and the additional Non-Executive Director role are discussed

June 2016

Nomination Committee
The Committee review the long list of candidates for the experienced property and additional Non-Executive Director role and propose the shortlist. It is agreed that Martin Scicluna and Jonathan Short should undertake all first interviews and Charles Philipps, Toby Courtauld and Nick Sanderson be involved in the further interviews as appropriate

It is agreed that the long list of candidates for the Audit Chair role should also be circulated to Nick Sanderson and a sub meeting of the Committee should be held in July to agree a shortlist following feedback from all Committee members

July/August 2016

Nomination Committee
The shortlist of candidates for the Audit Committee Chair role is agreed

The interview process for the three Non-Executive Director roles is started

September 2016

Nomination Committee meeting
The Committee agree that:

- Nick Hampton be recommended to the Board for appointment as Audit Committee Chair
- conflict of interest checks should be made with Aberdeen Asset Management and St Modwen in relation to Richard Mully as the preferred property experienced candidate to replace Jonathan Short in advance of his meeting Toby Courtauld, Charles Philipps and Nick Sanderson

Ridgeway present their view of the relative strengths of the candidates for the additional Non-Executive Director role

It is agreed that feedback on the development of Senior Manager Personal Development Plans and associated actions taken be deferred until 2017

October 2016

Board approval
Board approval is received for the appointment of Nick Hampton as Audit Committee Chair and Richard Mully as property experienced Non-Executive Director

December 2016

Nomination Committee, Remuneration Committee and Board meeting
The timing and terms of Neil Thompson stepping down from the Board and leaving the Group are discussed and approved by the Committees prior to approval being sought and given by the Board

Nomination Committee meeting
Martin Scicluna provides an update to the Committee on interviews held with Jonathan Short on the additional Non-Executive Director role and the preferred candidate who it is proposed should meet with Toby Courtauld, Nick Sanderson and Charles Philipps

January 2017

Board meeting
The Board approve the appointment of Wendy Becker as Remuneration Committee Chair

Steven Mew provides his feedback on his first impressions as Portfolio Director of GPE and the property team

Dr Tracy Long provides her Board evaluation feedback – see pages 92 and 93

March/April 2017

Nomination Committee
The Committee review the Committee memberships and training undertaken by the Board during the year and propose:

- following feedback from the Board evaluation process, the extension of Jonathan Short for a further year. It is agreed that the proposal be communicated in advance of the year-end results to the top ten shareholders and the institutional adviser bodies
- that Charles Philipps become Senior Independent Director

The Committee discuss the Board evaluation recommendations from 2016/17 and follow up on recommendations from 2015/16

Board meeting
The Board and Committee memberships are approved and Elizabeth Holden announces her intention to step down from the Board at the 2017 AGM

2017

Effectiveness


The April Board tour of our West End investment and development properties.

Our induction and ongoing Non-Executive development process

The aim of our induction process is for our new Non-Executive Directors to understand how we run the business and crucially to meet some of the people below Board level involved in our day-to day operations and who can demonstrate how we manage the Group's risk on an ongoing basis.

As part of understanding the key areas of judgement involved in the business and to gain an insight as to the relationships with our external advisers two key initial meetings are for the Non-Executive Directors to meet with the auditor and the valuers. This year in his role as Audit Committee Chair, Nick Hampton met with Deloitte and CBRE in advance of the November Audit Committee meeting to review the half-year results. Conscious that this was Nick's first GPE Audit Committee meeting, Charles Philipps, who had served as acting Audit Committee Chair since the 2016 AGM, chaired the meeting to give Nick a sense of matters traditionally probed with both the valuers and the auditors. In advance of their first Audit Committee meeting in March 2017, Wendy Becker and Richard Mully met with Deloitte and CBRE in February 2017.

The best way for our new Non-Executive Directors to get to understand our business is by meeting members of our asset, development and investment management teams with day-to-day responsibility for our assets in our portfolio and walking around the buildings. In January 2017, Nick, Richard and Wendy were accompanied by Toby Courtauld and Martin Scicluna on a tour of some of our significant West End current, recently completed and development pipeline sites, including Rathbone Square, 30 Broadwick Street, Oxford House and Hanover Square. At each of the buildings, individuals involved on the properties provided them with key highlights as well as insight into the risks and how these were being managed or planned for.

Whilst we run specific property tours as part of our induction process for new Non-Executive Directors, the other Non-Executive Directors often also find it useful to revisit properties they may have seen at a different point in the property cycle. In April 2017, all the Non-Executive Directors were, therefore, invited to tour some of the Group's West End smaller investment and development properties, which included:

- 160 Great Portland Street, refurbished in 2009 and pre-let in its entirety to Double Negative;
- 78/92 Great Portland Street, a series of buildings currently being redeveloped either as offices or residential, some of which will provide the residential offset for our developments at Rathbone Square, Hanover Square and 55 Wells Street;
- Elsley House, 20/30 Great Titchfield Street, where we are currently refurbishing two floors;
- 55 Wells Street, currently under redevelopment;
- Wells & More, 45 Mortimer Street, redeveloped in the last cycle and let in 2009;
- Kent House, 14/17 Market Place and 6/10 Market Place, a mix of smaller office suites, retail and restaurants; and
- Walmar House, 288/300 Regent Street, refurbished in 2014 and with the office space let in its entirety to Richemont.

In addition to the GPE employees directly involved with some of the individual properties, all the members of the Executive Committee also joined the tour to give all of the Non-Executive Directors the opportunity to get to know them better in a more natural setting.

Other meetings held as part of the Non-Executive Directors' inductions included discussions with Stephen Burrows, our Head of Financial Reporting and Investor Relations, about his role and the year-end reporting process, Martin Leighton, our Head of Corporate Finance, to provide insight into the Group's treasury and tax policies and Andrew White, our Development Director, to run through some of the Group's developments in more detail. To help gain a better understanding of GPE's tracking of development costs, Nick Hampton and Wendy Becker also met with Louise Manuel, our Development Accountant, to give them more background on our development appraisal process. In addition to regulatory updates provided internally, all of the Board are provided quarterly with a selective list of external seminars relevant to their roles to help keep them informed of evolving best practice.

For 2017/18, we are also introducing a series of informal breakfast meetings where two of the Non-Executive Directors will meet with the Heads of Departments to discuss first-hand the areas considered important by our teams in the day-to-day management of our activities across the Group.

Effectiveness

Our external Board evaluation process...

In accordance with our policy to undertake an external Board evaluation every three years, this year we appointed Dr Tracy Long of Boardroom Review to undertake the process. Dr Long also undertook our 2013/14 review and, in considering who to appoint, we felt that having some familiarity with how the Board had worked in the past, Dr Long would be best placed to also consider whether there was anything we needed to change in how we acted as a Board to ensure that the new members who joined during the course of the year could be as effective as possible. Dr Long has no other connection with the Company.

2016

September 2016

Review of Governance Framework
Background information as to the Board and Committee including terms of reference, Board calendar, analyst reports, agendas and minutes reviewed by Dr Long. Preliminary meetings held with Martin Scicluna and Toby Courtauld

October 2016

One-to-one meetings
One-to-one meetings held between Dr Long and individual members of the Board and Company Secretary covering areas and depth of engagement, use of time, the Board's dynamics and composition and succession planning

November 2016

Board meeting observation
Dr Long attends the November Board meeting to observe the Board operation and dynamics

January 2017

Review of draft Report with the Chairman
Dr Long and Martin Scicluna meet to discuss Dr Long's draft report

One-to-one feedback
Dr Long provides one-to-one feedback to individual members of the Board and Company Secretary

Board meeting presentation
Dr Long presents her findings to the Board

March 2017

Nomination Committee meeting
The Committee reviews in more detail the recommendations from Dr Long's 2016/17 review and progress against recommendations from the 2015/16 internal review

2017

the positives...

Overall, the evaluation considered that the Chairman and the Chief Executive have a good working relationship which delivers clear leadership and both the Board and its Committees continued to work effectively. In particular, we were pleased that strengths highlighted included:

- the Board's shared strategic perspective;
- the effective use of time and management of risk;
- the Board's conservative, collegiate and pragmatic culture;
- progress of the Board's development of people below the Board; and
- the good level of shareholder communication.

...and what we're doing

Follow up of 2015/16 and 2016/17 Board evaluation actions

	2015/16 Actions	Progress	2016/17 Actions
Organisational structure	**Succession planning and resourcing**		
	Continued updates to be provided by Toby Courtauld	Standing agenda item for weekly discussions between Martin Scicluna and Toby Courtauld Regular feedback provided by Toby Courtauld to the Nomination Committee	Creation of a skills matrix for the Non-Executive Directors to help inform the Board in its review of the Board composition and succession planning Continued focus on Board diversity in recruitment Regular one-to-ones between the Chairman and the Non-Executive Directors to help guide how their contribution can be most effective
	Capacity, recruitment and integration updates to be provided at each Board meeting	Included as part of scheduled Board meetings	
	Appointment of an experienced property Non-Executive Director to replace Jonathan Short	Richard Mully appointed in December 2016	
	Training and development		
	A Human Resources Report covering succession planning, resourcing and training and development to be considered at September 2016 and March 2017 Nomination Committee meetings attended by the Executive Directors covering: – workshops on 'developing people' and 'developing teams' undertaken by all Executive Directors, Heads of Department and Line Managers – development of personal development plans for key individuals	All workshops completed and development plans put in place for all individuals	Due to timing of completion of the workshops and development plans, and changes made following Neil Thompson's departure, an update will be covered by Sally Learoyd, our Head of HR at the September 2017 Nomination Committee meeting
Board effectiveness	**Identification of new risks**		
	In addition to the formal half-year review of risk management processes and ongoing review of risks within individual transactions, a formal agenda item of 'general risks' to be introduced at the September and January Board meetings	Following the EU referendum, general risks were considered at each scheduled Board meeting	
Governance	**Greater oversight by the Board on health and safety**		
	The Board to receive: – a presentation on management of health and safety on refurbishments and developments – copies of reports provided to the Executive Committee for all significant health and safety incidents.	Provided by the Head of Sustainability to the November 2016 meeting. The Head of Sustainability now presents to the Board at least annually	
	Timely review of lessons learnt		
			Timely review by the Board of lessons learnt on developments – presentations to the Board are now included within employees' objectives
	Clear understanding of the Group's corporate culture		
			Development of an overall Group Code of Conduct for employees

Accountability

Audit Committee and advisors

Audit Committee members and attendance by others

Chairman	4 meetings
Nick Hampton[1,2] (2/2)	
Jonathan Nicholls (retired at the 2016 AGM)	
Charles Philipps[2]	
Members	
Wendy Becker[1] (1/1)	
Elizabeth Holden	
Richard Mully[1] (1/1)	
Charles Philipps[2]	
Jonathan Short	
In attendance	
Martin Scicluna	
Toby Courtauld	
Nick Sanderson	
Neil Thompson	

Part attendance

1. Wendy Becker, Nick Hampton and Richard Mully joined the Committee in February 2017, October 2016 and December 2016 respectively.
2. Charles Philipps served as acting Chair following Jonathan Nicholls retirement from the Board at the 2016 AGM. Nick Hampton joined the Committee in October 2017. As part of his induction process, Nick Hampton shadowed Charles Philipps as Chair of the November 2016 Audit Committee meeting.

Our approach

The key objectives for Audit Committee are to review and report to the Board and shareholders on the Group's financial reporting, internal control and risk management systems, and the independence and effectiveness of the auditor.

Our process

The Audit Committee Terms of Reference are available on the Company website at: **www.gpe.co.uk/about-us/governance**

The Board believes that it is useful to have all of the independent Non-Executive Directors serve on the Audit Committee as it provides a forum to discuss and challenge the Group's portfolio valuation with the external auditor which is a fundamental aspect of the business.

At the beginning of the year, the Committee comprised of independent directors Elizabeth Holden, Charles Philipps, Jonathan Short and Jonathan Nicholls as Chairman, until he retired from the Board at the July 2016 AGM to become Chairman of Shaftesbury plc. Independent Non-Executive Director Nick Hampton joined as Chairman of the Audit Committee on joining the Board in October 2016 and independent Non-Executive Directors, Richard Mully and Wendy Becker became members of the Committee on joining the Board in December 2016 and February 2017 respectively. Charles Philipps served as acting Chair for the September 2016 meeting and, as part of Nick Hampton's induction process, the November 2016 Audit Committee meeting.

The biographies of the Non-Executive Directors are on pages 54 and 55 with Charles Philipps and Nick Hampton, in particular, having recent and relevant financial experience, which, combined with Richard Mully and Jonathan Short's extensive property experience, ensures the Committee, as a whole, has competence relevant to the real estate sector.

The Audit Committee provides a forum for review of the Group's financial external reporting, including accounting policies, in respect of the Group's half-year and year-end results involving discussions with the Group's external valuers, CBRE and auditor, Deloitte LLP (Deloitte) and for reviewing the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems. The Committee is also responsible for the selection and review of the effectiveness of the auditor. Audit Committee meetings are also attended by certain Executive Directors and senior managers, by invitation. Martin Scicluna, as Chairman, also attends the Committee meetings reviewing the half-year and year-end results. By invitation, Nick Sanderson as Finance Director attends the half-year and year-end planning meetings.

During the year, Neil Thompson or Toby Courtauld together with Nick Sanderson also attended the half-year and year-end Audit Committee meetings with the valuers and auditor to provide their views on the valuation and financial results.

The Committee meets four times a year, with the meetings aligned with our financial reporting timetable.

The effectiveness of the performance of the Committee is considered as part of the Board evaluation process.

"The Audit Committee is responsible for overseeing and challenging the financial reporting process, monitoring the effectiveness of internal controls and risk management and assessing the independence and effectiveness of the auditor."

Nick Hampton
Chairman of the Audit Committee

Dear fellow shareholder

On behalf of the Audit Committee, I am pleased to present my first report as Chairman of the Committee for the year ended 31 March 2017.

As outlined on page 94, the Committee meets four times a year to:

- plan the audit;
- identify key accounting and areas of judgement as early as possible;
- receive reports from the auditor and valuers;
- consider how risks and internal controls have been managed in the preceding six months in respect of the half-year and year-end results;
- monitor the integrity of the Group's financial reporting; and
- review the independence and effectiveness of the auditor.

Accounting and key areas of judgement

A key factor in the integrity of financial statements is ensuring that suitable accounting policies are adopted and applied consistently on a year-on-year basis.

The Audit Committee uses the Audit Planning meetings in September and March each year to consider proposed accounting treatments for major transactions, significant reporting judgements and key assumptions related to those judgements in advance of the half-year and year-end results. It also receives an update from the Head of Corporate Finance on the Group's tax position. This year, following the EU referendum, the Committee asked our valuers, CBRE to attend the September Planning meeting to explain how the Brexit vote was expected to affect GPE's September 2016 valuation and valuation process. I also met with CBRE separately in November 2016 and in advance of the year-end Audit Committee meeting.

After reviewing the reports from management and consulting where necessary with the auditor and valuers, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates outlined on page 96, both in respect of the amounts reported and the related disclosures. The Committee is also satisfied that the processes used for determining the value of the assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust. In addition, management confirmed to the Audit Committee that they were not aware of any misstatements, either material or immaterial, made to achieve a particular presentation.

Fair, balanced and understandable

Whether the 2017 Annual Report and financial statements are fair, balanced and understandable is considered to be a matter for the whole Board and the Audit Committee's role is covered on page 100.

Internal controls and risk management

The Audit Committee's role in supporting the Board's oversight and review of principal risks, internal controls and risk management processes is covered on pages 65, 66 and 100.

Our Ethics and Whistleblowing policies

Each year as part of the year-end planning meeting, the Committee considers the Group's Ethics and Whistleblowing policies, both of which address the Company's policies on bribery. This year both the policies were amended to reflect changes made in the Group's policies and procedures as part of its activities in relation to the prevention of modern slavery covered in more detail on page 62. In addition, at least annually, we receive a copy of the Group's Gifts & Hospitality register and, this year, it was agreed at the March planning meeting that the Group's Gifts & Hospitality policy should be reviewed by the whole Board as part of its annual Governance Review.

Accountability

Accounting and key areas of judgement

Significant matter	Action taken
Valuation of the Group's portfolio	As the valuation of the Group's portfolio is fundamental to the Group's balance sheet, the Audit Committee, together with Martin Scicluna, meets with the valuers along with the auditor to discuss the valuation included within the half-year and year-end financial statements. This review includes the valuation process undertaken, changes in market conditions including the result of the EU referendum, recent transactions in the market and how these have impacted upon GPE's valuation, valuation movements on individual buildings and the valuers' expectations in relation to future rental growth and yield movement. The external auditor, Deloitte, independently meet with the valuers using real estate specialists and provide the Audit Committee with a summary of their review as part of their report on the half-year and year-end results.
Acquisitions, disposals and revenue recognition	Acquisitions, disposals and revenue recognition from significant lease transactions or development management agreements are considered to the extent that there are any unusual terms and conditions or judgements made in relation to timing. In the year ended 31 March 2017, the Committee in conjunction with Deloitte reviewed and discussed management's accounting proposals in relation to the sale of Rathbone Square for £435 million to Deka including the treatment of Deka's put option to sell the building back should Facebook's leases not complete. The Audit Committee concurred with the accounting treatment of this matter.
REIT status	The Audit Committee reviews current year and forecast compliance with the REIT tests every six months.
Early redemption of US Private Placement Notes	The early redemption in March 2017 of the US Private Placement Notes maturing in 2018 and 2021 resulted in the recognition of a redemption premium in the year ended 31 March 2017 and the Audit Committee considered the impact on the Group's IFRS and EPRA EPS and NAV metrics. The same treatment will be applied to the early redemption in April 2017 of the US Private Placement Notes maturing in 2019 and 2022, and the early redemption premium will be recognised in the accounts in the year ending 31 March 2018.
Rathbone Square overage	On the purchase of Rathbone Square from the Royal Mail Group (RMG) in September 2011, the Company entered into an overage agreement that enables RMG to participate in the development profits should certain performance metrics be met. As the potential amount payable is a matter of judgement, the Audit Committee, in conjunction with Deloitte, has reviewed the amount proposed by management as at 31 March 2017. The Audit Committee concurred with the accounting treatment of this matter.
Viability statement and going concern	Although the viability statement and going concern are a matter for the whole Board, see pages 67 and 132 respectively, a review is made by the Audit Committee of the appropriateness of the three-year period, the Group's headroom under its covenants and undrawn facilities in relation to the Group's financial forecasts and sensitivity analyses.
Alternative Performance Measures (APMs)	The European Securities and Markets Authority (ESMA) has released a set of guidelines on the use of APMs designed to ensure that APMs are used to supplement rather than supplant GAAP-compliant financial measures. The Audit Committee reviewed the Company's use of APMs and concurred with the presentation of its key APMs in line with EPRA metrics on the basis that they are widely used standard industry measures, the most appropriate measures of the Company's performance and meet the criteria set out in the ESMA guidance.

The external audit and review of its effectiveness

The Audit Committee advises the Board on the appointment of the external auditor, their remuneration for audit and non-audit work agreed by the Committee, and their effectiveness, independence and objectivity and discusses the nature, scope and results of the audit with the external auditor. As part of the review of the effectiveness of the external audit, a formal evaluation incorporating views from the Audit Committee and relevant members of management is considered by the Committee. Feedback from the review undertaken in September 2016, led by Charles Philipps, was provided to Deloitte as part of the annual planning meeting.

Areas covered by the review included:

- the calibre of the external audit firm, Deloitte – including reputation, coverage and industry presence;
- quality controls – including review processes, partner oversight, reports on Deloitte from the Audit Quality Review Team (AQRT) and regulators, and use of specialists;
- the audit team – covering quality of individuals, knowledge, resources, partner involvement, team rotation, the audit scope including planning and execution, scope adequacy and specialist areas;
- audit fee – reasonableness and scope changes;
- audit communications and effectiveness – planning, new developments/regulations, approach to critical accounting policies, issues and risks, quality of processes, timely resolution of issues, freedom of communication with the Audit Committee and feedback on management performance;
- governance and independence – internal governance arrangements, lines of communication with the Audit Committee, integrity of the audit team, Audit Committee confidence in the audit team and transparency;
- ethical standards – including conflicts of interest, non-audit work and partner rotation; and
- potential impairment of independence by non-audit fee income.

Overall, the Committee agreed that the audit process had been effective and it was noted that the subsidiary statutory reporting process and sustainability assurance process for the 2015/16 audit had improved.

The Committee also considered the effectiveness of the Group's management during the external audit process in respect of the timely identification and resolution of areas of accounting judgement, with input from the auditor and the Audit Committee as appropriate, as well as the timely provision of the draft results to Deloitte and the Committee for review. In addition, feedback was sought from the auditor on the conduct of members of the finance team during the audit process which confirmed that there had been a good level of communication and interaction between the teams.

As part of the consideration of audit quality for the audit for the year ended 31 March 2017, the importance of staff continuity within the Deloitte GPE audit team was highlighted by both management and the Committee. Deloitte also provided the Committee with a summary of the Financial Reporting Council's (FRC) AQRT findings from its Deloitte audits inspected in 2015/16. This included how areas recommended for improvement, identified on a small number of the total audits reviewed, were being addressed. It was also noted that the FRC had notified Deloitte that its AQRT intended to review their audit files for GPE's March 2017 audit as part of its 2017 annual review process.

In addition to this process, as part of my taking on the role of Chairman of the Audit Committee, I met with the Deloitte Audit partner and director responsible for the audit in advance of the March planning meeting and separately with them again before the year-end Audit Committee meeting. Looking ahead, I will continue to meet with the Deloitte team on a regular basis outside of the formal Committee process.

Accountability

Non-audit services

The auditor is 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 auditor under the Group's policy for provision of non-audit services by the external auditor (available from the Company's website at **www.gpe.co.uk/investors/governance**). This year, following publication of the FRC's Revised Ethical Standards, we revisited the policy as part of the year-end planning update. This resulted in a number of changes being made to the policy including reducing the scope of the potential provision of tax services and the introduction of a cap on non-audit services in any one year of 70% of the statutory audit fee.

The revised policy was approved by the Board as part of its April 2017 Governance review. As the purpose of this policy is to ensure auditor independence and objectivity is maintained, under the policy, prior approval is required by the Audit Committee for any non-statutory assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditor over 50% of that year's audit fees. The appointment of Deloitte to undertake any non-audit services also requires the prior approval of the Finance Director.

During the year, and prior to adoption of the new policy on the provision of non-audit services, activities undertaken by the auditor 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 tax legislation on property transactions;
- advice on the tax treatment of the £150 million Convertible Bond;
- assurance on achievement against 2016/17 sustainability objectives and targets and energy consumption data; and
- ad hoc accounting advice.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 147. The Group's audit fees are presented to, discussed and approved by the Audit Committee at the March planning meeting. In addition, audit and non-audit fees paid to Deloitte in respect of joint ventures totalled £28,000 (GPE share) (2016: £27,500) and £nil (2016: £nil) respectively. The three-year average of non-audit fees as a percentage of audit fees to the year ended 31 March 2017 as set out below is 57.6%.

Auditor and non-audit fees

	2017 £000s	2016 £000s	2015 £000s
Audit fees	**204**	210	182
Non-audit fees including the interim review	**83**	72	188
Ratio of non-audit fees to audit fees	**41%**	34%	103%
Audit fees of joint ventures (our share)	**28**	28	38

In addition to ensuring compliance with the Group's policy in respect of non-audit services, the Audit Committee also receives confirmation from Deloitte that it remains independent and has maintained internal safeguards to ensure its objectivity.

Auditor reappointment

Following a tender process, Deloitte 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 Richard Muschamp took responsibility as lead audit partner for the audit in June 2013. In light of the need for audit partner rotation for the year ending 2019, we agreed at the November 2016 Committee meeting that Deloitte would provide a list of potential candidates to take over the lead audit partner role.

Nick Sanderson and our Head of Financial Reporting and Investor Relations met with a number of the candidates following which they provided their recommendations to me. In advance of the March 2017 planning meeting, I met with the proposed candidates and, following these meetings, it was proposed, and approved by the Committee, that Judith Tacon, who has significant experience in real estate, be appointed as the new audit partner for the 2019 audit, subject to Deloitte's continuing satisfactory performance. As part of Judith's induction, it is planned that she attend the Committee meetings for 2018 planning, half-year results and year-end results.

Under the Company's interpretation of the transitional arrangements for mandatory audit rotation, the Company will be required to change auditor for the financial year ended 2024 and plans to complete a competitive tender process by this time. Notwithstanding these requirements and current plans, the Committee will continue to consider the need to tender the audit annually depending on the auditor's performance, taking into account the best interest of shareholders.

Having undertaken its review for this year, in the opinion of the Audit Committee, the relationship with the auditor is effective and the Committee remains satisfied with their independence and effectiveness. The Committee has, therefore, recommended to the Board that Deloitte be reappointed as auditor at the 2017 Annual General Meeting. There are no contractual obligations restricting the Company's choice of external auditor.

The Company has complied during the year ended 31 March 2017, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Our review of the need for an internal audit function

Due to its size and structure, historically the Group has not had an internal audit function, a matter that 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 and reviews by members of the finance team and/or external advisers as appropriate. This year, following discussion at the March Audit Committee meeting and a review by management, it is proposed that an outsourced internal audit function be introduced with formal terms of reference to conduct regular annual reviews. As PwC had previously undertaken an external review of the Group's financial controls and was considered to have provided a good service, following discussions with management and my meeting the Internal Audit Partner, Jill Emney, it was proposed to, and approved by the Audit Committee, that:

– PwC should be appointed to undertake the internal audit function providing the Company with access to specialist services as required throughout the financial year; and
– that Jill Emney, PwC's Risk Assurance Partner, should be appointed as Head of Internal Audit.

Committee effectiveness

Finally, although the formal review of the Committee's effectiveness is covered under the Board evaluation process outlined in more detail on pages 92 and 93, coming new to the Committee, I can report that the quality of discussion and level of challenge by the Committee with management, the external audit team and the valuer, together with the timeliness and quality of papers received by the Committee, ensures the Committee is able to perform its role effectively.

Nick Hampton
Chairman of the Audit Committee
24 May 2017

Accountability

Internal controls and ongoing risk management

The Board recognises that it is responsible for maintaining and monitoring 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 Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Key features of our system of internal control include:

– a comprehensive system of financial reporting and business planning;
– a defined schedule of matters for decision by the Board, revisited by the Board at least annually;
– 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;
– Board review of Group strategy including progress on the Group's development projects at each scheduled Board meeting; and
– formal sign-off on the Group's Ethics and Whistleblowing policies by all employees annually.

Twice a year, the Audit Committee carries out a review of the framework of the Group's risks and how they are managed through operational management procedures/authorisations, ongoing review by the Executive Committee, and ongoing Board review and oversight of key controls.

The Audit 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 property and financial market risks which may impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks. The risks and associated controls including business risks, financial controls, social, ethical and environmental issues and policy, and changes in the regulatory environment are reviewed, formalised and, if appropriate updated throughout the year. A review is also carried out as to how the controls and reporting procedures have operated during the year. Key risks to the business, how they have changed during the year and the processes in place to manage those risks are described in more detail on pages 66 to 75.

Fair, balanced and understandable – a matter for the whole Board

The Directors' statement on 'fair, balanced and understandable' is made on page 136. When considering whether the 2017 Annual Report and financial statements are fair, balanced and understandable, and provide information necessary for shareholders to assess the Company's position, performance, business model and strategy, the Board takes into account the following:

– the Chairman and Chief Executive provide input to and agree on the overall messages and tone of the Annual Report at an early stage;
– individual sections of the Annual Report and financial statements are drafted by appropriate Senior Management, with regular review meetings to ensure consistency of the whole document;
– detailed reviews of appropriate draft sections of the Annual Report and financial statements are undertaken by the Executive Directors;
– a final draft is reviewed by the Audit Committee and the auditor on a timely basis to allow sufficient consideration and is discussed with the Finance Director and Senior Management prior to consideration by the Board; and
– the Finance Director, in his May Board paper, includes a checklist of areas that the Board should take into consideration (including successes and challenges) when reviewing the fairness, consistency and balance of the final draft of the Annual Report and financial statements, including whether the Board considers that there are any omissions in information.

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 auditor.

What we did in 2016/17

2016

September 2016

Annual planning meeting

Met with the valuers (CBRE) to consider the expected impact of the result of the EU referendum on GPE's upcoming 2016 September valuation and valuation process

Met with the auditor (Deloitte) to review:

- the effectiveness and independence of the auditor – see pages 97 to 99
- significant accounting, reporting and judgement matters – see page 96
- Deloitte's 2017 Audit Plan
- the 2016 sustainability management letter

November 2016

Review of half-year results

Met with CBRE to consider the September 2016 valuation

Met with Deloitte to review:

- their review of the September 2016 valuation
- significant accounting, reporting and judgement matters, including going concern – see page 96
- Group tax matters with the Head of Corporate Finance
- the principal risks, monitoring of internal controls and risk management processes. Agreement that the Head of IT and external consultants involved in review of the Group's IT strategy should cover cyber risk at part of their presentation to the January Board meeting
- the half-year results announcement

Other matters

It was agreed that Deloitte should supply a list of candidates in relation to the lead partner rotation for the 2019 audit

March 2017

Year-end planning update

Met with Deloitte, to review/note:

- significant accounting and key areas of judgement – see page 96
- the need for an internal audit function. Agreement that Nick Sanderson should provide a paper to the May Audit Committee meeting in conjunction with PwC providing appropriate benchmarking data and a proposal for the scope of an internal controls review
- the need to review the Group's policy for provision of non-audit services by the auditor for which approval would be sought at the 2017 Corporate Governance Board meeting
- the Audit Plan update including the proposed level of audit materiality and level for reporting errors
- the Ethics policy and Whistleblowing policy – see page 95
- approve the 2017 audit fee – see page 98
- new accounting standards coming into force over the next few years including IFRS 9, IFRS 15 and IFRS 16
- and approval of the appointment of Judith Tacon as the Deloitte lead audit partner for the 2019 audit

May 2017

Review of year-end results

Met with CBRE to consider the March 2017 valuation – see pages 32 and 33

Met with Deloitte to review:

- their review of the March 2017 valuation – see pages 32 and 33
- significant accounting, reporting and judgement matters including going concern – see page 96
- Group tax matters with the Head of Corporate Finance
- the principal risks, monitoring of internal controls and risk management processes – see pages 65 to 75
- the Annual Report/results announcement
- the Committee's effectiveness
- relationship between the auditor and GPE management with feedback provided by Deloitte without management present
- audit retendering and reappointment of the auditor – see pages 98 and 99

Other matters

- Decision taken to appoint an outsourced internal audit function – see page 99

2017

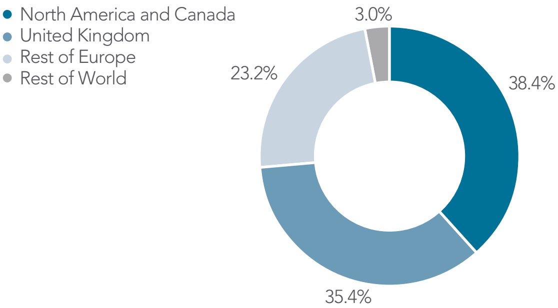
Relations with shareholders

"The EU Referendum result and share price reaction led to even higher levels of shareholder engagement – as a result we had 270 meetings during the year."

Stephen Burrows
Head of Financial Reporting and Investor Relations

Communication with our investors is given a high priority. As a result we maintain a regular dialogue with shareholders, potential shareholders, debt providers and analysts through a comprehensive investor relations programme. The programme is executed across a number of geographies, reflecting the international nature of our share register, and through a variety of routes including roadshow meetings, meetings at industry conferences, investor and analyst events, property tours and presentations to analysts and investment banks' equity sales teams.

Institutional shareholders by geography at 31 March 2017



+ **For our top shareholders** see page 132

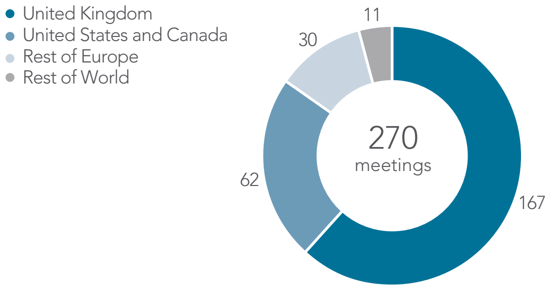
We are also committed to providing investors with regular announcements of significant events affecting the Group, including its business activity and financial performance. These announcements are available on the Group's website at **www.gpe.co.uk** along with results webcasts, analyst presentations, property videos, press releases and interviews with the Chief Executive and Finance Director.

The Executive Directors and the Head of Financial Reporting & Investor Relations 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 shareholders and analysts is provided to the Non-Executive Directors on a regular basis. Martin Scicluna, as Chairman, also offered to meet major shareholders owning between them 42% of the Company and during the year he met or spoke with seven institutional investors.

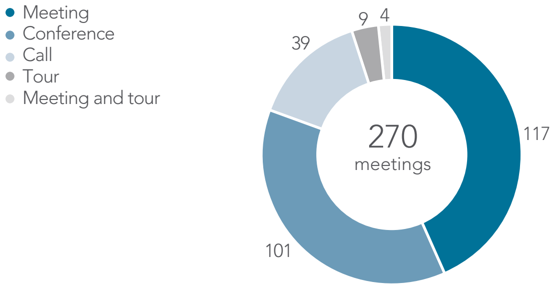
In total, the directors and senior management had 270 formal meetings with shareholders and potential shareholders from more than 200 institutions during the year. This elevated level of engagement was largely driven by the greater uncertainty in the market following the EU Referendum. As a result, we actively sought to engage with investors to provide additional colour in respect of market conditions and the implications of the vote.

We were also pleased to be voted #1 for investor relations in the European property sector in the 2016 Extel Survey.

Investor contact by location



Investor contact by method



During the year ended 31 March 2017 our Head of Sustainability and Head of Financial Reporting and Investor Relations met with a number of our largest investors to understand their perception of our sustainability strategy. Their feedback was invaluable in understanding their view of our sustainability performance and was also used to help inform our recently updated sustainability strategy. For the forthcoming year we will be offering to meet with investors to discuss our 'Towards the 2030s' strategy. In addition to this engagement, we believe that it is essential that we provide transparent reporting and, therefore, participate in a number of sustainability indices including:

GRESB REAL ESTATE
FTSE4Good
Included in ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Europe
CDP DRIVING SUSTAINABLE ECONOMIES
EPRA

The Executive Directors and Corporate Finance Team also have regular dialogue with our debt providers, including relationship banks, private placement investors, debenture holders and convertible bond holders.

The Chairman and Senior Independent Director, Martin Scicluna and Charles Phillips respectively 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 6 July 2017 can be found in the Notice of Meeting on pages 182 and 183. 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 at **www.gpe.co.uk/investors/shareholder-information/agmgm**

Shareholder engagement

As part of our active engagement with both our shareholders and the analyst community we held a number of events to provide additional insight on our activities.

In March 2017, we hosted a property tour for the Group's analysts at our newly completed development at 30 Broadwick Street, W1. This provided an opportunity to see the building before the new tenants take occupation, speak to the development team on its construction and design and understand our recent leasing successes.

In April 2017, we hosted a dinner for a number of institutional investors providing them with the opportunity to meet the wider management team, in particular, the new members of the Executive Committee and the wider heads of department. Feedback from both events was very positive.

What we did in 2016/17

2016

May 2016

Investor roadshow: London

Equity sales force meetings × 2

June 2016

Investor roadshows: Amsterdam/US

Conferences: Kempen (Amsterdam), Morgan Stanley (London)

July 2016

Annual General Meeting

Equity sales force meetings × 2

September 2016

Conferences: BAML (New York), EPRA (Paris)

November 2016

Investor roadshows: London

Equity sales force meetings × 3

December 2016

Investor roadshow: US

Conference: UBS (London)

Equity sales force meetings × 1

January 2017

Conference: JP Morgan Cazenove (London)

Investor roadshow: Amsterdam

Equity sales force meetings × 1

February 2017

Investor roadshow: Singapore/Hong Kong

March 2017

Conferences: Citi (US), BAML (London)

Equity sales force meetings × 2

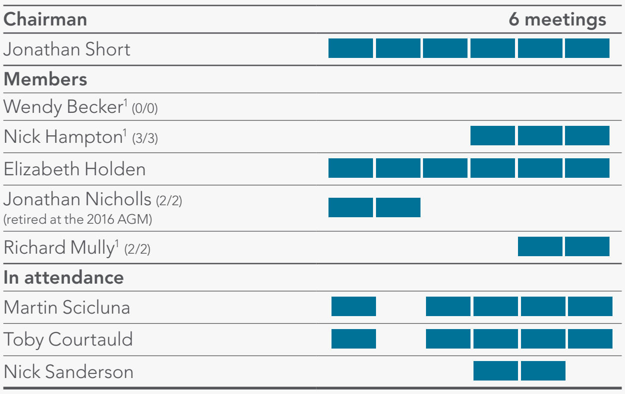
Analyst tour – 30 Broadwick Street, W1

2017

Directors' remuneration report

Remuneration Committee and advisers

Remuneration Committee members and attendance by others



1. Wendy Becker, Nick Hampton and Richard Mully joined the Committee in February 2017, October 2016 and November 2016 respectively.

Our approach

The key objectives for the Committee are to ensure the Executive Directors are appropriately incentivised and remuneration arrangements are fully aligned with the Company's strategy to generate superior portfolio and shareholder returns.

As outlined on pages 22 and 23, we currently measure our absolute and relative performance using a small number of key performance indicators:

- Relative Total Property Return (TPR) demonstrating our market competitiveness;
- Relative Total Shareholder Return (TSR) reflecting shareholder value; and
- Absolute EPRA net asset per share growth (NAV growth) showing our absolute performance.

Over the medium term, we aim to outperform our benchmarks.

The Group's annual bonus plan for the Executive Directors and employees uses financial targets based on NAV growth and the capital growth element of TPR, together with a review of the attainment of personal objectives to achieve operational excellence. The 2010 Long-Term Incentive Plan (the 2010 Plan) uses all of our key performance indicators equally to measure the Group's performance being TPR (one-third), TSR (one-third) and NAV growth (one-third). Under the 2010 Plan, the level of reward to Executive Directors and senior management depends on the performance of the Group over a three year period.

Our overarching 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 with a view of total remuneration 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. As well as providing motivation to perform, remuneration plays an important retention role and needs to be appropriately competitive without being excessive.

To achieve the aims of the Company's remuneration policy, the Committee generally seeks to position fixed remuneration, including benefits and pension, around mid-market and 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, and, using a significant proportion of variable reward, to increase total potential remuneration for superior performance through the annual bonus plan and long-term incentives.

Our process

The Remuneration Committee Terms of Reference are available from the Company website at: **www.gpe.co.uk/about-us/governance**

At the beginning of the year, the Remuneration Committee comprised three independent Non-Executive Directors, Elizabeth Holden, Jonathan Nicholls and Jonathan Short. In light of the Corporate Governance Code requirement that the Remuneration Committee be made up of three independent Non-Executive Directors, Martin Scicluna, who was considered to be independent on becoming Chairman of the Board, attended all Remuneration Committee meetings following Jonathan Nicholls' departure from the Committee given his resignation from the Board at the July 2016 AGM to become Chairman of Shaftesbury plc.

Independent Non-Executive Directors Nick Hampton, Richard Mully and Wendy Becker became members of the Committee on joining the Board in October 2016, November 2016 and February 2017 respectively.

Wendy Becker will take over as Remuneration Committee Chairman at the 2017 AGM from Jonathan Short who has served ten years on the Board. On the basis that the Board consider Jonathan Short still to be independent, he will remain as a member of the Remuneration Committee for a further year. Wendy Becker will not have served on the Committee a full year before the 2017 AGM prior to becoming Chairman, however, will have been through the review of the new Remuneration Policy, feedback from shareholders, the annual salary and bonus setting process and the vesting of the 2014 LTIP awards.

The Committee was advised during the year by FIT Remuneration Consultants ('FIT Rem') as independent remuneration consultants who were appointed by the Committee in August 2014. FIT Rem attends Committee meetings and provides advice on remuneration for the Executive Directors, analysis on all elements of the remuneration policy and regular market and best-practice updates. FIT Rem reports directly to the Committee.

Toby Courtauld, the Chief Executive, provided input with regard to the achievement of personal objectives for the other Executive Directors and attends discussions on remuneration including on new appointments and promotions as considered appropriate by the Committee.

No director or employee is involved in discussions on their own pay.

"This year, we have sought to retain the close linkage of Executive reward to the Group's key performance indicators and increased our share ownership guidelines to ensure effective alignment with our shareholders whilst simplifying the structure of the LTIP."

Jonathan Short
Chairman of the Remuneration Committee

Dear fellow shareholder

On behalf of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 March 2017.

Remuneration in respect of the year ended 31 March 2017

This year has been another year of strong operational performance through good leasing momentum, continuing to recycle capital profitably through selling properties where we have created significant value and maintaining a disciplined approach to capital allocation, including returning capital to shareholders. Our activities mean our balance sheet provides unprecedented financial strength with a record low loan to value and significant liquidity. However, the EU referendum result has had a negative effect on business confidence in London which will likely result in lower economic growth and, as a consequence of the unclear economic environment, London's commercial property markets have weakened during this period of uncertainty.

As a result of strong NAV growth up to the date of the referendum, we achieved a total uplift for the three years to 31 March 2017 of 41% and, therefore, we expect 100% of the NAV hurdle to be met for the Group's three year 2014 LTIP award, due to vest in June 2017. However, following a de-rating of the share prices of GPE and other London-focused property companies relative to the broader FTSE 350 Real Estate sector over the last year, in part due to adverse market sentiment following the EU referendum, based on the latest information available as at 31 March 2017, we do not expect the TSR hurdle to be met. We also underperformed the TPR benchmark for the three year period to 31 March 2017, resulting in a nil vesting.

For the 2016/17 Annual Bonus Plan, despite management's efforts, as a result of the NAV growth target being set before the referendum and the resultant weakening London market, the NAV target was not achieved. In addition, the Group's portfolio capital growth performance was below that of the relevant IPD capital growth index due to our lower than benchmark exposure to long-dated investment properties, whose valuations proved more resilient in the year and which we have sort to monetise through sales, resulting in zero payout under the Annual Bonus Plan.

+ See our KPIs on pages 22 and 23

Recognising their decisive actions in light of the EU referendum to crystallise profits, further degear the balance sheet to provide additional optionality and significant progress against their individual objectives for operational excellence during the year as outlined on pages 112 and 113, the 20% of the bonus linked to personal performance was considered to be fully met.

New Remuneration Policy

As our existing Remuneration Policy will have reached the end of its three year life at the end of this financial year, a new three year policy will be submitted for shareholder approval at the 2017 Annual General Meeting ('AGM'). During the year, the Committee has reviewed the policy taking into account a number of factors including:

- the current market environment, in particular, the uncertainty of the potential implications of 'Brexit';
- developments in market practice;
- pay and performance outcomes over the last three years; and
- pay and employment conditions across the Company and more generally across the sector.

Following the comprehensive review, the Committee was satisfied that the current policy structure has served us well, with only a few modest amendments necessary to make the overall arrangements simpler to operate, more closely aligned to strategy and address recent developments in best practice. The proposed changes are set out below:

- a substantial increase in the share ownership guidelines from 100% of salary to 300% of salary for the Executive Directors;
- simplification of long-term incentives with the consolidation of LTIP and SMP into a single incentive plan. No increase in overall quantum potential although, to permit the continued level of awards under the LTIP alone, shareholder approval will be sought for an increase of this element;
- the introduction of a post-vesting holding period for future awards of an additional two year holding period (which will continue post-cessation);
- reduction of the pension maximum from 25% to 20%; and
- removal of the ability to make annual bonus awards in excess of 150% of base salary in exceptional circumstances.

As part of the review of our Remuneration Policy and performance measures outlined below, we consulted with institutional shareholders holding in excess of 40% of the Company's share capital along with investment advisory bodies in both the UK and US. We were pleased to receive overall broad support for the proposed changes.

2017/18 implementation of our policy

In reviewing the Remuneration Policy, the Committee also reviewed the performance measures used in the annual bonus and LTIP. The Committee recognised the importance of retaining the principles of operating a basket of absolute and relative measures under both the Annual Bonus Plan and LTIP arrangements to ensure the Company must perform well in both absolute and relative terms before maximum awards can be earned. However, the Committee recognised that under both the Annual Bonus Plan and LTIP, the current market uncertainties make it difficult to set growth targets annually and, under the LTIP, that the relative TPR measure should reflect the weighting of the size of the Company's portfolio to others in the Index.

Proposed changes, therefore, to the performance measures under the Annual Bonus Plan and LTIP are:

- **Annual Bonus Plan:** the NAV growth metric (30% weighting) be redefined as Total Accounting Return (i.e. absolute EPRA NAV growth plus any dividends paid over the financial year to take account of both gearing and distributions to shareholders). The Committee will also pre-commit to a target range of 4% to 10% of year on year growth for each of the three years under the new policy.

  There are no changes to the other metrics; and

- **LTIP:** as with the bonus, NAV (one-third weighting) will be redefined as Total Accounting Return with the target range increased by 1% to a 4 – 10% p.a. compounded scale to reflect the inclusion of dividends. Given that performance conditions elsewhere in the FTSE 350 are increasingly set without provision for RPI adjustment and that almost all the Group's leases include rent review provisions only once in every five year period, the Committee has also removed the RPI linkage from the condition.

  The TPR target range (one-third weighting), which previously was calibrated based on the median and upper quartile ranking positions for the IPD central and inner London index, will now be assessed on a more conventional 'Index+' approach. Threshold vesting will be achieved for equalling the Index, rising on a straight-line basis to full vesting for Index+1.5% p.a. For previous awards, a median to upper quartile target range has been used. The revised approach more accurately reflects broader property performance as the IPD indices are size weighted, whereas the previous median to upper quartile basis was not which meant that the result could be unduly impacted by a fewer smaller portfolios within the IPD universe. The Committee is satisfied that this indexed approach should not be materially less challenging than the previous approach taken.

  There are no changes to the TSR element (one-third weighting) of the award.

A more detailed summary of the implementation of the remuneration policy for the year ending 31 March 2018, which is subject to an advisory shareholder vote at the 2017 AGM, is provided on pages 120 to 130.

For the year ending 31 March 2018, the standard base salary increase for employees will be 2%. Base salary increases of more than 2% were given to some employees due to market alignment and/or a number of increases in individual responsibilities, such that the average increase will be 4% for the year to 31 March 2018. The Committee propose to increase the Executive Directors' salaries by 2% in line with most employees.

Special Dividend

As the effect of the share consolidation following the Special Dividend (see page 44 of our financial results) should broadly be to preserve the value of the awards under the LTIP, the Remuneration Committee determined that employees who held unvested awards under the LTIP should not receive the Special Dividend and accordingly awards held by those employees were not adjusted for the share consolidation. Because of the share consolidation, the Remuneration Committee has also not amended the performance conditions for the existing awards.

As participants in the SIP are the beneficial owners of a number of existing ordinary shares held on their behalf by the plan trustee, they will be entitled to participate in the Special Dividend in respect of those shares.

Employees shareholdings through the SIP will be treated in the same manner as those of shareholders on share consolidation and so will be adjusted to reflect a consolidated holding.

Board changes and remuneration

Neil Thompson stepped down from the Board with effect from 13 December 2016. The termination provisions were consistent with his contractual obligations and his 2017 annual bonus was limited to the personal performance element only (20% weighting) pro-rated to 31 December 2016 when he left the business. His unvested 2014 LTIP and SMP award will vest in June 2017 subject to time prorating and performance conditions being met, and he will not receive any of his unvested 2015 or 2016 awards.

Following Neil Thompson's departure, Toby Courtauld's and Nick Sanderson's contracts have also been amended to ensure any termination payments in relation to notice payments may be made on a monthly basis.

Future activities

When reviewing the policy, the Committee was mindful of the proposals set out by the Executive Remuneration Working Group ('ERWG'), which encouraged companies to consider whether alternative models of remuneration were appropriate. We do not feel the suggested alternative models would adequately reflect the Company's high performance culture or strategy at this time. That said, the Committee will continue to monitor developments in best practice, including the market reaction to the ERWG proposals and any impact from the UK Government's Green Paper on corporate governance reform. If, at a later date, the Committee concludes that alternative remuneration arrangements would be appropriate, we will consult with our major shareholders and bring an appropriate proposal to shareholders.

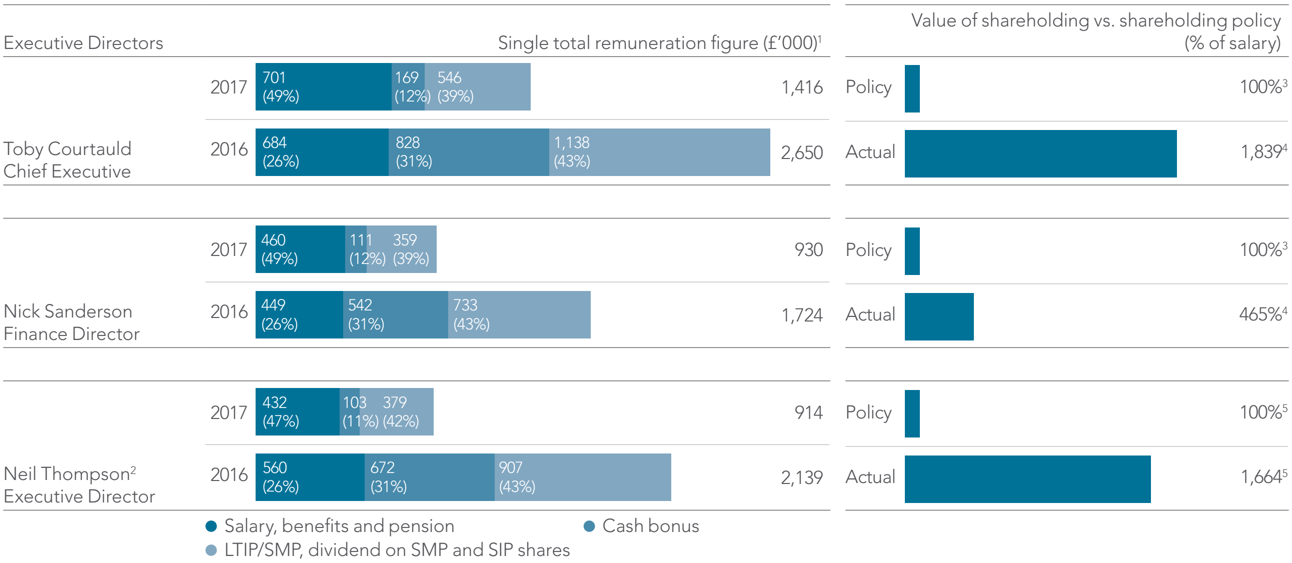
Finally, having served over three years as Chairman of the Committee, I will be stepping down as Chairman at the 2017 AGM so this is my final report as the Chairman of your Remuneration Committee. Although I will remain on the Committee for a further year, I wanted to thank all stakeholders for their support and feedback, and hope that you will agree that we have struck an appropriate balance between the need to retain a motivated highly regarded management team while aligning pay with the interests of shareholders and avoiding paying more than is necessary. I am pleased to report that Wendy Becker will be succeeding me as Chairman of the Committee.

I do hope that you will support the new 2017 Remuneration Policy with the associated amendment to the LTIP, and the annual vote of the Remuneration Report at this AGM.

Jonathan Short
Chairman of the Remuneration Committee
24 May 2017

2016/17 Executive Directors' remuneration – at a glance

Please find below a summary of our remuneration and performance outcomes for the year ended 31 March 2017.



1. These figures contain estimates, see pages 110, 113 and 114.
2. Neil Thompson's salary, benefits, bonus and LTIP are pro-rated up to the date of leaving on 31 December 2016.
3. This will be increased to 300% under the 2017 Remuneration Policy
4. Value of shareholding as at 31 March 2017.
5. Value of shareholding as at 31 December 2016.

Total remuneration

Executive Directors	Salary £000	Benefits £000	Annual bonus £000	LTIP/SMP[1]	Pension £000	SIP £000	Total £000
Toby Courtauld	563	25	169	542	113	4	1,416
Nick Sanderson	369	17	111	355	74	4	930
Neil Thompson[2]	343	20	103	376	69	3	914
Total	**1,275**	**62**	**383**	**1,273**	**256**	**11**	**3,260**

1. These figures contain estimates. See pages 110, 113 and 114.
2. Neil Thompson's salary, benefits, bonus and LTIP are pro-rated up to the date of leaving on 31 December 2016. In addition, Mr Thompson's termination terms are set out on page 115.

For more details see pages 110 to 114 of the Annual Report on remuneration.

Annual Bonus Plan

Bonus Plan Performance measures	**Maximum % of salary**	**Threshold Target**	**Actual**	**% of maximum achieved**
IPD Capital Growth Index outperformance	75%	CGI+0%	CGI–5.5%	0%
NAV growth	45%	36.9p	–47.6p	0%
Operational excellence	30%	See page 111	See pages 112 and 113	Toby Courtauld – 100% Nick Sanderson – 100% Neil Thompson – 100%

For more details see pages 111 to 113 of the Annual Report on remuneration.

2014 LTIP and SMP Awards – vesting in June 2017 (included in the year ended 31 March 2017 single figure)

LTIP/SMP measure	Target	Actual	% of maximum achieved
TSR to vesting in June 2017	Median to upper quartile	Estimated as at 31 March 2017	0%
NAV – three years to 31 March 2017	RPI plus 3%–9% p.a.	RPI plus 10% p.a.	100%
TPR – three years to 31 March 2017	Median to upper quartile	24th percentile	0%

For more details see pages 113 and 114 of the Annual Report on remuneration.

Directors' remuneration report

Annual Report on remuneration

Statement of implementation of remuneration policy for the year ending to 31 March 2018

Executive Directors

The remuneration policy and its implementation for the forthcoming financial year is summarised below:

Salary

On 1 April 2017, the Executive Directors received increases in salaries, the same as the base increase provided to employees across the Group as follows:

	Year ending 31 March 2018 £000	Year ended 31 March 2017 £000	% increase
Toby Courtauld	574	563	2
Nick Sanderson	376	369	2

In reviewing the salaries of the Executive Directors, the Committee has also taken account of both the individuals' and Company's performance and the employment conditions and salary increases awarded to employees throughout the Company.

Benefits and pension

No change:

	Pension contribution (% of salary) Year ending 31 March 2018	Pension contribution (% of salary) Year ended 31 March 2017	Benefits
Toby Courtauld	20%	20%	Policy Level
Nick Sanderson	20%	20%	Policy Level

None of the directors participate in the Group's defined benefit final salary pension plan, which was closed to new entrants in 2002.

Bonus for the year ending 2018

The target and maximum bonus potentials will remain unchanged at 75% and 150% of salary respectively for the Executive Directors. The table below sets out the performance measures and their respective weightings for the year ending 31 March 2018:

Performance measures	Weighting	Description
Capital Growth	50%	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index for the year to 31 March 2018 with 16.67% of this element payable at Index and 100% at Index + 2.5%
Total Accounting Return[1]	30%	Growth of EPRA NAV plus dividends paid against target range of 4% (at which point 20% of this element is payable) – 10% (for the year to 31 March 2018).
Personal objectives[2]	20%	Vary from individual to individual and include metrics around corporate performance, development management, asset management, financial management and people

1. Any dividends will be deducted from the base figure from the point of distribution (as it is not realistic to deliver growth after capital has been repaid to shareholders), except where reflected in some other way, such as through a share consolidation.
2. The Committee is of the opinion that, given the commercial sensitivity around GPE's business, disclosing precise individual targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Objectives, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any payouts.

LTIP/SMP performance measures for the year ending 2018

Following the consolidation of the LTIP and SMP into a single plan, the maximum potential for the 2017 LTIP is, assuming shareholders approve the proposed changes to the LTIP rules, 300% (compared to 200% and 100% of salary granted under the LTIP and SMP respectively in 2016).

The following performance measures apply to awards to be granted in 2017.

LTIP/SMP awards

Performance measure over three years	% of award	Vesting level			Start of measurement period
		20%	Straight-line vesting between these points	100%	
Total Accounting Return	33%	4% p.a.		10% p.a.	1 April prior to grant
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	33%	Median		Upper quartile	Grant date
Total Property Return against IPD Total Property Return – central London index	33%	Index		Index + 1.5% p.a.	1 April prior to grant

The proposed remuneration policy, if approved by shareholders, will introduce a two year holding period on future LTIP awards, whereby participants will not be permitted to sell any vested awards until the fifth anniversary of grant (save to meet any tax liabilities). The holding period will generally continue to operate post cessation of employment.

While both the plan rules and previous shareholder approved policy permit outstanding awards to accrue dividend roll-up over any vesting period, previous practice was to only accrue such dividend roll-up on SMP awards. Given the longer period to release (i.e. five years), it is considered appropriate to permit dividend roll-up over the consolidated LTIP award.

Non-Executive Directors

The following table sets out the fee rates for the Non-Executive Directors, which apply from 1 April 2017. The Chairman's fee and base fees for the Non-Executive Directors have been increased by approximately 2% in line with employees.

Non-Executive Directors' annual fees for the year ending 31 March 2018

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Martin Scicluna	240,000	–	–	–	–	240,000
Wendy Becker[1]	51,000		5,000	8,671	3,350	68,021
Nick Hampton	51,000	–	10,000	5,000	3,350	69,350
Elizabeth Holden[2]	13,588	–	1,332	1,332	893	17,145
Richard Mully	51,000	–	5,000	5,000	3,350	64,350
Charles Philipps	51,000	5,000	5,000	–	3,350	64,350
Jonathan Short	51,000	–	5,000	6,329	3,350	65,679

1. Wendy Becker will become Chairman of the Remuneration Committee from the 2017 AGM.
2. Elizabeth Holden will be retiring at the 2017 AGM.

Fee levels for the Non-Executive Directors are assessed having regard to individual responsibility and the wider FTSE 250.

Directors' remuneration report

Annual report on remuneration

This section of the remuneration report contains details of how the Company's remuneration policy for directors was implemented during the financial year ending on 31 March 2017.

Audited

	Salary/fees		Benefits		Annual bonus		LTIP/SMP		Pension allowance/ Contribution[4]		Share Incentive Plan[5]		Total[6,7]	
	2017 £000	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000	**2017[1] £000**	2016[2,3] £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Executive														
Toby Courtauld	**563**	552	**25**	22	**169**	828	**542**	1,135	**113**	110	**4**	3	**1,416**	2,650
Nick Sanderson	**369**	361	**17**	16	**111**	542	**355**	730	**74**	72	**4**	3	**930**	1,724
Neil Thompson[8]	**343**	448	**20**	22	**103**	672	**376**	904	**69**	90	**3**	3	**914**	2,139
Non-Executive														
Martin Scicluna	**235**	223	**3**	2	**–**	–	**–**	–	**–**	–	**–**	–	**238**	225
Elizabeth Holden	**63**	62	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**63**	62
Jonathan Nicholls[9]	**20**	72	**2**	3	**–**	–	**–**	–	**–**	–	**–**	–	**22**	75
Charles Philipps	**64**	57	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**64**	57
Jonathan Short	**68**	67	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**68**	67
Nick Hampton[9]	**31**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**31**	–
Richard Mully[9]	**21**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**21**	–
Wendy Becker[9]	**10**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**10**	–
Total	**1,787**	1,842	**67**	65	**383**	2,042	**1,273**	2,769	**256**	272	**11**	9	**3,777**	6,999

1. This column shows the estimated value of the 2014 LTIP and SMP awards expected to vest in June 2017, based on the latest information available as at 31 March 2017 and calculated at the average share price of £6.41 per share for the three months to 31 March 2017, together with the value of the dividend to be paid in respect of the expected vesting of the Matching shares held over the three year period.
2. This column includes the value of 2013 LTIP and SMP awards that vested in the year ended 31 March 2017, calculated at the mid-market share price on the date of vesting on 16 June 2016, together with the value of dividend equivalents paid in cash in respect of the vested SMP shares held over the three year period.
3. The numbers disclosed in the 2016 Annual Report were based on an estimated level of TSR performance. For Toby Courtauld, Nick Sanderson and Neil Thompson the estimated TSR vesting level of their 2013 LTIP and SMP awards was 38% and the actual vesting was 36%. The estimated share price for their 2013 LTIP and SMP awards was £7.34 per share and the actual share price was £7.12 per share.
4. 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, Nick Sanderson and Neil Thompson receive a pension allowance.
5. This column shows the value of the matching shares awarded under the Employee Share Incentive Plan and calculated on the share price when the shares were purchased.
6. This column sets out a single figure for the total remuneration due to the directors for the year ended 31 March.
7. The aggregate emoluments (being salary/fees, bonus, benefits and cash allowances in lieu of pension) of all directors for the year ended 31 March 2017 was £2,493,000 (2016: £4,180,000).
8. Neil Thompson stepped down from the Board with effect from 13 December 2016 and ceased to be an employee on 31 December 2016. His salary, benefits, bonus and LTIP are pro-rated up to the date of leaving on 31 December 2016. See page 115 for more details of his termination arrangements.
9. Jonathan Nicholls stepped down from the Board on 7 July 2016. Nick Hampton, Richard Mully and Wendy Becker were appointed to the Board on 17 October 2016, 1 December 2016 and 1 February 2017 respectively.

Executive Director remuneration from other roles

Executive Directors are able to accept external Board appointments with consent of the Board. Any fees received by an Executive Directors for such an external appointments can be retained by an individual. Toby Courtauld is a Non-Executive Director of Liv-ex Limited, for which he received no remuneration during the year. He also received no remuneration for serving as a director of the New West End Company.

Taxable benefits

Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. No individual benefit provided has a value which is significant enough to warrant separate disclosure. Unlike many property companies, Executive Directors are not provided with a company car or a company car allowance.

2017 Bonus outcome

The financial targets for the bonus for the year ended 31 March 2017 and the extent to which they were achieved are as set out in the table below. The Committee did not exercise their discretion in respect of any of the performance measures.

Maximum percentage of salary	Key elements of strategy	Measured by	Threshold performance target	Maximum performance target (100% payout)	Actual performance achieved	Actual performance level as a percentage of maximum	Bonus receivable (£'000) Toby Courtauld	Nick Sanderson	Neil Thompson[2]
75%	Market competitiveness	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index (for the year to 31 March 2017) – on a stepped basis[1]	Annual percentage rate of portfolio capital growth to meet annual percentage rate of capital growth of the central London IPD index[1]	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London IPD index by 2.5%	Index –5.5%	0%	–	–	–
45%	Absolute performance	Achievement of NAV targets (for the year to 31 March 2017) – on a straight-line basis – positive NAV growth underpin	90% of target NAV growth of 41p (36.9p) (at which point 20% is payable)	Positive NAV growth greater than 130% of target of 41p (53.3p)	–47.6p	0%	–	–	–
30%	Operational excellence	Achievement against personal objectives (for the year to 31 March 2017)	Partial achievement of personal objectives	Exceeding personal objectives	See pages 112 and 113	Toby Courtauld 100% Nick Sanderson 100% Neil Thompson 100%	169	111	103
						Total	**169**	**111**	**103**

1. IPD Capital Growth Index	% payable
CGI < 0%	0%
CGI + 0% to 0.49%	16.67%
CGI + 0.5% to 0.99%	33.34%
CGI + 1% to 1.49%	50%
CGI + 1.5% to 1.99%	66.67%
CGI + 2% to 2.49%	83.34%
CGI + 2.5% & above	100%

2. As noted on page 115, Neil Thompson remained eligible to receive a bonus for 2016/17, but only in relation to the operational excellence measures (i.e. 20% of the maximum). The bonus has been time pro-rated to reflect the period of his employment only.

Directors' remuneration report

The Executive Directors' personal objectives, approved by the Remuneration Committee, are designed to focus on the delivery of the strategic priorities and the successful management of risk for both 2016/17 and the longer term. Following consideration of achievement against the Executive Director's personal objectives set at the beginning of the year as listed below, and the additional steps taken following the EU referendum vote to ensure the long-term health of the Group was preserved through providing increased optionality, the Committee has awarded Toby Courtauld, Nick Sanderson and Neil Thompson 100% of the full potential bonus for Operational Excellence.

Significant personal objectives for each of the Executive Directors included:

	Objectives	Actions taken
Toby Courtauld	Review and implement strategy in light of changing market conditions, in particular in relation to the UK Referendum on membership of EU.	Following the EU Referendum, led debate on a variety of options for GPE's business model from which it was concluded that the Company should remain focused on delivering total return to shareholders through positioning the Group's portfolio, financial structure and human resources to take advantage of the property cycle. Led multiple strategic debates during the year to consider all the potential impacts of the UK's exit from the EU. Presented conclusions to employees. Principal strategic objectives implemented, particularly in relation to development completions and sales campaign.
	Direct implementation of portfolio business plans in light of market conditions and lead on transactions as appropriate.	Oversight of sale of 73/89 Oxford Street,W1 and led on sale of Rathbone Square, W1. Initiation of Disruption Project to consider longer-term impacts on properties from technological and working practice changes.
	Progress de-risking of Rathbone Square and Hanover Square.	Rathbone Square de-risked through sale to Deka in February 2017. Assumed oversight for ongoing negotiations with Crossrail at Hanover Square to accelerate the construction programme for the wider scheme ahead of delivery of the station structure by Crossrail in 2018.
	Broaden and strengthen Executive Committee.	Led the recruitment process of Robin Matthews, Investment Director. Oversight of the ongoing induction programme for both Steven Mew as Portfolio Director and Robin Matthews. Led process of reviewing and strengthening Executive Committee operating principles, including its risk management processes.
	Broaden the leadership programme to include Line Managers and ensure roll out of development programme across all employees.	Leadership programme rolled out to all Line Managers. Inaugural formal Development Plans implemented for all employees as part of the half year Appraisal process.
	Strengthen engagement between Executive Committee and employees.	Delivered Employee Engagement Survey where results showed 97% of employees believe in what GPE is trying to achieve and 96% of employees would recommend GPE as a great place to work. Led programme to implement ideas flowing from the Survey, including, for example, flexible working policies.
Nick Sanderson	Maintain low cost, diversified, flexible and conservative debt and assist in setting and implementation of corporate strategy.	Oversight of the Corporate Finance Team in: – issue of new £175.0 million 2.15% 2024 private placement notes and repayment of all existing notes; and – development and implementation of the Group's tax strategy. Led Board debate on the payment and amount of the special dividend.
	Deliver high quality internal and external reporting.	Won the PwC Building Public Trust Award for the best FTSE 250 Annual Report. Provided oversight of the shareholder and analyst relation programme (GPE ranked #1 and #2 European real estate IR by Extel and Institutional Investor respectively).
	Ensure a strong control environment.	Revisited programme for external review of internal controls to increase from a three yearly review to an annual review with introduction of outsourced internal audit function. Facilitated the external review and reporting to the Board on the Group's IT systems. Regular review of development exposure and risks with Andrew White, Development Director and James Pellatt, Head of Projects.
	Increased support of and involvement in property activities.	On Neil Thompson's departure took responsibility for Health and Safety and the valuation process. Joined the GRP, GVP and GHS Joint Venture Boards. Maintained programme of meeting with GPE's top tenants.
	Maintain focus on costs and efficient operations.	Detailed review of overhead costs and work streams identified to reduce certain expenditures. Supported the IT Team to enhance the IT offering as part of the internal office move and flexible working.
	Continue to develop and motivate Finance Team.	Reviewed resourcing and structure of Finance Team, looking to broaden levels of responsibility, where appropriate.

	Objectives	Actions taken
Neil Thompson	Progression of the short- and long-term development programme including:	
	– options for early access and procurement at Hanover Square;	Lead responsibility for early access discussions and review with development team of procurement options.
	– pre-let campaign for the retail at Rathbone Square, W1;	Oversight of commencement of retail pre-letting campaign.
	– pre-letting campaign for the offices at 30 Broadwick Street, W1; and	Oversight of pre- and post-letting campaign.
	– monitoring of construction, letting of offices and remaining retail and potential sale of 73/89 Oxford Street, W1.	Letting of offices and remaining retail completed by September 2016. Led on sale of 73/89 Oxford Street, W1 to Norges, completed in November 2016.
	Regular review and challenge of individual Asset Business Plans and underlying asset management activities to enhance total returns whilst managing voids in line with redevelopment plans.	Responsibility for oversight of regular 'dashboard' meeting for review of assets with individual asset managers.
	Responsibility for the valuation process.	Oversight of the half-year valuation process.
	Development of the Heads of Department within the property teams.	Led discussions with individual property Heads of Department on resourcing, personal and team development as part of the overall leadership and development programme.

Anticipated vesting of 2014 LTIP/SMP awards

The tables below set out the alignment of LTIP/SMP awards with Company strategy and the anticipated vesting for those awards due to vest in June and July 2017, together with indicative payouts for the Executive Directors. The anticipated value of these awards at vesting reflects the disclosure in the single figure table on page 110.

Long-Term Incentive Plans

Anticipated vesting of LTIP and SMP awards granted in the year ended 31 March 2015 – vesting in the year ending 31 March 2018 included in the 2017 single figure.

Key elements of strategy	Variable component	Maximum percentage of salary	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Estimated performance	Estimated vesting level as at 31 March 2017 as a percentage of maximum by vesting date[1]
Shareholder value	LTIP	66.66%	Total shareholder return (based on a three year performance period)	Median	Upper quartile	32nd percentile	June 2017 0%
	SMP	33.33%				32nd percentile	June 2017 0%
	SMP	33.33%				37th percentile	July 2017 0%
Absolute performance	LTIP	66.66%	Growth in the Group's net assets per share (based on a three year performance period)	RPI plus 3% p.a.	The Group's growth in net assets to exceed RPI plus 9% p.a.	RPI plus 10%	June 2017 100%
	SMP	33.33%					
Market competitiveness	LTIP	66.66%	Total property return (based on a three year performance period)	Median	Upper quartile	24th percentile	June 2017 0%
	SMP	33.33%					

1. Toby Courtauld and Neil Thompson's 2014 LTIP and SMP awards are due to vest on 9 June 2017. For Nick Sanderson, the vesting date for his 2014 awards is 9 June 2017 for the LTIP and 31 July 2017 for the SMP. For the NAV and TPR targets, the performance period for the 2014 awards is the three year period to 31 March 2017. For the TSR element, the vesting period is the three years from the award date.

Directors' remuneration report

Values of LTIP and SMP awards included in the 2017 single figure

Variable component	Maximum percentage of salary	Category	Toby Courtauld			Nick Sanderson			Neil Thompson		
			Awards granted	Actual/ Estimated awards vesting	Estimated value of vested awards £000[1]	Awards granted	Actual/ Estimated awards vesting	Actual/ Estimated value of vested awards £000[1]	Awards granted	Actual/ Estimated awards vesting[2]	Actual/ Estimated value of vested awards £000[1,2]
LTIP 2014	66.66%	Shareholder value	55,634	–	–	36,444	–	–	45,147	–	–
SMP 2014	33.33%		27,816	–	–	18,221	–	–	22,573	–	–
LTIP 2014	66.66%	Absolute performance	55,634	55,634	356	36,443	36,443	233	45,146	38,591	247
SMP 2014	33.33%		27,816	27,816	186	18,221	18,221	122	22,573	19,295	129
LTIP 2014	66.66%	Market competitiveness	55,633	–	–	36,443	–	–	45,146	–	–
SMP 2014	33.33%		27,186	–	–	18,221	–	–	22,573	–	–
Total LTIP 2014	200%		166,901	55,634	356	109,330	36,443	233	135,440	38,591	247
Total SMP 2014	100%		83,448	27,816	186	54,663	18,221	122	67,719	19,295	129
Total LTIP/ SMP 2014	**300%**		**250,349**	**83,450**	**542**	**163,993**	**54,664**	**355**	**203,159**	**57,886**	**376**

1. Toby Courtauld, Nick Sanderson and Neil Thompson's 2014 LTIP and SMP awards expected to vest in June 2017 (July 2017 for Nick Sanderson's SMP award). For the NAV and TPR targets, the performance period for the 2014 awards is the three year period to 31 March 2017. For the TSR element, the vesting period is the three years from the award date. The estimated value of the 2014 LTIP and SMP share awards are based on the latest information available on TSR, NAV and TPR as at 31 March 2017 and calculated at the average share price of £6.41 per share for the three months to 31 March 2017, together with the value of the dividend to be paid in respect of the expected vesting of the SMP shares held over the three year period.
2. As discussed on page 115, Neil Thompson's 2014 LTIP and SMP award will be subject to time pro-rating. This has been incorporated into the table above.

Actual vesting of LTIP and SMP awards granted in year ended 31 March 2014 – vested in the year ended 31 March 2017 included in the 2016 single figure[1]

Key elements of strategy	Variable component	Maximum percentage of salary	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Actual performance	Actual vesting level as at 31 March 2016 as a percentage of maximum by vesting date[1]
Shareholder value	LTIP	66.66%	Total shareholder return (based on a three year performance period)	Median	75th percentile	June 2016 55th percentile	June 2016 36%
	SMP	33.33%					
Absolute performance	LTIP	66.66%	Growth in the Group's net assets per share (based on a three year performance period)	RPI plus 3% p.a.	The Group's growth in net assets to exceed RPI plus 9% p.a.	RPI plus 23% p.a.	June 2016 100%
	SMP	33.33%					
Market competitiveness	LTIP	66.66%	Total property return (based on a three year performance period)	Median	75th percentile	June 2016 55th percentile	37%
	SMP	33.33%					

1. The numbers disclosed in the 2016 Annual Report were based on an estimated level of TSR performance. For Toby Courtauld, Nick Sanderson and Neil Thompson the estimated TSR vesting level of their LTIP and SMP awards vesting in June 2016 was 38% and the actual vesting was 36%. The estimated share price for their LTIP and SMP awards was £7.34 per share and the actual share price was £7.12 per share.

The value of actual LTIP and SMP awards vesting versus estimated numbers included in the 2016 Annual Report are as follows:

	2016 Actual £'000s	2016 Estimated £'000s
Toby Courtauld	1,135	1,185
Nick Sanderson	730	762
Neil Thompson	904	943

The aggregate gain to all directors from share awards that vested during the year to 31 March 2017 was £2,769,017.

Other unvested share awards

The following tables provide details of other outstanding share awards under the 2010 Plan. Performance measures applying to these awards are outlined on page 113.

Executive Director	2010 Plan	Date of grant	Basis of award	Face value of award made £000[1]	Number of awards	Percentage of award receivable for threshold performance	End of performance period	Performance measures
Toby Courtauld	LTIP	15 June 2015	200% of salary	1,104	133,550	20%	15 June 2018	Total Shareholder Return – 33.33% Total Property Return – 33.33% NAV growth per share – 33.33%
	SMP	15 June 2015	100% of salary	552	66,774	20%	15 June 2018	
	LTIP	20 June 2016	200% of salary	1,126	151,248	20%	20 June 2019	
	SMP	20 June 2016	100% of salary	563	75,624	20%	20 June 2019	
Nick Sanderson	LTIP	15 June 2015	200% of salary	723	87,483	20%	15 June 2018	
	SMP	15 June 2015	100% of salary	361	43,740	20%	15 June 2018	
	LTIP	20 June 2016	200% of salary	737	99,075	20%	20 June 2019	
	SMP	20 June 2016	100% of salary	369	49,536	20%	20 June 2019	

1. The face value is calculated on the five day average share price prior to the date of main Group's SMP invitation. For 2015, this was the five days up to and including 4 June 2015, being £8.26. For 2016, this was the five days up to and including 9 June 2016, being £7.44.
2. As discussed below Neil Thompson's unvested 2015 and 2016 LTIP and SMP awards lapsed on cessation of employment.

Payments to past directors

No payments to past directors were made during the year.

Payments for loss of office as previously announced, Neil Thompson stepped down from the Board with effect from 13 December 2016 and ceased to be an employee on 31 December 2016. In accordance with his service agreement, Neil Thompson received a notice payment of his annual salary, benefits and pension benefits paid in the normal way to 31 December 2016 and then a lump sum of £485,483 for the balance of his 12 month notice period which was reduced by 10% to reflect mitigation together with legal and outplacement fees of £14,000.

Under the Group's incentive arrangements, Neil Thompson has been treated as a good leaver for the 2016 annual bonus, but limited to the personal performance element only (20% of the maximum bonus) and pro-rated to the date he ceased employment. The bonus was paid at the same time in 2017 as the Executive Directors. His unvested 2014 share award will continue to vest over the outstanding vesting period, subject to time pro-rating and performance conditions being met. This treatment is conditional upon Neil Thompson's continued compliance with post-employment restrictive covenant obligations. Neil Thompson was not eligible to receive the corporate element of the 2016/17 bonus or his unvested 2015 and 2016 awards which lapsed on cessation of employment.

Neil Thompson's entitlements under the Company's HMRC qualifying SIP were treated in accordance with the rules of the plan and he transferred 4,260 shares from the plan on cessation of employment and forfeited 1,398 Matching shares.

Directors' remuneration report

Statement of Executive Directors' shareholding and share interests

Directors' share interests and, where applicable, achievement of shareholding requirements is set out below:

	Shareholding				Conditional shares			
					2010 Plan awards subject to Performance Conditions		Interests not subject to Performance Conditions	**Total interests held at 31 March 2017**
Director	Shares required to be held (% salary)	Number of shares required to hold[1]	Number of beneficially owned shares[2,3]	Shareholding requirement met[4]	LTIP	SMP	SIP Matching shares[3]	
Toby Courtauld	100%	84,396	1,588,892	Yes (1,839%)	451,699	225,846	1,420	**2,267,857**
Nick Sanderson	100%	56,594	263,357	Yes (465%)	295,888	147,939	1,420	**708,604**
Neil Thompson[4]	100%	51,207	852,227	Yes (1,664%)	115,773	57,886	–	**1,025,886**

1. For Toby Courtauld and Nick Sanderson, the holdings are calculated based on share price at 31 March 2017 of £6.52. For Neil Thompson, the holding is calculated as at 31 December 2016, his date of leaving the Company.
2. Beneficial interests include shares held directly or indirectly by connected persons.
3. In April 2017, the Executive Directors each acquired 24 Partnership shares and 48 conditional Matching shares under the SIP. In addition, under the SIP, 38 Matching shares vested to Toby Courtauld and 38 Matching shares vested to Nick Sanderson.
4. Neil Thompson ceased to be an employee on 31 December 2016. His total interests reflect the number of shares held on date of cessation.
5. Executive Directors are expected to retain the after-tax shares received on the vesting of awards, until they have acquired the necessary shares to meet their shareholding requirement.

Non-Executive Directors' shareholding

	31 March 2017
Martin Scicluna	**8,636**
Elizabeth Holden	**4,740**
Charles Philipps	**5,000**
Jonathan Short	**13,455**
Nick Hampton	**–**
Wendy Becker	**10,000**
Richard Mully	**20,000**

Non-Executive Directors' annual fees for the year ended 31 March 2017

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Martin Scicluna	235,000	–	–	–	–	235,000
Elizabeth Holden	50,000	–	5,000	5,000	3,350	63,350
Jonathan Short	50,000	–	5,000	10,000	3,350	68,350
Charles Philipps	50,000	3,678	6,828	–	3,350	63,856
Jonathan Nicholls[1]	12,596	1,314	2,692	1,346	1,796	19,744
Nick Hampton	22,911	–	4,582	2,291	1,535	31,319
Richard Mully	16,747	–	1,675	1,675	1,122	21,219
Wendy Becker	8,082	–	808	808	542	10,240

1. Jonathan Nicholls stepped down from the Board on 7 July 2016. Charles Philipps became acting Senior Independent Director thereafter.
2. Nick Hampton, Richard Mully and Wendy Becker were appointed to the Board on 17 October, 1 December 2016 and 1 February 2017 respectively.

Unaudited

Eight-year Chief Executive remuneration package

The table below shows the Chief Executive's remuneration package over the past eight years, together with incentive pay-out/vesting as compared to the maximum opportunity.

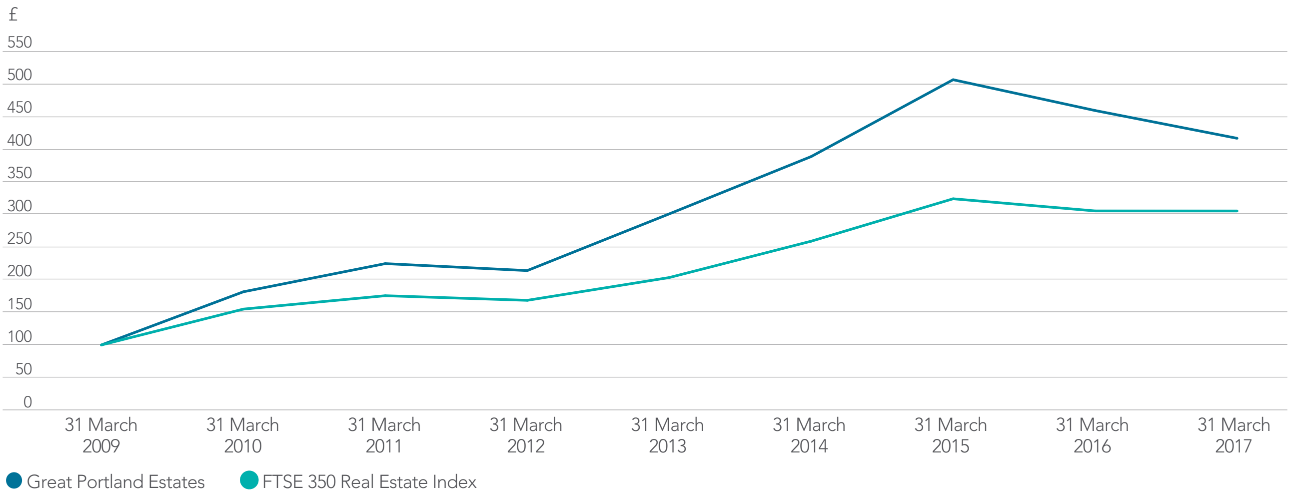
	2010	2011	2012	2013[1]	2014	2015	2016	2017
Single figure of total remuneration (£'000)	1,326	2,087	2,910	4,924	3,409	3,689	2,650	1,416
Bonus pay-out as % of maximum opportunity	75%	100%	70%	92%	100%	48%	100%	20%
Long-term incentive vesting rates (as % of maximum opportunity)	88%	50%	100%	95%	86%	81%	58%	33%

1. Includes a one-off SMP award made in 2010 of 100% of salary.

Performance graph

The following graph shows the total shareholder returns for the Company for each of the last eight 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 over eight years



Employee Share Trust

Upon vesting, shares to satisfy awards under the 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 2017 was 1,804,412.

Dilution

The Company currently purchases all of the shares required to satisfy awards under the Company's share incentive plans and no shares have been issued for any grants made in the last ten years. However, if the Company decided to issue new shares to meet these awards, the Company would operate all of its share arrangements within The Investment Association (IA) Guidelines on dilution. The following table sets out the level of dilution in respect of the outstanding awards should the Company issue shares rather than purchase them against the IA limits for all share plans and discretionary plans:

Maximum	As at 31 March 2017[1]
10% dilution in ten years (All Plans)	0.95%
5% dilution in ten years (Discretionary Plans)	0.89.%

1. This represents the dilution in respect of outstanding awards as at 31 March 2017 where these are to be satisfied by the issue of new shares. This does not include awards vested that have been satisfied by the market purchase of shares.

Directors' remuneration report

Percentage change in Chief Executive's remuneration

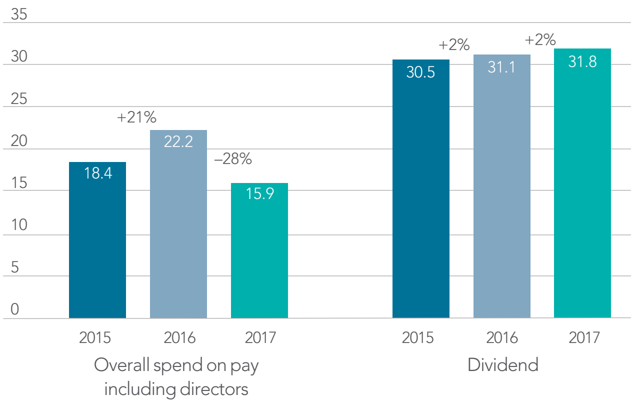
The table below compares the percentage increase in the Chief Executive's pay (including salary, taxable benefits and annual bonus) with the wider employee population. The Company considers all employees to be an appropriate comparator group.

	Chief Executive (£'000)			Total employee pay (£'000)			Average number of employees			Average employee pay (£'000)		
	2017	2016	% change	**2017**	2016	% change	**2017**	2016	% change	**2017**	2016	% change
Base salary	**563**	552	2	**8,940**	8,259	8	**99**	91	9	**90**	91	–
Taxable benefits	**25**	22	14	**493**	437	13	**99**	91	9	**5**	5	–
Bonus	**169**	828	(80)	**2,062**	5,636	(63)	**99**	91	9	**21**	62	(66)
Total	**757**	1,402	(46)	**11,495**	14,332	(20)	**99**	91	9	**116**	157	(26)

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in 2015, 2016 and 2017:

Relative importance of spend on pay £m



Consideration by the directors of matters relating to directors' remuneration

Remuneration Committee Advisers

The Committee is satisfied that the advice received from FIT Rem is independent and objective as FIT Rem complies with the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com) and provides no other advice to the Group. FIT Rem's fees for the year to 31 March 2017 were £72,600 which is charged on its normal terms.

Independent and objective performance certificates are provided to the Remuneration Committee by:

- Deloitte on measurement of NAV performance targets for the LTIP and SMP awards. Fees paid to Deloitte in respect of this were £1,200. Deloitte are appointed by the Company as its auditor. Total fees paid to Deloitte are shown on page 147;
- Aon Hewitt on measurement of TSR performance targets for the LTIP and SMP awards together with IFRS 2 calculations. Fees paid to Aon Hewitt in respect of this were £5,250. Aon Hewitt also provides benchmarking services to the Group, fees paid in relation to this total £5,200; and
- Investment Property Databank (IPD) on measurement against its property benchmark, for the Executive and Employee Annual Bonus Plan and measurement of TPR performance targets for the LTIP and SMP awards. Fees paid in respect of this were £5,400. The Company is a member of the IPD Property Databank and fees paid in relation to this total £55,443.

Statement of voting at the Annual General Meeting

The following table shows the results of:

– the binding vote on the Directors' remuneration policy commencing from the 3 July 2014 Annual General Meeting; and
– the advisory vote on the 2016 Remuneration report at the 7 July 2016 Annual General Meeting.

As noted in the Policy report, it is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive remuneration.

	For	Against	Abstentions
Directors' remuneration policy	277,609,793 (95.71%)	9,565,700 (3.30%)	2,867,982 (0.99%)
2016 Remuneration report	275,284,604 (96.35%)	10,104,154 (3.54%)	311,086 (0.11%)

The Committee believes that this strong level of support demonstrates that there are no shareholder concerns in respect of the Company's current remuneration policy and its operation.

This report will be submitted to shareholders for approval at the Annual General Meeting to be held on 6 July 2017.

Approved by the Board on 24 May 2017 and signed on its behalf by

Jonathan Short
Chairman of the Remuneration Committee

Directors' remuneration report

Directors' remuneration policy

This section of the Remuneration report contains details of the Directors' remuneration policy that will govern the Company's future remuneration payments.

The policy below sets out the remuneration policy we intend to apply, subject to shareholder approval, from 6 July 2017, the date of the next Annual General Meeting. Until such approval the current remuneration policy, which was approved by shareholders at the 2014 AGM, will apply. It is the intention that the new policy will apply for a period of three years from approval. Any key changes in policy have been highlighted in the proposed new policy. The policy part of the remuneration report will be displayed on the Company's website, at **www.gpe.co.uk/investors**, immediately after the 2017 AGM.

Executive Director remuneration

Purpose and link to strategy	Operation and process
Fixed remuneration	
Base salary To provide a market competitive salary which takes into account individual responsibilities and attracts and retains talent in the labour market in which the Executive is employed.	Reviewed by the Committee at least annually and assessed having regard to Company performance, individual responsibilities, inflation, as well as salary levels in comparable organisations (particularly within the listed property sector) and taking account of salary policy within the rest of the Group.
Benefits To provide cost-effective benefits that are valued by the recipient and are appropriately competitive.	Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. A company car or company car allowance may be provided although it is not the Company's current practice to provide either to current Executive Directors. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects individual circumstances. Benefits are reviewed annually and their value is not pensionable.
Pension To provide a framework to save for retirement that is appropriately competitive.	All Executive Directors receive a contribution to their personal pension plan and/or receive a cash equivalent. This cash equivalent is not treated as salary for the purposes of determining bonus or incentive awards.

The Company's policy is to provide remuneration packages that fairly reward the Executive Directors for the contribution they have made to the business and to ensure that the packages are appropriately competitive to promote the long-term success of the Company. The policy is to align the directors' interests with those of shareholders and to incentivise the directors to meet the Company's financial and strategic priorities by making a significant proportion of remuneration performance related. The Company's strategic objectives are set out in the Strategic Report on pages 1 to 75.

The Committee is satisfied that the remuneration policy outlined in the table below is in the best interests of shareholders, does not raise any environmental, social or governance issues and does not promote excessive risk-taking:

Maximum opportunity	Performance metrics	Key changes to last approved policy
Base salary increases will be in applied in line with the outcome of the review. In the normal course of events, increases in the base salaries will not exceed the average increase for employees. Increases may be made above this level to take account of market alignment to around mid-market levels of comparable organisations (particularly within the listed property sector) and individual circumstances such as: – increase in scope and responsibility; and – to reflect the individual's development and performance in the role (e.g. for a new appointment where base salary may be increased over time rather than set directly at the level of the previous incumbent or market level). The Committee is, however, mindful of the need to treat comparisons with caution to avoid an upward ratchet of remuneration levels. The salary maximum will be £650,000 (as increased by RPI from adoption of this policy).	Individual and Company performances are considerations in setting base salary.	In light of the latest regulatory guidance a salary maximum has been stated. It should be noted that all caps are simply to regulatory guidance and do not represent an aspiration.
Set at a level which the Committee considers: – Appropriately positioned against comparable roles in companies of a similar size and complexity (particularly within the listed property sector); and – provides a sufficient level of benefit based on the role or an individual's circumstances such as relocation. Benefit values vary year on year depending on premiums and, therefore, the maximum value is the cost of the provision of these benefits. However, the aggregate value of contractual and non-contractual benefits received by each Executive Director (based on the value included in the individual's annual P11D tax calculation) shall not exceed £100,000 per annum (with this maximum increasing annually at the rate of RPI from 1 April 2014).	Not applicable.	No change.
The contribution is a maximum of 20%. The current Executive Directors as at 1 April 2017 receive a contribution or cash equivalent equal to 20% of base salary.	Not applicable.	Reduced limit from 25% to 20%.

Directors' remuneration report

Purpose and link to strategy	Operation and process
Variable remuneration	
Annual Bonus Plan Links reward to the annual performance targets, which are set at the beginning of the financial year in line with the Company's strategy. Ensures an alignment between the operation of the Company's remuneration policy and financial measures whilst also ensuring additional operational measures are targeted to encourage a holistic approach to performance.	The Annual Bonus Plan is reviewed annually at the start of the financial year to ensure bonus opportunity, performance measures and weightings are appropriate and continue to support the Company's strategy. The bonus is paid in cash following the end of the financial year. Subject to clawback and malus provisions in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and the bonus paid was higher than should have been the case. The target bonus is 75% of base salary. Threshold bonus is not more than 30% of base salary with 0% payable if the threshold is not met.
Performance shares under the Long-Term Incentive Plan (LTIP)	
Rewards and retains Executives aligning them with shareholder interests over a longer timeframe. Ensures an alignment between the operation of the Company's remuneration policy and the Company's KPIs of achieving sustained NAV growth, above benchmark total property returns and superior shareholder returns.	The 2010 Plan was approved by shareholders in July 2010 and further changes will be submitted to the 2017 AGM to permit the LTIP to operate as a sole long-term incentive arrangement going forward in line with developments in best practice. **LTIP** Participants are eligible to receive a conditional annual allocation of shares or nil price options (Performance shares). **General terms** Awards may be adjusted to reflect the impact of any variation of share capital. An award may, at the discretion of the Committee, include the right to receive cash or shares on vesting equal in value to the dividends payable on such number of shares subject to the award which vest, for the period between grant and vesting. A two-year post-vesting holding period will apply to the net of tax number of awards for future awards. Awards will typically be structured as nil cost options exercisable from the end of any applicable holding period. Subject to clawback and malus provisions, for all employees in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and vesting was higher than should have been the case, for malus only, where there are sufficiently exceptional circumstances which impact the reputation of the Company. The threshold vesting is 20% of awards with straight line vesting to 100% for maximum performance. Awards under the LTIP may be adjusted to reflect the impact of any variation of share capital. **Quantum** The Committee reviews the quantum of awards annually.

Maximum opportunity	Performance metrics	Key changes to last approved policy
The maximum bonus is 150% of base salary.	At least 75% of the bonus will be linked to key financial measures, with the balance linked to personal or strategic objectives. The performance metrics are set by the Committee each year. The performance period for the Annual Bonus Plan targets is linked to the Company's financial year. The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Further details on the measures for the financial year 2017/18 are set out in the Annual report on remuneration on page 108.	Removed the ability to make awards in excess of 150% of base salary in exceptional circumstances. Wording clarified to set out the current practice of permitting up to 20% of each element to be payable for achievement of the threshold level of performance.
LTIP Up to 300% of salary.	Performance is assessed over not less than a three-year performance period against relevant shareholder value, financial and property related metrics (e.g. TSR, NAV or TAR growth and TPR). The performance metrics are set by the Remuneration Committee each year based on the strategic priorities of the business at that time, but no less than 50% will be assessed against a relative measure. The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Further details on the measures for 2017/18 are set out in the Annual report on remuneration on page 109.	The consolidation of the LTIP and Share Matching Plan ('SMP') into a single plan. The maximum limit of the single plan is 300% which is the same as the combined limit of the LTIP (200%) and SMP (100%) in the previous policy. As provided for in the previous policy, dividends may accrue for the LTIP awards which vest (in practice, the dividend accrual has only been applied to the SMP to date). Introduction of a two year post-vesting holding period.

Directors' remuneration report

Purpose and link to strategy	Operation and process
All-employee share plans	
Encourages Executive Directors and employees to acquire shares in order to increase the alignment of interests with shareholders over the longer term.	The Company operates a Share Incentive Plan ('SIP') under which all employees, including Executive Directors, may be awarded free shares and may purchase shares which can be matched on a two for one basis. The Company's current practice is to operate partnership and matching shares only. 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 matched shares may be retained by the individual subject to some relief against income tax and national insurance charges. Dividends are also paid directly to participants on all plan shares. In 2010, shareholders approved a Save As You Earn Scheme ('SAYE') for all employees which is not currently operated but which might be utilised in the future. Under the SAYE, participants (which may include Executive Directors) may make monthly contributions over a savings period linked to the grant of an option with an exercise price which may be at a discount of up to 20% of the market value of the underlying shares at grant. Awards under the SIP and SAYE may be adjusted to reflect the impact of any variation of share capital.
Shareholding policy	
To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Executive Directors are expected to accumulate and maintain a holding in ordinary shares in the Company equivalent in value to no less than 300% of base salary. In addition, any Executive Directors will be required to invest one-third of their after tax bonus in ordinary shares in the Company until they meet the guideline. Executive Directors will be expected to retain all awards vesting (after the sale of sufficient number to meet any tax liability) until the guideline has been met.

Notes to the Future Policy Table

1. Performance measures and targets
Short- and long-term performance measures will be selected by the Committee in order to provide a direct connection to the Company's strategy by being linked to the key fundamental performance indicators at the time. In normal circumstances, they would be expected to include metrics such as TPR/capital growth, NAV or TAR targets and relative TSR performance. Relative measures will be assessed against a relevant IPD index and/or an appropriate group of other UK listed real estate companies with similar operations.

Absolute measures are set following a robust budget setting process which takes into account internal financial indicators as well as a broader view of the market environment.

The targets for the annual bonus and the LTIP for 2017/18 are set out in the Annual report on remuneration on pages 108 and 109. As referred to in the Committee Chairman's Statement on page 106 it is intended that, other than in exceptional circumstances, the TAR range be set at 4% to 10% per annum for each year of this policy. The awards are also subject to an underpin under which the level of vesting may be reduced in certain circumstances.

The Committee is of the opinion that given the commercial sensitivity around GPE's business, disclosing individual's targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Actual targets, performance achieved and awards made will be published at the end of performance periods so shareholders can fully assess the basis for any pay-outs.

2. Differences in remuneration policy for all employees
All employees of GPE are entitled to base salary and benefits on the same basis, with quantum of awards being set at levels commensurate with their role. All employees participate in an employee annual bonus plan, with quantum of awards being set at levels commensurate with their role and with performance measures, similar to the executive scheme, based on Group performance and against personal objectives. Senior managers receive LTIP awards under the 2010 Plan with quantum of awards being set at levels commensurate with their role. All employees are eligible to participate in the Company SIP and the SAYE on the same terms as the Executive Directors.

Employees who joined the Company before April 2002 are members of the Company's defined benefit pension plan, and all other employees are eligible to join the Company's defined contribution pension plan and receive a contribution of up to 10% of salary.

3. Changes to remuneration policy from previous policy
The changes to previous policy have been noted in the table above. The inclusion of caps does not represent any aspiration.

4. Discretion
The Committee will operate the annual bonus, LTIP and SMP awards according to their respective rules and ancillary documents and in accordance with the Listing Rules where relevant. The Committee retains discretion consistent with market practice, in a number of regards to the operation and administration of these plans as noted in the policy table and in the recruitment remuneration and payments for loss of office sections as relevant. Any use of these discretions would, where relevant, be explained in the Annual report on remuneration and may, as appropriate, be the subject of consultations with the Company's major shareholders.

In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or wait for shareholder approval.

Details of share awards granted to existing Executive Directors are set out on pages 115 and 116 of the Annual report on remuneration. These remain eligible to vest based on their original award terms, in line with the policy set out in the policy table or under the authority of the previously approved remuneration policy (as will other legacy arrangements, including those awarded prior to promotion to the Board).

Maximum opportunity	Performance metrics	Key changes to last approved policy
Under the SIP, maximum participation will be in line with the prevailing maximum limits set by HMRC under the relevant legislation. Under the SAYE, maximum participation will be in line with the prevailing maximum limits set by HMRC under the relevant legislation.	As is typical under HMRC-approved all-employee plans, there are no performance conditions attached to awards.	No changes.
	Not applicable.	Guidelines have been increased (previously 100% of salary).

Non-Executive Director remuneration

Element	Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Fees	Provide an appropriate reward to attract individuals with appropriate knowledge and experience to review and support the implementation of the Company's strategy.	The Chairman and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is determined by the Remuneration Committee. Non-Executive Directors are paid a base fee and additional fees for chairmanship of Committees and role of Senior Independent Director. Fees are usually reviewed annually with changes effective from 1 April. Non-Executive Directors do not participate in any of the Company's incentive arrangements. Other benefits include travel, accommodation and membership subscriptions related to the Company's business. Reasonable business related expenses will be reimbursed (including any tax due thereon).	Fees will be in line with market rates for Non-Executive Directors at FTSE 250 companies. The aggregate maximum will be the limit stated in the Articles of Association proposed to be increased to £750,000 at the 2017 AGM. The 2017/18 fee levels are set out in the Annual report on remuneration on page 109.	Not applicable.

Directors' remuneration report

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role, and our principle is that the pay of any new recruit would be assessed following the same principles as for the directors and the policy previously summarised.

Executive Director recruitment

Component	Policy
Base salary and benefits	The salary level will be set taking into account relevant market data, the experience and skills of the individual, responsibilities of the individual and the salaries paid to similar roles in comparable companies in line with the current process undertaken by the Committee when setting the salary levels for its existing directors. Whilst it is not envisaged that it will be required, as provided for in the relevant regulations, the Committee reserves the right to exceed the fixed pay limits set out in the policy table, in exceptional circumstances, to secure the appointment of a high calibre individual. Executive Directors shall be eligible to receive benefits in line with the Company's benefits policy as set out in the remuneration policy table.
Pension	Executive Directors will be able to receive a pension contribution or receive a supplement in lieu of pension contributions in line with the Company's pension policy as set out in the remuneration policy table.
Annual bonus	Executive Directors will be eligible to participate in the Annual Bonus Plan as set out in the remuneration policy table. For Executive Directors joining part way through a year, awards would be pro-rated. Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that they joined. The annual maximum potential opportunity under this plan is 150% of salary.
Long-term incentives	Executive Directors will be eligible to participate in the Long-Term Incentive Plan set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable under plan rules at the Committee's discretion of 300% of salary under the LTIP. An award may be made on or shortly following an appointment assuming the Company is not in a prohibitive period.
Share buyouts/ replacement awards	Awards may be granted to replace those forfeited by the Executive Director from a previous employer on taking up the appointment where considered necessary by the Committee. The Committee will seek to structure any replacement awards such that overall they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. Where the Company compensates new directors in this way, it will seek to do so under the terms of the Company's existing variable remuneration arrangements, but may compensate on terms that are more bespoke than the existing arrangements, including awards granted under Listing Rule 9.4.2, where the Committee considers this to be appropriate. In such instances, the Company will disclose a full explanation of the detail and rationale for such recruitment related compensation. In making such awards, the Committee will seek to take into account the nature (including whether awards are cash or share based), vesting period and performance measures and/or conditions for any remuneration forfeited by the individual in leaving a previous employer. Where such awards had outstanding performance or service conditions (which are not significantly completed), the Company will generally impose equivalent conditions. In exceptional cases the Committee may relax those requirements where it considers this to be in the interest of the shareholders, for example through applying a significant discount to the face value of the replacement awards.
Relocation policies	In instances where the new Executive Director is non-UK domiciled or needs to be relocated, the Company may provide one-off or ongoing compensation as part of the Executive Director's relocation benefits to reflect the cost of relocation for the Executive in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case-by-case basis and may take into consideration any cost of living differences, housing allowance and/or schooling.
Legacy arrangements	Where an Executive Director is appointed from within the organisation, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions on a pro rata basis. Similarly, if an Executive Director is appointed following the Company's acquisition or merger with another company, legacy terms and conditions on a pro rata basis would be honoured.

Non-Executive Director recruitment

Component	Policy
Fees	Newly appointed Non-Executive Directors will be paid fees consistent with existing Non-Executive Directors.

Service agreements and payments for loss of office

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 up to 18 months in which case a 12-month notice period may be given no earlier than six months from the start date or the contract.

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 they are subject to annual re-election and have a notice period of three months by either party. They are not eligible for payment in lieu of notice or any other payment on termination.

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 (amended 2017)	12
Nick Sanderson	7 June 2011 (amended 2017)	12

Non-Executive	Date of appointment letter	Date when next subject to appointment or re-election
Martin Scicluna	1 October 2008	6 July 2017
Wendy Becker	12 January 2017	6 July 2017
Nick Hampton	28 September 2016	6 July 2017
Elizabeth Holden	3 September 2012	6 July 2017
Richard Mully	12 October 2016	6 July 2017
Charles Philipps	10 January 2014	6 July 2017
Jonathan Short	22 March 2007	6 July 2017

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 as a representative of the Group.

The Company's policy on termination payments for Executive Directors 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. The Committee will always seek to minimise the cost to the Company whilst seeking to reflect the circumstances in place at the time. The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Company reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising on connection with the termination of an Executive Director's office or employment. The Company may also deem it appropriate to pay on behalf of a departing executive modest legal, outplacement or other fees.

Contracts have been amended to introduce a right for the Company to achieve mitigation through payment on a monthly phased basis with payments reducing/ceasing if an alternative role is found during the balance of any notice period.

Base salary, benefits and pension

Toby Courtauld's compensation in lieu of notice payable at the Company's discretion is 12 months' basic salary. Compensation in lieu of notice to Nick Sanderson, 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.

Directors' remuneration report

Approach to other remuneration payments on termination of employment and change of control

In addition to the payment of base salary, benefits and pension as set out above, the Group's annual bonus, long-term incentives, SIP and SAYE contain provisions for the termination of employment.

Component	Good Leaver*	Bad Leaver**	Change of control
Annual Bonus Plan	Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the Executive will be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. Where an Executive Director's employment is terminated during a performance year, a pro rata annual bonus for the period worked in that performance year may be payable in relation to that year's bonus (in the case of injury, ill health, disability, death or retirement) or in relation to personal objectives set only (in other Good Leaver cases).	Outstanding award is forfeited.	An Executive Director may receive a bonus, the amount of which will be determined by the Committee, taking into account such factors as it considers relevant, including the proportion of the elapsed performance period at the date of change of control and performance to that point.
2010 Plan (LTIP/SMP)	Awards may vest at the date of cessation of employment or the normal vesting date at the discretion of the Committee. Awards will vest based on the performance achieved up to the date of cessation/normal vesting date at the discretion of the Committee and be prorated to reflect the amount of time elapsed since the award date. The Committee retains the discretion to disregard time when determining the level of vesting. This would only be considered in exceptional circumstances and where considered, the Committee would take into account the circumstances of the cessation of employment. Upon death, all long-term incentive awards vest immediately in full.	Outstanding awards lapse.	In accordance with the Rules of the 2010 Plan, on a change of control, vesting will occur immediately. Performance against targets will be assessed by the Committee on change of control. The number of Plan shares vesting will normally be reduced pro rata to reflect the amount of time elapsed from the Award Date until the change of control as a proportion of the original vesting period. The Committee retains the discretion to disregard time when determining the level of vesting. This would only be considered in exceptional circumstances and where considered, the Committee would take into account the overall context of the deal and the actual value delivered to shareholders.

Component	Good Leaver*	Bad Leaver**	Change of control
Share Incentive Plan (SIP)	All Plan shares can be sold or transferred out of the Plan. Free, matching and partnership shares may be removed tax free. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate. On resignation, matched shares held for less than three years will be forfeited.	Free shares and matched shares held for less than three years will be forfeited. Partnership and Matched shares held for more than three years but less than five years will be liable to tax depending on time held in the Plan. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate.	All Plan shares can be sold or transferred out of the Plan. Free, matching and partnership shares may be removed tax free. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate.
Save As You Earn Scheme (SAYE)	Options may be exercised during a period of six months following cessation of employment (or 12 months following cessation in the event of death).	Options held for less than three years will lapse on cessation. Options held for more than three years may be exercised during a period of three months following cessation, except where the reason for cessation is misconduct.	Options may be exercised in the event of a change of control of the Company.

* Good leavers under each of the Annual Bonus Plan, 2010 Plan, SIP and SAYE are those leaving under specified conditions as set out below.

Annual Bonus Plan and 2010 Plan:

– death;

– ill-health, injury or disability (evidenced to the satisfaction of the Remuneration Committee);

– redundancy;

– retirement;

– the award holder's employing company or business being transferred out of the Group; or

– any other circumstances at the discretion of the Remuneration Committee, including where appropriate (and exceptionally), resignation. The Committee will only use its general discretion where it considers this to be appropriate, taking into account the circumstances of the termination and the performance in the context of each plan and will provide a full explanation to shareholders of the basis of its determination. The exercise of the Committee's discretion under one plan will not predetermine the exercise of its discretion under another.

Good leavers under the SIP and SAYE are those participants leaving in certain circumstances as under applicable legislation including death, injury, disability, retirement and redundancy.

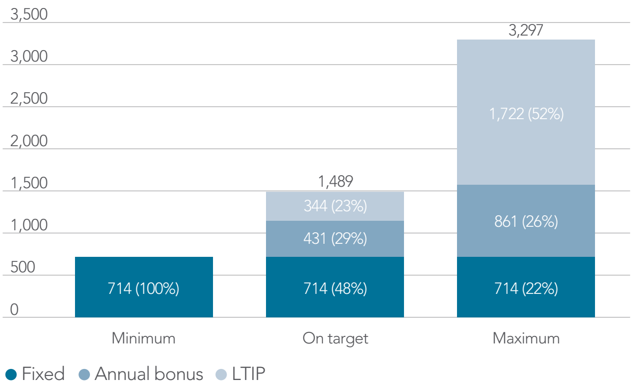
** Bad leavers are those leavers who are not good leavers.

Directors' remuneration report

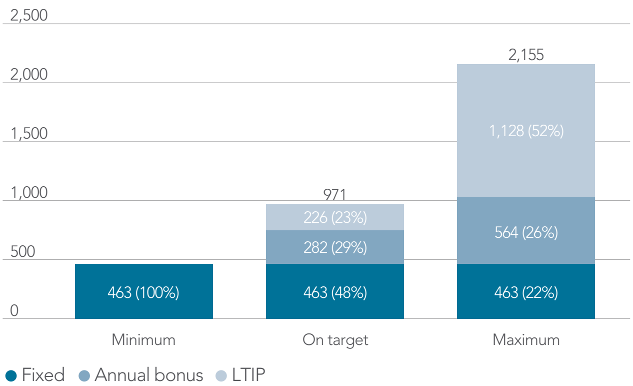
Executive Director remuneration scenarios based on performance

The charts below set out the potential remuneration receivable by Executive Directors for minimum, where performance is below threshold for variable awards, on-target and maximum performance. Potential reward opportunities are based on the policy and applied to salaries as at 1 April 2017. It should be noted the projected values exclude the impact of any share price movements or dividend accrual.

Chief Executive £'000



Finance Director £'000



1. Fixed element: Base salary as at 1 April 2017, related pension contribution and benefits received during 2016/17.
2. Annual bonus element: The on-target award level for the bonus plan is assumed to be 75% of salary (i.e. 50% of the maximum) with a maximum award of 150% of salary. There is nil payout for minimum performance.
3. LTIP element: Estimated value at target and maximum vesting based on performance measures for 2017/18 awards. Consistent with practice elsewhere, the threshold level of 20% of the maximum has been assumed for target performance. Again a nil payout has been assumed for minimum performance.

Consideration of remuneration of other employees

Our approach to salary reviews is consistent across the Company, with consideration given to the level of responsibility, experience, individual performance, salary levels in comparable companies and the Company's ability to pay. Remuneration surveys and meetings with sector specialists are used, where appropriate, to establish market rates.

When determining remuneration of the Executive Directors, the Committee takes into account pay and conditions across the Group, especially when determining the annual salary increase. Prior to the annual pay review, the Committee receives a report setting out changes to all employees remuneration levels and proposed discretionary bonus awards.

The Company did not consult with employees on the policy or use any remuneration comparison metrics during the year reported.

Consideration of shareholder views

When determining remuneration, the Committee takes into account the guidelines of investor bodies and shareholder views. The Committee is always open to feedback from shareholders on remuneration policy and arrangements, and commits to undertaking shareholder consultation in advance of any significant changes to remuneration policy.

Report of the directors

Strategic Report

The Group's Strategic Report on pages 1 to 75 includes the Company's business model and strategy, principal risks and uncertainties facing the Group and how these are managed and mitigated, an indication of future likely developments in the Company and details of important events since the year ended 31 March 2017.

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 pages 138 to 164. An interim dividend of 3.7 pence per share (2016: 3.6 pence) was paid on 3 January 2017, and the directors propose to pay a final dividend of 6.4 pence per share on 10 July 2017 to shareholders on the register of members as at the close of business on 2 June 2017. This makes a total of 10.1 pence per share (2016: 9.2 pence) for the year ended 31 March 2017.

In addition, following the sale of the commercial element of Rathbone Square, W1, we have declared a special dividend of 32.15 pence per share payable on 31 May 2017 to shareholders on the register of members as at the close of business on 17 May 2017.

Directors

Biographical details of the current directors of the Company are shown on pages 54 and 55. Jonathan Nicholls and Neil Thompson also served as directors during the year. Jonathan Nicholls retired from the Board on 7 July 2016. Neil Thompson stepped down from the Board on 13 December 2016 and left the Group on 31 December 2016.

The Company's Articles of Association require that a director shall retire from office if he or she 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 with the exception of Elizabeth Holden who is retiring from the Board at the Annual General Meeting. Wendy Becker, Nick Hampton and Richard Mully have been appointed to the Board since the last Annual General Meeting and are standing for election by shareholders for the first time.

The Board believes that it will benefit from their skills and experience as described in the biographies on pages 54 and 55 and, therefore, recommend their election as Non-Executive Directors. The Chairman has confirmed that following the Board effectiveness evaluation process, all of the directors standing for re-election continue to be effective and to demonstrate their commitment and independence in their roles.

Directors' shareholdings

	At 31 March 2017 Number of shares[1]	At 31 March 2016 Number of shares[1]
Martin Scicluna	**8,636**	8,636
Toby Courtauld	**1,588,892**	1,504,649
Nick Sanderson	**263,357**	208,938
Wendy Becker	**10,000**	–
Nick Hampton	**–**	–
Elizabeth Holden	**4,740**	4,740
Richard Mully	**20,000**	–
Charles Philipps	**5,000**	5,000
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 2017 and 24 May 2017 apart from shares bought or received by the Executive Directors participating in the Company's Share Incentive Plan and the share consolidation approved by shareholders at the General Meeting on 17 May 2017. No director had any interest in or contract with the Company or any subsidiary undertaking (other than service contracts) during the year.

Directors' indemnities and insurance

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.

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

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 76 to 130, all of which are incorporated into this Report of the directors by reference.

Report of the directors

Financial instruments and disclosures under Listing Rule 9.8.4

Details of the financial instruments used by the Group are set out in notes 1 and 17 forming part of the Group financial statements on page 145 and pages 157 to 160, which are incorporated into this Report of the directors by reference. Notes 1 and 7 on pages 145 and 147 also include details of interest capitalised by the Group.

The Group's financial risk management objectives and policies are included in the Risk management overview on pages 65 to 67, in Our capital discipline on pages 45 and 46 and in Our financial results on pages 42 to 44.

Information on the waiver of dividends is included in Share capital and control on page 132.

Greenhouse Gas Emissions Statement

The Group's Greenhouse Gas Emissions Statement is included in the Sustainability section within the Strategic Report on page 64.

Significant shareholdings

As at 31 March 2017, the Company was aware of the following beneficial or discretionary interests amounting to 3% or more of the voting rights of the issued share capital:

	Number of shares[1,2,3]	%
BlackRock Inc	37,919,605	11.02
Norges Bank Investment Management	32,698,117	9.51
Legal & General Investment Management Limited	16,125,290	4.69
Morgan Stanley Investment Management	14,390,102	4.18
Northern Cross Investments Limited	13,401,457	3.90
Brookfield Investment Management Inc	11,793,619	3.43
The Vanguard Group Inc	10,666,015	3.10
State Street Global Advisors Limited	10,480,920	3.05

1. Pre the 19 for 20 share consolidation approved by shareholders on 17 May 2017.
2. On 15 May 2017, we received notification that BlackRock Inc had increased its shareholding to 11.08%.
3. There have been no other significant changes.

Share capital and control

On 31 March 2017, there were 343,926,149 ordinary shares of 12.5 pence in issue. Following the 19 for 20 share consolidation of the Company's ordinary share capital approved by shareholders on 17 May 2017 (accompanying the special dividend and intended to maintain the Group's share price and per share metrics) there were 326,729,852 new ordinary shares of 13 3/19 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 Trustee in its absolute discretion thinks fit as if it were absolutely entitled to those ordinary shares. The Trustee has waived the right to receive dividends on the shares held in the Company.

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 of Association. 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 a 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.

Change of control

The Company has a number of unsecured borrowing facilities provided by various lenders. These facilities generally include provisions that may require any outstanding borrowings to be repaid or the alteration or termination of the facilities upon the occurrence of a change of control of the Company.

The Company's 2010 LTIP and Executive Annual Bonus Plan contain provisions relating to the vesting of awards in the event of a change of control.

Going concern

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Strategic Report on pages 1 to 75. Details of the finances of the Group, including its strong liquidity position, attractively priced borrowing facilities and favourable debt maturity profile are set out in our financial results on pages 42 to 44 and in notes 16 and 17 of the accounts on pages 156 to 160.

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 directors have considered the Group's cash balances, its capital commitments, 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 a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Viability statement

The Company's Viability statement is on page 67.

Statement as to disclosure of information to the auditor

So far as the directors who held office at the date of approval of this 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. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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 182 and 183 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 14 comprise ordinary business and resolutions 15 to 21 special business. Resolutions 18 to 21 will be proposed as special resolutions.

Remuneration report

Resolution 3 will seek approval of the directors' remuneration report excluding the remuneration policy for the year ended 31 March 2017 as set out on pages 104 to 119. This vote is advisory, and the directors' entitlement to remuneration is not conditional on it.

Remuneration policy

The current remuneration policy was approved at the 2014 Annual General Meeting. Resolution 4 will seek approval of the Directors' 2017 remuneration policy as set out on pages 120 to 130 which includes a summary of the changes proposed. The Directors' remuneration policy, if approved, will take effect from 6 July 2017. Once the policy is approved, the Company will not be able to make a remuneration payment to a current or prospective director or a payment for loss of office to a current or past director, unless that payment is consistent with the approved policy or has been approved by shareholders.

Amendment to Long-Term Incentive Plan

Resolution 15 will seek approval for the following changes to The Great Portland Estates 2010 Long-Term Incentive Plan (LTIP) to reflect the revisions being made to the Directors' remuneration policy as set out in the Directors' remuneration report for the year ended 31 March 2017 (see Resolution 4 above). The LTIP will continue to operate until its expiry in 2020. In summary the proposed changes are:

– To increase the individual limit on the market value of shares subject to all awards which can be granted in a financial year from 200% to a maximum of 300% of annual basic salary or such other limit as may from time to time be approved in the Directors' remuneration policy;
– To introduce the ability to apply a two-year holding period to future LTIP awards, during which participants will not be permitted to exercise any awards, which had previously been subject to performance conditions, until the fifth anniversary of grant. Dividend equivalents may accrue during any holding period. LTIP awards, which are subject to a holding period, will not normally lapse on termination of employment during the holding period, and the holding period will continue to apply to such awards (although the Remuneration Committee may release awards early from the holding period in appropriate cases). The holding period will apply to all awards granted to Executive Directors after the 2017 Annual General Meeting; and
– To extend the circumstances in which malus provisions can be applied to LTIP awards to include circumstances where: (i) the calculation of performance targets is shown to be materially wrong or misleading; or (ii) events have occurred which may have a significant impact on the reputation of the Company or any group company.

Authority to allot shares and grant rights

At the General Meeting held on 17 May 2017 to approve the share consolidation, 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 2017 or, if earlier, on 1 October 2017. Resolution 16 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 2018.

Report of the directors

Paragraph (a)(i) of Resolution 16 will allow the directors to allot ordinary shares up to a maximum nominal amount of £14,330,256 representing approximately one-third (33.3%) of the Company's existing issued share capital and calculated as at 23 May 2017 (being the latest practicable date prior to publication of this Report). In accordance with institutional guidelines issued by The Investment Association, paragraph (a)(ii) of Resolution 16 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of Resolution 16, 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 £28,660,512, representing approximately two-thirds (66.6%) of the Company's existing issued share capital and calculated as at 23 May 2017 (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 Investment Association.

Resolution 16 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 2018.

Non-Executive Directors' fees

The Company's Articles of Association currently limit the aggregate amount of fees that can be paid to the Non-Executive Directors to £600,000. This limit, which has remained unchanged since 2014, may be increased by ordinary resolution of the Company. Last year Non-Executive Directors' fees amounted to £512,000 in aggregate. In order to provide the Board with flexibility to continue to appoint and retain the best Non-Executive Directors, it is proposed that the limit be increased to £750,000. Resolution 17 will be proposed as an ordinary resolution in accordance with the Articles of Association.

General authority to disapply pre-emption rights

At the General Meeting held on 17 May 2017, 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 18 will seek to renew this authority, which is set to expire at the Annual General Meeting, in line with the latest institutional guidelines.

If approved, the resolution will authorise the directors, in accordance with the Articles of Association, to issue shares in connection with a Rights Issue or other pre-emptive offer and otherwise to issue shares for cash (including the sale for cash on a non pre-emptive basis of any shares held in treasury) up to a maximum nominal amount of £2,149,538, which represents approximately 5% of the issued share capital of the Company as at 23 May 2017 (being the latest practicable date prior to publication of this Report).

The directors do not intend to issue, under a general authority to dis-apply pre-emption rights, 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 shareholders.

Resolution 18 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 2018.

Additional authority to disapply pre-emption rights

Resolution 19 requests further shareholder approval, by way of a separate special resolution in line with the best practice guidance issued by the Pre-Emption Group, for the directors to allot equity securities or sell treasury shares for cash without first being required to offer such securities to existing shareholders. The proposed resolution reflects the Pre-emption Group 2015 Statement of Principles for the disapplication of pre-emption rights and will expire on 1 October 2018 or at the conclusion of the AGM in 2018, whichever is the earlier.

The authority granted by this resolution, if passed:

(a) will be limited to the allotment of equity securities and sale of treasury shares for cash up to an aggregate nominal value of £2,149,538, which represents approximately 5% of the issued share capital of the Company as at 23 May 2017 (being the latest practicable date prior to publication of this Report); and

(b) will only be used in connection with an acquisition or other capital investment, including development and/or refurbishment expenditure, which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority granted by this resolution would be in addition to the general authority to disapply pre-emption rights under Resolution 18. The maximum nominal value of equity securities which could be allotted if both authorities were used would be £4,299,076, which represents approximately 10% of the issued share capital of the Company as at 23 May 2017 (being the latest practicable date prior to publication of this Report).

Authority to purchase own shares

A special resolution was also passed at the General Meeting held on 17 May 2017 enabling the Company to purchase its own shares in the market. Resolution 20 will seek to renew this authority. The maximum number of shares to which the authority relates is 48,976,804. This represents 14.99% of the share capital of the Company in issue as at 23 May 2017. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 20 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 or use them to satisfy share awards under employee share schemes, 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 as treasury shares.

The price paid for ordinary shares will not be less than the nominal value of $12^{3}/_{19}$ 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 an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

At 23 May 2017, there were £150 million 1% convertible bonds due 2018 in issue which, if fully converted, would result in the issue of a maximum of 20,640,970 ordinary shares based on the conversion price of 726.71 pence per share.

Under the terms and conditions of the convertible bonds, the conversion price is subject to adjustment upon the occurrence of certain corporate events and in such circumstances the maximum number of ordinary shares to be issued upon full conversion of the bonds may be higher than the amount specified above. Any of the bonds can be converted, at the Company's election, into a cash alternative amount.

If the outstanding bonds were fully converted, they would represent 5.9% of the issued share capital as at 23 May 2017. If the authorities to purchase shares (existing and being sought) were exercised in full, that percentage would be 6.9% of the share capital.

There were no purchases of shares by the Company during the year. The number of shares which may be purchased under the shareholders' authority given at the 17 May 2017 General Meeting was 48,976,804.

At 23 May 2017, the Company held no shares in treasury.

Resolution 20 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 2018.

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 21 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 and noting the recommendations of the UK Corporate Governance Code, 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
24 May 2017

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), including FRS 101 "Reduced Disclosure Framework". 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;
- the Strategic 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; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Toby Courtauld
Chief Executive
24 May 2017

Nick Sanderson
Finance Director
24 May 2017

Financial statements

In this section:

What they say...

"The quality of 30 Broadwick Street and exemplary handover of our restaurant space enabled us to complete our fit out and be open to customers on schedule to a tight timeframe. We are delighted with our location and to have GPE as our landlord."

Benoit Noyez, Assistant Manager, The Ivy Soho Brassiere

What we say...

"We work hard to anticipate how we can best fulfil our tenant requirements well ahead of our developments nearing completion. After the handover is completed, part of our role is to ensure through regular meetings with our occupiers, that the building continues to meet their needs on an ongoing basis."

Gary Cullen, Building Manager

Gary Cullen and Benoit Noyez at the Ivy Soho Brasserie.

Group income statement

For the year ended 31 March 2017

	Notes	2017 £m	2016 £m
Total revenue	2	**121.9**	128.8
Net rental income	3	**80.2**	75.5
Joint venture management fee income	12	**4.1**	4.1
Rental and joint venture fee income		**84.3**	79.6
Property expenses	4	**(7.3)**	(8.2)
Net rental and related income		**77.0**	71.4
Administration expenses	5	**(20.1)**	(24.4)
Development management revenue	14	**25.2**	37.6
Development management costs	14	**(25.2)**	(33.6)
		–	4.0
Trading property – cost of sales		**(0.3)**	(0.6)
Operating profit before surplus on property and results of joint ventures		**56.6**	50.4
(Deficit)/surplus from investment property	10	**(136.9)**	422.2
Share of results of joint ventures	12	**(57.2)**	66.8
Operating (loss)/profit		**(137.5)**	539.4
Finance income	6	**9.0**	7.8
Finance costs	7	**(9.2)**	(14.8)
Premium paid on cancellation of private placement notes	16	**(51.5)**	–
Fair value movement on convertible bond		**10.1**	13.5
Fair value movement on derivatives		**38.9**	9.2
(Loss)/profit before tax		**(140.2)**	555.1
Tax	8	**0.8**	1.1
(Loss)/profit for the year		**(139.4)**	556.2
Basic (loss)/earnings per share	9	**(40.8)p**	162.6p
Diluted (loss)/earnings per share	9	**(40.8)p**	161.9p
Basic EPRA earnings per share	9	**17.3p**	14.0p
Diluted EPRA earnings per share	9	**17.3p**	13.5p

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

Group statement of comprehensive income

For the year ended 31 March 2017

	Notes	2017 £m	2016 £m
(Loss)/profit for the year		**(139.4)**	556.2
Items that will not be reclassified subsequently to profit and loss			
Actuarial (deficit)/gain on defined benefit scheme	25	**(3.6)**	0.1
Total comprehensive expense and income for the year		**(143.0)**	556.3

Group balance sheet

At 31 March 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Investment property	10	**2,351.9**	2,932.1
Investment in joint ventures	12	**480.8**	543.4
Plant and equipment	13	**5.1**	1.1
Deferred tax	8	**2.0**	1.3
		2,839.8	3,477.9
Current assets			
Trading property	11	**246.7**	172.4
Trade and other receivables	14	**351.8**	37.0
Corporation tax	8	**1.0**	0.6
Cash and cash equivalents		**25.5**	12.7
		625.0	222.7
Total assets		**3,464.8**	3,700.6
Current liabilities			
Trade and other payables	15	**(147.0)**	(135.0)
		(147.0)	(135.0)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(537.7)**	(600.2)
Obligations under finance leases	18	**(35.9)**	(50.5)
Pension liability	25	**(5.8)**	(2.7)
		(579.4)	(653.4)
Total liabilities		**(726.4)**	(788.4)
Net assets		**2,738.4**	2,912.2
Equity			
Share capital	19	**43.0**	43.0
Share premium account		**352.0**	352.0
Capital redemption reserve		**16.4**	16.4
Retained earnings		**2,330.8**	2,509.9
Investment in own shares	20	**(3.8)**	(9.1)
Total equity		**2,738.4**	2,912.2
Net assets per share	9	**796p**	847p
EPRA NAV	9	**799p**	847p

Approved by the Board on 24 May 2017 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 2017

	Notes	2017 £m	2016 £m
Operating activities			
Operating (loss)/profit		**(137.5)**	539.4
Adjustments for non-cash items	21	**192.4**	(491.8)
Deposits received on forward sale of residential units		**8.8**	34.9
Development of trading property		**(75.0)**	(45.2)
(Increase)/decrease in receivables		**(12.7)**	6.8
Decrease in payables		**(5.4)**	(1.5)
Cash (absorbed)/generated from operations		**(29.4)**	42.6
Interest paid		**(29.0)**	(27.4)
Tax repaid		**0.1**	–
Cash flows from operating activities		**(58.3)**	15.2
Investing activities			
Distributions from joint ventures		**56.2**	110.3
Purchase and development of property		**(187.3)**	(365.8)
Purchase of plant and equipment		**(4.9)**	(1.1)
Sale of properties		**346.5**	321.0
Investment in joint ventures		**(6.7)**	(4.4)
Cash flows from investing activities		**203.8**	60.0
Financing activities			
Revolving credit facility drawn/(repaid)		**109.0**	(28.0)
Redemption of private placement notes		**(159.7)**	–
Premium paid on redemption of private placement notes	16	**(51.5)**	–
Termination of cross currency swaps	16	**34.7**	–
Funds to joint ventures		**(33.6)**	(0.1)
Purchase of own shares		**–**	(8.1)
Equity dividends paid		**(31.6)**	(30.6)
Cash flows from financing activities		**(132.7)**	(66.8)
Net increase in cash and cash equivalents		**12.8**	8.4
Cash and cash equivalents at 1 April		**12.7**	4.3
Cash and cash equivalents at 31 March		**25.5**	12.7

Group statement of changes in equity

For the year ended 31 March 2017

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2016		**43.0**	**352.0**	**16.4**	**2,509.9**	**(9.1)**	**2,912.2**
Loss for the year		–	–	–	**(139.4)**	–	**(139.4)**
Actuarial deficit on defined benefit scheme		–	–	–	**(3.6)**	–	**(3.6)**
Total comprehensive expense for the year		–	–	–	**(143.0)**	–	**(143.0)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	20	–	–	–	–	**1.0**	**1.0**
Dividends to shareholders	22	–	–	–	**(31.8)**	–	**(31.8)**
Transfer to retained earnings	20	–	–	–	**(4.3)**	**4.3**	–
Total equity at 31 March 2017		**43.0**	**352.0**	**16.4**	**2,330.8**	**(3.8)**	**2,738.4**

Group statement of changes in equity

For the year ended 31 March 2016

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2015		43.0	352.0	16.4	1,991.2	(11.7)	2,390.9
Profit for the year		–	–	–	556.2	–	556.2
Actuarial gain on defined benefit scheme		–	–	–	0.1	–	0.1
Total comprehensive income for the year		–	–	–	556.3	–	556.3
Employee Long-Term Incentive Plan and Share Matching Plan charge	20	–	–	–	–	4.2	4.2
Purchase of own shares	20	–	–	–	–	(8.1)	(8.1)
Dividends to shareholders	22	–	–	–	(31.1)	–	(31.1)
Transfer to retained earnings	20	–	–	–	(6.5)	6.5	–
Total equity at 31 March 2016		43.0	352.0	16.4	2,509.9	(9.1)	2,912.2

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

Great Portland Estates plc is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 186. 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 and financial instruments. The financial statements are prepared on the going concern basis as explained in the Report of the Directors on page 132.

Significant judgements and sources of estimation uncertainty

In the process of preparing the financial statements, the directors are required to make certain judgements, assumptions and estimates. Not all of the Group's accounting policies require the directors to make difficult, subjective or complex judgements or estimates. Any estimates and judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the director's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Significant judgements: recognition of sales and purchases of property

The Group recognises sales and purchases of property when the risks and rewards of ownership transfer to the new owner. Whilst in most instances this assessment is straightforward, arrangements such as forward sales, significant levels of deferred consideration or transactions with other complex arrangements require the directors to exercise judgement in recognising the transaction.

Key source of estimation uncertainty: property portfolio valuation

The valuation to assess the fair value of the Group's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. For the current year and prior year the directors adopted the valuation without adjustment, further information is provided in the accounting policy for investment property and note 10.

New accounting standards

During the year ended 31 March 2017, the following accounting standards and guidance were adopted by the Group:

- Amendments to IFRS (Annual improvements 2012–2014 cycle)
- Amendments to IFRS 11
- Amendments to IAS 16 and IAS 38
- Amendments to IAS 27
- Amendments to IAS 1
- Amendments to IAS 10, IFRS 12 and IAS 28

The adoption of the Standards and Interpretations has not significantly impacted these financial statements.

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

- Amendments to IAS 7 Statement of cash flows; disclosure initiative
- Amendments to IAS 12 Income taxes; recognition of deferred tax assets for unrealised losses
- Amendments to IFRS 2 Share-based payments; clarifying how to account for certain types of share-based payment transactions
- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers
- IFRS 16 Leases

1 Accounting policies (continued)

– Amendments to IFRS 4 Insurance contracts; regarding the implementation of IFRS 9 Financial instruments

– Amendment to IAS 40 Investment property; relating to transfers of investment property

– Annual improvements (2014–2016 cycle)

– IFRIC 22 Foreign currency transactions and advance consideration

None of these are expected to have a significant effect on the financial statements of the Group. Certain Standards which may have an impact are discussed below.

– IFRS 9 Financial instruments

IFRS 9 replaces the classification and measurement models for financial instruments in IAS 39 (Financial Instruments: recognition and measurement) with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. Due to the Group's limited use of complex financial instruments, IFRS 9 is not expected to have a material impact on its reported results.

– IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a single, principles-based revenue recognition model to be applied to all contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. New disclosure requirements are also introduced. The majority of the Group's revenue is derived from rental income which is within the scope of IFRS 15. As a result, it is not anticipated that the new standard will have a material impact on the Group's reported results.

– IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and requires all operating leases in excess of one year, where the Group is the lessee, to be included on the Group's balance sheet, and recognise a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset will be assessed for impairment annually (incorporating any onerous lease assessments) and amortised on a straight-line basis, with the lease liability being amortised using the effective interest method. Lessor accounting is unchanged from previous guidance. As the Group is primarily a lessor, it is not anticipated that the new standard will have a material impact on the Group's reported results.

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 2017. 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.

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.

Notes forming part of the Group financial statements

1 Accounting policies (continued)

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.

Segmental analysis

The directors are required to present the Group's financial information by business segment or geographical area. This requires a review of the Group's organisational structure and internal reporting system to identify reportable segments and an assessment of where the Group's assets or customers are located.

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, retail and any residential space is managed together. Within the 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, or if it is a trading property, it is sold. 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 the external valuer, are set out in note 10.

Investment property

Investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the directors must ensure that they are satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts without adjustment.

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards Global January 2014 including the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) ("the Red Book") and have been primarily derived using comparable recent market transactions on arm's length terms.

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods.

These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

Sales and purchases of investment properties are recognised when the risks and rewards of ownership transfer, based on the terms and conditions of each transaction.

Trading property

Trading property is being developed for sale or being held for sale after development is complete, and is carried at the lower of cost and net realisable value. Cost includes direct expenditure and capitalised interest. Cost of sales, including costs associated with off-plan residential sales, are expensed to the income statement as incurred.

Depreciation

No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Plant and equipment is held at cost less accumulated depreciation. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less residual value 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.

1 Accounting policies (continued)

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.

Income tax

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of previous years. 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 and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax assets can be utilised. No provision is made for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Tax is included in the income statement except when it relates to items recognised directly in other comprehensive income or equity, in which case the related tax is also recognised directly in other comprehensive income or equity.

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 other comprehensive income; all other movements are taken to the income statement.

Capitalisation of interest

Interest associated with direct expenditure on investment and trading 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 where no intention existed. 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.

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. Derivatives are initially recognised at fair value at the date a derivative contract is entered into.

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 Convertible bond The Group's convertible bond can be settled in shares, cash or a combination of both at the Group's discretion. The bonds have been designated at fair value through profit and loss upon initial recognition, with any gains or losses arising subsequently due to re-measurement being recognised in the income statement.

iv 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.

v 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.

Notes forming part of the Group financial statements

1 Accounting policies (continued)

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.

Development management agreements

Should the Group sell a development property prior to completion, it will often have a development management agreement with the buyer to construct the remainder of the building on their behalf. Where the outcome of this development management agreement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the balance sheet date. This is normally measured as the proportion that contract costs incurred for work performed bear to the estimated total contract costs. Variations in work, claims and incentive payments are included to the extent that they have been agreed with the counterparty.

Where the outcome of the development management agreement cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred where it is probable they will be recoverable. Costs are recognised as expenses in the period in which they are incurred. When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

2 Total revenue

	2017 £m	2016 £m
Gross rental income	**77.7**	72.8
Spreading of tenant lease incentives	**3.1**	3.0
Service charge income	**11.8**	11.3
Joint venture fee income	**4.1**	4.1
Development management revenue	**25.2**	37.6
	121.9	128.8

3 Net rental income

	2017 £m	2016 £m
Gross rental income	**77.7**	72.8
Spreading of tenant lease incentives	**3.1**	3.0
Ground rents	**(0.6)**	(0.3)
	80.2	75.5

4 Property expenses

	2017 £m	2016 £m
Service charge income	**(11.8)**	(11.3)
Service charge expenses	**13.9**	12.3
Other property expenses	**5.2**	7.2
	7.3	8.2

5 Administration expenses

	2017 £m	2016 £m
Employee costs	**13.9**	20.1
Depreciation	**0.9**	0.2
Other head office costs	**5.3**	4.1
	20.1	24.4

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £1.0 million (2016: £4.2 million). Employee costs, including those of directors, comprise the following:

	2017 £m	2016 £m
Wages and salaries	**13.8**	19.2
Social security costs	**1.5**	2.5
Other pension costs	**1.6**	1.5
	16.9	23.2
Less: recovered through service charges	**(1.0)**	(1.0)
Less: capitalised into development projects	**(2.0)**	(2.1)
	13.9	20.1

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 104 to 130. 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:

	2017 Number	2016 Number
Head office and property management	**102**	96

Auditor's remuneration

	2017 £000's	2016 £000's
Audit of the Company's annual accounts	**106**	114
Audit of subsidiaries	**98**	96
	204	210
Audit-related assurance services, including the interim review	**62**	61
Total audit and audit-related services	**266**	271
Services related to taxation (advisory)	**21**	11
	287	282

6 Finance income

	2017 £m	2016 £m
Interest on balances with joint ventures	**9.0**	7.8

7 Finance costs

	2017 £m	2016 £m
Interest on revolving credit facilities	**3.3**	3.4
Interest on private placement notes	**12.9**	12.9
Interest on debenture stock	**8.0**	8.0
Interest on convertible bond	**1.5**	1.5
Interest on obligations under finance leases	**1.8**	2.3
Gross finance costs	**27.5**	28.1
Less: capitalised interest at an average rate of 4.1% (2016: 3.9%)	**(18.3)**	(13.3)
	9.2	14.8

Notes forming part of the Group financial statements

8 Tax

	2017 £m	2016 £m
Current tax		
UK corporation tax	–	–
Tax over provided in previous years	**(0.1)**	(0.6)
Total current tax	**(0.1)**	(0.6)
Deferred tax	**(0.7)**	(0.5)
Tax credit for the year	**(0.8)**	(1.1)

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

	2017 £m	2016 £m
(Loss)/profit before tax	**(140.2)**	555.1
Tax (credit)/charge on (loss)/profit at standard rate of 20% (2016: 20%)	**(28.0)**	111.0
REIT tax-exempt rental profits and gains	**(4.0)**	(18.4)
Changes in fair value of properties not subject to tax	**32.8**	(89.3)
Changes in fair value of financial instruments not subject to tax	**(2.9)**	(4.5)
Prior periods' corporation tax	**(0.1)**	(0.6)
Other	**1.4**	0.7
Tax credit for the year	**(0.8)**	(1.1)

During the year, £nil (2016: £nil) of deferred tax was credited directly to equity. The Group's net deferred tax asset at 31 March 2017 was £2.0 million (2016: £1.3 million), based on a 19% tax rate. This consists of a deferred tax liability of £2.8 million (2016: £nil) and a deferred tax asset of £4.8 million (2016: £1.3 million).

Movement in deferred tax

	At 1 April 2016 £m	Recognised in the income statement £m	At 31 March 2017 £m
Deferred tax liability in respect of £150 million 1.00% convertible bonds 2018	–	**(2.8)**	**(2.8)**
Deferred tax asset in respect of revenue losses	1.3	**2.7**	**4.0**
Deferred tax asset in respect of other temporary differences	–	**0.8**	**0.8**
Net deferred tax asset	1.3	**0.7**	**2.0**

A deferred tax asset of £3.4 million (2016: £3.8 million), mainly relating to revenue losses, contingent share awards and the pension liability was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

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. In particular, the Group's REIT exemption does not extend to either profits arising from the sale of investment properties in respect of which a major development has completed within the preceding three years or profits arising from trading properties (including the sale of the residential units at Rathbone Square, W1).

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 Performance measures and EPRA metrics

Adjusted earnings and net assets per share are calculated in accordance with the Best Practice Recommendations issued by the European Public Real Estate Association (EPRA). The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe enhancing the transparency and coherence of the sector. The directors consider these standard metrics to be the most appropriate method of reporting the value and performance of the business.

Weighted average number of ordinary shares

	2017 Number of shares	2016 Number of shares
Issued ordinary share capital at 1 April	**343,926,149**	343,926,149
Investment in own shares	**(1,933,616)**	(1,811,076)
Weighted average number of ordinary shares – Basic	**341,992,533**	342,115,073

Basic and diluted (loss)/earnings per share

	Loss after tax 2017 £m	**Number of shares 2017 million**	**Loss per share 2017 pence**	Profit after tax 2016 £m	Number of shares 2016 million	Earnings per share 2016 pence
Basic	**(139.4)**	**342.0**	**(40.8)**	556.2	342.1	162.6
Dilutive effect of LTIP shares	**–**	**–**	**–**	–	1.4	(0.7)
Diluted	**(139.4)**	**342.0**	**(40.8)**	556.2	343.5	161.9

Basic and diluted EPRA (loss)/earnings per share

	(Loss)/profit after tax 2017 £m	**Number of shares 2017 million**	**(Loss)/ earnings per share 2017 pence**	Profit after tax 2016 £m	Number of shares 2016 million	Earnings per share 2016 pence
Basic	**(139.4)**	**342.0**	**(40.8)**	556.2	342.1	162.6
Deficit/(surplus) from investment property (note 10)	**136.9**	**–**	**40.1**	(422.2)	–	(123.4)
Deficit/(surplus) from joint venture investment property (note 12)	**59.6**	**–**	**17.4**	(64.6)	–	(18.9)
Movement in fair value of derivatives	**(38.9)**	**–**	**(11.4)**	(9.2)	–	(2.7)
Movement in fair value of convertible bond	**(10.1)**	**–**	**(3.0)**	(13.5)	–	(4.0)
Movement in fair value of derivatives in joint ventures (note 12)	**0.1**	**–**	**–**	1.0	–	0.3
Trading property – cost of sales	**0.3**	**–**	**0.1**	0.6	–	0.2
Premium paid on cancellation of private placement notes (note 16)	**51.5**	**–**	**15.1**	–	–	–
Deferred tax (note 8)	**(0.7)**	**–**	**(0.2)**	(0.5)	–	(0.1)
Basic EPRA earnings	**59.3**	**342.0**	**17.3**	47.8	342.1	14.0
Dilutive effect of LTIP shares	**–**	**0.3**	**–**	–	1.4	(0.1)
Dilutive effect of convertible bond	**–**	**–**	**–**	1.5	21.0	(0.4)
Diluted EPRA earnings	**59.3**	**342.3**	**17.3**	49.3	364.5	13.5

Notes forming part of the Group financial statements

9 Performance measures and EPRA metrics (continued)

EPRA net assets per share

	Net assets 2017 £m	Number of shares 2017 million	Net assets per share 2017 pence	Net assets 2016 £m	Number of shares 2016 million	Net assets per share 2016 pence
Basic net assets	**2,738.4**	**343.9**	**796**	2,912.2	343.9	847
Investment in own shares	**–**	**(1.8)**	**4**	–	(2.6)	6
Dilutive effect of convertible bond	**–**	**–**	**–**	150.0	21.0	(8)
Dilutive effect of LTIP shares	**–**	**0.3**	**(1)**	–	1.4	(3)
Diluted net assets	**2,738.4**	**342.4**	**799**	3,062.2	363.7	842
Surplus on revaluation of trading property (note 11)	**17.3**	**–**	**5**	22.2	–	6
Fair value of convertible bond (note 17)	**9.4**	**–**	**3**	19.5	–	5
Fair value of derivatives (note 17)	**(28.5)**	**–**	**(8)**	(24.3)	–	(6)
Fair value of derivatives in joint ventures (note 12)	**1.3**	**–**	**–**	1.2	–	–
Deferred tax (note 8)	**(2.0)**	**–**	**–**	(1.3)	–	–
EPRA NAV	**2,735.9**	**342.4**	**799**	3,079.5	363.7	847
Fair value of financial liabilities (note 17)	**(71.0)**	**–**	**(21)**	(75.5)	–	(21)
Fair value of financial liabilities in joint ventures (note 12)	**(2.1)**	**–**	**(1)**	(1.6)	–	–
Fair value of convertible bond (note 17)	**(9.4)**	**–**	**(3)**	–	–	–
Fair value of derivatives (note 17)	**28.5**	**–**	**8**	24.3	–	6
Fair value of derivatives in joint ventures (note 12)	**(1.3)**	**–**	**–**	(1.2)	–	–
Tax arising on sale of trading properties	**(3.3)**	**–**	**(1)**	(4.2)	–	(1)
Deferred tax (note 8)	**2.0**	**–**	**1**	1.3	–	–
EPRA NNNAV	**2,679.3**	**342.4**	**782**	3,022.6	363.7	831

The Group has £150.0 million of convertible bonds in issue with an initial conversion price of £7.15 per share. The dilutive effect of the contingently issuable shares within the convertible bond is required to be recognised in accordance with IAS 33 – Earnings per Share. For the current and prior year the convertible bond had no dilutive impact on IFRS EPS. In accordance with the EPRA Best Practice Recommendations, we have presented EPRA earnings per share on a basic and diluted basis.

EPRA cost ratio (including share of joint ventures)

	2017 £m	2016 £m
Administration expenses	**20.1**	24.4
Property expenses	**7.3**	8.2
Joint venture management fee income	**(4.1)**	(4.1)
Joint venture property and administration costs	**4.1**	2.2
EPRA costs (including direct vacancy costs) (A)	**27.4**	30.7
Direct vacancy costs	**(3.2)**	(2.3)
Joint venture direct vacancy costs	**(1.8)**	(1.1)
EPRA costs (excluding direct vacancy costs) (B)	**22.4**	27.3
Net rental income	**80.2**	75.5
Joint venture net rental income	**17.4**	17.0
Gross rental income (C)	**97.6**	92.5
Portfolio at fair value including joint ventures (D)	**3,145.5**	3,703.9
Cost ratio (including direct vacancy costs) (A/C)	**28.1%**	33.2%
Cost ratio (excluding direct vacancy costs) (B/C)	**23.0%**	29.5%
Cost ratio (by portfolio value) (A/D)	**0.9%**	0.8%

EPRA capital expenditure is included in note 10.

9 Performance measures and EPRA metrics (continued)

Net debt

	2017 £m	2016 £m
£142.9 million 5⅝% debenture stock 2029	**143.9**	144.0
£450.0 million revolving credit facility	**107.0**	–
Private placement notes	**127.4**	286.7
£150.0 million 1.00% convertible bonds 2018 (at nominal value)	**150.0**	150.0
Less: cash balances	**(25.5)**	(12.7)
Net debt excluding joint ventures	**502.8**	568.0
Joint venture bank loans (at share)	**84.6**	84.5
Less: joint venture cash balances (at share)	**(10.6)**	(8.4)
Net debt including joint ventures	**576.8**	644.1

10 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2015	1,027.3	908.7	1,936.0
Acquisitions	124.9	213.7	338.6
Costs capitalised	4.0	22.4	26.4
Disposals	(102.8)	(192.1)	(294.9)
Transfer to investment property under development	(30.4)	–	(30.4)
Transfer from investment property under development	7.5	–	7.5
Net valuation surplus on investment property	103.0	94.2	197.2
Book value at 31 March 2016	1,133.5	1,046.9	2,180.4
Acquisitions	**–**	**32.5**	**32.5**
Costs capitalised	**6.0**	**14.9**	**20.9**
Disposals	**(31.1)**	**–**	**(31.1)**
Transfer from investment property under development	**176.1**	**–**	**176.1**
Net valuation deficit on investment property	**(61.6)**	**(53.2)**	**(114.8)**
Book value at 31 March 2017	**1,222.9**	**1,041.1**	**2,264.0**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2015	276.5	135.7	412.2
Costs capitalised	96.2	12.9	109.1
Interest capitalised	7.9	0.8	8.7
Transfer from investment property	30.4	–	30.4
Transfer to investment property	(7.5)	–	(7.5)
Net revaluation surplus on investment property under development	133.1	65.7	198.8
Book value at 31 March 2016	536.6	215.1	751.7
Costs capitalised	**107.1**	**48.1**	**155.2**
Interest capitalised	**9.1**	**0.9**	**10.0**
Transfer to investment property	**(176.1)**	**–**	**(176.1)**
Disposals	**(392.2)**	**(264.1)**	**(656.3)**
Net revaluation surplus on investment property under development	**3.4**	**–**	**3.4**
Book value at 31 March 2017	**87.9**	**–**	**87.9**
Total investment property	**1,310.8**	**1,041.1**	**2,351.9**

Notes forming part of the Group financial statements

10 Investment property (continued)

The book value of investment property includes £35.9 million (2016: £50.5 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £2,316.0 million. The market value of the Group's total property portfolio, including trading properties, was £2,580.0 million (2016: £3,076.2 million). The total portfolio value including joint venture properties of £565.5 million (see note 12) was £3,145.5 million.

At 31 March 2017, property with a carrying value of £380.9 million (2016: £403.4 million) was secured under the first mortgage debenture stock (see note 16).

The cumulative interest capitalised in investment property was £20.1 million (2016: £26.1 million).

(Deficit)/surplus from investment property

	2017 £m	2016 £m
Net valuation (deficit)/surplus on investment property	**(111.4)**	396.0
(Loss)/profit on sale of investment properties	**(25.5)**	26.2
	(136.9)	422.2

The Group's investment properties, including those held in joint ventures (note 12), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2017. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards Global January 2014 including the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) ("the Red Book") and have 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 are less than 5.0% of 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 2012. 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.

Real estate valuations are complex and derived using comparable market transactions which are not publicly available and involve an element of judgement. Therefore, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the year. Inputs to the valuation, including capitalisation yields (typically the true equivalent yield) and rental values, are defined as 'unobservable' as defined by IFRS 13.

Key inputs to the valuation

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	**68**	**47 – 84**	**4.5**	**4.1 – 6.4**
	Retail	**66**	**34 – 181**	**3.7**	**2.9 – 5.9**
Rest of West End	Office	**81**	**64 – 96**	**4.5**	**3.7 – 6.0**
	Retail	**103**	**15 – 257**	**4.2**	**3.5 – 5.5**
City, Midtown & Southwark	Office	**54**	**45 – 60**	**5.2**	**4.8 – 5.9**
	Retail	**71**	**32 – 116**	**5.0**	**4.6 – 6.5**
		Capital value			
		Average £ per sq ft	Range £ per sq ft		
Residential		**1,926**	**1,575 – 2,700**	**n/a**	**n/a**

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and a decrease in rental values will reduce the valuation of the property. However, the relationship between capitalisation yields and the property valuation is negative; therefore an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. There are interrelationships between these inputs as they are determined by market conditions, and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease) valuation movements can be amplified, whereas if they move in the same direction they may offset, reducing the overall net valuation movement.

At 31 March 2017, the Group had capital commitments of £27.1 million (2016: £241.5 million).

10 Investment property (continued)

EPRA capital expenditure

	2017 £m	2016 £m
Group		
Acquisitions	**32.5**	338.6
Developments (including trading properties)	**221.2**	161.0
Investment property	**20.9**	26.4
Interest capitalised (including trading properties)	**18.3**	13.3
Joint ventures (at share)		
Developments	**11.9**	5.0
Investment property	**16.9**	13.3
Interest capitalised	**1.2**	0.7
	322.9	558.3

11 Trading property

	Total £m
At 1 April 2016	172.4
Costs capitalised	**66.0**
Interest capitalised	**8.3**
At 31 March 2017	**246.7**

The Group is developing a large mixed-use scheme at Rathbone Square, W1. Part of the approved scheme consists of residential units which the Group holds for sale. As a result, the residential element of the scheme is classified as trading property. The fair value of the trading property was £264.0 million (2016: £194.6 million), representing a level 3 valuation as defined by IFRS 13 (see note 10), and cumulative valuation uplift of £17.3 million (2016: £22.2 million).

12 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2017 Total £m	2016 Total £m
At 1 April	355.8	187.6	543.4	636.7
Movement on joint venture balances	–	**42.6**	**42.6**	44.6
Additions	**8.2**	–	**8.2**	4.4
Share of profit of joint ventures	**2.4**	–	**2.4**	2.8
Share of revaluation (deficit)/surplus of joint ventures	**(55.6)**	–	**(55.6)**	50.0
Share of (loss)/profit on disposal of joint venture properties	**(4.0)**	–	**(4.0)**	14.0
Share of results of joint ventures	**(57.2)**	–	**(57.2)**	66.8
Transfer to subsidiaries – Great Star Partnership	–	–	–	(98.8)
Distributions	**(56.2)**	–	**(56.2)**	(110.3)
At 31 March	**250.6**	**230.2**	**480.8**	543.4

The investments in joint ventures comprise the following:

	Country of registration	2017 ownership	2016 ownership
The GHS Limited Partnership	Jersey	**50%**	50%
The Great Capital Partnership (dormant)	United Kingdom	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnerships	United Kingdom	**50%**	50%
The Great Wigmore Partnership	United Kingdom	**50%**	50%

All of the Group's joint ventures operate solely in the United Kingdom.

Notes forming part of the Group financial statements

12 Investment in joint ventures (continued)

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

	The GHS Limited Partnership £m	The Great Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2017 Total £m	2017 At share £m	2016 At share £m
Balance sheets								
Investment property	223.2	–	687.9	228.6	1.7	1,141.4	570.7	632.9
Current assets	0.3	–	0.4	0.1	0.9	1.7	0.9	0.7
Cash	1.3	0.1	14.6	4.6	0.6	21.2	10.6	8.4
Balances (from)/to partners	(86.8)	–	(384.4)	10.9	–	(460.3)	(230.2)	(187.6)
Bank loans	–	–	(89.5)	(79.6)	–	(169.1)	(84.6)	(84.5)
Derivatives	–	–	(2.6)	–	–	(2.6)	(1.3)	(1.2)
Current liabilities	(3.8)	–	(11.9)	(4.9)	(0.1)	(20.7)	(10.3)	(7.7)
Finance leases	–	–	(10.3)	–	–	(10.3)	(5.2)	(5.2)
Net assets	134.2	0.1	204.2	159.7	3.1	501.3	250.6	355.8
Income statements								
Net rental income	–	–	21.6	13.1	0.1	34.8	17.4	17.0
Property and administration costs	(1.6)	–	(5.8)	(0.5)	(0.2)	(8.1)	(4.1)	(2.2)
Net finance costs	(4.1)	–	(14.4)	(3.1)	–	(21.6)	(10.8)	(11.0)
Movement in fair value of derivatives	–	–	(0.2)	–	–	(0.2)	(0.1)	(1.0)
(Loss)/profit from joint ventures	(5.7)	–	1.2	9.5	(0.1)	4.9	2.4	2.8
Revaluation of investment property	(65.8)	–	(26.1)	(13.2)	(0.1)	(105.2)	(55.6)	50.0
(Loss)/profit on sale of investment property	–	–	–	(8.9)	0.9	(8.0)	(4.0)	14.0
Share of results of joint ventures	(71.5)	–	(24.9)	(12.6)	0.7	(108.3)	(57.2)	66.8

The non-recourse debt facilities of the joint ventures at 31 March 2017 are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/floating	Interest rate
The Great Ropemaker Partnership	90.0	December 2020	Floating	LIBOR +1.25%
The Great Victoria Partnership	80.0	July 2022	Fixed	3.74%
Total	170.0			

The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 1.42%, which expire coterminously with the bank loan in 2020, with a notional principal amount of £90.0 million. Together with the swaps the loan has an all-in hedged coupon of 2.67% for its duration. At 31 March 2017, the Great Victoria Partnership loan had a fair value of £84.2 million (2016: £83.2 million). All interest-bearing loans are in sterling. At 31 March 2017, the joint ventures had £nil undrawn facilities (2016: £nil).

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

	2017 £m	2016 £m
Movement on joint venture balances during the year	(42.6)	(20.8)
Balances receivable at the year end from joint ventures	(230.2)	(187.6)
Distributions	56.2	110.3
Management fee income	4.1	4.1

The joint venture balances are repayable on demand and bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances, the Great Ropemaker Partnership at 4.0% and the Great Wigmore Partnership at 4.0%.

12 Investment in joint ventures (continued)

The investment properties include £5.2 million (2016: £5.2 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 £565.5 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 2017, the Group had £nil contingent liabilities arising in its joint ventures (2016: £nil). At 31 March 2017, the Group had capital commitments in respect of its joint ventures of £48.1 million (2016: £117.9 million).

13 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings/other £m	Total £m
Cost			
At 1 April 2015	2.1	1.6	3.7
Costs capitalised	1.0	0.1	1.1
Disposals	(2.0)	–	(2.0)
At 31 March 2016	1.1	1.7	2.8
Costs capitalised in respect of head office refurbishment	**4.1**	**0.8**	**4.9**
Disposals	**–**	**(1.5)**	**(1.5)**
At 31 March 2017	**5.2**	**1.0**	**6.2**
Depreciation			
At 1 April 2016	0.1	1.6	1.7
Charge for the year	**0.6**	**0.3**	**0.9**
Disposals	**–**	**(1.5)**	**(1.5)**
At 31 March 2017	**0.7**	**0.4**	**1.1**
Carrying amount at 31 March 2016	1.0	0.1	1.1
Carrying amount at 31 March 2017	**4.5**	**0.6**	**5.1**

14 Trade and other receivables

	2017 £m	2016 £m
Trade receivables	**4.0**	3.9
Allowance for doubtful debts	**(0.1)**	(0.2)
	3.9	3.7
Prepayments and accrued income	**0.7**	1.2
Work in progress on development management contracts	**14.7**	2.4
Other trade receivables	**3.2**	5.4
Deferred consideration on property sales	**300.8**	–
Derivatives	**28.5**	24.3
	351.8	37.0

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. Debtors past due but not impaired were £2.8 million (2016: £3.0 million) of which £2.0 million (2016: £1.8 million) is over 30 days.

Work in progress on development management contracts is an amount due to the Group in relation to development properties sold prior to its completion where the Group has a contract with the buyer to construct the remainder of the building on their behalf. During the year, the Group received payments on account of £12.9 million (2016: £41.2 million). At 31 March 2017, the aggregate cumulative cost incurred was £67.7 million (2016: £42.5 million) and the cumulative profits less losses recognised were £5.7 million (2016: £5.7 million). There are no material project retentions.

Deferred consideration on property sales relates to the amounts outstanding on the disposal of both Rathbone Square, W1 and 73/89 Oxford Street, W1. At 31 March 2017, £28.0 million of the derivatives were due in excess of one year (see note 17).

Notes forming part of the Group financial statements

14 Trade and other receivables (continued)

	2017 £m	2016 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.2)**	(0.1)
Amounts provided for during the year	**(0.2)**	(0.1)
Amounts written-off as uncollectable	**0.3**	–
	(0.1)	(0.2)

15 Trade and other payables

	2017 £m	2016 £m
Rents received in advance	**22.8**	21.1
Deposits received on forward sale of residential units	**66.0**	57.2
Non-trade payables and accrued expenses	**58.2**	56.7
	147.0	135.0

Non-trade payables and accrued expenses includes capital accruals such as amounts in respect of overage arrangements.

16 Interest-bearing loans and borrowings

	2017 £m	2016 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**143.9**	144.0
Unsecured		
£450 million revolving credit facility	**107.0**	–
£30.0 million 5.09% private placement notes 2018	**–**	29.9
\$130.0 million 4.81% private placement notes 2018	**–**	80.9
\$78.0 million 5.37% private placement notes 2021	**–**	48.5
\$160.0 million 4.20% private placement notes 2019	**101.9**	101.9
\$40.0 million 4.82% private placement notes 2022	**25.5**	25.5
Non-current liabilities at fair value		
Unsecured		
£150.0 million 1.00% convertible bonds 2018	**159.4**	169.5
	537.7	600.2

The Group's £450.0 million revolving credit facility is unsecured, attracts a floating rate based on a ratchet of between 105–165 basis points above LIBOR, based on gearing, and expires in 2021.

In March 2017, the Group repaid its 2018 and 2021 private placement notes for a total redemption premium of £16.8 million representing £51.5 million premium (including early redemption premium and currency movements since issue) on the private placement notes net of £34.7 million receipt on cancellation of the associated cross currency swaps.

In May 2017, the Group repaid its 2019 and 2022 private placement notes for a total redemption premium of £13.2 million representing £36.8 million premium (including early redemption premium and currency movements since issue) on the private placement notes net of £23.6 million receipt on cancellation of the associated cross currency swaps.

In May 2017, the Group closed the issue of £175 million of new seven year US private placement notes. The Sterling denominated unsecured debt has a fixed rate coupon of 2.15% (representing a margin of 125 basis points over the relevant Gilt).

At 31 March 2017, the Group had £342.0 million (2016: £451 million) of undrawn credit facilities.

17 Financial instruments

Categories of financial instrument	Carrying amount 2017 £m	Amounts recognised in income statement 2017 £m	Gain/(loss) to equity 2017 £m	Carrying amount 2016 £m	Amounts recognised in income statement 2016 £m	Gain/(loss) to equity 2016 £m
Convertible bond	**(159.4)**	**8.6**	**–**	(169.5)	12.0	–
Non-current liabilities at fair value	**(159.4)**	**8.6**	**–**	(169.5)	12.0	–
Interest rate floor	**0.5**	**0.7**	**–**	2.0	0.9	–
Cross currency swaps	**28.0**	**40.2**	**–**	22.3	10.1	–
Non-current assets held at fair value	**28.5**	**40.9**	**–**	24.3	11.0	–
Trade receivables	**324.3**	**(0.1)**	**–**	12.1	(0.1)	–
Cash and cash equivalents	**25.5**	**–**	**–**	12.7	–	–
Loans and receivables	**349.8**	**(0.1)**	**–**	24.8	(0.1)	–
Trade and other payables	**(69.1)**	**–**	**–**	(62.9)	–	–
Interest-bearing loans and borrowings	**(378.3)**	**(7.9)**	**–**	(430.7)	(12.8)	–
Obligations under finance leases	**(35.9)**	**(1.8)**	**–**	(50.5)	(2.3)	–
Liabilities at amortised cost	**(483.3)**	**(9.7)**	**–**	(544.1)	(15.1)	–
Total financial instruments	**(264.4)**	**39.7**	**–**	(664.5)	7.8	–

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 15 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, convertible bonds 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.

Notes forming part of the Group financial statements

17 Financial instruments (continued)

Liquidity risk

The Group operates a framework for the management of its 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 facility. The availability of this facility depends on the Group complying with a number of key financial covenants; these covenants and the Group's compliance with them are set out in the table below:

Key covenants	Covenant	March 2017 actuals
Group		
Net debt/net equity	**<1.25x**	**0.18x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**5.36x**
Interest cover	**>1.35x**	**n/a**

Due to the treatment of capitalised interest under our Group covenants, there is no net interest charge in the year applicable for the purposes of calculating the interest cover ratio. The Group has undrawn credit facilities of £342.0 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 2017	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	**143.9**	**237.9**	**8.0**	**8.0**	**24.1**	**197.8**
£450.0 million revolving credit facility	**107.0**	**113.1**	**1.6**	**1.6**	**109.9**	**–**
Private placement notes	**127.4**	**142.6**	**5.2**	**5.3**	**106.4**	**25.7**
£150.0 million 1.00% convertible bonds 2018	**159.4**	**152.1**	**1.5**	**150.6**	**–**	**–**
Derivative financial instruments						
Cross currency swaps (note 14)	**(28.0)**	**0.7**	**0.3**	**0.2**	**0.2**	**–**
Interest rate floor (note 14)	**(0.5)**	**(1.0)**	**(1.0)**	**–**	**–**	**–**
	509.2	**645.4**	**15.6**	**165.7**	**240.6**	**223.5**

At 31 March 2016	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	144.0	245.9	8.0	8.0	24.1	205.8
£450.0 million revolving credit facility	–	–	–	–	–	–
Private placement notes	286.7	332.8	13.0	13.1	230.5	76.2
£150.0 million 1.00% convertible bonds 2018	169.5	153.6	1.5	1.5	150.6	–
Derivative financial instruments						
Cross currency swaps (note 14)	(22.3)	1.7	0.5	0.5	0.6	0.1
Interest rate floor (note 14)	(2.0)	(2.1)	(1.3)	(0.8)	–	–
	575.9	731.9	21.7	22.3	405.8	282.1

17 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 arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20%–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements.

Interest rate swaps

Interest rate swaps in the joint ventures 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 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 fixed rate debt, gives rise to the same economic effect as purchasing an interest rate cap in respect of floating rate debt.

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 (asset)/liability	
	2017 %	2016 %	**2017 £m**	2016 £m	**2017 £m**	2016 £m
Interest rate floor						
Less than one year	**1.80**	–	**159.7**	–	**(0.5)**	–
Between one and two years	**–**	1.80	**–**	159.7	**–**	(2.0)
	1.80	1.80	**159.7**	159.7	**(0.5)**	(2.0)

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 (asset)/liability	
	2017 rate	2016 rate	**2017 US$m**	2016 US$m	**2017 £m**	2016 £m	**2017 £m**	2016 £m
Cross currency swaps								
Between two and five years	**1.566**	1.583	**160.0**	290.0	**102.2**	183.2	**(23.3)**	(16.4)
In excess of five years	**1.566**	1.591	**40.0**	118.0	**25.5**	74.2	**(4.7)**	(5.9)
	1.566	1.585	**200.0**	408.0	**127.7**	257.4	**(28.0)**	(22.3)

Notes forming part of the Group financial statements

17 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 based on historical trends. For the floating rate liabilities the analysis is prepared assuming the amount of the liability at 31 March 2017 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Increase of 100 basis points	**2.9**	10.0	**2.9**	10.0
Increase of 50 basis points	**1.5**	5.0	**1.5**	5.0
Decrease of 25 basis points	**(0.7)**	(2.5)	**(0.7)**	(2.5)

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 based on historical trends:

	Impact on profit		Impact on equity	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Increase of 20% in the exchange spot rate	**(28.9)**	(53.6)	**(28.9)**	(53.6)
Increase of 10% in the exchange spot rate	**(15.8)**	(29.2)	**(15.8)**	(29.2)
Decrease of 10% in the exchange spot rate	**19.3**	35.7	**19.3**	35.7
Decrease of 20% in the exchange spot rate	**43.4**	80.4	**43.4**	80.4

Fair value of interest-bearing loans and borrowings

	Book value 2017 £m	**Fair value 2017 £m**	Book value 2016 £m	Fair value 2016 £m
Level 1				
£150.0 million 1.00% convertible bonds 2018	**159.4**	**159.4**	169.5	169.5
Level 2				
Cross currency swaps	**(28.0)**	**(28.0)**	(22.3)	(22.3)
Interest rate floor	**(0.5)**	**(0.5)**	(2.0)	(2.0)
Other items not carried at fair value				
£142.9 million 5⅝% debenture stock 2029	**143.9**	**177.9**	144.0	172.3
Private placement notes	**127.4**	**164.4**	286.7	333.9
£450 million revolving credit facility	**107.0**	**107.0**	–	–
	509.2	**580.2**	575.9	651.4

The fair value of the Group's listed convertible bonds has been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 13 Fair Value Measurement. The fair value of the Group's outstanding interest rate floor has 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 13. The fair value of the Group's cross currency swaps has been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 13. None of the Group's financial derivatives are designated as financial hedges. The fair values of the Group's private placement notes were determined by comparing the discounted future cash flows using the contracted yields with those of the reference gilts plus the implied margins.

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.

18 Obligations under finance leases

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

	Minimum lease payments 2017 £m	Interest 2017 £m	Present value of minimum lease payments 2017 £m	Minimum lease payments 2016 £m	Interest 2016 £m	Present value of minimum lease payments 2016 £m
Less than one year	**1.8**	**(1.8)**	**–**	2.4	(2.4)	–
Between two and five years	**7.1**	**(7.0)**	**0.1**	9.6	(9.5)	0.1
More than five years	**178.6**	**(142.8)**	**35.8**	329.1	(278.7)	50.4
	187.5	**(151.6)**	**35.9**	341.1	(290.6)	50.5

The Group's finance lease obligations decreased to £35.9 million at 31 March 2017 due to the sale of 73/89 Oxford Street, W1.

19 Share capital

	2017 Number	2017 £m	2016 Number	2016 £m
Allotted, called up and fully paid ordinary shares of 12.5 pence				
At 1 April and 31 March	**343,926,149**	**43.0**	343,926,149	43.0

At 31 March 2017, the Company's authorised share capital was 600,000,000 shares. On 18 May 2017, in conjunction with a special dividend (see note 22), the Company carried out a 19 for 20 share consolidation of the Company's ordinary share capital. After the consolidation the Company had 326,729,852 ordinary shares with a nominal value of 13 $^{3}/_{19}$ pence each.

20 Investment in own shares

	2017 £m	2016 £m
At 1 April	**9.1**	11.7
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(1.0)**	(4.2)
Purchase of shares	**–**	8.1
Transfer to retained earnings	**(4.3)**	(6.5)
At 31 March	**3.8**	9.1

The investment in the Company's own shares is held at cost and comprises 1,804,412 shares (2016: 2,569,477 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, 765,065 shares (2016: 1,435,074 shares) were awarded to directors and senior employees in respect of the 2013 LTIP and SMP award and no additional shares were acquired by the Trust (2016: 1,150,000 shares). The fair value of shares awarded and outstanding at 31 March 2017 was £2.1 million (2016: £13.2 million).

21 Adjustment for non-cash movements in the Group statement of cash flows

	2017 £m	2016 £m
Deficit/(surplus) from investment property	**136.9**	(422.2)
Employee Long-Term Incentive Plan and Share Matching Plan charge	**1.0**	4.2
Spreading of tenant lease incentives	**(3.1)**	(3.0)
Profit on development management contracts	**–**	(4.0)
Share of results of joint ventures	**57.2**	(66.8)
Other non-cash items	**0.4**	–
Adjustments for non-cash items	**192.4**	(491.8)

Notes forming part of the Group financial statements

22 Dividends

	2017 £m	2016 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2017 of 3.7 pence per share	19.1	–
Final dividend for the year ended 31 March 2016 of 5.6 pence per share	12.7	–
Interim dividend for the year ended 31 March 2016 of 3.6 pence per share	–	12.3
Final dividend for the year ended 31 March 2015 of 5.5 pence per share	–	18.8
	31.8	31.1

A final dividend of 6.4 pence per share was approved by the Board on 24 May 2017 and will be paid on 10 July 2017 to shareholders on the register on 2 June 2017. The dividend is not recognised as a liability at 31 March 2017. The 2016 final dividend and the 2017 interim dividend were paid in the year and are included within the Group statement of changes in equity.

In May 2017, the Company paid a special dividend of £110.0 million equating to 32.15 pence per share. The dividend was approved by the Board on 11 April 2017 and will be paid on 31 May 2017 to shareholders on the register on 18 May 2017.

23 Operating leases

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

	2017 £m	2016 £m
The Group as a lessor		
Less than one year	76.7	70.2
Between two and five years	224.3	189.8
More than five years	169.2	149.9
	470.2	409.9

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2017 was 5.2 years (2016: 5.0 years). All investment properties, except those under development, generated rental income and no contingent rents were recognised in the year (2016: £nil).

	2017 £m	2016 £m
The Group as a lessee		
Less than one year	1.0	0.8
Between two and five years	4.1	4.1
More than five years	3.2	4.3
	8.3	9.2

24 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital
The nominal value of the Company's issued share capital, comprising 12.5 pence ordinary shares.

Share premium
Amount subscribed for share capital in excess of nominal value less directly attributable issue costs.

Capital redemption reserve
Amount equivalent to the nominal value of the Company's own shares acquired as a result of share buy-back programmes.

Retained earnings
Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends.

Investment in own shares
Amount paid to acquire the Company's own shares for its Employee Long-Term Incentive Plan and Share Matching Plan less accounting charges.

25 Employee benefits

The Group operates a UK funded approved defined contribution plan. The Group's contribution for the year was £0.6 million (2016: £0.6 million). The Group also contributes to a defined benefit final salary pension plan ('the Plan'), the assets of which are held and managed 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 2015 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2017 %	2016 %
Discount rate	**2.60**	3.60
Expected rate of salary increases	**4.20**	4.00
RPI inflation	**3.20**	3.00
Rate of future pension increases	**5.00**	5.00

Life expectancy assumptions at age 65:

	2017 Years	2016 Years
Retiring today age 65	**24**	24
Retiring in 25 years (age 40 today)	**27**	27

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

	2017 £m	2016 £m
Present value of unfunded obligations	**(39.9)**	(31.3)
Fair value of the Plan assets	**34.1**	28.6
Pension liability	**(5.8)**	(2.7)

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

	2017 £m	2016 £m
Current service cost	**(0.3)**	(0.4)
Net interest cost	**(0.1)**	(0.1)
	(0.4)	(0.5)

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

	2017 £m	2016 £m
Defined benefit obligation at 1 April	**31.3**	31.7
Service cost	**0.3**	0.4
Interest cost	**1.1**	1.1
Effect of changes in financial assumptions	**7.8**	(1.3)
Benefits paid	**(0.6)**	(0.6)
Present value of defined benefit obligation at 31 March	**39.9**	31.3

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

	2017 £m	2016 £m
Fair value of the Plan assets at 1 April	**28.6**	28.5
Interest income	**1.0**	1.0
Actuarial gain/(loss)	**4.2**	(1.2)
Employer contributions	**0.9**	0.9
Benefits paid	**(0.6)**	(0.6)
Fair value of the Plan assets at 31 March	**34.1**	28.6
Net liability	**(5.8)**	(2.7)

The amount recognised immediately in the Group statement of comprehensive income was a loss of £3.6 million (2016: gain of £0.1 million).

Notes forming part of the Group financial statements

25 Employee benefits (continued)

Virtually all equity and debt instruments have quoted prices in active markets. The fair value of the Plan assets at the balance sheet date is analysed as follows:

	2017 £m	2016 £m
Cash	0.1	–
Equities	14.1	11.2
Bonds	19.9	17.4
	34.1	28.6

Other than market and demographic risks, which are common to all retirement benefit schemes, there are no specific risks in the relevant benefit schemes which the Group considers to be significant or unusual. Detail on two of the more specific risks is detailed below:

Changes in bond yields

Falling bond yields tend to increase the funding and accounting liabilities. However, the investment in corporate and government bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting liabilities. In this way, the exposure to movements in bond yields is reduced.

Life expectancy

The majority of the obligations are to provide a pension for the life of the member on retirement, so increases in life expectancy will result in an increase in the liabilities. The inflation-linked nature of the majority of benefit payments increases the sensitivity of the liabilities to changes in life expectancy.

The effect on the defined benefit obligation of changing the key assumptions, calculated using approximate methods based on historical trends, is set out below:

	2017 £m	2016 £m
Discount rate -0.25%	42.0	32.9
Discount rate +0.25%	37.9	29.8
RPI inflation -0.25%	38.9	30.6
RPI inflation +0.25%	40.9	32.0
Post-retirement mortality assumption -1 year	41.5	32.4

The Group expects to contribute £0.9 million to the Plan in the year ending 31 March 2018. The expected total benefit payments for the year ending 31 March 2018 is £0.6 million, with £4.3 million expected to be paid over the next five years.

Independent auditor's report

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

Opinion on financial statements of Great Portland Estates plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and parent company Balance Sheets, the Group Statement of Cash Flows, the Group and Parent Statements of Changes in Equity and the related notes 1 to 25 for the consolidated financial statements and the related notes i to vii for the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

Summary of our audit approach

Key risks	The key risks that we identified in the current year were: • Valuation of the property portfolio; • Acquisitions and disposals, specifically the disposal of Rathbone Square; and • Revenue recognition. In the current year, we focused our acquisitions and disposals key risk specifically to the disposal of Rathbone Square due to the complex nature and significance of that transaction. All other key risks are the same as the prior year.
Materiality	The materiality that we used in the current year was £31 million which was determined on the basis of 1% of Net Asset Value (NAV).
Scoping	Each subsidiary and joint venture entity is treated as a separate component for the audit. The Group team perform full scope audits for all of the Group's subsidiaries and joint ventures which are subject to audit.
Significant changes in our approach	Other than the change in key risks as described above, there has been no other significant change in the Group's operations.

Independent auditor's report

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 1 to the financial statements and the directors' statement on the longer-term viability of the Group contained on page 67. We are required to state whether we have anything material to add or draw attention to in relation to: • the directors' confirmation on page 65 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures on pages 68-75 that describe those risks and explain how they are being managed or mitigated; • the directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and • the directors' explanation on page 132 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	**We confirm that we have nothing material to add or draw attention to in respect of these matters.** **We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.**

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards.	**We confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.**

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Valuation of property portfolio	
Risk description	The Group owns a portfolio of property assets in central London. The portfolio is valued at £3,145.5 million (2016: £3,703.9 million), including share of joint venture properties, as at 31 March 2017. The valuation of the portfolio is an area of significant judgement and includes a number of assumptions including capitalisation yields and future rental values. The level of development activity remains high and therefore continues to be an area of specific focus for our audit due to the judgements required in assessing the value of development properties, such as forecast costs to complete, the level of developer's profit, financing costs and ERVs. Please see critical judgements and accounting policy at page 142 and 144, notes 10 and 12 to the financial statements and discussion in the report of the Audit Committee on page 96.

How the scope of our audit responded to the risk	We assessed and discussed management's process for reviewing and challenging the work of the external valuer. We also assessed the competence, independence and integrity of the external valuer. We obtained the external valuation reports and met with the external valuer to discuss the results of their work on a sample of properties. With the assistance of a specialist member of the audit team, who is a chartered surveyor, we discussed and challenged the valuation process, performance of the portfolio and significant judgements and assumptions applied in their valuation model, including yields, occupancy rates, lease incentives and break clauses. We benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the yield. We tested the integrity of a sample of the data provided to the external valuer. This included verifying a sample of information provided to the external valuer to underlying lease agreements, and verifying costs to complete. We assessed the Group's development appraisal process through meeting with project managers, testing management's process to forecast costs to complete and inspecting commitments of key developments.
Key observations	We conclude that the assumptions used in the valuations are supportable in light of available and comparable market evidence.
Acquisitions and disposals, specifically the disposal of Rathbone Square	
Risk description	The Group has undertaken a number of acquisitions and disposals during the year including the sale of Rathbone Square. In the current year, we focused the acquisitions and disposals risk to the disposal of Rathbone Square due to its significance to the Group, with the book value of the property disposed of being £391.2 million. There is a high level of judgement involved in assessing the transfer of risks and rewards to determine the point at which the transaction should be reflected in the financial statements, due to the specific contractual terms. Please see critical judgements and accounting policy at page 142 and 144, notes 10, 11 and 12 to the financial statements and discussion in the report of the Audit Committee on page 96.
How the scope of our audit responded to the risk	We reviewed the legal agreements to understand the key contractual terms and nature of the transaction, including the sale and purchase agreement, development agreement and put and call agreement. Based on the contractual terms we assessed the point at which the sale was unconditional and the risks and rewards transferred. We assessed whether key terms and pricing were appropriately reflected in the calculation of profit or loss on disposal. We considered the presentation and disclosure of the transaction in the financial statements.
Key observations	We conclude that the disposal of Rathbone Square has been appropriately accounted for and disclosed. We found no material issues as a result of our procedures.
Revenue recognition	
Risk description	Revenue for the Group consists primarily of rental income. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. There are however, certain transactions within revenue that have an increased inherent risk of error due to them being impacted by the specific terms and conditions of the relevant tenancy agreements. These include lease incentives and the accounting for surrender premia. We have focused our revenue risk to these elements. Please see the accounting policy at page 143, note 2 to the financial statements and discussion in the report of the Audit Committee on page 96.
How the scope of our audit responded to the risk	We have reviewed and understood the key terms and conditions of a sample of leases identifying the quantum of surrender premia and lease incentives. We recalculated the required adjustment to the annual rent in relation to these items to determine whether the correct amount of revenue had been recognised in the year.
Key observations	We did not identify any material surrender premia in the period. Revenue was recognised in line with the lease terms and we found the Group's revenue recognition to be in line with accounting standards and the Group's accounting policy.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£31 million (2016: £27 million).
Basis for determining materiality	We determined materiality for the Group to be £31 million (2016: £27 million), which is approximately 1% of NAV (2016: approximately 1% of NAV).
Rationale for the benchmark applied	We consider net assets to be a critical financial performance measure for the Group on the basis that it is a key metric used by management, investors, analysts and lenders.

In addition to net assets, we consider EPRA Profit Before Tax to be a critical financial performance measure for the Group and we applied a lower threshold of £2.8 million (2016: £2.2 million) based on 5% (2016: 5%) of that measure for testing of all balances impacting this financial performance measure.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1 million (2016: £0.55 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The change in the reporting threshold has been made following our reassessment of what matters require communicating. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The Group is audited by one audit team, led by the Senior Statutory Auditor. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

We perform full scope audits for all of the Group's subsidiaries and joint ventures which are subject to audit at statutory materiality level, which is lower than Group materiality. This comprises 99% (2016: 99%) of the Group's revenue and 100% (2016: 100%) of net assets.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • 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 are not in agreement with the accounting records and returns.	**We have nothing to report in respect of these matters.**
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.	**We have nothing to report arising from these matters.**
Corporate Governance Statement Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code.	**We have nothing to report arising from our review.**
Our duty to read other information in the Annual Report Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.	**We confirm that we have not identified any such inconsistencies or misleading statements.**

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the 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 financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

Independent auditor's report

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 and 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard Muschamp, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
24 May 2017

Company balance sheet

At 31 March 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Fixed asset investments	iii	**1,185.9**	1,048.1
		1,185.9	1,048.1
Current assets			
Debtors	iv	**1,097.8**	1,148.9
Cash at bank and short-term deposits		**24.9**	29.6
		1,122.7	1,178.5
Total assets		**2,308.6**	2,226.6
Current liabilities	v	**(1,074.2)**	(896.8)
Non-current liabilities			
Interest-bearing loans and borrowings	vi	**(378.3)**	(430.7)
Option element of convertible bond	vii	**(12.0)**	(26.2)
		(390.3)	(456.9)
Total liabilities		**(1,464.5)**	(1,353.7)
Net assets		**844.1**	872.9
Capital and reserves			
Share capital	19	**43.0**	43.0
Share premium account		**352.0**	352.0
Capital redemption reserve		**16.4**	16.4
Retained earnings		**436.5**	470.6
Investment in own shares	20	**(3.8)**	(9.1)
Shareholders' funds		**844.1**	872.9

Notes: The profit within the Company financial statements was £2.0 million (2016: £357.9 million). 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.

The financial statements of Great Portland Estates plc (registered number: 00596137) were approved by the Board on 24 May 2017 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Statement of changes in equity

For the year ended 31 March 2017

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2016		**43.0**	**352.0**	**16.4**	**470.6**	**(9.1)**	**872.9**
Profit for the year and total comprehensive loss		**–**	**–**	**–**	**2.0**	**–**	**2.0**
Employee Long-Term Incentive Plan and Share Matching Plan charge	20	**–**	**–**	**–**	**–**	**1.0**	**1.0**
Dividends to shareholders	22	**–**	**–**	**–**	**(31.8)**	**–**	**(31.8)**
Transfer to retained earnings		**–**	**–**	**–**	**(4.3)**	**4.3**	**–**
Total equity at 31 March 2017		**43.0**	**352.0**	**16.4**	**436.5**	**(3.8)**	**844.1**

Statement of changes in equity

For the year ended 31 March 2016

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2015		43.0	352.0	16.4	150.3	(11.7)	550.0
Profit for the year and total comprehensive income		–	–	–	357.9	–	357.9
Employee Long-Term Incentive Plan and Share Matching Plan charge	20	–	–	–	–	4.2	4.2
Purchase of own shares	20	–	–	–	–	(8.1)	(8.1)
Dividends to shareholders	22	–	–	–	(31.1)	–	(31.1)
Transfer to retained earnings		–	–	–	(6.5)	6.5	–
Total equity at 31 March 2016		43.0	352.0	16.4	470.6	(9.1)	872.9

Notes forming part of the Company financial statements

i Accounting policies

Accounting convention

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments to fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Disclosure exemptions adopted

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

In preparing these financial statements Great Portland Estates plc has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

– certain comparative information as otherwise required by EU endorsed IFRS;

– certain disclosures regarding the Company's capital;

– a statement of cash flows;

– certain disclosures in respect of financial instruments;

– the effect of future accounting standards not yet adopted; and

– disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated Group accounts into which Great Portland Estates plc is consolidated.

Subsidiary undertakings and joint ventures

Shares in subsidiary undertakings and joint ventures are carried at amounts equal to their original cost less any provision for impairment.

Other

Accounting policies for share-based payments, other investment, deferred tax and financial instruments are the same as those of the Group and are set out on pages 142 to 146.

The Company participates in a group defined benefit scheme which is the legal responsibility of the B&HS Management Limited as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company accounts for the contributions to the scheme as if it were a defined contribution scheme. Details of the Group's pension plan can be found on pages 163 and 164.

The auditor's remuneration for audit and other services is disclosed in note 5 to the Group accounts.

ii Profit attributable to members of the parent undertaking

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit dealt within the financial statements of the Company was £2.0 million (2016: profit of £357.9 million). The employees of the Company are the directors and the Company Secretary. Full disclosure of the directors' remuneration can be found on pages 104 to 130.

Notes forming part of the Company financial statements

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Total £m
At 1 April 2016	0.2	1,047.9	1,048.1
Additions	–	137.8	137.8
At 31 March 2017	0.2	1,185.7	1,185.9

Shares in subsidiary undertakings and joint ventures are carried at cost less any provision for impairment. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2017 was £1,185.9 million (2016: £1,048.1 million).

The subsidiaries of the Company at 31 March 2017, were:

Direct subsidiaries

The Company has a 100% interest in the ordinary share capital of the following entities.

	Principal activity		Principal activity
B&HS 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	Foley Street Limited	Property investment
Great Portland Estates Capital (Jersey) Limited	Finance company	Pontsarn Investments Limited	Property investment
GPE (Brook Street) Limited	Property investment	Portman Square Properties Holdings Limited	Property investment
GPE (GHS) Limited	Property investment	GPE Pension Trustee Limited	Property investment
G.P.E. (Blackfriars) Limited	Property investment	Uplands Trading Estates Limited	Property investment
Ilex Limited	Property investment	G.P.E. (Marcol House) Limited	Property investment
G.P.E. (Bishopsgate) Limited	Property investment	G.P.E. (80 Bishopsgate) Limited	Property investment
G.P.E. (88/104 Bishopsgate) Limited	Property investment	G.P.E. (61 St Mary Axe) Limited	Property investment
G.P.E. (88/104 Bishopsgate) (No. 2) Limited	Property investment	The Great Star Partnership Limited	Property investment
G.P.E. Construction Limited	Construction	G.P.E. (Rathbone Place 1) Limited	Property investment
Rathbone Square (No. 1) Limited	Property investment	G.P.E. (Rathbone Place 2) Limited	Property investment
Rathbone Square (No. 2) Limited	Property investment	G.P.E. (Rathbone Place 2) Limited	Property investment
The Rathbone Place Partnership (G.P. 1) Limited	Property investment	73/77 Oxford Street Limited	Property investment

Indirect subsidiaries

	Principal activity		Principal activity
The Rathbone Place Partnership (G.P. 2) Limited	Holding company	Portman Square Properties Limited	Property investment
VIII City Place House Holdings Sarl	Property investment	The City Place House Partnership (G.P.) Limited	Property investment
VIII City Tower Holdings Sarl	Property investment	The City Tower Partnership (G.P.) Limited	Property investment
The City Place House Limited Partnership	Property investment	Basinghall City Tower, L.P.	Property investment
The Newman Street Unit Trust	Property investment	Marcol House Jersey Limited	Property investment
G.P.E. (Newman Street) Limited	Property investment	G.P.E. (New Bond Street) LLP	Property investment
The Rathbone Place Limited Partnership	Property investment		

iii Fixed asset investments (continued)

Directly held joint venture entities

	Principal activity		Principal activity
The Great Victoria Partnership (G.P.) Limited	Property investment	The Great Victoria Partnership (G.P.) (No. 2) Limited	Property investment
The Great Wigmore Partnership (G.P.) Limited	Property investment	Great Capital Partnership (G.P.) Limited	Property investment
Great Ropemaker Partnership (G.P.) Limited	Property investment		

Indirectly held joint venture entities

	Principal activity		Principal activity
Great Victoria Property Limited	Property investment	The Great Victoria Partnership	Property investment
The Great Victoria Partnership (No. 2)	Property investment	Great Victoria Property (No. 2) Limited	Property investment
Great Wigmore Property Limited	Property investment	The Great Wigmore Partnership	Property investment
The Great Capital Partnership	Property investment	The Great Capital Partnership	Property investment
Great Ropemaker Property Limited	Property investment	The Great Ropemaker Partnership	Property investment
Great Ropemaker Property (Nominee 1) Limited	Property investment	Great Ropemaker Property (Nominee 2) Limited	Property investment
The Great Ropemaker Partnership (Blackfriars Road) Limited	Property investment	GPE (Hanover Square) Limited	Property investment
GHS (GP) Limited	Property investment	GHS (Nominee) Limited	Property investment
The GHS Limited Partnership	Property investment	GWP Grays Yard Limited	Property investment
GWP Duke Street Limited	Property investment		

All of the above companies are registered at 33 Cavendish Square, London W1G 0PW and operate in England and Wales except for: Great Portland Estates Capital (Jersey) Limited which is registered at 47 Esplanade, St Helier, Jersey JE1 0BD; Marcol House Jersey Limited, GHS (GP) Limited, GHS (Nominee) Limited and The GHS Limited Partnership which are registered at 44 Esplanade, St Helier, Jersey, JE4 9WG; The Newman Street Unite Trust which is registered at 11 Old Jewry, London, EC2R 8DU and VIII City Tower Holdings Sarl VIII and City Place House Holdings Sarl; which are registered 5, rue Guillaume Kroll, L-1822, Luxembourg. Great Portland Estates plc is the ultimate parent undertaking of the Great Portland Estates Group.

iv Debtors

	2017 £m	2016 £m
Amounts owed by subsidiary undertakings	**876.7**	928.4
Amounts owed by joint ventures	**192.2**	193.0
Other debtors	**0.4**	0.7
Derivatives	**28.5**	24.3
Bank loans	**–**	2.5
	1,097.8	1,148.9

See note 17 in the Group accounts for the full derivative disclosures.

Notes forming part of the Company financial statements

v Current liabilities

	2017 £m	2016 £m
Amounts owed to subsidiary undertakings	**1,060.6**	880.4
Amounts owed to joint ventures	**5.5**	5.5
Other taxes and social security costs	**2.0**	0.1
Other creditors	**1.7**	2.0
Accruals	**4.4**	8.8
	1,074.2	896.8

vi Interest-bearing loans and borrowings

	2017 £m	2016 £m
Bank loans	**107.0**	–
Debentures	**143.9**	144.0
Private placement notes	**127.4**	286.7
	378.3	430.7

Further details of the Company's loans and borrowings can be found on notes 16 and 17 of the Group accounts.

vii Option element of convertible bond

The Group has £150 million of senior, unsecured convertible bonds due 2018 in issue. The bonds have a fixed coupon of 1.0% p.a. and an initial conversion price of £7.15 per share, representing a premium of 35% above the volume weighted average price of the Company's shares from launch to pricing. The option element of the convertible bond relates to the fair value of the bondholder's underlying conversion option. The fair value has been estimated on the basis of quoted market prices.

Other information

In this section:

What they say...

"GPE places enormous importance on its contractor relationships to ensure a common goal. This, coupled with GPE's attention to detail and the BIM modelling of each individual apartment, has helped to ensure the high quality and timely delivery of the 142 private apartments to meet the new owners' expectations."

Tom Walker, Lendlease Project Manager

What we say...

"We are working with our contractors to ensure a seamless handover process of the apartments with frequent quality inspections. Simultaneously, we also have a detailed programme to keep our buyers informed of progress prior to their taking ownership."

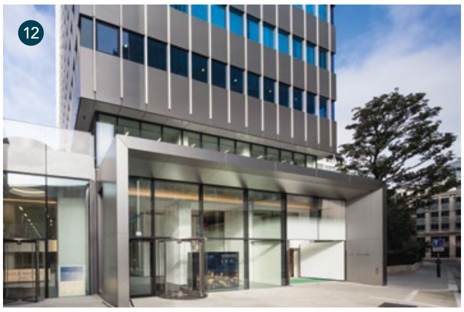
Meg Bactavatchalam, Rathbone Place Customer Services Manager

Tom Walker, Meg Bactavatchalam and David Ellis, Project Manager, inspect one of the apartments at Rathbone Square.

Our properties and tenants

In value order (GPE share)

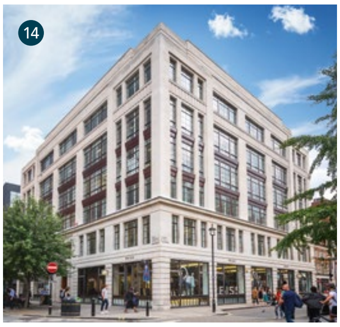
Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£200 million plus						
100%	The Piccadilly Buildings	1	Rest of West End	LH	11,658,800	187,300
100%	Rathbone Square residential	2	Noho	LH	–	151,700
£100 million – £200 million						
100%	30 Broadwick Street	3	Rest of West End	FH	6,995,650	92,300
100%	Wells & More, 45 Mortimer Street	4	Noho	FH	6,236,400	123,200
100%	Oxford House, 76 Oxford Street	5	Noho	FH	2,992,900	79,400
100%	160 Great Portland Street	6	Noho	FH	4,958,300	92,900
50%	240 Blackfriars Road	7	Southwark	FH	5,391,200	235,900
50%	200 & 2014 Gray's Inn Road	8	Midtown	LH	4,824,700	287,000
50%	Hanover Square Estate	9	Rest of West End	LH	–	23,100
50%	Mount Royal, 508/540 Oxford Street	10	Noho	LH	5,819,800	92,100
100%	50 Finsbury Square	11	City	FH	6,703,700	126,400
100%	City Tower, 40 Basinghall Street	12	City	LH	5,397,600	140,300
100%	Walmar House, 288/300 Regent Street	13	Noho	LH	4,270,000	56,500
£75 million – £100 million						
100%	Kent House, 14/17 Market Place	14	Noho	LH	4,095,100	60,100
100%	City Place House, 55 Basinghall Street	15	City	LH	7,349,300	176,500
100%	Elsley House, 20/30 Great Titchfield Street		Noho	FH	2,902,100	66,900
100%	Minerva House		Southwark	FH	3,459,700	105,200
100%	New City Court, 14/20 St Thomas Street		Southwark	FH	3,000,900	97,800



In value order (GPE share)

Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£50 million – £75 million						
100%	Carrington House, 126/130 Regent Street		Rest of West End	LH	2,121,200	31,100
100%	35 Portman Square		Noho	LH	3,635,800	73,000
100%	78/92 Great Portland Street	16	Noho	FH	–	49,200
100%	Orchard Court		Noho	LH	2,224,600	47,800
£40 million – £50 million						
100%	24/25 Britton Street		Midtown	FH/LH	1,581,000	51,400
100%	46/58 Bermondsey Street		Southwark	FH	2,068,000	46,800
50%	160 Old Street	17	City	FH	–	161,000
£30 million – £40 million						
100%	27/41 Mortimer Street		Noho	FH	1,506,000	30,900
50%	103/113 Regent Street		Rest of West End	LH	2,125,000	52,800
100%	55 Wells Street	18	Noho	FH	–	37,300
100%	48/54 Broadwick Street		Rest of West End	FH	1,082,600	32,300
100%	10/12 Cork Street		Rest of West End	LH	1,573,100	21,300
100%	95/96 New Bond Street		Rest of West End	LH	880,000	9,600
100%	31/34 Alfred Place		Noho	FH	1,575,000	37,200
100%	6/10 Market Place		Noho	FH	1,169,200	18,400
£20 million – £30 million						
100%	Percy House, 33/34 Gresse Street		Noho	FH	847,900	17,300
50%	Elm Yard	19	Midtown	FH	166,600	49,600
100%	Kingsland House, 122/124 Regent Street		Rest of West End	LH	852,200	8,700

Our properties and tenants



In value order (GPE share)

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£10 million – £20 million					
100%	32/36 Great Portland Street	Noho	FH	571,000	12,900
Below £10 million					
100%	6 Brook Street	Rest of West End	LH	234,700	3,600
100%	183/190 Tottenham Court Road	Noho	LH	443,800	12,000
100%	23/24 Newman Street	Noho	FH	192,900	25,100
100%	42/44 Mortimer Street	Noho	FH	195,500	5,600
50%	35 James Street	Noho	FH	–	1,300

FH = Freehold or Virtual Freehold.
LH = Leasehold.

Top ten tenants

	Tenant	Rent roll (our share) £m	% of rent roll (our share)
1	Bloomberg L.P.	5.7	5.2
2	Double Negative Limited	4.8	4.4
3	New Look	3.8	3.4
4	Cleary Gottlieb Steen & Hamilton LLP	2.8	2.5
5	Richemont UK Limited	2.6	2.4
6	UBM Plc	2.5	2.3
7	Superdry	2.1	1.9
8	Winckworth Sherwood LLP	1.9	1.8
9	Guy's and St Thomas's NHS Foundation Trust	1.8	1.6
10	Carlton Communications Limited	1.6	1.5
	Total	**29.6**	**27.0**

Portfolio statistics at 31 March 2017

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	29.3	6.6	35.9	–	–	–	35.9
		Retail	8.5	2.0	10.5	5.8	0.3	6.1	16.6
	Rest of West End	Office	14.6	1.6	16.2	–	–	–	16.2
		Retail	9.3	2.1	11.4	2.1	0.1	2.2	13.6
	Total West End		**61.7**	**12.3**	**74.0**	**7.9**	**0.4**	**8.3**	**82.3**
	City, Midtown and Southwark	Office	28.3	8.7	37.0	10.3	1.8	12.1	49.1
		Retail	1.3	0.1	1.4	0.1	–	0.1	1.5
	Total City, Midtown and Southwark		**29.6**	**8.8**	**38.4**	**10.4**	**1.8**	**12.2**	**50.6**
Total let portfolio			**91.3**	**21.1**	**112.4**	**18.3**	**2.2**	**20.5**	**132.9**
Voids					8.4			2.1	10.5
Premises under refurbishment					6.8			4.3	11.1
Total portfolio					**127.6**			**26.9**	**154.5**

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	37.1	6.1	4.4	–	–	–
		Retail	53.7	5.5	5.3	75.4	6.0	4.7
	Rest of West End	Office	54.2	5.3	25.0	–	–	–
		Retail	80.5	6.5	1.7	100.0	10.0	–
	Total West End		**50.0**	**5.9**	**9.2**	**82.0**	**7.1**	**3.5**
	City, Midtown and Southwark	Office	35.0	3.5	0.6	83.3	7.5	9.2
		Retail	39.0	7.7	–	100.0	10.8	–
	Total City, Midtown and Southwark		**35.2**	**3.6**	**0.9**	**83.4**	**7.5**	**9.9**
Total let portfolio			**45.2**	**5.2**	**6.6**	**82.8**	**7.3**	**7.9**

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	56.4	68.0	–	–	3.3	4.5	–	–
		Retail	55.2	66.4	130.2	138.5	3.1	3.7	4.7	4.1
	Rest of West End	Office	71.5	81.2	–	–	2.0	4.5	–	–
		Retail	85.6	103.1	80.6	84.7	3.1	4.2	1.9	4.1
	Total West End		**62.6**	**63.2**	**111.8**	**102.1**	**2.9**	**4.3**	**2.6**	**3.7**
	City, Midtown and Southwark	Office	41.7	53.8	42.3	50.6	4.8	5.2	2.5	3.8
		Retail	65.1	70.8	36.0	42.5	4.5	5.0	3.9	4.9
	Total City, Midtown and Southwark		**42.3**	**53.3**	**42.2**	**49.9**	**4.8**	**5.2**	**2.5**	**4.8**
Total portfolio			**54.2**	**59.8**	**57.8**	**59.7**	**3.4**	**4.5**	**2.6**	**4.4**

Notice of meeting

Notice is hereby given that the 60th Annual General Meeting of Great Portland Estates plc will be held at Chandos House, 2 Queen Anne Street, London W1, on Thursday, 6 July 2017 at 11.30am, for the purposes set out below, with the Board available from 11am to meet shareholders and answer questions.

As ordinary business, to consider and, if thought fit, pass the following Resolutions 1 to 14 inclusive as ordinary resolutions.

Ordinary resolutions

1. To receive and adopt the audited financial statements together with the directors' and auditor's reports for the year ended 31 March 2017.
2. To authorise the payment of a final dividend for the year ended 31 March 2017.
3. To approve the Directors' remuneration report as set out on pages 104 to 130, other than the part containing the Directors' remuneration policy that appears on pages 120 to 130, for the year ended 31 March 2017.
4. To approve the Directors' remuneration policy as set out on pages 120 to 130 within the Directors' remuneration report for the year ended 31 March 2017.
5. To re-elect Toby Courtauld as a director of the Company.
6. To re-elect Nick Sanderson as a director of the Company.
7. To re-elect Martin Scicluna as a director of the Company.
8. To re-elect Charles Philipps as a director of the Company.
9. To re-elect Jonathan Short as a director of the Company.
10. To elect Wendy Becker as a director of the Company.
11. To elect Nick Hampton as a director of the Company.
12. To elect Richard Mully as a director of the Company.
13. To reappoint Deloitte LLP as auditor.
14. To authorise the Audit Committee to agree the remuneration of the auditors.

As special business, to consider and, if thought fit, to pass the following resolutions 15 to 17 inclusive as ordinary resolutions, and resolutions 18 to 21 inclusive as special resolutions. The items of special business are explained in more detail in the Report of the directors on pages 133 to 135.

15. To approve the amendments to the rules of The Great Portland Estates 2010 Long-Term Incentive Plan (LTIP) produced in draft to this meeting and initialled by the Chairman for the purposes of identification and to authorise the directors to adopt the changes to the LTIP and to do all things necessary to implement and give effect to the changes.
16. 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 £14,330,256 (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 £14,330,256); and
        (ii) comprising equity securities (as defined in Article 10 of the Articles), up to a maximum nominal amount of £28,660,512 (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 2018; 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).
17. That the maximum aggregate amount of fees payable to the Non-Executive Directors in accordance with Article 90 of the Company's Articles of Association be increased to £750,000.

Special resolutions

18. 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 £2,149,538;
    (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 2018.
19. That:
    (a) in addition to any authority granted under resolution 18, the directors be given power:
        (i) subject to the passing of resolution 16, to allot equity securities (as defined in section 560 of the Companies Act 2006 (the Act)) for cash pursuant to the authority conferred on them by that resolution under section 551 of the Act; and
        (ii) to allot equity securities as defined in section 560(3) of the Act (sale of treasury shares) for cash, in either case as if section 561 of the Act did not apply to the allotment or sale, but this power shall be:
            (A) limited to the allotment of equity securities up to a maximum nominal amount of £2,149,538; and
            (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, and including development and/or refurbishment expenditure;
    (b) this power 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 2018; and
    (c) the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.
20. 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:

Special resolutions (continued)

(a) the maximum number of shares which may be purchased is 48,976,804;

(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 an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out, and the minimum price shall be 13 3/19 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 on 1 October 2018, 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 contract; 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.

21. 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
Registered Number: 596137

Desna Martin
Company Secretary
24 May 2017

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
   – online by following the instructions for the electronic appointment of a proxy at www.signalshares.com; 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 (excluding any UK non-working days).
2. The return of a completed proxy form, online 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 23 May 2017 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 326,729,852 ordinary shares, carrying one vote each. No shares were held in treasury. Therefore, the total voting rights in the Company as at 23 May 2017 are 326,729,852.
7. Copies of all directors' contracts, the proposed amendments to the rules of The Great Portland Estates 2010 Long-Term Incentive Plan and the Company's Articles of Association 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 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 close of business on 4 July 2017 (or in the event of any adjournment, at close of business on the date which is two days before the date of the adjourned meeting excluding any UK non-working days) 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 Auditors' 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.

Five year record

Based on the Group financial statements for the years ended 31 March

Balance sheet

	2013 £m	2014 £m	2015 £m	2016 £m	**2017 £m**
Property portfolio	1,899.5	1,972.7	2,348.2	2,932.1	**2,351.9**
Joint ventures	348.3	524.8	636.7	543.4	**480.8**
Trading property	–	93.3	115.9	172.4	**246.7**
Loans and borrowings	(666.0)	(623.5)	(638.5)	(600.2)	**(537.7)**
Other liabilities	(44.1)	(35.4)	(71.4)	(135.5)	**196.7**
Net assets	**1,537.7**	**1,931.9**	**2,390.9**	**2,912.2**	**2,738.4**

Financed by

	£m	£m	£m	£m	**£m**
Issued share capital	43.0	43.0	43.0	43.0	**43.0**
Reserves	1,494.7	1,888.9	2,347.9	2,869.2	**2,695.4**
Total equity	**1,537.7**	**1,931.9**	**2,390.9**	**2,912.2**	**2,738.4**
Net assets per share	**451p**	**564p**	**701p**	**847p**	**796p**
EPRA NAV	**446p**	**569p**	**709p**	**847p**	**799p**

Income statement

	£m	£m	£m	£m	**£m**
Net rental income	57.1	69.7	66.0	75.5	**80.2**
Joint venture fee income	6.1	6.9	4.2	4.1	**4.1**
Rental and joint venture fee income	63.2	76.6	70.2	79.6	**84.3**
Property and administration expenses	(29.3)	(32.3)	(27.8)	(32.6)	**(27.4)**
Trading property – cost of sales	–	(1.6)	(4.8)	(0.6)	**(0.3)**
Development management profits	–	–	1.7	4.0	**–**
	33.9	42.7	39.3	50.4	**56.6**
Surplus/(deficit) on investment property	99.0	325.6	380.6	422.2	**(136.9)**
Share of results of joint ventures	61.2	105.6	84.7	66.8	**(57.2)**
Loss on disposal of joint ventures	(0.5)	–	–	–	**–**
Operating profit/(loss)	**193.6**	**473.9**	**504.6**	**539.4**	**(137.5)**
Finance income	8.4	9.9	11.8	7.8	**9.0**
Finance costs	(27.3)	(26.5)	(17.7)	(14.8)	**(9.2)**
Fair value movement on convertible bond	–	(11.3)	(21.7)	13.5	**10.1**
Fair value movement on derivatives	5.9	(23.8)	30.4	9.2	**38.9**
Non-recurring items	–	–	–	–	**(51.5)**
Profit/(loss) before tax	**180.6**	**422.2**	**507.4**	**555.1**	**(140.2)**
Tax	–	–	0.8	1.1	**0.8**
Profit/(loss) for the year	**180.6**	**422.2**	**508.2**	**556.2**	**(139.4)**
Earnings/(loss) per share – basic	**56.3p**	**123.4p**	**148.3p**	**162.6p**	**(40.8)p**
Earnings/(loss) per share – diluted	**56.3p**	**122.5p**	**147.4p**	**161.9p**	**(40.8)p**
EPRA earnings per share – diluted	**6.9p**	**11.0p**	**12.7p**	**13.5p**	**17.3p**
Dividend per share	**8.6p**	**8.8p**	**9.0p**	**9.2p**	**10.1p**

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)
Building Research Establishment method of assessing, rating and certifying the sustainability of buildings.

Core West End
Areas of London with W1 and SW1 postcodes.

Earnings Per Share (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA metrics
Standard calculation methods for adjusted EPS and NAV and other operating metrics as set out by the European Public Real Estate Association (EPRA) in their Best Practice and Policy Recommendations.

Estimated Rental Value (ERV)
The market rental value of lettable space as estimated by the Group's valuers at each balance sheet date.

Fair value – Investment property
The amount as estimated by the Group'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.

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 March annual valued universes.

Like-for-like (Lfl)
The element of the portfolio that has been held for the whole of the period of account.

Loan To Value (LTV)
Total bank loans, private placement notes, convertible bonds at nominal value and debenture stock, net of cash (including our share of joint ventures balances), 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 Group borrowings (including the convertible bonds at nominal value) less short-term deposits and cash as a percentage of equity shareholders' funds, calculated in accordance with our bank covenants.

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.

PMI
Purchasing Managers Index.

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.

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 Accounting Return (TAR)
Growth of EPRA NAV plus dividends paid.

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, deferred tax and tax arising on sale of trading properties 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.

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.

Weighted Average Unexpired Lease Term (WAULT)
The Weighted Average Unexpired Lease Term expressed in years.

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:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
E-mail: ssd@capitaregistrars.com

(Calls cost 12 pence per minute plus network extras; lines are open 9.00am–5.30pm Monday to Friday.)

If you are calling from overseas please dial +44 371 664 0300

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 firm;
– check that the firm is on the Financial Conduct Authority (FCA) Register to ensure they are authorised at **https://register.fca.org.uk**
– use the details on the FCA Register to contact the firm;
– call the FCA Consumer Helpline (0800 111 6768) 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.

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**

Share dealing service

An online and telephone dealing service is available for UK shareholders through Capita Deal. For further information on this service, or to buy and sell shares, please contact:

Online dealing – www.capitadeal.com

Telephone dealing – 0371 664 0445

(Calls are charged at the standard geographical rate and will vary by provider; lines are open 8.00am–4.30pm Monday to Friday.)

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**

Company Secretary

Desna Martin, BCom FCA(Aust) ACIS
Registered office
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London W1G 0PW
Tel: 020 7647 3000
Fax: 020 7016 5500
Registered number: 596137

Financial calendar

2017

1 June
Ex-dividend date for 2016/17 final dividend

2 June
Registration qualifying date for 2016/17 final dividend

6 July
Annual General Meeting

10 July
2016/17 final dividend payable

15 November
Announcement of 2017/18 interim results

23 November
Ex-dividend date for 2017/18 interim dividend (provisional)[1]

24 November
Registration qualifying date for 2017/18 interim dividend (provisional)[1]

2018

2 January
2017/18 interim dividend payable (provisional)[1]

23 May
Announcement of 2017/18 full year results (provisional)[1, 2]

1. Provisional dates will be confirmed in the half year results announcement 2017.
2. The timetable for the potential final dividend will be confirmed in the 2018 Annual Report.

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