GREAT PORTLAND ESTATES

Annual Report 2010

Unlocking potential

What's in this report?

Profitable investments
£161 million committed in new acquisitions

Maintaining high occupancy
Maximising retention
Minimising voids

Reinventing space
Mixing the best of the old with the best of the new

Unlocking potential in central London – some examples from last year

Bought

1 Marcol House, 289/295 Regent Street, W1, and 23/24 Newman Street, W1, bought for £10.0 million (November 2009)

P8

Sold

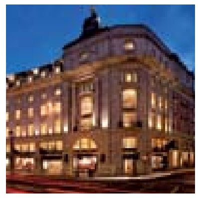
2 Spirella House, 266/270 Regent Street, W1, sold for £11.5 million* (September 2009)

P21

Acquired

3 103/113 Regent Street, W1, purchased for £13.5 million* in The Great Ropemaker Partnership (December 2009)

P21



Development

6 Hanover Square Estate, W1, development one step closer with Compulsory Purchase Order of 18/19 Hanover Square, W1 for £35.9 million (December 2009)

P21

Sold

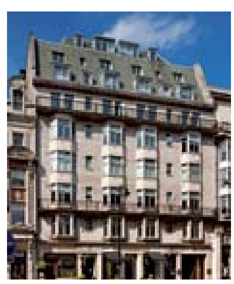
7 15/16 New Bond Street, W1, sold for £45.0 million (May 2009)

P21

Leasehold extension

8 Jermyn Street Estate, W1, new 125 year leasehold interests acquired for £6.0 million* (September 2009)

P20



* Our share of joint venture transactions.

Bought

4 90 Queen Street, EC4, acquired for £45.8 million (October 2009)

P20

Development joint venture

5 50% interest in our Bishopsgate Estate, EC4, put into the 100 Bishopsgate Partnership joint venture through sale of 50% of our holdings for £42.9 million (March 2010)

P23

Acquired

9 Kingsland House, 122/124 Regent Street, W1, bought for £4.0 million* in The Great Capital Partnership (December 2009)

P21

Developed

10 Woolyard, Bermondsey Street, SE1, practically completed and 63% let as at 31 March 2010 (July 2009)

P12

What's inside

Annual review
Pages **01–47**

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"Great Portland Estates has had an excellent year despite the volatile market conditions. We focused on our strategic priorities, delivered a strong financial performance and the Group is well positioned for a sustained recovery in the real estate sector.

The financial results reflect the quality of our property portfolio and the efforts of our employees – adjusted net assets[1] per share up 15.5%, EPRA earnings[1] per share up 11% with low debt levels to allow for future investment."

Martin Scicluna Chairman

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[1] EPRA adjustments on a diluted basis see note 7 on page 84.

Further information
www.gpe.co.uk

Front cover Marcol House, 289/295 Regent Street, W1

GPE's business model

How we manage our business

Operating approach

GPE owns and manages a portfolio of well located properties worth £1.7 billion including joint ventures. Our team of specialists seeks to manage and grow this asset base profitably through numerous value-add strategies. Our operating approach has the following critical elements:

- Detailed analysis of property and economic cycles
- Intense focus on local London markets using a strong network of contacts
- Use of development and refurbishment to upgrade rental values
- Frequent acquisitions, disposals and joint venturing to improve portfolio returns
- Creation, monitoring and execution of individual property business plans
- Close tenant relationships
- Use of flexible and moderate levels of leverage to enhance equity returns
- Careful attention to sustainability matters

Our integrated team has specialisms in:

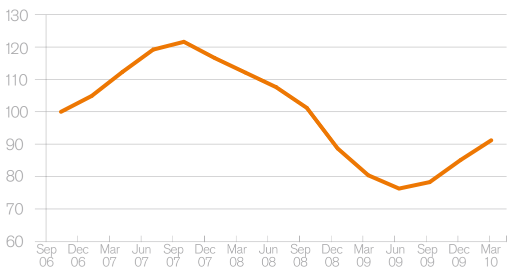
Investment, Development, Asset Management, Finance

Influenced by

Our markets

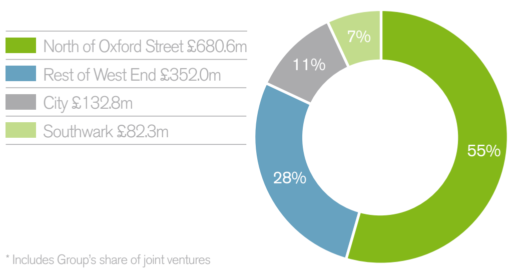
London's property markets are cyclical and suffered during the 2007–09 downturn. More recently they have recovered. Our portfolio is centred on the more resilient and less volatile West End locations.

Our quarterly valuation movement



Indexed, September 2006 =100

Our locations*



* Includes Group's share of joint ventures

Market analysis P17 →

The risks we face

The key risks which impact our business are set out below.

Key risks

Economy and property market
- Central London real estate market underperforms
- Economic recovery falters

Investment and development
- Missed investment opportunities
- Failure to maximise income
- Poor development decisions

Financing
- Limited availability of further capital
- Adverse interest rate movements
- Inappropriate capital structure

People
- Retention of key staff
- Insufficient resources

Regulatory
- Adverse regulatory regime
- Health and safety incidents

Risk Management P35 →

Focused on

Strategic priorities

In early 2009, a difficult economic and property market environment led us to set three key priorities for the last financial year. To help with executing our first priority, we raised £166 million of equity in June 2009. For the forthcoming year these priorities have evolved to allow GPE to benefit from the expected recovery by adopting a more expansive strategy.

2009/2010 priorities

- Profitable investments
- Maintain high occupancy
- Minimal development

2010/2011priorities

- Further selected acquisitions, often in joint venture
- Manage portfolio to drive rental value growth
- Commence several new development schemes

See progress against targets P4 →

Resulting in

Performance in 2010

Despite the challenging market, the Group kept to its key priorities and performed well as shown by the key performance indicators versus their benchmarks.

Group KPI summary	2010	benchmark
Total Shareholder Return	81.9%	59.8%
Adjusted net assets per share growth	15.5%	6.6%
Total Property Return	18.4%	19.4%
Return on Capital Employed	18.9%	9.6%

Group KPIs P14 →

Remuneration and the link to KPIs P62 →

Progress against targets

Last year's strategic priorities

A fundamental aspect of our business model is the successful reading of the property cycle. Following significant declines in real estate capital values over the last two years, with our low debt levels as a result of our actions and the Rights Issue in June 2009 we have been able to exploit this market opportunity. We have delivered on our investment, asset management and development targets during 2009 and, today, look to the future from a position of strength.

Profitable investments

Specific target

– Invest the net proceeds of the 2009 Rights Issue (£166 million) by the end of 2010 in profitable acquisition opportunities

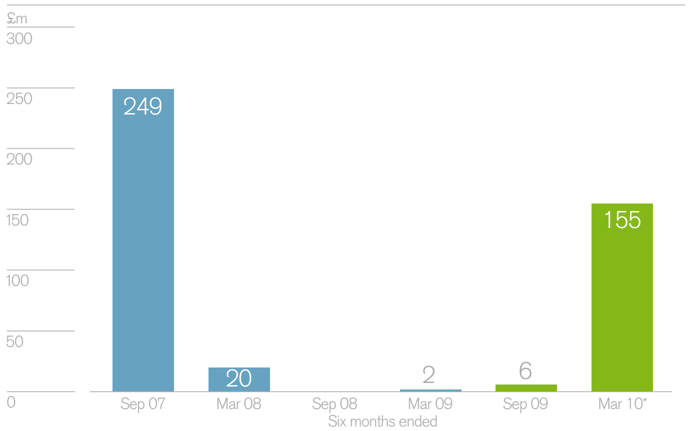
Achievement

– Investments and commitments of £161 million by 31 December 2009

How did we do it?

– Intimate market knowledge enabling high quality deal sourcing
– Close network of contacts and advisors
– Timely execution
– Use of joint venture vehicles
– Creative structuring providing solutions to financially stretched owners

Historical acquisition profile



*Includes the capital commitment for the Marcol House development.

Acquisitions case study P6 →
Marcol House case study P8 →

Maintain high occupancy

Specific target

– Reduce investment portfolio void rate from 31 March 2009

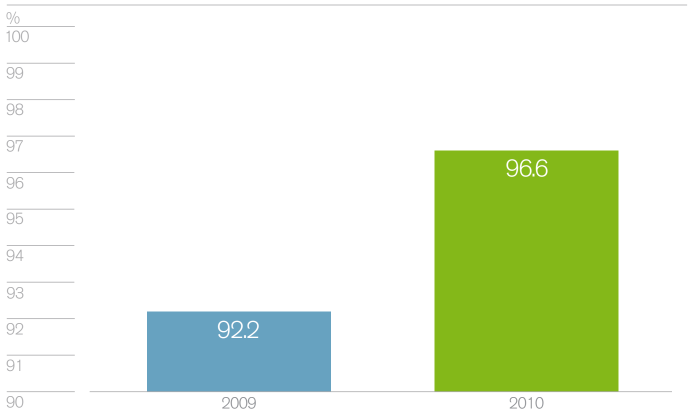
Achievement

– Void rate fell from 7.8% to 3.4% during financial year

How did we do it?

– 87% retention/reletting rate for leases with expiries or breaks
– 144 new leases completed generating £11.2 million p.a. (our share) of new rent
– Offer good value for money in excellent locations
– Regular meetings with tenants to understand their objectives

Investment portfolio occupancy



Maintaining high occupancy case study P10 →

Minimal development

Specific target

– Minimise development exposure during the downturn in occupational demand and fall in rental values

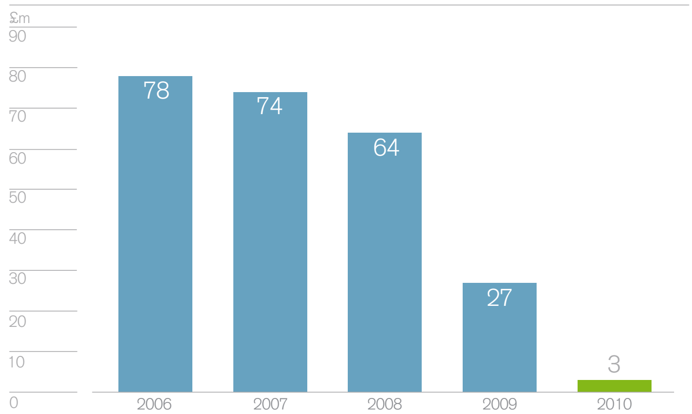
Achievement

– Only £2.7 million spend in development capex during 2009/10
– 47,000 sq ft Woolyard scheme completed in July 2009

How did we do it?

– Early recognition of the downturn
– Aligning development programme to the cycle
– No ongoing schemes and new development starts during the year
– In early 2008, three major schemes deferred pending market recovery

Development capital expenditure



Creating new space at Woolyard case study P12 →

2009/10 Key priority: Profitable investments

Acquisitions case study

The global market turmoil which began in the second half of 2007, and continued into 2009, spread from the banking sector into the general economy and led to a significant recession in the UK. The lack of both liquidity and available credit drove a dramatic decrease in the volume of commercial property transactions in London and the UK as a whole. This contributed to a fall in UK commercial property values by over 40% from the peak of the market in June 2007.

It was against this backdrop that we approached shareholders to raise £166 million through a Rights Issue to provide additional resources to take advantage of these depressed prices. Our objective was to invest all of the proceeds within 18 months of the Rights Issue and ahead of this objective we had invested or committed 97% of the money by 31 December 2010 on a number of attractive opportunities.

"With property markets at a 30 year low, we have re-entered the market and invested the Group's money in a number of acquisitions."

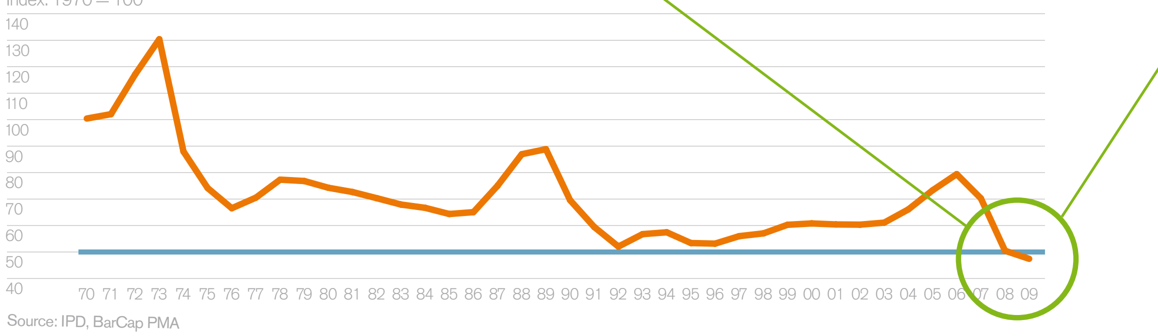
Ben Chambers
Investment Director

timing is everything...

As we entered 2009, real capital values were at their lowest level for over 30 years.

IPD All property real capital values

Index: 1970 = 100



Source: IPD, BarCap PMA

The blue line represents the lowest point of real capital values over the past 30 years prior to the recent recession.

Summary of 2009/10 acquisitions

Transaction type	Examples	Gross cost[1] £m
Asset management plays	90 Queen Street, EC4	48.1
	Austin Reed, 103/113 Regent Street, W1	14.2
	Kingsland House, 122/124 Regent Street, W1	4.2
Redevelopment plays	Marcol House, 289/295 Regent Street, W1 and 23/24 Newman Street, W1	88.1[2]
Major refurbishment plays	Jermyn Street Estate, W1 – leasehold extension	6.0
	Total	£160.6m
	Percentage of Rights Issue proceeds committed	97%

[1] Our share of joint venture transactions. Gross costs include transaction costs.
[2] Includes expected expenditure at date of acquisition.

...when looking for value

90 Queen Street, EC4

Bought:
October 2009

Cost:
£48.1 million

Opportunity:
Prime city location, acquisition price below replacement cost. Multiple business plans to support high returns.

Marcol House/ Newman Street, W1

Bought:
November 2009

Cost and commitment:
£88.1 million

Opportunity:
Redevelopment of 127,700 sq ft of Grade A office space in a prime location.

Austin Reed, 103/113 Regent Street,W1

Bought:
December 2009

Cost:
£14.2 million (50% share)

Opportunity:
Superb retail location with occupational lease restructuring potential and longer term redevelopment possibilities.

2009/10 Key priority: Profitable investments

Marcol House case study

identify the opportunity

A stalled development in a great location

First class location
Two West End properties acquired, the largest, Marcol House is located 150 yards from Oxford Circus.

Prime development opportunity
Development scheme for 102,500 sq ft with a good planning consent and vacant possession.

Difficult market conditions
Asset bought at the bottom of the market following correction of over 40% in property values across the West End.

Distracted borrower
with bigger global challenges to consider.

Istithmar World

Motivated lender
who sees the potential in taking forward the scheme, reaches agreement with GPE on a solution to unlock and maximise the assets' value.

-40%
capital value decline

EURO HYPO

Our strong relationships lead to a new acquisition right in our heartland.

"We are delighted to work with GPE on a property with undoubted potential in a location where they have an unparalleled track record in generating value. It really is GPE's home territory. It is our view that Marcol House is a fundamentally high quality asset and that working with GPE in this way is the best approach to recreating value in the medium term."

Max Sinclair Head of Eurohypo, London branch

realise it

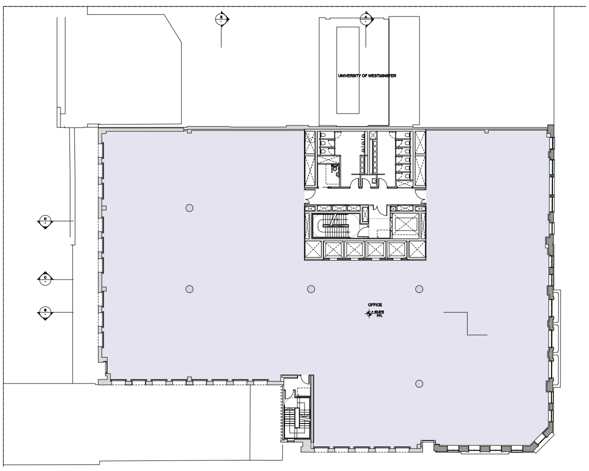
A prime development in an area with high demand

Innovative deal structure
GPE created a bespoke transaction arrangement which allows the development to proceed in a more supportive occupational market, offering good returns for all parties.

Improve the design
GPE redesigned the development to improve the efficiency of the office space and increase natural light levels in the building before submitting a revised Planning Application.

Move fast
Strip out has commenced and the development is due for completion in summer 2012 to coincide with an expected shortage of new West End office space.

Appealing designs for improving markets
The design of Marcol House is anticipated to appeal to a wide variety of potential tenants in an improving market.



"Two key elements of the transaction were our structuring creativity and our execution skills, which enabled us to devise and enter into a deal which worked for all parties."

Martin Leighton
Head of Tax and Treasury

2009/10 Key priority: Maintain high occupancy
Retention case study

high tenant retention

Recessions hit tenant demand. Maintaining high occupancy in this market is a key challenge.

To minimise the impact from the difficult leasing conditions as the downturn took hold, in late 2007, we identified two operational priorities:

– work hard to retain tenants wherever possible; and

– seek to reduce voids through minimising development activity and maintaining a pragmatic leasing policy.

Since then, our retention rate has steadily improved and, for the year to 31 March 2010, it stood at 71%, significantly higher than in previous years.

Good, constructive relationships with our tenants are crucial to this success and by continuous engagement with them, we aim to identify their changing needs, helping to find them the right solution.

71%

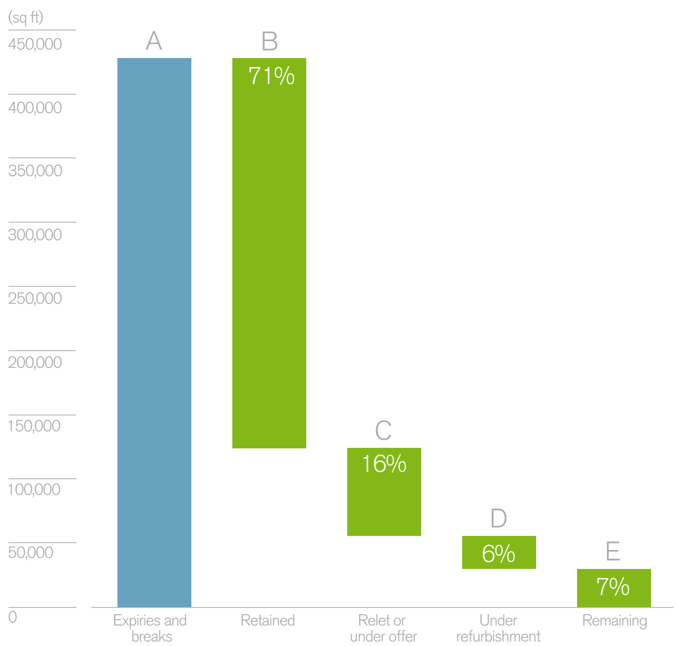
of tenants retained

maximising retention

In the year to 31 March 2010:

– 428,000 sq ft of space was subject to a lease expiry or break (A)
– we retained 71% of tenants by area (B)
– and subsequently let or had under offer a further 16% (C)
– 6% is under refurbishment (D)
– leaving us with 7% of this space still to let (E)

Tenant retention profile



"With over 140 leasing transactions during the year, our focus on our tenants has really paid off."

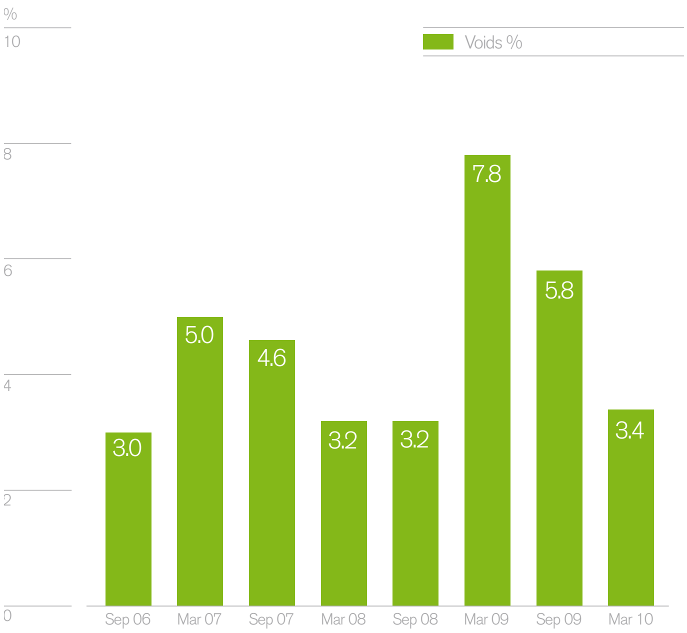
Peter Keel Asset Manager

minimising voids

As market rents grow, development provides a good opportunity to grow with it. As markets turn down minimising development exposure is key. That's why we entered the recession with one of the lowest void rates of any UK property company.

Our pragmatic leasing policy has also paid off, enabling us to reduce void levels in the investment portfolio to only 3.4% at 31 March 2010.

Investment portfolio voids



Addressing tenants' objectives

60 Great Portland Street, W1

The Engine Group

In 2008, we prelet 60 Great Portland Street, W1 to The Engine Group, an independent UK advertising agency. In just two years, The Engine Group has expanded putting pressure on the space occupied.

We arrived at a tailor-made solution to give them the additional office space they needed together with a prominent street frontage by converting 6,000 sq ft of retail accommodation to office space.

Kent House, 14/17 Market Place, W1

Hawker Capital

In 2007, we allowed Hawker Capital, an investment management business, to share accommodation with another hedge fund. By the autumn of 2009, they required further space and by identifying their requirements early we were able to plan ahead and offer them accommodation in the building when they needed it.

As a result, Hawker Capital avoided the headache and cost of relocation and significant investment in new infrastructure and we retained a valued tenant.

2009/10 Key priority: Minimal development

Creating new space case study

Our cautious stance on development last year meant less activity than usual and we completed only one development during the year.

At Woolyard we sought to retain the building's warehouse aesthetic while offering a contemporary interior, mixing historic internal brick with full height picture windows. Dark, inefficient space was transformed to provide bright open plan modern offices. The carefully integrated cooling and lighting systems together with the exposed concrete structure and opening panels for natural ventilation, all serve to keep energy consumption to a minimum.

By working closely with Delfina, the existing restaurant occupier, using our Tenant Action Plan and holding regular on-site meetings we were able to minimise the impact of our works on their business. As a result of the development, Delfina now have a new alfresco area and enhanced facilities to cater for the increased demand arising from the regeneration of the adjoining buildings.

reinventing space

before

- An under utilised site
- Poor quality space
- Low rental value
- Limited letting prospects

after

- Sq ft increased by 24% to 47,000 sq ft
- Reinvented building
- Rental income rebased from studio to modern office rents
- High quality interior
- Improved public open space

"Located in the heart of Bermondsey, SE1, Woolyard is an integrated collection of new and historic buildings; its architecture is simple, robust and flexible, mixing the best of the old with the best of the new. The scheme has proved successful, offering both a characterful and contemporary office environment which has attracted a wide range of occupiers."

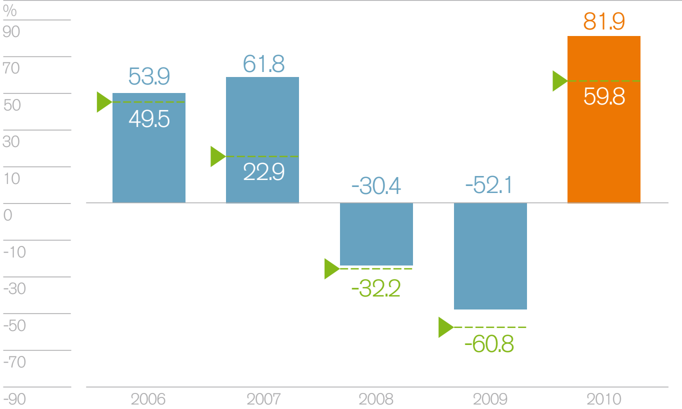
Richard Amlot Development Manager

Group key performance indicators

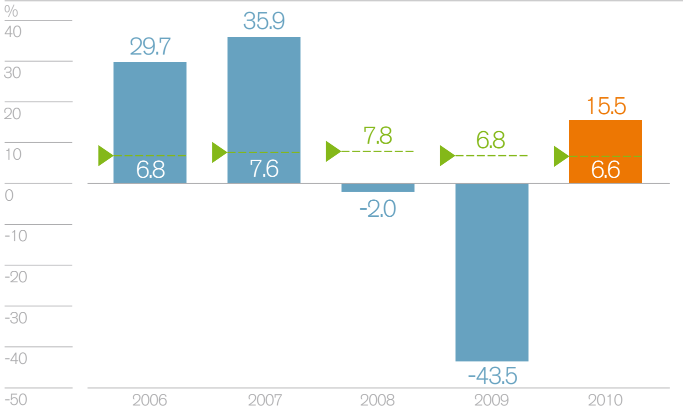
How we measure up against our objectives

GPE GPE 2010 Benchmark

Total Shareholder Return (TSR)*



Adjusted net assets per share growth*



The measure and benchmark

TSR is the most direct way of measuring the change in shareholder returns during the year.

TSR of the Group is benchmarked against the TSR of the FTSE 350 Real Estate index (excluding agencies) being the most relevant group of comparable companies over the year.

Relative TSR is one of the performance criteria for the Group's long-term incentive plans.

Commentary

The TSR of the Group was 81.9% for the year outperforming the FTSE 350 Real Estate index by 22.1 percentage points as investors supported our growth plans.

The Group's five year TSR of 51.1% outperformed the benchmark of minus 15.3% over the five years to 31 March 2010.

The measure and benchmark

Adjusted net assets per share growth is the traditional industry measure of the success in creating value at a balance sheet level because it captures changes in the valuation of the portfolio and the effect of the capital structure of the Group.

We compare the growth in net assets per share with the increase in the retail price index (RPI) plus a hurdle of up to 12% over a three year period which is used as a measure under the Group's long-term incentive plans.

Commentary

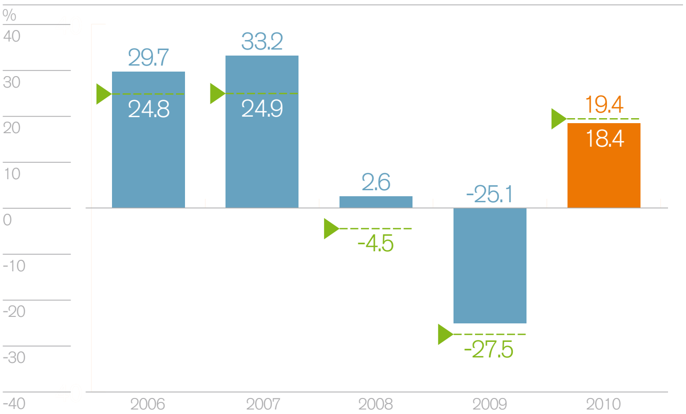
Adjusted net assets per share increased by 15.5% over the year as property values recovered from the lows of 2008/09 and the Group benefited from accretive acquisitions. Our RPI benchmark stayed at broadly the same level as last year resulting in an 8.9 percentage point relative outperformance for the year.

For the five years to 31 March 2010 the Group's net assets per share grew by a compound 2.6% p.a. compared with the benchmark RPI based hurdle of 7.7% p.a.

*Year to 31 March.

Over the medium term we aim to beat our benchmarks consistently. The year to 31 March 2010 was marked by an upturn in the investment market from the lows of 2008/09. This recovery, combined with the delivery of our strategic priorities during the year, is reflected in our KPIs returning to positive territory, and relative to our TSR, NAV and ROCE benchmarks the Group has outperformed.

Total Property Return (TPR)*



The measure and benchmark

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

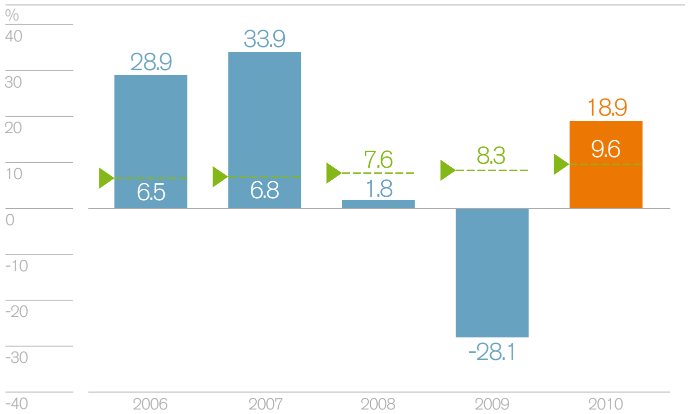
The Group's portfolio TPR is compared to a universe of over £20 billion of similar assets included in the IPD central London benchmark. This is an independent index and is the most appropriate way of benchmarking asset level returns against comparable buildings in our market.

Commentary

The Group generated a portfolio TPR of 18.4% in the year whereas the benchmark produced a return of 19.4% resulting in a relative underperformance of 0.8 percentage points. The Group's return was adversely affected by the compulsory purchase order of 18/19 Hanover Square, W1 described in more detail on page 21.

Over the last five years the Group's portfolio TPR was 9.5% outperforming the benchmark by 4.1 percentage points.

Return on Capital Employed (ROCE)*



The measure and benchmark

ROCE is measured as reported profit before financing costs plus revaluation surplus or deficit on development property divided by the opening gross capital. This measure illustrates the level of value creation from operating activities compared to the capital base of the business.

The ROCE is best compared against the Group's weighted average cost of capital which we calculate at 9.6% at 31 March 2010.

Commentary

ROCE for the year was 18.9% due to a recovery in property values from the lows of 2008/09 and the Group benefited from accretive acquisitions.

Over the five years to 31 March 2010 the Group's annualised ROCE was 11.1% compared to the five year average WACC of 7.8%.

Chairman's statement

"Great Portland Estates has had an excellent year despite the volatile market conditions."

Martin Scicluna Chairman

Great Portland Estates has had an excellent year despite the volatile market conditions. We focused on our strategic priorities, delivered a strong financial performance and the Group is well positioned for a sustained recovery in the real estate sector.

The financial results reflect the quality of our property portfolio and the efforts of our employees – adjusted net assets per share up 15.5%, EPRA earnings per share up 11% with low debt levels to allow for future investment. Total dividends amount to 8 pence per share or a combined payout of £25 million, in line with guidance given in May 2009. Total shareholder return for the year of 81.9% was well ahead of our FTSE 350 Real Estate benchmark of 59.8%.

Over the last 12 months, central London's investment and occupational property markets look like they have turned the corner. After substantial falls, real estate capital values bottomed out in the summer of 2009. We took advantage of this situation by raising £166 million in a Rights Issue in May 2009, almost all of which was invested in acquisitions at low prices by December 2009. Many of these investments, like Marcol House, W1 and 90 Queen Street, EC4 have already borne fruit and have generated returns ahead of the rest of our portfolio.

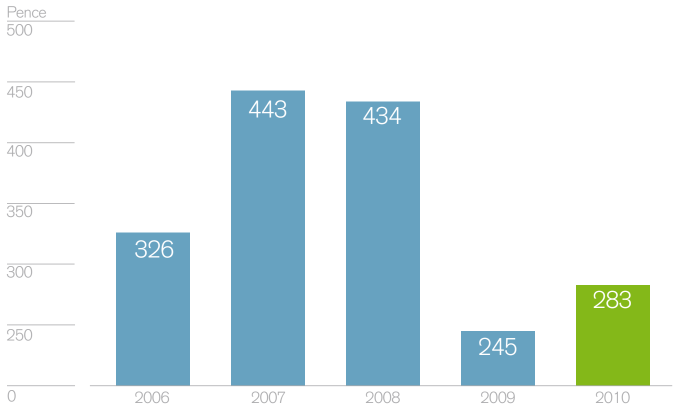
Since the beginning of 2010, tenant demand seems to have stabilised and, absent a double-dip recession, we anticipate that rental value growth will broaden from the prime end to much of the rest of the market during the second half of this calendar year. With an expected drought in the supply of high quality office space over the next few years, we have several major projects primed for commencement over the next 12 months.

At an operational level our teams have again shown their focus and expertise by leasing more space and generating higher rental income than the previous year. Tenant retention rates have been high too which has helped to reduce our portfolio void space to below 4%.

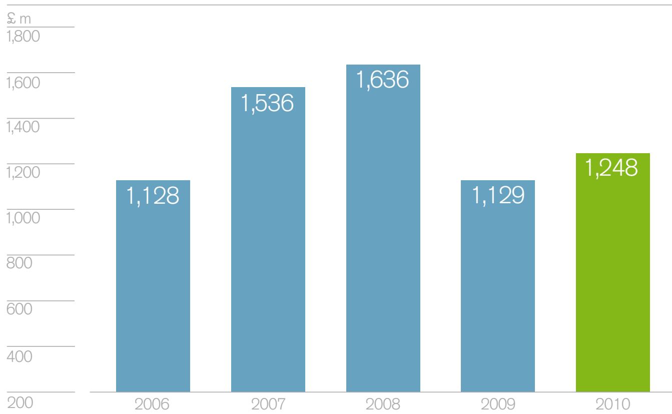
We were delighted to have received external recognition of our success when we were named Property Developer of the Year in April 2010 by Property Week and our annual report won the PricewaterhouseCoopers BPT Award for "Excellence in Reporting" last autumn. In July 2009, we welcomed Jonathan Nicholls as a Non-Executive Director and Chair of the Audit Committee to replace Kathleen O'Donovan who retired after providing six years of tremendous support. In September 2009, Robert Noel resigned as Property Director having made a significant contribution to the Group's progress since 2002 and we wish him well in his new role. Following his departure, Timon Drakesmith and Neil Thompson's roles have increased with Neil Thompson taking on the role of Portfolio Director and we have supplemented the team through recruitment into the Investment and Development teams.

In conclusion, your company has thrived in a very challenging environment and is well placed to provide attractive returns in the coming years.

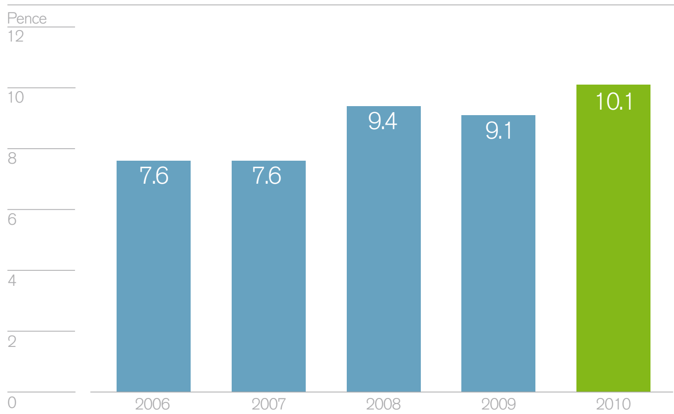
Adjusted net assets[1] per share



Portfolio value



Adjusted earnings[1] per share



[1] EPRA adjustments on a diluted basis see note 7 on page 84.

Our market

“Demand levels have recovered”

“Average monthly retail sales in London were up by 9.9%”

Economic backdrop

There are increasing signs that the UK economy is slowly recovering from a very difficult 2009. Growth was resumed in the two quarters to March 2010 after six consecutive quarters of significant declines, whilst Purchasing Managers’ surveys and employment levels have stabilised after several years of economic contraction. London’s economy is, typically, more volatile than the rest of the UK and seems to have enjoyed a more rapid rebound from its nadir. Looking forward, major uncertainties surround UK government fiscal policy and its likely approach to rectifying the very substantial public sector borrowing deficit.

Taking their lead from these more positive trends in late 2009, the equity and bond markets responded and posted strong gains for the 2009 calendar year. This favourable dynamic supported commercial property prices and from a low in the summer of 2009 London real estate values have bounced back sharply. A sustained uplift in capital asset pricing depends on further recovery of the underlying economy, stimulating the demand for commercial premises, and the maintenance of low interest rates. Official UK, US and European short-term interest rates are still at historic lows and the timing of their return to a conventional level will have a major influence on investor purchasing decisions.

Occupational markets

This time last year, we argued that London’s occupational markets would recover during the second half of 2010. This prediction, in the absence of a double-dip recession, appears to have been broadly accurate. Demand levels have recovered, leading to stronger take-up, reducing vacancy rates and, latterly, rental growth in selected buildings.

West End

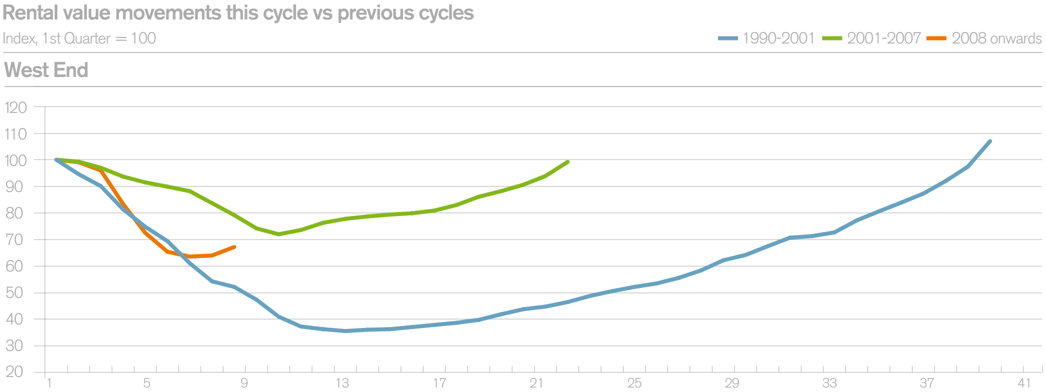
Occupational markets remained weak in the first half of our financial year but began to recover during the second half with the take-up of new office space totalling 2.5 million sq ft up 120% on last year. The volume of office space in the market to let peaked in the first quarter and fell throughout the second half, driving West End office vacancy rates down from 6.7% at March 2009 to 6.4% at March 2010. CB Richard Ellis have reported that across the West End prime headline and net effective (adjusted for rent free periods and other incentives) rental values have fallen by 2.9% and 1.4% respectively over the year to 31 March 2010, although in the quarter to 31 March 2010, headline rental values rose by 6.3%.

Viewings by potential tenants are up year on year, and we anticipate that improving economic conditions, and limited new supply coming on stream should help rental values grow throughout the balance of 2010.

The West End retail market (comprising 32% of our West End portfolio by value) has been more resilient than the office sector in 2009 as retail sales in central London have performed well. In the year to 31 March 2010, average monthly retail sales in London were 9.9% higher than the previous year versus a 4.4% increase for the rest of the UK. London continues to attract large numbers of foreign business visitors and tourists, helping to drive sales for our retail and restaurant tenants.

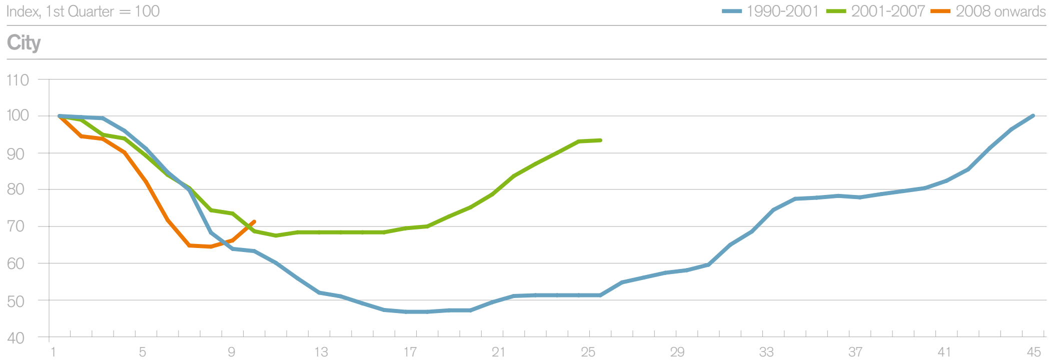
Rental value movements this cycle vs previous cycles

Index, 1st Quarter = 100



Source: CB Richard Ellis

Rental value movements this cycle vs previous cycles
Index, 1st Quarter = 100



Source: CB Richard Ellis

"Central London investment market turnover 33% up year on year"

City and Southwark

In stark contrast to the first half, tenant demand for City offices was strong during the second half of last year, particularly from large space users with take-up some 126% higher in the year to 31 March 2010 than the previous year. As a result, vacancy rates, at 9.0% in March 2010, were down for the third consecutive quarter and rental growth has returned for well located, high quality space.

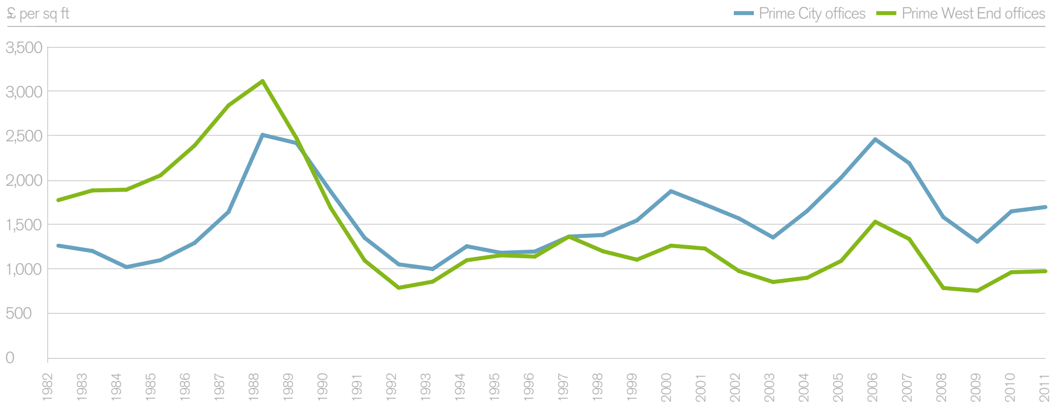
As the financial and business services community recovers further and the supply of available space diminishes, we expect rental growth to broaden and strengthen as this year progresses.

Investment markets

Conditions in London's commercial property investment market have steadily improved since 31 March 2009 as investor interest in real estate has grown, encouraged by low interest rates, early signs of recovery in occupational markets, weak sterling and high levels of liquidity supported by the wider availability of debt finance. Almost all types of potential buyers are now active in central London markets – UK institutions, private investors, international organisations, property companies, private equity funds and sovereign wealth funds. As a result, in the year to 31 March 2010, central London investment market turnover, at £7.5 billion, was 33% up year on year.

Some commentators question whether recent price rises are sustainable given continued economic uncertainty and the increase in supply of assets to buy (encouraged in part by prices increasing). Undoubtedly, there will be some examples of excessive optimism, but with London's rental markets recovering and the market as a whole priced at around fair value, we expect selected further increases although at a lesser rate than recent quarters. With our specialist market knowledge, we remain confident in our ability to unearth new and interesting acquisition opportunities.

Real capital values
£ per sq ft



Source: PMA

Lead indicators – 2009 in review and 2010 outlook

For many years we have used a variety of lead indicators to help shape our view of the direction of our main markets. In spring 2009 we identified some early signs of a potential improvement in central London property capital values. This prompted us to raise new capital from shareholders in order to take advantage of these conditions. We committed 97% of this new capital within six months into a series of interesting opportunities.

The IPD central London capital value index bottomed in June 2009 and has increased ever since. We believe that central London property values are more likely to rise than fall over the next year, although consistent quarterly growth is dependent on firm evidence of higher rental values. Last financial year we predicted a stabilisation and improvement in market rental values in the second half of 2010. We have seen occupational demand increase as described above, and we expect that GPE rental values will grow throughout 2010/11 from their low point in December 2009. Over the last three decades there has been a strong correlation between UK GDP growth and rental value uplifts so, with the economy improving, we anticipate rents should follow, helped by an impending shortage of newly developed space to let.

This outlook is supported by the direction of our lead indicators over the course of the last 12 months. As set out below, most of the indicators have improved, especially those relating to capital values.

Selected lead indicators

	Trends in year to 31 March 2010
Property capital values	
Equity and bond prices	↑
Changes in new lending by major UK and European banks	↑
Transaction volumes in central London direct real estate investment markets	↑
Direction of pricing on IPD-based derivative contracts	↑
Rental values	
UK GDP growth	↑
London retail sales	↑
Business confidence levels in the central London economy	↑
UK output from the financial and business services sector	↑
UK finance and business services employment statistics	→

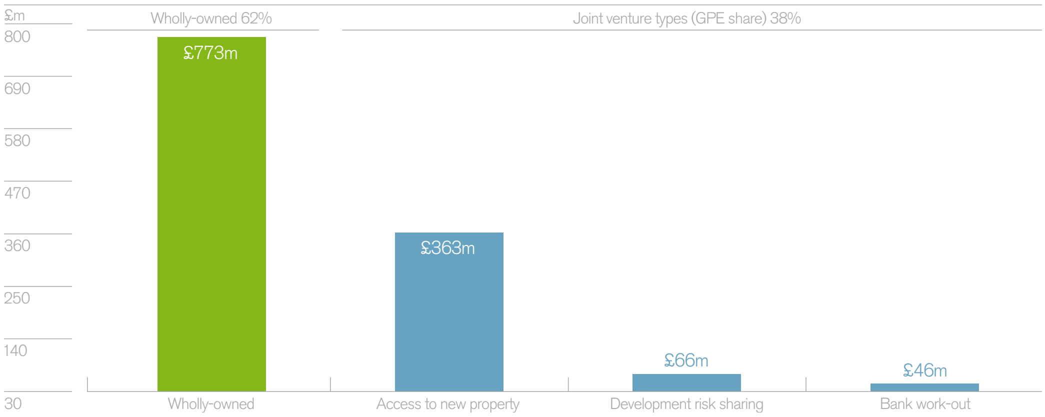
97%

capital raised in our Rights Issue has been committed

Investment management

Our analysis of the central London property investment market led us to focus on acquisition opportunities using the Group's financial resources which were bolstered by last summer's Rights Issue. Around £161 million or 97% of the capital raised in our Rights Issue has been committed in five transactions and these assets have all shown healthy increases in value since acquisition. Whilst our investment pipeline is good, we expect it to improve further in the second half of 2010 as the industry wide deleveraging process gathers pace. Although London's investment markets are very competitive, we believe the combination of our local knowledge, deep relationships and structuring skills will help us to originate and execute further attractive acquisitions. Making acquisitions via joint ventures has been highly successful for us over many years and the balance of our holdings is illustrated below.

Wholly-owned and JV property assets – comparison of property values at 31 March 2010



Acquisitions case study P6←

In August 2009, we commenced selective investment into our core markets when the Great Capital Partnership ("GCP") acquired new 125 year leasehold interests from The Crown Estate at Foxglove House, 166/168 Piccadilly; Dudley House, 169 Piccadilly; Egyptian House, 170/173 Piccadilly; Empire House, 174/175 Piccadilly; Piccadilly Arcade and 52/53 Jermyn Street; and 54/56 Jermyn Street, all in London W1, in exchange for its existing leases and £12.0 million (our share £6.0 million) in cash. The previous leases were for an average term of 69 years and GCP paid an average annual ground rent of 15% of rental value to The Crown Estate. Under the new leases the annual ground rent payable is reduced to 10%. Together, the five buildings form a single block fronting Piccadilly and Jermyn Street and currently comprise 132,400 sq ft. Importantly, the new headleases provide the ability for GCP to carry out a comprehensive redevelopment in due course.

In late September we exchanged contracts to purchase 90 Queen Street, EC4 for £45.8 million. This prime office and retail building was built in 1996 and comprises 68,400 sq ft of lettable space. The office accommodation is the UK headquarters of Intesa Sanpaulo SPA and is occupied under a lease until 2017 with a tenant option to break in 2013. The retail units are occupied by Lloyds Banking Group, Pret A Manger and Hugo Boss. The rental income of £3.9 million per annum will add approximately one pence per share to Group earnings and equates to a net initial yield, having taken into account all acquisition costs, of 8.2%. At a capital value per sq ft for the office component of £565, we believe we acquired land and a high quality building at beneath replacement cost, without the development risk, giving us an attractive income return and a variety of asset management opportunities.

Marcol House case study P8←

In November, we announced the acquisition of two West End development properties and the formation of a profit share and debt structuring arrangement acquiring Marcol House, 289/295 Regent Street and 23/24 Newman Street, W1 from Istithmar World PJSC for £10.0 million. Marcol House is a Grade II listed, office and retail development site with planning consent for 102,500 sq ft, located on the corner of Regent Street and Margaret Street, W1,150 yards to the north of Oxford Circus. Newman Street is an existing office building of 25,200 sq ft with planning consent to provide the residential requirements for the Marcol House site.

Simultaneously with the acquisition, GPE agreed with the debt provider to the assets, Eurohypo, a restructuring of the previous debt facility on Marcol House in exchange for a profit share arrangement in the developments. Under this arrangement, GPE will develop the two properties, which on acquisition was estimated to cost a total of £78.1 million.

Activity map P1 ←

In December, The Great Ropemaker Partnership ("GRP") acquired the long leasehold interest of 103/113 Regent Street, W1 for £27.0 million (our share £13.5 million) reflecting a net initial yield of 7.2%. The property extends to 52,800 sq ft and is let in its entirety to Austin Reed until 2027 paying £2.45 million per annum (£2.1 million after deduction of headrent). Also in December, GCP acquired the long leasehold interest of Kingsland House,122/124 Regent Street, W1 for £8.0 million (our share £4.0 million) reflecting a net initial yield of 5.0% with three vacant office suites. The property extends to 8,800 sq ft, produces rental income of £0.5 million per annum (£0.4 million after the deduction of headrent) and is multi-let to seven tenants with expiries between 2010 and 2027. Both buildings are owned on long leases from The Crown Estate.

In line with our disciplined strategy of recycling capital out of mature assets, over the course of the year we made selected disposals including the sales of Bond Street House, W1, Spirella House, W1, 79/83 Great Portland Street, W1 and 29/35 Great Portland Street, W1 for a total of £62.3 million. Overall, the aggregate proceeds from these sales was 5.1% in excess of their combined book value at 31 March 2009. In all three cases, we had enhanced the value of the properties through refurbishment, headlease regearing or asset management activities and judged that we could put our capital to better use elsewhere. We also disposed of 50% of our interest in the Bishopsgate, EC3 properties, which is described in the development section below.

In December, Crossrail acquired 18/19 Hanover Square, W1 via a compulsory purchase order ("CPO") under the Crossrail Act 2008 to enable the development of the Bond Street Crossrail station. The cash received by GPE from the CPO was £35.9 million and we are in the process of an extensive valuation claim to recover further funds.

In May 2010, we agreed to create a new 50:50 joint venture with Starwood Capital Group, The Great Star Partnership ("GSP") to own City Tower, 40 Basinghall Street, EC2, valued at £35 million, and have simultaneously acquired a neighbouring building, City Place House, 55 Basinghall Street, EC2 for £94 million which we intend to add to GSP.

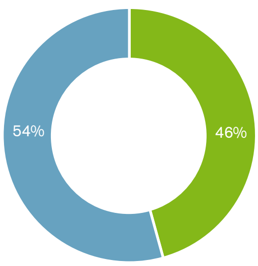
"The 100 Bishopsgate Partnership created"

Our joint ventures

It has been a year of significant expansion with a number of major transactions across our six joint ventures as described above. The major events of the year were the acquisition with Eurohypo of Marcol House, 289/295 Regent Street and 23/24 Newman Street, W1 in November 2009 and the creation of The 100 Bishopsgate Partnership in March 2010, which is described in the development section below.

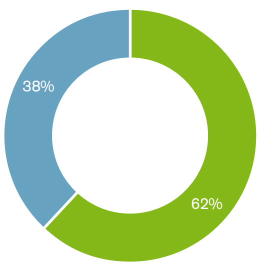
The JVs have delivered good relative portfolio performance at Group level for the second half and, through them, we have brought in a number of assets with exciting repositioning, refurbishment and redevelopment potential. Our JV partners are all well regarded, long term, major owners of UK real estate and who rely on our specialism in the central London markets.

Properties under management



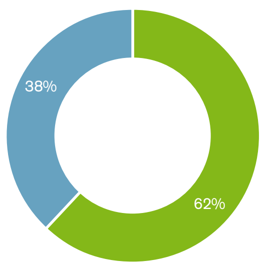
Wholly-owned £772.9 million
Joint ventures £904.0 million

Net assets



Wholly-owned £544.3 million
Joint ventures £332.4 million

Rent roll[1]



Wholly-owned £42.3 million
Joint ventures £25.4 million

[1] Includes share of joint ventures.

Joint venture business – contribution to the Group

Values at 31 March 2010

Our JVs are increasingly material to the Group, making up 53.9% of properties under management, 37.9% of net assets and 37.5% of rent roll at 31 March 2010 (at 31 March 2009; 45.7%, 32.2% and 28.9% respectively).

We believe that the JVs will continue to provide a competitive advantage to the Group as their portfolios provide us with a source of rental growth opportunity in combination with partners who are supportive in terms of capital, reputation and relationships.

3.4%

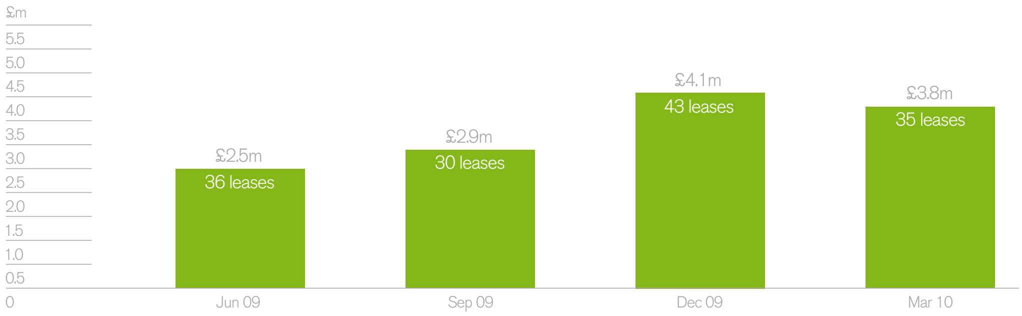
void rate

Asset management

Good property companies are defined by the quality and success of their asset management activities and we have had another strong year. We have continued to prioritise both high occupancy (through tenant retention and a focused leasing effort) and strong cash flow generation with good results:

- 144 new leases were completed (2009: 89 leases) generating annual rent of £13.3 million (our share £11.2 million; 2009: £9.9 million) or 16.5% of rent roll;
- 71% of all tenancies by area, with lease breaks or expiries in the year to 31 March 2010, were retained or relet, up from 57% for the year to 30 September 2009;
- a further 25 lettings were under offer at 31 March 2010, accounting for £1.6 million p.a. in rent (our share £1.2 million);
- ten rent reviews of £2.4 million (our share £1.6 million; 2009: £3.6 million) were settled during the year, some 1% ahead of ERV at the rent review date; and
- total space covered by new lettings, reviews and renewals during the year was 494,000 sq ft (2009: 473,000 sq ft).

New lettings and renewals by quarter



These asset management successes drove the investment portfolio void rate at 31 March 2010 down to 3.4% versus 7.8% at last year end. Leasing activity was strong throughout the second half with 60% of these recent lettings in line with the valuer's September 2009 estimates, whilst the balance were well below the September 2009 ERV because they incorporated landlord's breaks to allow possible redevelopment during the next three years.

Retention case study P10←

In the year to 31 March 2010, 169 leases covering around 428,000 sq ft of space with a rental value of £11.3 million were subject to lease expiry or tenant break. Tenants were retained for 71% of this space by area and by the end of March 2010 we had leased or put under offer a further 16% leaving only 7% to transact after stripping out the 6% where we need vacant possession to enable development.

Development

In November 2009, we highlighted that we felt the time was right to increase our development exposure once more to take advantage of improving occupational demand and constrained supply. We have recently started work at two sites, Marcol House, 289/295 Regent Street and 23/24 Newman Street, W1, have a further seven projects which can start by June 2011 and are examining ways to accelerate selected schemes. The Group's exciting total programme potentially stretches to 2.8 million sq ft across central London, timed to benefit from the recovery in occupational markets. Taken together, these opportunities cover 53% of the Group's properties by area and, when finished, will see their net lettable area increase by 80%.

We divide the total development programme into two segments depending on the start date. The near-term group of nine schemes can all be on site by the end of 2011. The pipeline projects will be started after 2011.

Property Awards 2010
Winner
Property Week
print.online.events

"Developer of the year"

102,500 sq ft

Marcol House development on site

Near-term programme and pipeline

	Earliest start	Anticipated finish	New building area†	Cost £m
Started				
Marcol House, Regent Street, W1		Aug 12	102,500	55.5
23/24 Newman Street, W1		Sep 11	25,200	11.1
2010/2011				
184/190 Oxford Street, W1	Sep 10	Dec 10	26,500	2.0
240 Blackfriars Road, SE1*	Sep 10	Aug 13	233,500	59.8
12/14 and 43 Fetter Lane, EC4*	Sep 10	Jul 13	139,200	43.3
79/97 Wigmore Street, W1*	Oct 10	Jun 13	112,700	34.1
24/25 Britton Street, EC1*	Oct 10	Apr 11	51,300	3.7
Walmar House, 288/300 Regent Street, W1*	Jun 11	Dec 12	59,800	11.6
100 Bishopsgate, EC3*	Jun 11	Oct 14	815,400	273.9
Total of near-term projects			**1,566,100**	**495.0**
Pipeline				
15 projects	2011+		1,198,800	
Total programme 24 projects, 53% of GPE existing portfolio			**2,764,900**	

† Areas are in sq ft and at 100%.
* For those held in JV, costs are shown as GPE's share.

Construction and leasing

At our 112,800 sq ft Wells & More, Mortimer Street, W1 building we leased the final part floor in November meaning the office element of the building is fully let. We have recently agreed to lease two of the three retail units and discussions are ongoing with several potential tenants in respect of the last remaining unit. The 46,800 sq ft Woolyard, Bermondsey Street, SE1 scheme is now over 75% let or under offer and we have encouraging levels of interest for the balance.

Recent project starts

Strip out works at Marcol House, 289/295 Regent Street, W1 started in March 2010 and following demolition and rebuilding, we are aiming for practical completion in 2012. The residential scheme at 23/24 Newman Street, W1 has also started this year.

Project preparation

In March 2010, we announced the sale of a 50% interest in The 100 Bishopsgate Partnership to Brookfield Properties Corporation ("BPO") for £43.0 million in cash. This JV holds all of GPE's Bishopsgate properties which form the 100 Bishopsgate development site in the heart of the City of London. Planning Consent for the two acre EC3 site was achieved by GPE in May 2008 for a 40 storey building providing 765,800 sq ft of offices, ancillary retail and a new public library, together with a second building of 49,600 sq ft containing offices and a new Livery Hall for The Worshipful Company of Leathersellers.

The 100 Bishopsgate Partnership intends to prepare the scheme for a potential start date in 2011/12 subject to a variety of partner approvals. BPO will act as Development Manager to the Partnership and has also entered a pre-construction services agreement to act as the main contractor for the development. GPE will continue to act as both Property and Asset Manager.

At Hanover Square, W1 discussions on our masterplan proposals continue with Crossrail and having received a favourable response from a number of stakeholders to our design proposals, we anticipate submitting a planning application later in 2010. Meanwhile, detailed design work is ongoing to prepare schemes at Wigmore Street, W1, Walmar House, Regent Street, W1 and Fetter Lane, EC4 for commencement over the next two years.

Valuation

£1,247.7m
portfolio valuation (including our share of JVs) at 31 March 2010

The valuation of the Group's properties as at 31 March 2010, including our share of gross assets in joint venture, was £1,247.7 million, up 15.0% or £164.5 million on a like-for-like basis net of capital expenditure since 31 March 2009. Acquisitions increased the year end portfolio value by £164.6 million. Wholly-owned properties were valued at £772.9 million and the Group had six joint ventures which owned properties valued at £474.8 million (our share) at 31 March 2010.

The second half saw a like-for-like valuation increase of 16.3%, with growth of 6.7% being seen in the final quarter. This valuation rise was mainly due to the contraction of investment yields across all markets since the early summer and compares to a 4.4% valuation fall in the first quarter. Although rental values continued to decline during 2009, they have grown since the start of 2010 and the favourable movement in yields has further boosted this valuation impact.

Portfolio performance

		Wholly-owned £m	Share of joint venture £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	390.1	80.8	470.9	37.8%	21.3%
	Retail	80.3	83.7	164.0	13.2%	17.4%
Rest of West End	Office	83.2	104.4	187.6	15.0%	4.9%
	Retail	73.1	71.0	144.1	11.5%	13.5%
Total West End		626.7	339.9	966.6	77.5%	16.0%
City and Southwark	Office	68.8	17.3	86.1	6.9%	3.7%
	Retail	4.6	1.8	6.4	0.5%	4.6%
Total City and Southwark		73.4	19.1	92.5	7.4%	3.8%
Investment property portfolio		700.1	359.0	1,059.1	84.9%	14.8%
Development property		17.2	6.8	24.0	1.9%	24.4%
Total properties held throughout the year		**717.3**	**365.8**	**1,083.1**	**86.8%**	**15.0%**
Acquisitions		55.6	109.0	164.6	13.2%	16.6%
Total property portfolio		**772.9**	**474.8**	**1,247.7**	**100.0%**	**15.2%**

Portfolio characteristics

	Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	**Total £m**	Net internal area sq ft 000's
North of Oxford Street	634.9	45.7	680.6	514.0	166.6	**680.6**	1,303.2
Rest of West End	352.0	–	352.0	188.5	163.5	**352.0**	838.7
Total West End	986.9	45.7	1,032.6	702.5	330.1	**1,032.6**	2,141.9
City and Southwark	191.1	24.0	215.1	194.5	20.6	**215.1**	742.4
Total	1,178.0	69.7	1,247.7	897.0	350.7	**1,247.7**	2,884.3

		Investment properties £m	Development properties £m	Total property portfolio £m
By use:	Office	833.4	63.6	897.0
	Retail	344.6	6.1	350.7
Total		**1,178.0**	**69.7**	**1,247.7**
Net internal area sq ft 000's		2,709.9	174.4	2,884.3

3.1%
rental growth in Q4

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

– **Favourable yield shift** – Equivalent yields contracted by 126 basis points over the year (2009: 114 basis points expansion) from 6.7% to 5.4% on a like-for-like basis. In the second half the equivalent yield fell by 88 basis points as the improvement in investor sentiment accelerated;

– **Rental value changes** – Since the start of the financial year rental values have fallen by 6.2%. Office rental values have declined by 7.9%, however, retail rental values fell by only 0.3%. The final quarter saw an uplift in Group rental values of 3.1%, particularly driven by the office portfolio; and

– **Intensive asset management** – During the year, 154 new leases, rent reviews and renewals were completed securing £12.8 million (our share) of annual income and reducing voids. This activity helped support valuation momentum over the year.

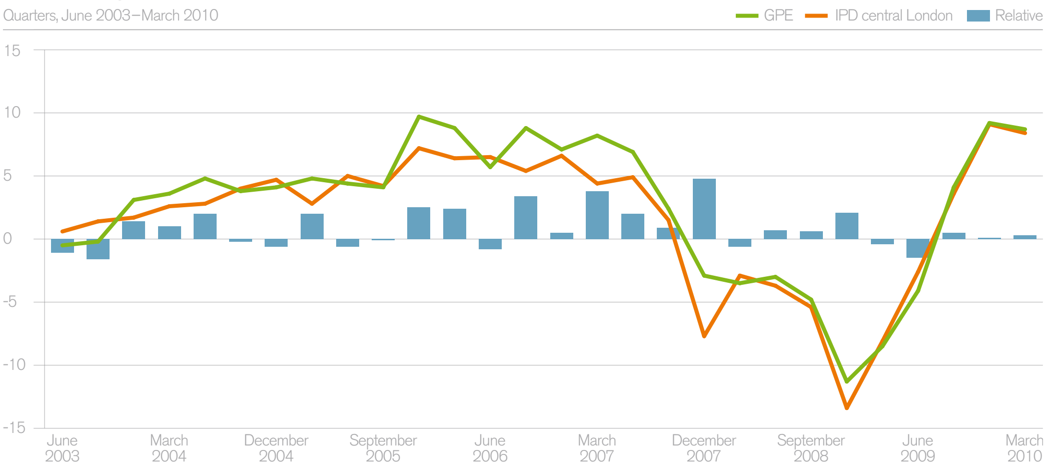
Including rent from pre-lets and leases currently in rent free periods, the initial yield of the investment portfolio at 31 March 2010 was 5.3%, 80 basis points lower than a year earlier. The near-term reversionary yield of the portfolio at 31 March 2010 was 5.7% down from 7.0% at 31 March 2009.

Our North of Oxford Street portfolio produced a strong performance over the year, increasing in value by 20.3% on a like-for-like basis. City and Southwark assets saw a 3.8% uplift in values and the Rest of West End properties grew by 8.5%. Development properties grew by 24.4% over the year to £24.0 million, but much of our pipeline is still income producing and, therefore, is included in the investment portfolio. Our joint venture properties rose in value by 11.2% compared to a 16.9% rise for the wholly-owned portfolio over the year.

Pleasingly, acquisitions made during the year (excluding the sale of the 100 Bishopsgate site and the effective repurchase of a 50% share) increased in value by 23.9% in the five months' average hold period, handsomely outperforming the remainder of the portfolio.

The Group delivered a Total Property Return ("TPR") for the year of 18.4%, compared to the central London IPD benchmark of 19.4%. The performance was significantly impacted by the CPO of 18/19 Hanover Square, W1 in November 2009 at a value well beneath our and CBRE's view of a fair market price. This transaction reduced the Group's TPR by 2.2%.

Total property return (% p.a.) relative to IPD central London index
Quarters, June 2003–March 2010



Source: IPD

Our financial position

283p
adjusted net assets per share

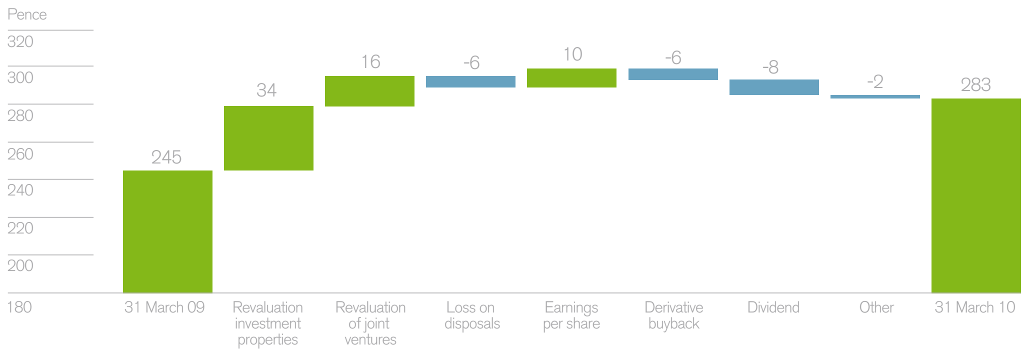
Financial results

The Group's financial results have benefited from an improvement in the property market environment since summer 2009 and the positive effect of various acquisitions made in the second half of the year. Adjusted profits and earnings were up year on year mainly due to higher rental income and reduced interest expense.

Net asset value

The opening value of adjusted net assets per share at 31 March 2009 has been restated to take into account the effects of the £166.4 million Rights Issue which completed in June 2009. This produces a pro forma net asset value of 245 pence at 31 March 2009 from which there has been a rise of 15.5% in the year to 283 pence, largely because of upward movement in the value of the property portfolio. At 31 March 2010, the Group's net assets were £876.7 million, up from £568.6 million at 31 March 2009 as a consequence of valuation gains and the Rights Issue.

Adjusted net assets per share – movement since 31 March 2009



The main factors behind the 38 pence per share change in adjusted net assets per share ("NAV") from the pro forma 31 March 2009 value were:

– the rise of 34 pence per share arising from the revaluation of the property portfolio. Of the total portfolio uplift new acquisitions boosted year end NAV by around 8 pence;

– the rise of 16 pence per share arising from the revaluation of the Group's joint ventures;

– the compulsory purchase by Transport for London of 18/19 Hanover Square, W1 at beneath book value reduced NAV by 6 pence per share;

– adjusted earnings for the year of 10 pence per share enhanced NAV;

– other items including the termination of interest rate derivatives in May, the purchase of shares in our LTIP trust and pension movements reduced net assets by a further 8 pence per share; and

– the payment of dividends caused a reduction in net assets by 8 pence per share.

Triple net assets per share ("NNNAV") was 291 pence per share at 31 March 2010 compared to 251 pence per share at 31 March 2009 (up15.9%). At year end the difference between adjusted net assets per share and NNNAV was the positive mark to market of debt of 8 pence mainly arising from the low interest rate of the Group's 2029 debenture. There was no net movement in deferred tax provisions during the period.

Adjusted profit before tax up

31.5%

Income statement and earnings per share

Adjusted profit before tax ("PBT") at £28.8 million was 31.5% higher than last year. The key reasons behind this rise were increased net rental income and lower interest charges.

Adjusted profits before tax – year to 31 March 2010

Rental income from wholly-owned properties and joint venture fees for the year were £45.7 million and £3.0 million respectively, generating a combined income of £48.7 million, up 3.4% on last year. Including our share of joint venture rental income, total Group revenue was £68.5 million, down 1% on the year.

Rental income was marginally higher than last year due to recent acquisitions and the effect of rent reviews, lease renewals and new lettings. Management fees from the Group's joint ventures were down 36.2% on last year, as a result of reduced transactional and development activity at The Great Wigmore Partnership ("GWP"), The Great Victoria Partnership (No2) ("GVP2") and GCP.

Property costs for the wholly-owned properties fell to £4.0 million (2009: £4.8 million) as a consequence of a year on year decline in marketing and leasing expenses. Administration costs were £0.2 million down on last year at £12.6 million as lower fixed overhead expenses and cash bonuses more than offset higher provisions for share incentive schemes. Development management profits of £0.1 million compared to £4.0 million of profit from the Tooley Street project last year. Adjusted profits from joint ventures (excluding valuation movements and gains/losses on property sales) were £8.2 million, down from £9.2 million on last year, mainly due to the disposals of 208/222 Regent Street, W1 and 180 Great Portland Street, W1 in 2008 and Spirella House, W1 in 2009 which reduced rental income this year versus last year. Underlying net finance costs were 44.2% lower at £11.6 million due to the repayment of debt at the Group level following the Rights Issue, property disposals and the termination of interest rate derivatives. We have recorded a one-off accounting charge of £11.6 million in the income statement in respect of the costs of terminating the derivatives following guidance within IAS 39 (see note 5 to the financial statements). The IAS 39 accounting charge does not affect adjusted profits or adjusted earnings per share.

10.1p

adjusted earnings per share

Adjusted earnings per share were 10.1 pence, 11.0% higher than last year mainly driven by increased adjusted PBT, described above. EPS has been calculated using the weighted average number of shares of 281.9 million and the 2009 comparative has been adjusted by the bonus factor from the Rights Issue to allow a direct comparison.

Revaluation gains and solid underlying profits caused the Group to report an accounting profit after tax of £156.4 million (2009: £436.1 million loss). Basic EPS for the year was 55.5 pence, compared to a restated loss of 180.0 pence for 2009.

Results of joint ventures

Non-recourse net debt in the joint ventures has fallen from £135.4 million at 31 March 2009 to £126.6 million at 31 March 2010 due to property sales and operational cash flow.

The Group's net investment in joint ventures was £332.4 million, substantially greater than the comparative at 31 March 2009 of £183.2 million, due to the creation of the Marcol House joint venture, The 100 Bishopsgate Partnership, acquisitions in GRP and GCP and valuation rises. Our share of joint venture net rental income was £19.8 million, down on £22.1 million for last year, as a result of property disposals described above. The underlying joint venture profits are stated after charging £3.0 million of GPE management fees (2009: £4.7 million).

Financial resources and capital management

Financial covenants P91→

Cash generated from operations was £7.4 million, down on last year due to higher underlying profits and unfavourable movements in working capital. Group consolidated net debt was £232.6 million at 31 March 2010 down from £371.0 million a year earlier as a consequence of the Rights Issue and operational cash flow. The Group invested £103.4 million in acquisitions, before development expenditure on Marcol House, 289/295 Regent Street, W1 and 23/24 Newman Street, W1. Disposals of properties including the creation of The 100 Bishopsgate Partnership generated £140.5 million in net proceeds. Group gearing fell significantly to 26.5% at 31 March 2010 from 65.2% at 31 March 2009 as lower debt levels combined with the portfolio valuation rise. Looking forward we anticipate that the Group's gearing ratio will rise over the next 3–5 years as we invest in the development pipeline and make new acquisitions. We expect the gearing ratio to be around 50–70% as this programme of investment completes.

Debt analysis

	March 2010 £m	March 2009 £m
Net debt excluding JVs	**232.6**	371.0
Net gearing	**26.5%**	65.2%
Total net debt including 50% JV non-recourse debt	**359.2**	506.4
Loan-to-property value	**28.8%**	44.9%
Total net gearing	**41.0%**	89.0%

	March 2010 £m	March 2009 £m
Interest cover	**3.4x**	2.1x
Weighted average interest rate	**4.9%**	5.8%
% of debt fixed/capped	**61%**	86%
Cash and undrawn facilities	**477**	330

£232.6m

Group consolidated net debt was down 37% from 31 March 2010

Including the non-recourse debt in the joint ventures, total net debt was £359.2 million (31 March 2009: £506.4 million) equivalent to a loan to value ratio of 28.8% (31 March 2009: 44.9%) which remains at a very low level. The Group, including joint ventures is operating with substantial headroom over its bank and debenture covenants.

At 31 March 2010, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £477.0 million. The earliest debt maturity the Group faces is an undrawn £50 million bilateral facility which expires in November 2010, with the main Group revolving credit facilities maturing in 2012. The Board has approved an outline refinancing plan which is designed to replace these facilities over the next 18 months. The Group's weighted average interest rate, including joint venture debt for the period, was 4.9%, a decrease of 92 basis points compared to the year to 31 March 2009. This was mainly due to low short-term floating rates. At 31 March 2010, 61.3% of the Group's total debt (including non-recourse joint ventures) was at fixed or capped rates (31 March 2009: 86%). Interest cover for the year improved to 3.4x (2009: 2.1x).

£25m
Total dividends paid

Cash collection and tenant delinquencies

The quarterly cash collection profile was broadly similar throughout the year to March 2010. We secured 93% of rent within seven working days following the March 2010 quarter day, which was slightly worse than March 2009 as the number of tenants on monthly payment terms increased to 4.4% of our rent roll. Four of our tenants went into administration around the March 2010 quarter day, the largest being a shoe retailer with a unit on Oxford Street, creating arrears at the year end of around 0.47% of rent roll (March 2009: four tenants, 0.01% of rent roll).

Taxation

The tax provision on the income statement for the year is only £0.2 million (2009: £0.1million credit) 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 low level of taxable profits for the year meant the Group's underlying effective tax rate was around 1% (2009: minus1%). The Group complied with all relevant REIT tests for the year to 31 March 2010.

Dividend

The Board has declared two interim dividends totalling 8.0 pence per share (2009: 9.0 pence on a pro forma basis) which were paid in January and April 2010. Of these interim dividends, 3.8 pence per share is a REIT Property Income Distribution ("PID") in respect of the Group's tax exempt property rental business. Further information on the tax treatment of dividends can be found on the Group's website at www.gpe.co.uk/investors/reits/

Outlook

London's property investment recovery gathered pace over the past six months, supported by the significant volume of capital competing for a limited number of assets. For the recent rise in capital values to be sustainable, further growth in rental values is important and, helpfully, conditions are improving at the prime end of the London office leasing market. We are also seeing encouraging signs of life across the broader leasing market and, absent an economic setback, we expect office rents to rise selectively during the second half of 2010.

Great Portland Estates is in good shape. We have navigated our way through the depths of the global financial crisis and emerged in an enviably strong market position. In particular, we reduced our development exposure ahead of the storm, degeared the balance sheet through sales and raised capital to exploit weak market conditions, all of which is now committed in new opportunities.

Today, with a supportive medium-term market outlook, we have started to deliver one of London's most exciting development programmes and, with one of the lowest gearing levels of all listed property companies, we have ample financial firepower both to finance our development aspirations and make the most of acquisition opportunities as we find them.

These attributes, along with our high quality assets and motivated team, all support our expectation of future outperformance from Great Portland Estates.

Our people

Achieving our strategic priorities

Achievement of our strategic priorities is dependent upon our ability to attract, develop, motivate and retain talented employees. To facilitate this, our objectives are:

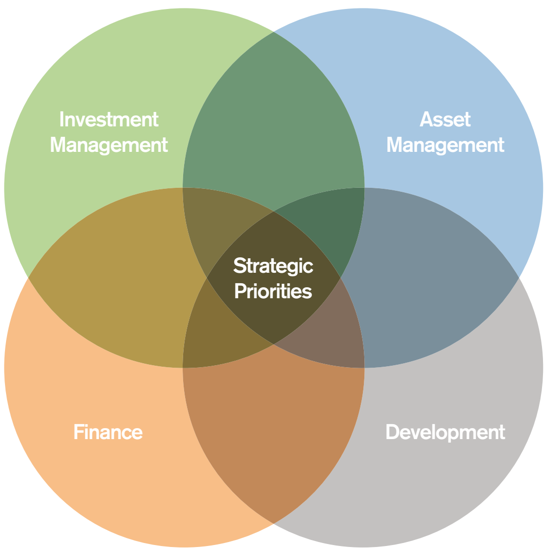
- to create an environment where employees are well motivated and have a strong belief in the Group, its strategy and its core values;
- the retention and development of our people who are critical to the business;
- well constructed and fair reward systems which incentivise superior performance and align employees' and shareholders' interests;
- to ensure continual improvement of the skills and competency of our employees at all levels and across all disciplines;
- to match the right people to the right roles and take action where there are gaps; and
- to empower our people to maximise their potential.

Key to our achievement of these objectives is:

- regular and effective communication;
- a clear, performance orientated appraisal and remuneration process; and
- a structured staff development and training programme.

Our team

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



Acquisitions case study P6←

Marcol House case study P8←

Investment management

Our Investment Management team are responsible for sourcing new assets through acquisition or the creation of new joint venture arrangements. They also generate, report on and execute strategies for existing assets within the portfolio, including hold/sell decisions working closely with the Asset Managers and Development Managers in respect of the individual asset business plans. During the year, our Head of Investment Management joined the Executive Committee as Investment Director and an additional Investment Manager was recruited to help to seek out and evaluate suitable investment propositions.

High tenant retention case study P10←

Asset management

Our Asset Managers and Head of Leasing are responsible for the net income return of our assets and the efficient day-to-day operations of our buildings. Actively engaging with tenants in respect of their changing needs, they ensure timely discussions in respect of new lettings, renewals and rent reviews. In conjunction with the Development team they help to ensure that vacant possession can be achieved for the proposed timing of our developments, wherever possible relocating tenants to other buildings within our portfolio. Our Asset Managers also involve our Head of Financial Reporting and Analysis, to review the strength of prospective tenants' covenants. With a growing number of assets under management, an additional Asset Manager was recruited during the year.

Part of the way we consider that we are best able to serve our tenants is through our in-house building management team with regular inspections of our buildings to ensure consistently high service levels and, with a dedicated help desk, enable emergency and minor repairs to be undertaken on a timely basis. The Building Managers also liaise closely with both our Health & Safety Environmental Manager and Facilities Manager who undertake site visits with the Building Managers on a rolling basis.

Development

Refreshing the fabric of our portfolio is an essential part of the life cycle of our assets, and our Development team manage this process from small scale refurbishments to large scale redevelopments. The Development Managers' primary responsibility is for the delivery of development projects in accordance with an asset's business plan including negotiations with the relevant planning authorities and liasing with the Project Managers on the procurement process. Our Health & Safety and Environmental Manager and Head of Leasing are involved early in the process to ensure health and safety issues are managed effectively and that tenant requirements are appropriately incorporated into the design with letting campaigns timed to ensure maximum impact. In preparation for our growing development pipeline, in March 2010, we recruited an additional Development Manager. The Group's Project Managers and Building Surveyors working on both new builds and the Group's rolling refurbishment programmes are responsible for the procurement process, budgetary and documentary control and monitoring requirements with statutory authorities as well as complying with legislation. To increase the efficiency of our buildings, the Project Managers and Building Surveyors work closely with the Asset Managers and our Energy Manager to identify where improvements can be incorporated in current works or planned into future works and each development is continually reviewed throughout the project to identify ways to maximise efficiency and promote sustainable resource use. Our Development Accountant works closely with the Development and Project Managers in the monitoring of costs and reporting on the financial performance of Group's development and major refurbishment projects.

Woolyard case study P12←

Finance

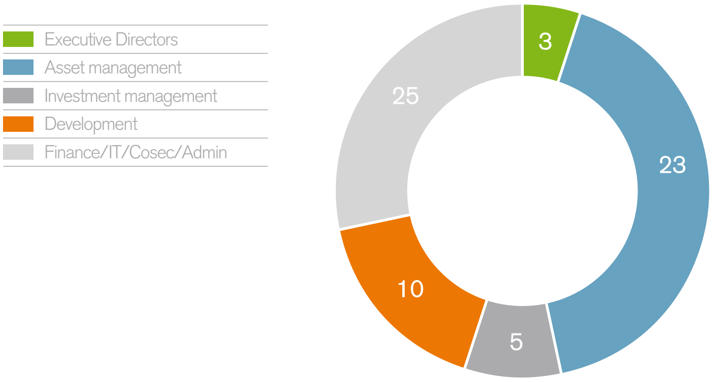
The Finance team incorporates a variety of roles from pure accounting to the provision of insurance for our tenants and it supports all aspects of the wider business. As part of our in-house property management service, our Service Charge Accountant generates the annual service charge budget and reconciliations with input from the Asset Managers, Building Surveyors and the Health & Safety and Environmental Manager. Our Insurance Manager ensures that our tenants benefit from the economies of scale achieved from our insurance policy buying power communicating with the Asset Managers and the Development Managers as appropriate. Our Accounts Payable team ensure that our suppliers are paid in accordance with the terms and conditions agreed between the Company and the supplier. Our Credit Controller carefully monitors the Group's cash collection and liaises with the Asset Managers where appropriate in respect of individual tenants. Working closely together, our Head of Financial Reporting and Analysis, Group Financial Controller and Joint Venture Accountant ensure timely reporting and liaison on the Group's activities, both internally and externally, and liaise with our Head of Tax and Treasury in respect to the Group's funding and hedging arrangements. Our Tax team is responsible for the Group's tax compliance and reporting requirements and play a key role in the acquisition and disposal of properties with the Investment Management team. Our IT team provide support across the Group and are responsible for regularly reviewing the Group's business continuity plan.

66

employees, all with clearly defined roles

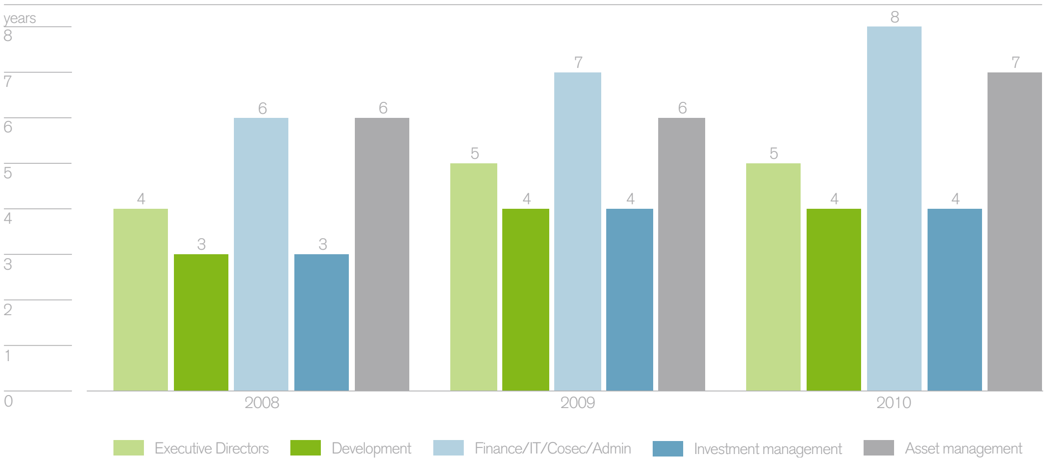
Our Company Secretarial team has responsibility for ensuring that proper corporate governance processes are in place for the Group and its joint ventures together with the co-ordination of the Group's corporate social responsibility activities. The team also has responsibility for all of the human resources related functions of the Group working to ensure that the Group's policies and procedures and appraisal process are effective.

Number of employees 2010



Retention, remuneration and training

Average period of service



94%

overall retention rate

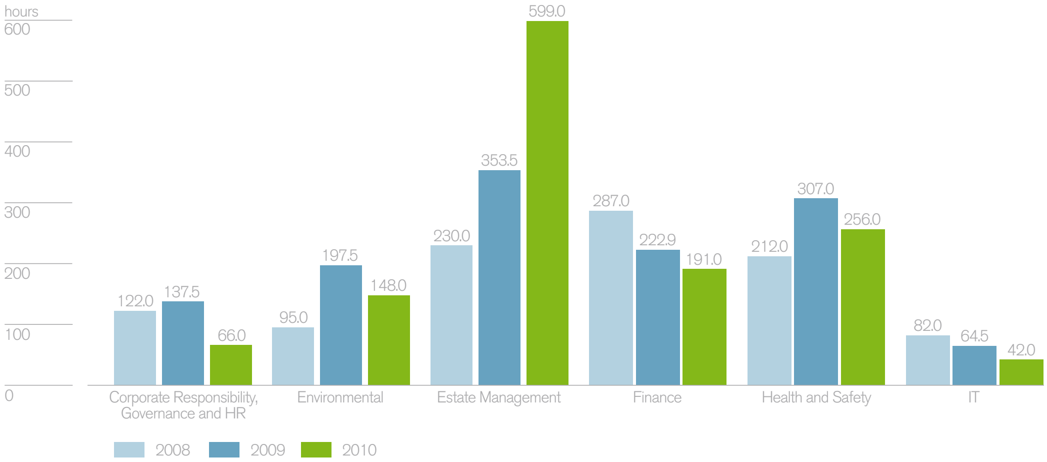
A significant proportion of remuneration for all employees is performance related, based on both corporate targets and personal objectives, with the intention of aligning the interests of our people with those of the Company and its shareholders. In 2010, subject to approval from HMRC and shareholders, it is proposed that all employees will be invited to participate in a Share Incentive Plan. We are pleased that our overall retention rate remains high at 94% per annum, excluding redundancies and retirements, with 16% of employees enjoying some form of flexible working practices including reduced and variable hours.

1,302

hours of training provided

The Company is committed to equal opportunities. Performance reviews are undertaken every six months. For 2010/11, a formal review of training has been undertaken by the Executive Committee to ensure that a training programme of both external courses and in-house seminars is available to employees to help to maximise employees' potential and contribution. The Company encourages career development through the provision of relevant training with funding and study leave to support professional development, including formal training for professional qualifications, external degrees and vocational skills. During the year £21,910 was invested in formal staff training providing 1,302 hours of training. Training programmes provided during the year included business related topics, key risk areas and personal skills development.

Total number of training hours



Communication

Meetings involving all employees are held on a quarterly basis to keep everyone up to date and involved in the Company's plans and activities and act as a forum for the Executive Directors to answer questions. Weekly meetings are held both across and within departments to ensure good communication throughout the Group. Meetings with non-office based personnel are also held weekly to ensure their involvement and to encourage the sharing of best practice. Key personnel from the Finance, Asset Management and Development teams are invited to provide their views to the Executive Committee at its weekly meeting on areas such as credit control, marketing to tenants, investment transactions and opportunities and development appraisals. From time to time, Senior Managers are also asked to present to the Board and Audit Committee on a variety of topics.

Employees are involved at all levels in the development of the Company's operating policies.

Employee remuneration, development and communication through the year

January/February	Market review and benchmarking of employee salaries.
February	Sustainability seminar for all employees to emphasise the importance of the Group's Sustainability Framework and objectives and targets.
	Following input from employees the CR Working Group finalise the Group's corporate sustainability objectives and targets for the forthcoming year and communicate to all employees.
	Employees are informed of the year end performance review process and the focus of objectives and targets for the forthcoming year.
March	Pre-performance review meeting held between Chief Executive, Company Secretary and Line Managers.
	Year end performance review held between Line Managers and employees and review of development needs and proposed training.
	Employees and Line Managers discuss and set personal objectives and targets for the forthcoming year.
	Executive Committee review salary levels vs. market review, performance against personal objectives and targets, proposed bonuses and proposed LTIP awards.
	Quarterly Review – formal presentation to all employees by the Chief Executive followed by a question and answer session.
April	Remuneration Committee review of remuneration for Senior Manager salary levels, bonuses, LTIP awards and employee corporate bonus target.
	Feedback from performance review from Line Managers to Executive Committee and proposed actions and review of employee training needs.
May	Achievement of the Group's sustainability objectives and targets for the previous year is communicated to all employees.
	Quarterly Review – formal presentation to all employees by the Chief Executive followed by a question and answer session.
September	Six monthly performance review of progress against personal objectives and targets held between Line Managers and employees and review of training undertaken and development needs.
	Quarterly Review – formal presentation to all employees by the Chief Executive followed by a question and answer session.
October	Feedback from performance review process from Line Managers to Executive Committee and review of action plan and review of training undertaken by Executive Committee.
November	Quarterly Review – formal presentation to all employees by the Chief Executive followed by a question and answer session.

Remuneration Development Communication

Risk management

The Group is subject to a wide variety of risk factors arising from the overall economic environment, demand and supply within the commercial real estate sector, international debt and equity markets as well as our own properties, tenants and suppliers.

The identification and mitigation of different forms of risk is at the heart of our operating framework. We implement an integrated method of risk management which is based on our cautious, analytical approach.

Drivers of risk appetite and mitigation measures

Drivers

- Alignment of interests with shareholders
- Conservative attitude to capital deployment
- Integrity of business conduct

Mitigation

- Focused market expertise
- Analytical rigour
- Detailed formal procedures and policies

Managing the risk

Procedures, people and internal controls

- High level risk assessment framework
- Extensive documentation to support decisions
- Defined performance indicators with sensitivity analysis
- Strict approval requirements
- Qualified and experienced personnel with specific roles
- External review of key controls

Policies for highlighting and controlling risk

- Investment return benchmarks
- Regular monitoring of business plans
- Development appraisal parameters
- Debt leverage, covenant compliance and liquidity limits
- Occupancy targets
- Leasing objectives and tenant selection
- Transparent disclosure to all parties

Operational committees for managing risks

- Executive weekly
- Leasing co-ordination weekly
- Investment weekly
- Asset management weekly
- Financial management weekly
- Environmental policy bimonthly
- Corporate responsibility quarterly

Oversight

- Board Meetings
- Audit Committee
- Remuneration Committee
- Executive Committee

Risk management

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

Risk and impact	Mitigation	Commentary	Change from last year
Market risk			
Central London real estate market underperforms other UK property sectors leading to poor relative financial results	Research into the economy and the investment and occupational markets is evaluated as part of the Group's annual strategy process covering the key areas of investment, development and asset management and updated regularly throughout the year.	Our market pages 17 to 19	→
Economic recovery falters resulting in worse than expected performance of the business given decline in economic output	Regular economic updates received and scenario planning for different economic cycles. Limited commitment to capital expenditure.	Our market pages 17 to 19	→
Investment			
Not sufficiently capitalising on market investment opportunities through difficulty in sourcing investment opportunities at attractive prices and poor investment decisions	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns.	Our market page 17 to 19 Investment management pages 20 and 21 Case studies pages 6 to 9	↑
Failure to maximise income from investment properties through poor management of voids, low tenant retention, sub-optimal rent reviews and inappropriate refurbishments	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments.	Asset management page 22 Case study pages 10 and 11	↓
Development			
Poor development returns relating to: – incorrect reading of the property cycle; – level of development undertaken as a percentage of the portfolio; – inappropriate location; – quality of the completed buildings; and – poor development management	See market risk above. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Working with agents, potential occupiers' needs and aspirations are identified during the planning application and design stages. All our major developments are subject to BREEAM ratings with a target to achieve a rating of "Very Good" on major refurbishments and "Excellent" on new build properties.	Development pages 22 to 23 Case study page 12 and 13	↑

Risk and impact	Mitigation	Commentary	Change from last year
Financial risks			
Limited availability of further capital constrains the growth of the business	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.	Our financial position pages 26 to 29 Note 14 forming part of the Group financial statements pages 90 to 93	↓
Adverse interest rate movements reduce profitability	Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives.	Our financial position pages 26 to 29 Note 14 forming part of the Group financial statements pages 90 to 93	↑
Inappropriate capital structure results in suboptimal NAV per share growth	Regular review of current and forecast debt levels.	Our financial position pages 26 to 29	→
People			
Incorrect level, mix and retention of people to execute our Business Plan Strategic priorities not achieved because of inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements. The Company has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and identification of training needs.	People pages 30 to 34 Remuneration report pages 62 to 72	↑
Regulatory			
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base and reduces flexibility	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies.	Environment and the portfolio pages 41 and 42 Property industry representation page 38	↑
Health and safety incidents Loss of or injury to employees, contractors or tenants and resultant reputational damage	The Company has dedicated Health & Safety personnel to oversee the Group's management systems which includes regular risk assessments and annual audits to proactively address key Health & Safety areas including employee, contractor and tenant safety.	Health and safety pages 43 and 44	→

Corporate responsibility

"We rolled-out the Group's Sustainability Framework to all employees in three interactive seminars. The feedback was excellent showing our teams are engaged in this important element of the Group's strategy."

Jonathan Walker
Head of Projects

Tenants and the Community P42→

Great Portland Estates recognises that managing and balancing environmental, social and economic issues is key to ensuring the long-term sustainability of its business and is integral to the Group's operating approach. During the course of the year ended 31 March 2010 the Group has:

– been actively involved on numerous committees within organisations serving to promote and develop the property industry;

– ensured employees had a clear understanding of the Group's Sustainability Framework and how the Group's corporate responsibility and sustainability objectives and targets should be incorporated into individual's personal objectives;

– fully achieved 24 out of 40 of its corporate responsibility and sustainability targets;

– continued its focus on improving the energy efficiency of its buildings; and

– consciously invested in the areas surrounding the Group's portfolio to maximise appeal to current and prospective tenants.

Board oversight

The Board has responsibility for the approval of policy relating to social, environmental and health and safety matters and is determined to apply high standards to social, environmental and ethical issues in all areas in which the Group operates including the management of the joint venture operations on behalf of the joint venture partners. The Group's alignment of corporate responsibility risks with its Corporate Responsibility Value Statement, strategy, and objectives and targets together with the Group's Health & Safety and Environmental policies are approved by the Board on an annual basis. In addition, the Board receives annual reports on the environment, health and safety and corporate responsibility and regular reports during the course of the year from Toby Courtauld and Timon Drakesmith on health and safety and environmental matters, where appropriate.

Property industry representation

Directors and senior management are encouraged to represent the Group's views and contribute to the development of the property industry.

Toby Courtauld is a member of the Management Board of the Investment Property Forum and Junior Vice President and member of the Policy Committee of the British Property Federation ("BPF") and will become President of the BPF in 2011. Timon Drakesmith is also a member of the Finance Committee with the Group's Head of Financial Reporting and Analysis and Insurance Manager serving on the BPF's Technical Accounting Group and Insurance Committee respectively. During the course of the year the BPF addressed a range of issues affecting the property industry including construction, sustainability, finance, regeneration, development, commercial and insurance matters. In December 2009, Toby Courtauld became a member The New West End Company Strategic Board.

Neil Thompson serves on the Operations Committee of the Westminster Property Association ("WPA") an association of property owners and their advisers in the City of Westminster which actively lobbies Westminster City Council and the London Mayor's office on a full range of planning related topics aimed at improving development within the West End. Neil Thompson is also a member of the management Board of the British Council of Offices involved in the research, development and communication of best practice in all aspects of the office sector, and a member of the Design Review panel of the Commission for the Built Environment ("CABE"), a government agency which aims to improve design standards on development throughout the United Kingdom.

"Excellence in Reporting"

Business ethics

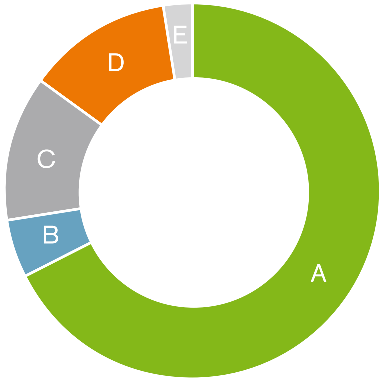
We aspire to the highest standards of conduct based on honesty and transparency in everything we do and our Ethics policy sets out the Company's core values and approaches in its relations with tenants, the local community, shareholders and other investors, employees, suppliers, and the government. All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

In October 2009, we were delighted to win PricewaterhouseCoopers Building Public Trust Award FTSE 250 "Excellence in Reporting".

Objectives and targets

Progress against our 40 corporate responsibility and sustainability targets

- A 90% – 100% met (27)
- B 70% – 80% met (2)
- C 50% – 70% (5)
- D Less than 50% met (5)
- E Energy figures still to be verified (1)



The Corporate Responsibility, Health & Safety and Environmental Working Groups chaired by Timon Drakesmith and including representatives from Development, Asset Management and Finance are responsible for the implementation and monitoring of progress of the Group's corporate responsibility and sustainability targets.

Great Portland Estates set a total of 40 corporate responsibility and sustainability targets at the beginning of 2009 covering the key areas of:

— our people;

— environment and the portfolio;

— tenants and the community;

— health and safety;

— suppliers; and

— investors.

Twenty-four of these were fully achieved. If targets have not been achieved, where relevant, these have been included again for 2010/2011 to emphasise our commitment. Details of the Group's 2009/2010 and 2010/2011 objectives and targets can be found on the Company's website at www.gpe.co.uk/corporate_responsibility/. To ensure the highest level of achievement, where appropriate, elements of the Group's objectives and targets are also included within individual employees' objectives and targets.

The Group's achievement against its corporate responsibility and sustainability targets together with the corporate responsibility activities contained within this report, is independently verified by Bureau Veritas.

"We are reducing our reliance on landfill. Through active waste management across our managed portfolio, in the year ended 31 March 2009 we diverted 42% of waste from landfill sites. By actively engaging with our cleaning contractors in the year to 31 March 2010, this was increased to 52% and we aim to improve this total even further."

Samantha Keane
Facilities Manager

How we performed against our key corporate responsibility objectives

To ensure employee personal development through relevant training.	– An average of 2.5 days training per employee provided. – 148 hours of environmental and sustainability training. – 256 hours of health and safety training.
To raise employee awareness of the importance of sustainability throughout the organisation and how it can assist in achieving our long-term business objectives.	– Sustainability objectives and targets circulated to all employees. – All employees asked to incorporate sustainability objectives and targets into their personal objectives. – Training provided to all employees on the Group's Sustainability Framework.
To monitor and seek to reduce resource consumption:	
(a) ensure existing EPC ratings improved on all refurbishments;	– Our only refurbishment affecting an EPC rating was the refurbishment of Percy House where we improved our rating from a D to a C (compared to the benchmark F rating).
(b) to reuse or recycle 70% of waste produced for projects covered by Site Waste Management Plans.	– Our refurbishment of Kent House was the only project covered by a Site Waste Management Plan – with over 85% of waste recycled.
To encourage all employees and consultants to adopt similar environmental policies and standards to the Group.	– All contractors and consultants appointed during the year were required to comply with our environmental policy.
To procure timber used on developments and refurbishments from Forest Stewardship Council certified sources.	– At least 90% of timber used in projects during the year was certified by the Forest Stewardship Council ("FSC").
To improve and promote services to tenants.	– Building Managers visit properties at least once a week. – Asset Managers meet tenants at least twice per year either informally or through formal tenant meetings. – Tenant Guide now available to tenants online.

Environment and the portfolio

How we manage our environmental risks

The Group is committed to effective environmental management ensuring that it is focused around its core business objectives. Appropriate environmental policies are set to assist in "future proofing" the Group's portfolio against changes in legislation and adapting to evolving tenant demands. The Group's Environmental Policy Statement is reviewed annually by the Board and may be viewed on the Company's website at www.gpe.co.uk/corporate_responsibility/sustainability

During the year our proactive approach to sustainability issues was reflected by the Company being recognised as being one of the top ten environmental leaders within European listed property companies by the APG Asset Management Environmental Real Estate Survey of Maastricht University.

The Environmental Policy Committee chaired by Toby Courtauld and including Timon Drakesmith and Senior Managers from across Development, Asset Management and Finance is responsible for the strategic direction of the Group's environmental policies, monitoring changes in legislation and best practice guidance. During the year the Environmental Policy Committee:

– considered the reporting requirements of the Carbon Reduction Commitment Energy Efficiency Scheme;

– reviewed Energy Performance Certificate ratings achieved across the portfolio;

– instigated the creation of Energy Action Plans for each building;

– ensured green clauses were implemented into our standard leases;

– approved the implementation of the Group's Tenant Guide on the Company website;

– continued to prioritise the purchasing energy on green tariffs; and

– reviewed DEFRA reporting guidelines to ensure that our reporting methodology accords with best practice guidelines.

An Environmental Working Group chaired by Timon Drakesmith, the Finance Director and made up of senior representatives of each department meets on a quarterly basis and monitors the Group's compliance with environmental legislation and best practice and reports to the Environmental Policy Committee throughout the year and the Board annually.

"We are ready for the Carbon Reduction Commitment Energy Efficiency Scheme. Although not required to participate in phase one, we have taken steps to ensure that appropriate procedures are in place to prepare for our likely inclusion in phase two."

Joanna Beswetherick
Energy Manager

Investment management

Prior to a property acquisition an environmental due diligence report is undertaken together with mechanical and electrical surveys to identify plant and equipment inefficiencies. Information is also requested on energy capacity to assess whether current and potential future tenant needs will be met.

Asset management

The Group's Environmental Management System is controlled and administered by the Health & Safety and Environmental Manager and is audited by external consultants on a regular basis. Our Environmental Management System is designed to operate in line with ISO14001 incorporating an online task manager to ensure that statutory checks are undertaken as appropriate with a gap analysis being undertaken periodically to ensure that it is developed and updated in accordance with accepted standards. All contractors are required to comply with the Group's environmental policy statement and external consultants also carry out environmental checks on all managed properties on an annual basis.

Energy and water consumption is monitored by our Energy Manager with the data externally verified by Bureau Veritas and disclosed on the Company website. During the year, our reporting methodology has been reviewed in line with DEFRA reporting standards and the Greenhouse Gas Protocol. As part of our goal to ensure transparent reporting we also monitor and record levels of waste disposed of to landfill, recycling and waste to energy recovery. We have consistently reduced the percentage of waste sent to landfill since 2008 and continue to set stretching targets to further reduce this total.

Development

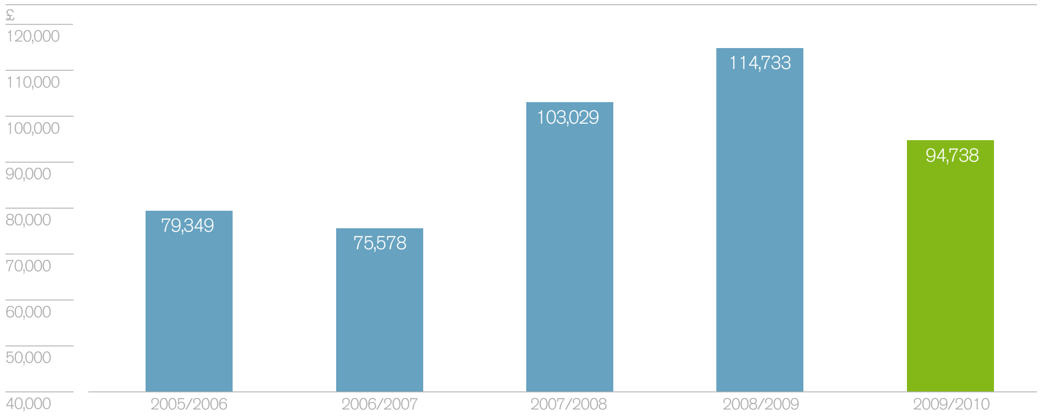
All our major developments are subject to BREEAM rating with a target to achieve a rating of "Very Good" on major refurbishments and "Excellent" on new build properties with energy efficiency, water conservation and waste minimisation facilities considered at the design phase. In 2009, we achieved a "Very Good" rating for our Wells & More development in London, W1 and our Woolyard development in Bermondsey, SE1.

Obtaining energy supplies is a key risk to all developments and during the year our Head of Projects, Jonathan Walker, chaired a WPA working party working with EDF to establish a best practice guide to ensure timely connection. Each development is continually reviewed throughout the project to identify ways to maximise energy efficiency and promote sustainable resource use. We have set targets to carry out post-occupancy reviews of developments six months after occupation to ensure that design efficiencies continue to make energy savings once the building is occupied. We aim to increase Energy Performance Certificate ratings by a minimum of one grade for refurbishments and to achieve a minimum of a B rating on all new developments. We continue to ensure that at least 90% of timber used in development and refurbishment schemes come from FSC certified sources or equivalent.

Tenants and the community

The Group recognises that local initiatives are important in enhancing various aspects which serve to improve and promote central London, and supports a number of groups including the Westminster Property Association, Westminster City Council, Transport for London and the New West End Company in their work to address issues such as planning, transport and security. In respect of the New West End Company, the Group has made voluntary contributions to match those of the Group's tenants to support its activities to ensure London's West End continues to be unsurpassed as a leading destination around the globe. Key activities include new signage to help visitors find their way in and around the West End, a diagonal crossing for Oxford Circus reducing congestion and improving pedestrian traffic flow and enhancements to the environment surrounding Marble Arch and an improvement to the accessibility between Hyde Park and Oxford Street, W1. In addition, in partnership with Westminster City Council and various retailer associations, we have provided sponsorship for activities such as West End Live and decorations at Christmas at Jermyn Street, W1 as well as contributing to the property sector charity, Land Aid. Mindful of supporting communities local to our portfolio we have also continued to provide sponsorship to the Bermondsey Street festival.

New West End Company contributions



256
hours health and safety training

The Group has continued with its tradition of encouraging staff to be involved in, and of supporting, charitable activities. In particular, the Group targets charities involved in health, the homeless and the community, and, where practicable, allows temporarily vacant buildings to be occupied, at no cost, by charities seeking premises. In partnership with Westminster Education Authority, through a Primary School Volunteer scheme, 18% of the Group's employees have participated for a fifth year in helping pupils at St. Vincent's school in Marylebone to improve their reading.

Asset management

During the year, mindful of supporting local artists, we were able to relocate a young theatre group, Theatre Delicatessen from Marcol House, W1 where we wished to start work on the development to an empty building within the Group's portfolio, providing sponsorship in kind by waiving our rent. At Piccadilly Arcade, W1 whilst units were vacant during refurbishment works we provided exhibition space for a London born artist to show his current works.

Development

Principal contractors on all developments and major refurbishments continue to be required to register our sites with the Considerate Constructors' Scheme and where scores fall below expected standards, immediate remedial action is taken.

Newsletters were produced for Bermondsey Street, SE1 and other major refurbishments conducted during the year with regular meetings also held with tenants to provide feedback to contractors on performance.

Health and safety

Great Portland Estates is committed to managing health and safety to a consistently high standard.

The Group employs a Health & Safety and Environmental Manager who reports directly to the Finance Director, Timon Drakesmith. The Health & Safety and Environmental Manager has responsibility for overseeing all statutory health and safety compliance matters for the Group. To assist compliance, the Group operates policies and procedures in line with ISO18001 requirements. During the year, the health and safety management system was upgraded to include an online task manager system, to improve monitoring and assessment of health and safety standards across the portfolio with compliance levels reported at the Health and Safety Working Group on a quarterly basis. In addition, each managed property has its fire safety, water safety, asbestos management and disability access reviewed and audited on an annual basis by external consultants.

256 hours of health and safety training were provided during the year including seminars on corporate manslaughter, accident investigation and contractor management. In addition induction training, which is provided to all new employees, includes information on health and safety issues.

zero

number of employee days off work from injury

Investment management

Prior to acquisition, detailed surveys are undertaken of new properties to ensure that, where possible, hazardous materials and health and safety risks are identified and are dealt with as soon as practicable on completion.

Asset management

Contractor management is a key health and safety risk to the Group. All contractors are required to be externally accredited and the Group's Permission to Work system for contractors includes the vetting of risk assessments and method statements to ensure contractors are capable of working to the high standards set by the Group. Our key performance indicators, administered by our Facilities Manager, include a health and safety rating which is reviewed on a monthly basis. Failure to achieve specified levels will lead to a suspension and possible termination of a contract.

All accidents and incidents occurring in areas managed by the Group are recorded and reported and appropriate action is taken. A formal investigation of all accidents is conducted by the Health & Safety and Environmental Manager. During the year end 31 March 2010 there were two reportable accidents arising from the Group's activities.

Health and safety statistics

	2008	2009	**2010**
Number of RIDDOR reportable injuries	2	1	**2**
First aid injuries	8	6	**5**
Three day injuries	2	1	**1**
Work related fatalities	0	0	**0**
Number of Enforcement Agency prosecutions or fines	0	0	**0**
Number of prohibition notices	0	0	**0**
Employee accidents and incidents	1	3	**0**
Number of employee days off work from injury	0	0	**0**

Development

All consultants and principal contractors are required to complete a competency review in line with Healthy and Safety Executive Guidance under the Construction (Design and Management) Regulations 2007. Where building works are being carried out with tenants in situ our Health & Safety and Environmental Manager Building Managers and Project Managers liaise closely to ensure that any health and safety concerns are brought to the attention of contractors and dealt with in a timely fashion. Upon completion of developments Project Managers ensure that Building Managers are well briefed on site specific health and safety issues prior to handover and that issues identified are included on our online task manager.

Investors

The Board believes in the importance of effective communication. The Company seeks to improve investors' and potential investors' understanding of its objectives, strategy and performance. In the year to 31 March 2010, over 250 presentations were made by a combination of the Chief Executive, Portfolio and Finance Directors in order to explain the Group's business and financial performance and to answer questions. All such meetings are conducted within the guidance provided by the UKLA Listing and Disclosure Rules on the dissemination of price sensitive information.

The Company is a member of the FTSE4Good UK index, a benchmark index of companies which meets criteria set down by EIRIS (Ethical Investment Research Services) on environmental, social and corporate governance performance. The Company's approach to corporate governance is set out on pages 56 to 61.

FTSE4Good

Portfolio statistics at 31 March 2010

Lease profile

			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	21.4	(2.4)	19.0	3.8	1.0	4.8	23.8
		Retail	4.5	0.5	5.0	4.6	0.9	5.5	10.5
	Rest of West End	Office	4.1	–	4.1	7.4	(0.8)	6.6	10.7
		Retail	2.7	0.6	3.3	4.9	0.3	5.2	8.5
	Total West End		**32.7**	**(1.3)**	**31.4**	**20.7**	**1.4**	**22.1**	**53.5**
	City and Southwark	Office	8.7	(0.2)	8.5	4.5	0.4	4.9	13.4
		Retail	0.9	0.5	1.4	0.2	–	0.2	1.6
	Total City and Southwark		**9.6**	**0.3**	**9.9**	**4.7**	**0.4**	**5.1**	**15.0**
Total let portfolio			**42.3**	**(1.0)**	**41.3**	**25.4**	**1.8**	**27.2**	**68.5**
Voids					1.9			1.0	2.9
Premises under refurbishment					0.1			6.8	6.9
Total portfolio					**43.3**			**35.0**	**78.3**

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	53.6	7.4	2.3	17.6	3.0	3.5
		Retail	62.8	6.6	0.3	75.5	9.2	0.7
	Rest of West End	Office	1.1	1.7	6.9	29.5	4.1	3.8
		Retail	3.8	3.0	8.4	79.0	11.7	-
	Total West End		**44.1**	**6.2**	**3.1**	**50.1**	**7.0**	**2.4**
	City and Southwark	Office	19.8	3.8	7.8	5.8	1.4	3.7
		Retail	72.2	9.7	2.3	36.7	6.6	5.8
	Total City and Southwark		**24.6**	**4.3**	**7.3**	**7.4**	**1.7**	**3.8**
Total let portfolio			**39.7**	**5.8**	**4.1**	**42.0**	**5.9**	**2.6**

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	43	38	23	36	4.3	5.3	4.6	5.4
		Retail	33	37	62	75	4.4	5.3	4.7	5.2
	Rest of West End	Office	36	35	36	32	4.4	4.4	5.9	5.8
		Retail	49	59	44	47	3.3	4.8	4.9	4.4
	Total West End		**41**	**39**	**38**	**40**	**4.2**	**5.1**	**5.1**	**5.2**
	City and Southwark	Office	30	29	30	32	6.4	6.1	7.0	7.0
		Retail	21	34	37	39	4.4	6.9	5.8	6.0
	Total City and Southwark		**29**	**30**	**30**	**32**	**6.2**	**6.2**	**6.9**	**6.9**
Total portfolio			**37**	**36**	**36**	**38**	**4.6**	**5.3**	**5.4**	**5.5**

Our properties and tenants

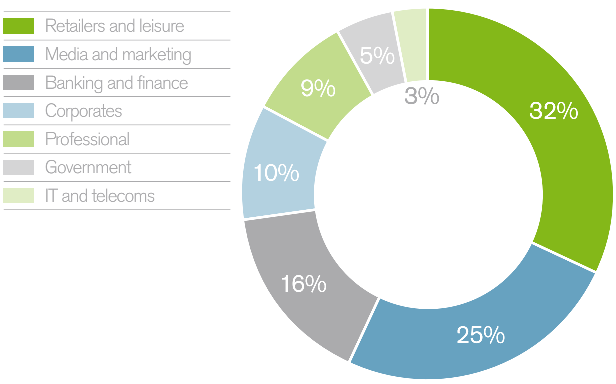
Ownership*	Property name	Location	Tenure	Net internal area
£50 million plus				
100%	Hanover Square Estate	Rest of West End	FH	105,800
100%	Wells & More	North of Oxford Street	FH	122,500
50%	Bishopsgate Estate	City and Southwark	FH	251,900
100%	60 Great Portland Street	North of Oxford Street	FH	93,500
100%	160 Great Portland Street	North of Oxford Street	FH	89,900
50%	508/540 Oxford Street	North of Oxford Street	LH	88,400
100%	90 Queen Street	City and Southwark	FH	68,400
£40 million – £50 million				
100%	20/30 Great Titchfield Street	North of Oxford Street	FH	66,900
100%	184/194 Oxford Street	North of Oxford Street	LH/FH	35,900
50%	Jermyn Street Estate	Rest of West End	LH	132,400
100%	Kent House, 14/17 Market Place	North of Oxford Street	LH	59,100
£30 million – £40 million				
100%	Marcol House, 289/295 Regent Street	North of Oxford Street	LH	102,500
100%	14/20 St Thomas Street	City and Southwark	FH	97,100
50%	Park Crescent West	North of Oxford Street	LH	129,300
50%	26/40 Kensington High Street	Rest of West End	FH	119,900
£20 million – £30 million				
100%	79/89 Oxford Street	Rest of West End	FH	43,900
50%	Wigmore Street Island Site	North of Oxford Street	FH	98,800
50%	100 Regent Street and 33 Glasshouse Street	Rest of West End	LH	53,100
100%	10/12 Cork Street	Rest of West End	LH	21,400
50%	19/25 Argyll Street	Rest of West End	LH	64,300
100%	78/92 Great Portland Street	North of Oxford Street	FH	49,400

*Ordered by our share of asset value

Top 10 tenants

	Name	Percentage of rent roll
1	Virgin Media	7.0%
2	The Engine Group	5.2%
3	Intesa Sanpaulo S.p.A	4.9%
4	New Look	3.8%
5	Fallon London	2.2%
6	Willis Group Services	2.0%
7	Austin Reed	1.8%
8	Fortis Investment Management UK	1.5%
9	Guy's and St Thomas's NHS Foundation Trust	1.3%
10	VNU Business Publications	1.3%

Tenant diversity including share of joint ventures



Ownership*	Property name	Location	Tenure	Net internal area
£10 million – £20 million				
50%	26/30 Broadwick Street	Rest of West End	FH	70,500
100%	27/35 Mortimer Street	North of Oxford Street	FH	30,900
50%	Walmar House, 288/300 Regent Street	North of Oxford Street	LH	52,200
50%	103/113 Regent Street	Rest of West End	LH	52,800
100%	24/31 Holborn	City and Southwark	FH	64,200
50%	126/130 Regent Street	Rest of West End	LH	30,800
100%	46/58 Bermondsey Street	City and Southwark	FH	46,800
50%	Park Crescent East	North of Oxford Street	LH	109,600
100%	28/29 Savile Row	Rest of West End	LH	15,300
100%	33/35 Gresse Street and 23/24 Rathbone Place	North of Oxford Street	FH	24,800
100%	6/10 Market Place	North of Oxford Street	FH	18,400
100%	14/28 Shand Street	City and Southwark	FH	56,400
100%	46/48 Foley Street	North of Oxford Street	FH	20,100
100%	37/41 Mortimer Street	North of Oxford Street	FH	24,700
50%	40/48 Broadway and 1/15 Carteret Street	Rest of West End	LH	72,600
Below £10 million				
100%	75 Bermondsey Street	City and Southwark	FH	25,100
50%	48/54 Broadwick Street	Rest of West End	FH	29,700
100%	32/36 Great Portland Street	North of Oxford Street	FH	12,900
100%	23/24 Newman Street	North of Oxford Street	LH	25,200
50%	59/63 Wells Street	North of Oxford Street	FH	25,300
50%	Fetter Lane Island Site	City and Southwark	FH/LH	53,600
50%	67/75 Kingsway	City and Southwark	FH/LH	29,400
50%	201/207 Kensington High Street	Rest of West End	FH/LH	17,600
50%	24/25 Britton Street	City and Southwark	FH/LH	49,300
50%	240 Blackfriars Road	City and Southwark	FH	–
100%	38/40 Eastcastle Street	North of Oxford Street	FH	11,200
50%	Kingsland House, 122/124 Regent Street	Rest of West End	LH	8,800
50%	183/190 Tottenham Court Road	North of Oxford Street	LH	11,900

Key
FH Freehold or virtual freehold
LH Leasehold

Directors

Martin Scicluna
BCom, FCA
Chairman, Non-Executive

Appointed to the Board on 1 October 2008 and became Chairman on 16 March 2009. Non-Executive Director and Chairman of the Audit Committee of Lloyds Banking Group and previously Chairman of Deloitte from 1995 to 2007. Age 59.

Chairman of the Nomination Committee.

Toby Courtauld
MA, MRICS
Chief Executive

With MEPC from 1991 to 2002, joined the Group and appointed to the Board in 2002. A Non-Executive Director of Liv-ex Limited and of the London Board of Royal & Sun Alliance and a member of the Management Board of the Investment Property Forum. Member of the Policy Committee and Junior Vice President of the British Property Federation and a director of The New West End Company. Age 42.

Timon Drakesmith
BSc, FCA
Finance Director

Formerly Group Director of Financial Operations at Novar plc, previously with Credit Suisse and Barclays. Joined the Group and appointed to the Board in 2005. Member of the Finance Committee of the British Property Federation. Age 44.

Neil Thompson
BSc(Hons), MRICS
Development Director

With Derwent Valley from 1996 to 2002 and previously with Legal & General. Joined the Group in 2002 and appointed to the Board in 2006. Member of the Management Board of the British Council of Offices, Council Member of the Westminster Property Association and member of the Commission for the Built Environment (CABE) design review panel. Age 42.

Charles Irby
FCA
Non-Executive Director

A Non-Executive Director of North Atlantic Smaller Companies Investment Trust and QBE Insurance Group Limited. Appointed to the Board in 2004. Age 64.

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

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

Non-Executive Director and Chairman of the Audit Committee of SIG plc and Non-Executive Director of DS Smith Plc. Formerly Group Finance Director of Old Mutual plc from 2006 to 2008 and previously Group Finance Director of Hanson plc. Appointed to the Board in 2009. Age 52.

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

Phillip Rose
MA, FFin, FSI
Non-Executive Director

Chief Executive Officer of Alpha Real Capital and a Non-Executive Director of Hermes Property Unit Trust. Head of Real Estate for ABN Amro from 2002 to 2005 and formerly Chief Operating Officer of TrizecHahn Europe and Managing Director of Lend Lease Global Investments. Appointed to the Board in 2005. Age 50.

Member of the Audit and Nomination Committees.

Jonathan Short
BSc, ACIB
Non-Executive Director

Founding Partner and Executive Chairman of Internos Real Investors LLP, a pan European real estate investment management business. Non-Executive Director of Big Yellow Group plc, Independent Director to the Grosvenor Shopping Centre Fund and Trustee and UK Chairman of the Urban Land Institute. Appointed to the Board in 2007. Age 48.

Member of the Audit and Remuneration Committees.

Report of the directors

Business review

The principal business of the Group is the investment in, and development of, freehold and leasehold properties. The information that fulfils the requirements of the Business Review can be found on pages 1 to 47, which are incorporated into this Directors' Report by reference. A review of the performance and development of the Group's business during the year including KPIs, the position at the year end and prospects, is set out in the sections covering our business and financial position on pages 20 to 29. A description of the principal risks and uncertainties facing the Group and how these are mitigated can be found on pages 35 and 37. Additional information on employees, environmental matters and social and community matters is included on pages 30 and 34 and on pages 38 to 44.

The purpose of the Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends for the year

The Group results for the year are set out on page 74. An interim dividend of 3.0 pence per share (2009: 4.0 pence) was paid on 5 January 2010, and a second interim dividend, in lieu of a final dividend, of 5.0 pence was paid on 1 April 2010, making a total dividend of 8.0 pence per share (2009: 12.0 pence, 9.0 pence rebased for the Rights Issue) for the year ended 31 March 2010.

Freehold and leasehold properties

A valuation of the Group's property portfolio at 31 March 2010 was carried out by CB Richard Ellis on the basis of market value which amounted to £772.9 million (2009: £794.7 million). The difference of £2.0 million between the book value and the market value relates to the capitalisation of finance leases in respect of the present value of future ground rents. No account has been taken of any additional value which may be attributed to the portfolio if it were to be grouped judiciously prior to sale.

Directors

Jonathan Nicholls was appointed a Non-Executive Director and Chairman of the Audit Committee by the Board on 10 July 2009 and is offering himself for election by shareholders for the first time at the Annual General Meeting. Jonathan Nicholls, who was Group Finance Director of Old Mutual plc from 2006 to 2008 and previously Group Finance Director of Hanson plc from 1998 to 2006, is a Non-Executive Director and Chairman of the Audit Committee of SIG plc and Non-Executive Director of DS Smith Plc. The Nomination Committee believe that the Board will benefit from Mr Nicholls's skills and experience and recommend his election as a Non-Executive Director.

The other directors whose names appear on pages 48 and 49 served as directors of the Company throughout the year to 31 March 2010. Neil Thompson, Charles Irby and Jonathan Short will retire by rotation at the Annual General Meeting and, following the Board evaluation process which confirmed their continuing effectiveness and commitment to the role, are offering themselves for re-election by shareholders on the recommendation of the Board. Biographical details of all the directors can be found on pages 48 and 49.

Directors' shareholdings

	At 31 March 2010 Number of shares	At 31 March 2009 Number of shares
Martin Scicluna	8,636	5,000
Toby Courtauld	472,780	229,214
Timon Drakesmith	144,124	58,410
Neil Thompson	164,538	71,196
Charles Irby	5,181	3,000
Phillip Rose	3,454	2,000
Jonathan Nicholls	10,000	–
Jonathan Short	13,455	7,790

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 2010 and 20 May 2010. No director had any interest in the Company's debenture stock nor in the shares of any subsidiary undertaking, or contract with the Company or any subsidiary undertaking (other than service contracts) during the year.

Directors' indemnities

On 14 September 2007, an indemnity was given by the Company to the directors in terms which comply with Company law and remains in force at the date of this report.

Corporate governance statement

The information fulfilling the requirements of the Corporate Governance Statement can be found in this Report of the directors and on pages 56 to 61, which are incorporated into this Report of the directors by reference.

Significant shareholdings

As at 10 May 2010, the Company had been notified of the following beneficial or discretionary interests amounting to 3% or more of the voting rights of the issued share capital:

	Number of shares	%
BlackRock, Inc	29,776,000	9.53
Westbrook Partners	17,169,962	5.49
Cohen & Steers, Inc	17,119,107	5.48
European Investors Inc	16,526,134	5.29
Standard Life Investments Limited	14,845,532	4.75
ING Clarion Real Estate Securities	11,479,512	3.67
Legal & General Investment Management Limited	11,121,701	3.56
Scottish Widows Investment Partnership	11,051,519	3.54

Share capital and control

The following information is given pursuant to section 992 of the Companies Act 2006. As at 31 March 2010, the Company's authorised share capital as stated in its Articles of Association comprised £75,000,000 divided into 600,000,000 ordinary shares of 12.5 pence. On 31 March 2010, there were 312,676,149 ordinary shares 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 P.L.C. LTIP Employee Share Trust (the "Trust") is an employees' share scheme which holds ordinary shares in the Company on trust for the benefit of employees within the Group. The Trustee of the Trust has the power to exercise all the rights and powers (including rights with regard to control of the Company) incidental to, and to generally act in relation to, the ordinary shares subject to the Trust in such manner as the Trustees in their absolute discretion think fit as if they were absolutely entitled to those ordinary shares.

As far as the Company is aware, there are no persons with significant direct or indirect holdings in the Company other than those noted above.

The 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.

Financial instruments

Details of the financial instruments used by the Group are set out in notes 1 and 14, which are incorporated into this Directors' Report by reference. The Group's financial risk management objectives and policies are included in the Risk management overview on page 35 and in Our financial position on pages 26 to 29.

Creditor payment policy

It is the Company's policy that suppliers be paid in accordance with those terms and conditions agreed between the Company and the supplier, provided that all trading terms and conditions have been complied with. For the year ended 31 March 2010, the average payment period for trade creditors was 34 days (2009: 30 days).

Essential contracts

The Company has no contractual or other arrangements which are considered essential to the business.

Charitable and other donations

Charitable donations for the year amounted to £44,992 (2009: £47,568); no contributions for political purposes were made.

Going concern

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Annual review on pages 1 to 47. The finances of the Group, its liquidity position and borrowing facilities are set out in Our financial position on pages 26 to 29 and in note 14 of the accounts on pages 90 to 93.

The directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review the Group has considered the Group's cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of tenant leases. On the basis of this review, and after making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Statement as to disclosure of information to auditors

So far as the directors who held office at the date of approval of this Directors' Report are aware, there is no relevant audit information of which the auditors are 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 auditors are aware of that information.

Auditors

A resolution to reappoint Deloitte LLP as auditors of the Company will be proposed at the Annual General Meeting.

Annual General Meeting

The Notice of Meeting on pages 104 to 106 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 8 comprise ordinary business and resolutions 9 to 16 special business.

Proposed Long-Term Incentive Plan

Resolution 9 will seek to approve the establishment of a new long-term incentive arrangement – the Great Portland Estates 2010 Long-Term Incentive Plan (the "2010 LTIP"). Further details of the proposed 2010 LTIP are given in the Directors' remuneration report on pages 62, 65 and 69 of the Annual Report and in the Circular dated 28 May 2010 which accompanies the Notice of Annual General Meeting.

All-employee share plans

Resolutions 10 and 11 will seek to approve the establishment of new all-employee share plans – the Great Portland Estates 2010 Share Incentive Plan (the "2010 SIP") and the Great Portland Estates 2010 Save As You Earn Scheme (the "2010 SAYE"). Further details of the proposed plans are given in the Directors' remuneration report on page 71 and in the Circular dated 28 May 2010 which accompanies the Notice of Annual General Meeting.

Authority to allot shares and grant rights

At the Annual General Meeting held on 9 July 2009, shareholders authorised the directors, under section 80 of the Companies Act 1985, to allot relevant securities without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2010 or, if earlier, on 1 October 2010. It is proposed 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 security into shares in the Company for a period expiring no later than 1 October 2011.

Paragraph (a)(i) of resolution 12 will allow the directors to allot ordinary shares up to a maximum nominal amount of £13,026,870 representing approximately one-third (33.33%) of the Company's existing issued share capital and calculated as at 19 May 2010 (being the latest practicable date prior to publication of this Report). In accordance with the latest institutional guidelines issued by the Association of British Insurers, paragraph (a)(ii) of resolution 12 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of resolution 12, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a Rights Issue to ordinary shareholders up to a maximum nominal amount of £26,053,740, representing approximately two-thirds (66.67%) of the Company's existing issued share capital and calculated as at 19 May 2010 (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 emerging best practice as regards its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI.

Resolution 12 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 2011.

Disapplication of pre-emption rights

Also at last year's Annual General Meeting, a special resolution was passed, under section 95 of the Companies Act 1985, empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. It is proposed that this authority also be renewed. If approved, the resolution will authorise the directors to issue shares in connection with a Rights Issue and otherwise to issue shares for cash up to a maximum nominal amount of £1,954,225 which includes the sale on a non pre-emptive basis of any shares the Company may hold in treasury for cash. The maximum nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 19 May 2010 (being the latest practicable date prior to publication of this report).

The directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three year period without prior consultation with the shareholders and the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

Resolution 13 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 2011.

Authority to purchase own shares

Resolution 14 will seek to renew the authority enabling the Company to purchase its own shares in the market. The maximum number of shares to which the authority relates is 46,870,154. This represents 14.99% of the share capital of the Company in issue as at 19 May 2010. The directors intend to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 14 is passed at the Annual General Meeting, the Company will have the option of holding as treasury shares any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the Company with additional flexibility in the management of its capital base. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares. Any shares purchased by the Company under this authority would be cancelled unless the shares are being purchased by the Company to hold and resell as treasury shares.

The price paid for ordinary shares will not be less than the nominal value of 12.5 pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days' preceding the day on which the ordinary shares are purchased and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003.

There were no purchases of shares by the Company during the year. At 31 March 2010, the number of shares which may be purchased under the shareholders' authority given at the 2009 Annual General Meeting, following the Rights Issue was 46,870,154 based on shares in issue of 312,676,149.

At 19 May 2010, the Company held no shares in treasury.

Resolution 14 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2011.

Principal changes to the Company's Articles of Association

It is proposed in Resolution 15 to adopt new Articles of Association (the New Articles) in order to update the Company's current Articles of Association (the Current Articles), primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the Shareholders' Rights Regulations) and the implementation of the last parts of the Companies Act 2006 (CA 2006).

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the CA 2006, the Shareholders' Rights Regulations or market practice have not been noted.

1. The Company's objects

Prior to 1 October 2009, the provisions regulating the operations of the Company were set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contained, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope. The CA 2006 significantly reduces the constitutional significance of a company's memorandum, providing that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the Company. Under the CA 2006, the objects clause and all other provisions which are contained in a company's memorandum are deemed to be contained in the Company's Articles of Association, but the Company can remove these provisions by special resolution.

Further, the CA 2006 states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause, together with all other provisions of its memorandum which, by virtue of the CA 2006, are now treated as forming part of its Articles of Association. Resolution 15(a) confirms the removal of these provisions. As the effect of Resolution 15(a) will also be to remove the statement currently in the Company's Memorandum and Articles of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. Authorised share capital and unissued shares

The CA 2006 abolishes the requirement for a company to have an authorised share capital, and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the CA 2006, save in respect of employees' share schemes.

3. Redeemable shares
Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption, whereas the CA 2006 enables directors to determine such matters themselves, provided that they are authorised to do so by the articles. The New Articles contain such an authorisation for the directors. The Company has no plans to issue redeemable shares but, if it did so, the directors would need shareholders' authority to issue new shares in the usual way.

4. Suspension of registration of share transfers
The Current Articles permit the directors to suspend the registration of share transfers. This power has been removed in the New Articles because it is inconsistent with the CA 2006, which requires share transfers to be registered as soon as practicable.

5. Notice of general meetings
The Shareholders' Rights Regulations amend the CA 2006 to require the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual General Meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

6. Adjournments for lack of quorum
Under the CA 2006, as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least ten clear days after the original meeting. The New Articles amend the provisions of the Current Articles to reflect this requirement.

7. Electronic conduct of meetings
Amendments made to the Companies Act 2006 by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The Current Articles have been amended to reflect more closely the relevant provisions.

8. Chairman's casting vote
The New Articles remove the provision in the Current Articles giving the Chairman a casting vote in the event of an equality of votes, as this is no longer permitted under the CA 2006.

9. Voting by proxies on a show of hands
The Shareholders' Rights Regulations have amended the CA 2006 so that it now provides that, subject to a company's articles, each proxy appointed by a member has one vote on a show of hands, unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles amend the provisions of the Current Articles to reflect these changes, and to clarify the procedure to be followed if a proxy is appointed by more than one member and is given discretion as to how to vote by one or more of those members.

10. Voting record date and proxy appointment deadline
Under the CA 2006, as amended by the Shareholders' Rights Regulations, the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days that are not working days. The CA 2006 also allows companies to set a time limit for the receipt of proxy appointments and related documents that is not more than 48 hours before the time for the holding of the meeting, not taking account of days that are not working days. The New Articles amend the Current Articles to reflect these provisions.

11. Voting in accordance with instructions
Under the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. For the avoidance of doubt, the New Articles contain a provision stating that the Company is not obliged to check whether a proxy or corporate representative has voted in accordance with the members' instructions.

12. Vacation of office by directors
The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills except that a director will only be required to vacate office if the Board resolves he should do so.

13. Powers of directors
The New Articles include updated provisions, in line with common practice, allowing the directors to exercise all the powers of the Company to establish and maintain any employees' share schemes, share option schemes or share incentive schemes.

14. Change of name
Prior to 1 October 2009, a company could only change its name by special resolution, but now, under the CA 2006, a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

15. Capitalisation of reserves – employees' share schemes
The New Articles include a new provision, in line with market practice, that clarifies the approach the Company would intend to take to the capitalisation of reserves in the context of employees' share schemes.

16. Provision for employees on cessation of business
The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the Company's articles or by the Company in general meeting. The New Articles provide that the directors may exercise this power.

17. General
Generally, the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles to the language used in the CA 2006.

Notice of general meetings
Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual General Meetings will continue to be held on at least 21 clear days' notice.)

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an Annual General Meeting on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 16 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

The flexibility offered by this resolution will be used where, taking into account the circumstances, the directors consider this appropriate in relation to the business to be considered at the meeting and in the interests of the Company and shareholders as a whole.

Recommendation
The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

By order of the Board

Desna Martin
Company Secretary
20 May 2010

Corporate governance

Statement by the directors on compliance with the provisions of the Combined Code

The Board is committed to maintaining a high standard of corporate governance.

A summary of the system of governance adopted by the Company is set out below. Throughout the year ended 31 March 2010, the Company fully complied with the Code provisions set out in section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008.

The Board of directors

The Board comprises the Chairman, three Executive Directors and four Non-Executive Directors. The Chairman is responsible for the effectiveness of the Board, and the Chief Executive for the day-to-day management of the Company, with the division of responsibilities approved by the Board.

The Board is responsible to shareholders for the management and control of the Group's activities and good corporate governance.

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

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

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

– reviewing the Group's property valuation;

– significant financing arrangements;

– examining major potential acquisitions and disposals;

– approval of major developments;

– interim, half year and annual reporting to shareholders;

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

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

– corporate governance and Board evaluation.

At least once a year the Board reviews the nature and scale of matters reserved for its decision. The Chairman and the other Non-Executives meet regularly without the Executive Directors, and at least twice a year the Non-Executives meet without the Chairman. In addition, individual directors meet regularly outside the formal Board meetings as part of each director's contribution to the delivery of the Company's strategy and review of operations. The Executive Directors meet weekly as the Executive Committee, chaired by the Chief Executive, to deal with the ongoing management of the Group with copies of the minutes of these meetings distributed to the Chairman and Non-Executive Directors.

The biographies of all members of the Board are set out on pages 48 and 49. Martin Scicluna is Non-Executive Chairman of the Board, Toby Courtauld is Chief Executive and Charles Irby is the Senior Independent Director. Each of the Non-Executive Directors is considered to be independent of the executive management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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. All directors have access to the advice and services of the Company Secretary, who is responsible to the Chairman on matters of corporate governance. The directors may, at the Company's expense, take independent professional advice and are offered formal training in specific areas relevant to either their speciality or Committee roles or to the Board as a whole. On appointment, Non-Executive Directors, who are expected to provide a time commitment to the Company of at least 24 days a year, are provided with a detailed induction programme on the Company's operations, including social, ethical and environmental matters, and meet with senior management as part of a guided tour of the Group's main properties.

Conflicts of interest

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

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

	Board – scheduled (7 meetings)	Board – other (10 meetings)[1]	Nomination Committee (3 meetings)	Remuneration Committee (9 meetings)	Audit Committee (6 meetings)
Chairman					
Martin Scicluna	7	10	3	–	–
Executive Directors					
Toby Courtauld	7	9	–	–	–
Timon Drakesmith	7	8	–	–	–
Neil Thompson	7	10	–	–	–
Robert Noel[2,3]	3(5)	6(9)	–	–	–
Non-Executive Directors					
Charles Irby[2,4]	6	7	1(1)	7	5
Jonathan Nicholls[2,5]	4(4)	5(6)	–	6(6)	5(5)
Philip Rose	7	9	3	–	6
Jonathan Short	7	9	–	8	6
Kathleen O'Donovan[2,6]	3(3)	4(4)	2 (2)	3(3)	1(1)

1 Due to the extent of corporate activity in 2009/10, there were an unusually high number of Board meetings, many called at short notice.
2 The number in (parentheses) indicates the maximum number of meetings the director could have attended.
3 Robert Noel resigned from the Board on 17 September 2009 with effect from 31 December 2009 and by mutual agreement did not attend any Board meetings in the period from 17 September to 31 December 2009.
4 Due to a longstanding commitment, Charles Irby was absent from the UK for three weeks in May 2009. During this period Kathleen O'Donovan, as Senior Independent Director, chaired the Remuneration Committee. Charles Irby was not appointed to the Nomination Committee until 10 July 2009 following Kathleen O'Donovan's retirement from the Board.
5 Appointed as a Non-Executive Director on 10 July 2009.
6 Retired from the Board on 9 July 2009.

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

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

Board performance evaluation

The Board undertakes a formal internal evaluation conducted by the Senior Independent Director of its own performance and that of its Committees and individual directors annually, alternated with an evaluation, at least every fourth year, conducted by external consultants.

This year, the performance evaluation was undertaken internally and involved each director, including the Chairman, completing a comprehensive questionnaire and then having one-to-one interviews with Charles Irby as the Senior Independent Director assisted by Desna Martin as the Company Secretary. The process covered Board, Committee and personal performance. The output including the results of the questionnaire; a summary of the interviews; and the recommendations and actions required, was reviewed at the March 2010 Board meeting as part of a wider corporate governance review. Overall, it was concluded that the Board and its Committees continued to operate effectively with appropriate procedures put in place for minor areas identified for improvement.

Committees of the Board

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

The Chairman of each Committee reports the outcome of the meetings to the Board.

Nomination Committee

Month	Principal activities
April 2009	Succession planning in connection with Kathleen O'Donovan's potential retirement from the Board at the 2009 Annual General Meeting
June 2009	Recommendation to the Board of the appointment of Jonathan Nicholls as Non-Executive Director and Chairman of the Audit Committee, appointment of Charles Irby as Senior Independent Director and Committee memberships with effect from 10 July 2010
February 2010	Review of Committee memberships and reappointments to the Board for proposal at the 2010 Annual General Meeting

The Nomination Committee comprises Martin Scicluna (Chairman), Charles Irby and Phillip Rose. It undertakes an annual review of succession planning and ensures that the membership and composition of the Board, including the balance of the skills, continue to be appropriate. In making recommendations to the Board on Non-Executive Directors, it specifically considers the expected time commitment of the proposed Non-Executive and other commitments they already have. Agreement of the Board is also required before a Non-Executive Director may accept any additional commitments to ensure possible conflicts of interest are identified and which could affect their time available to devote to the Company.

Non-Executive Directors are not appointed for specified terms but are subject to re-election by the shareholders at least every three years. Under the Articles of Association, a director will retire from office at the third Annual General Meeting following the Annual General Meeting at which he was appointed or last reappointed and all proposed reappointments to the Board are formally considered by the Nomination Committee in respect of each individual's continued effectiveness and commitment to the role.

At the beginning of 2009, in anticipation of Kathleen O'Donovan retiring from the Board at the 2009 Annual General Meeting, the Nomination Committee considered a short list of candidates provided by external recruitment consultants for the role of Chairman of the Audit Committee. Following an interview and selection process, the Nomination Committee recommended the appointment of Jonathan Nicholls, who was Group Finance Director of Old Mutual plc from 2006 to 2008 and previously Group Finance Director of Hanson plc, as a Non-Executive Director with effect from 10 July 2009.

Remuneration Committee

Month	Principal activities
April/May 2009	Review of performance and remuneration • Review of: – year end appraisals of Executive Directors and Senior Managers below Board level and their objectives and targets set for forthcoming year – Senior Manager bonuses – Senior Manager salary, bonus and long-term incentive levels for forthcoming year • Approval of: – Executive Director bonuses – Executive Director salary, bonus and long-term incentive levels for forthcoming year – Executive Director and employee corporate bonus plan targets
May 2009	Approval of the 2009 LTIP and SMP awards
July 2009	Review of the 2006 LTIP and SMP performance and vesting of awards
September 2009	Review of executive remuneration arrangements Approval of a change in the corporate measure under the Employee Bonus Plan
January 2010	Appointment of PricewaterhouseCoopers as remuneration consultants Review of executive remuneration arrangements
February/March 2010	Review of proposed changes to executive remuneration
April/May 2010	Consultation with major shareholders, the ABI and RiskMetrics of proposed changes to executive incentive arrangements

The Remuneration Committee comprises Charles Irby (Chairman), Jonathan Short and Jonathan Nicholls. Martin Scicluna, in his role as Chairman, also attends key meetings relating to remuneration of the Executive Directors. The Remuneration Committee has responsibility for determining the remuneration, bonuses, long-term incentive arrangements, contract terms and other benefits in respect of the Executive Directors, approval of remuneration arrangements for senior employees and the remuneration of the Chairman. It also reviews the framework for the remuneration of all other employees and has access to professional advice outside the Company, as required. Its role is described further in the Directors' remuneration report on pages 62 to 72.

Audit Committee

Month	Principal activities
May 2009	Review of year end results • Review of Annual Report/Preliminary Announcement • Meeting with the Valuers • Meeting with the Auditors • Review of internal controls and risk management process
July 2009	Review of Interim Management Statement • Meeting with the Valuers
September 2009	Annual planning meeting • Meeting with the Auditors Review of: – Audit Plan – effectiveness and independence of the auditors – 2009 management letter – control environment review – audit/non-audit fees – accounting and reporting requirements Approval of policy for non-audit work by the auditors
October 2009	Review of half year results • Review of half year result announcement • Meeting with the Valuers • Meeting with the Auditors • Review of internal controls and risk management process • Review of pension plan annual accounts • Review of relationship between the auditors and GPE management
January 2010	Review of Interim Management Statement • Meeting with the Valuers
February 2010	Year end planning update • Meeting with the Auditors Review of: – Audit Plan update – developments in accounting and reporting requirements

The Audit Committee comprises Jonathan Nicholls (Chairman), Charles Irby, Phillip Rose and Jonathan Short. Jonathan Nicholls was previously Group Finance Director of Old Mutual plc and Hanson plc and is Chairman of the Audit Committee of SIG plc. The Audit Committee provides a forum for reporting by the Group's external auditors and meetings are also attended by certain Executive Directors and Senior Managers, by invitation and Martin Scicluna, as Chairman, also attends the Committee meetings in connection with the half year and year end results. During the year, the Committee was responsible for reviewing, and reporting to the Board on, a range of matters including:

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

– meetings with the Company auditors and property valuers;

– developments in accounting and reporting requirements;

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

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

– the external auditors' management letter;

– the level of fees paid to the external auditors;

– the potential need for an internal audit function; and

– the Company's whistleblowing policy.

The Audit Committee advises the Board on the appointment of the external auditors, their remuneration for audit and non-audit work, and their cost effectiveness, independence and objectivity, and discusses the nature, scope and results of the audit with the external auditors. As part of the review of the effectiveness of the auditors, a formal evaluation process incorporating feedback from the Audit Committee and relevant members of management is provided to the auditors.

The auditors are responsible for the annual statutory audit and other services which the Audit Committee believe they are best placed to undertake due to their position as auditors. During the year these included compliance reporting for the Rights Issue, the debenture trust deed, and other accounting advice.

Deloitte LLP have been the Group's auditors since 2003. In the opinion of the Audit Committee, the relationship with the auditors works well and the Committee remains satisfied with their independence and effectiveness. It has, accordingly, not considered it necessary to require the firm to tender for the audit work to date. It is a requirement that the audit partner responsible for the Group and subsidiary audits is rotated every five years and the current lead audit partner has been in place since 2008. There are no contractual obligations restricting the Company's choice of external auditor.

During the year, the Committee adopted a formal policy in respect of non-audit services permitted to be provided by the external auditor. Under the policy, prior approval is required by the Audit Committee for assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditors over 50% of that year's audit fees.

Deloitte LLP has confirmed to the Audit Committee that they remain independent and have maintained internal safeguards to ensure their objectivity.

Due to its size and structure, the Group does not have an internal audit function, a matter which is kept under review by the Committee. Although there is no formal internal audit function, a rolling programme of review of key controls is conducted through a combination of the external audit process or through reviews by members of the finance team and/or external advisers as appropriate.

Internal controls

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

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

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

Key features of the system of internal control include:

– a comprehensive system of financial reporting and business planning;

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

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

– formal documentation procedures;

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

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

– a formal whistleblowing policy.

Twice a year, the Audit Committee carries out a review of the framework of how the Group's risks are managed through operational management procedures/authorisations, ongoing review by the Executive Committee, and Board review and oversight. The Committee formally considers the scope and effectiveness of the Group's system of internal control and reports to the Board. This involves the identification of risks specific to the areas of property and financial markets which impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks, which are reviewed, formalised and updated throughout the year, as appropriate. These include business risks, financial controls, social, ethical and environmental issues and policy, and the regulatory environment. Key risks to the business and the processes in place by which the Company aims to manage those risks are included on pages 35 and 37.

Relations with shareholders

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

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

In connection with the proposed changes in executive incentive arrangements, consultation was undertaken with the Group's top ten shareholders and shareholder representative bodies prior to finalising the proposals outlined in the Directors' remuneration report and for which shareholder approval at the Annual General Meeting is sought.

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

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

The Chairman of each of the Audit, Nomination and Remuneration Committees is available at the Annual General Meeting to answer questions. Details of the resolutions to be proposed at the Annual General Meeting on 8 July 2010 can be found in the Notice of Meeting on pages 104 to 106. Details of the number of proxy votes for, against and withheld for each resolution, will be disclosed at the meeting and posted to the Company's website.

By order of the Board

Desna Martin
Company Secretary
20 May 2010

Directors' remuneration report

Remuneration policy principles

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

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

Annual review

The Company has in place a remuneration structure which was approved by shareholders and consequently adopted in 2006. Since that time the remuneration packages offered to Executive Directors have remained broadly unchanged. In the second half of the year, the Committee undertook a full review of the remuneration arrangements for Executive Directors to ensure the arrangements remained appropriate and supported the Company strategy. The Committee was assisted in its review by PricewaterhouseCoopers LLP ("PwC").

Taking account of remuneration awarded to employees across the Group, as a result of the review, the Committee has proposed a number of changes to the arrangements for Executive Directors for the forthcoming year when compared with the current structure. These are summarised below and, following consultation with major shareholders and shareholder representative bodies will be seeking approval from shareholders for a new Long-Term Incentive Plan ("LTIP") to replace the current LTIP and Share Matching Plan ("SMP") schemes.

Changes for 2010/11

– basic salaries were frozen last year and were found to have fallen a long way below market. Accordingly salaries have been brought closer in line with market median (but remain below median levels) and reflect changes in responsibilities during the course of the year;

– the Committee supports the overall ethos of the current LTIP and SMP structures but notes that by operating them as separate plans they are overly complex. It is therefore proposed to simplify the structure so that there is only one scheme the 2010 LTIP (replacing both the LTIP and SMP);

– the current LTIP and SMP plan use relative TSR and increase in net asset value as the performance measures. It is proposed to introduce a new performance measure based on relative Total Property Return to ensure that the measures under the 2010 LTIP mirror the fundamental measures that demonstrate the Group's performance, being:

  • growth in absolute net asset value per share;

  • relative Total Shareholder Return;

  • relative Total Property Return;

– it is proposed that the current net asset value performance condition be made considerably tougher;

– in order to provide a competitive overall total remuneration structure it is proposed to increase the maximum award under the unmatched part of the LTIP from 150% of basic salary to 200% of basic salary;

– in order to receive an SMP award of up to 100% of basic salary, it is proposed that the directors be required to buy or pledge existing shares of one-third of basic salary rather than the 30% of salary currently required;

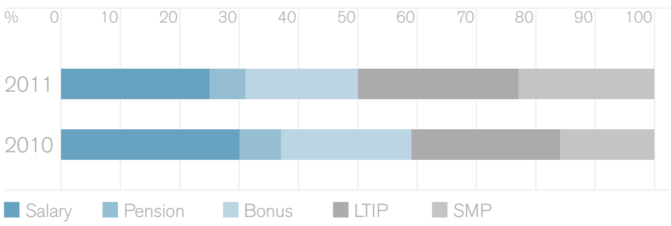
– in the first year only, Executive Directors will be provided with the opportunity to receive an award of an additional 100% of basic salary by making a further investment of one-third of basic salary in Company shares or pledging the same amount of shares currently held. The performance conditions in relation to this additional award being considerably tougher than awards made under the ongoing LTIP; and

– no changes are proposed to the annual bonus plan or to benefits including pensions at this stage.

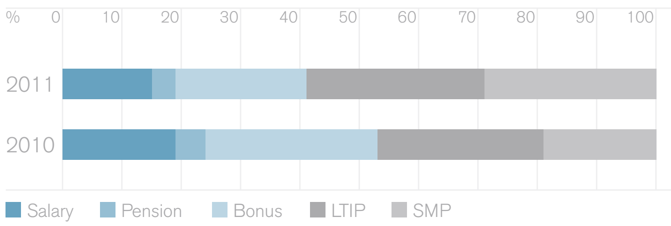
The 2010 LTIP is described in further detail in the circular to shareholders.

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

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



Composition of total maximum annual Executive Director remuneration



1. The on-target award level for the bonus plan is assumed to be 75% of salary with a maximum award of 150% assuming the NAV underpin is achieved. If the NAV underpin is not achieved, the on-target award level for the bonus plan will be 52.5%. The on-target award for the long-term incentives are based on the market norm expected values provided by PricewaterhouseCoopers LLP.

Details of all payments to Executive Directors in the year, which are disclosed on page 64, show the relative values of the basic and performance related elements of remuneration for the year under review.

Basic salary and benefits

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

In light of the recent economic conditions, salaries for the Executive Directors and employees had been frozen for the previous year. However the review of remuneration arrangements found that the level of basic salary paid to the Executive Directors was significantly lagging behind its peers in respect of its remuneration policy of rewarding around mid market. Following the departure of the Property Director in 2009, the Board decided to increase the scope of the roles of the other Executive Directors and strengthen their respective teams. When considering the salary increases the Committee also took into account this increase in responsibilities and change in roles. This was particularly important for the Finance Director and the Development Director (whose role increased and is now encompassed in the role of "Portfolio Director"). On 1 April 2010, the directors received increases in salaries as follows: Toby Courtauld £471,000 (from £446,250), Timon Drakesmith £315,000 (from £273,000) and Neil Thompson £325,000 (from £286,000). The increase for Toby Courtauld is in line with the average increases provided to employees across the Group. The increase for Timon Drakesmith and Neil Thompson are in line with their increased responsibilities.

It should be noted that, unlike many of its peers the Company does not provide a car allowance for Executive Directors. Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel concessions and membership subscriptions. The taxable value of these benefits for Executive Directors is included in the table on page 64. Following the increases to basic salary described above, the Committee notes that the fixed remuneration for the Executive Directors remains below market.

Directors' remuneration details in respect of the year ended 31 March 2010 (audited)

	Salaries/ fees £000	Performance related bonuses £000	Benefits £000	Total 2010 £000	Total 2009 £000	Pension contribution 2010 £000	Pension contribution 2009 £000
Executive							
Toby Courtauld	446	335	11	792	859	89	89
Timon Drakesmith	273	205	8	486	569	55	55
Robert Noel[1]	278	–	8	286	691	54	71
Neil Thompson	286	214	11	511	596	57	57
	1,283	754	38	2,075	2,715	255	272
Non-Executive							
Martin Scicluna	175	–	–	175	26	–	–
Kathleen O'Donovan[2]	16	–	–	16	58	–	–
Charles Irby	53	–	–	53	47	–	–
Phillip Rose	44	–	–	44	44	–	–
Jonathan Short	44	–	–	44	44	–	–
Jonathan Nicholls[3]	35	–	1	36	–	–	–
Former Directors							
Richard Peskin[4]	–	–	–	–	174	–	–
Total	1,650	754	39	2,443	3,108	255	272

1. Resigned from the Board on 31 December 2009.

2. Retired from the Board on 9 July 2009.

3. Joined the Board on 10 July 2009.

4. Retired from the Board on 31 March 2009.

Alignment of variable awards with Company strategy for the year ended 31 March 2010

Variable component	Maximum percentage of salary	Key elements of strategy	Measured by	Maximum performance target	Actual/ anticipated vesting level
Annual Bonus Plan	75%	Market competitiveness	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index (for the year to 31 March 2010)	Annual percentage rate of portfolio capital to exceed annual percentage rate capital growth of the central London IPD index by 2.5%	0%
	45%	Absolute performance	Achievement of NAV targets (for the year to 31 March 2010) – positive NAV growth underpin	Positive NAV growth greater than 130% of target	45%
	30%	Operational excellence	Achievement against objectives (for the year to 31 March 2010)	Exceeding personal objectives	30%
2006, 2007, 2008 and 2009 LTIP[1]	75%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2006[2] 2007[3] 2008–n/a 2009–n/a
	75%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 8%	2006[2] 2007[3] 2008–n/a 2009–n/a
2006, 2007, 2008 and 2009 SMP[1, 4]	50%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2006[5] 2007[6] 2008–n/a 2009–n/a
	50%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 12%	2006[5] 2007[6] 2008–n/a 2009–n/a
Proposed 2010 LTIP[1] Ongoing	100%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2010–n/a
Additional (2010 only)	33.33%			Upper quintile TSR performance	
Ongoing	100%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 9% p.a.	2010–n/a
Additional (2010 only)	33.33%			The Group's net assets to exceed RPI plus 9.5% p.a.	
Ongoing	100%	Market competitiveness	Total property return (based on a three year performance period)	Upper quintile TPR performance	2010–n/a
Additional (2010 only)	33.33%			Upper quintile TPR performance	

1. Measured over a three year performance period.
2. 100% of the 2006 TSR LTIP award vested to Toby Courtauld, Timon Drakesmith, Robert Noel and Neil Thompson for awards made on 17 July 2006 and vesting in 2009 following TSR targets being met. 0% of the 2006 NAV LTIP award vested as a result of NAV targets not being met.
3. As at the date of this Report, 87% of shares under the 2007 TSR LTIP target would vest and 0% of shares under the NAV target will vest.
4. Maximum SMP award is based on a maximum investment of 30% of pre-tax salary, grossed up at the prevailing marginal rate of income tax (i.e. 40%) and matched on a ratio of 2:1.
5. 100% of the 2006 TSR SMP award vested to Toby Courtauld, Timon Drakesmith, Robert Noel and Neil Thompson for awards made on 17 July 2006 and vesting in 2009 following TSR targets being met. 0% of the 2006 NAV SMP award vested as a result of NAV targets not being met.
6. As at the date of this Report, 87% of shares under the 2007 TSR SMP target would vest and 0% of shares under the NAV target will vest.

Bonus plan

Each year the Committee considers the appropriateness of the component parts of the annual bonus plan on page 65 in assessing the overall remuneration of Executive Directors. The Committee also has the discretion to recommend the payment of an additional bonus to a director for exceptional performance over and above the high standard already required. This discretion was not exercised for the year ended 31 March 2010.

With the Group's results adversely affected by the CPO of 18/19 Hanover Square, W1, the IPD target for the bonus plan was not met for the year ended 31 March 2010. However, the Company has continued to perform well overall, both in its relative total shareholder return, achievement against NAV targets and in the Executive Directors' achievement of their personal objectives to progress the Company's strategy.

The personal objectives, other than those covered by the corporate measures, for the Executive Directors for 2010 included the following and were specific as to each individual's role and responsibilities:

— active tracking of, and responsiveness to, changing tenant requirements;

— exceeding rental income, void and delinquency targets;

— ensuring appropriate turnover of assets;

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

— successful progression of the development programme;

— proactive shareholder relations programme;

— provision of high quality financial reporting;

— maintaining strong relationships with debt finance providers;

— good internal communication;

— ensuring appropriate levels of human resources;

— development of individuals;

— active representation on key property industry associations;

— delivery of the Group's environmental and sustainability policies;

— integration of the Group's property and finance IT systems; and

— ensuring delivery of health and safety objectives.

As a result of the achievement of the Executive Directors' objectives during the year, as reflected in the review of the Company on pages 1 to 47, the Committee has awarded the Executive Directors the full 30% of salary for operational excellence.

Long-Term Incentive Plans

Current LTIP

Executive Directors (and Senior Managers to a lesser extent) are eligible to be awarded shares under an LTIP, approved by shareholders in July 2006, up to an annual limit of 150% of a participant's salary. Under the 2006 scheme there are two separate performance conditions for the vesting of awards, each applying to one half of the shares awarded, which are believed by the Committee to provide the best alignment between the interests of participants and shareholders.

– the performance condition attached to one half of an award requires NAV growth of between RPI plus 3% in total increasing on a straight-line to RPI plus 8% in total over three financial years (starting with the financial year that commences immediately before the date) for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award); and

– the performance condition attached to the other half requires total shareholder return ("TSR") performance against constituents of the FTSE 350 Real Estate Sector (excluding agencies) over the three years from grant of the award of between median and upper quartile for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award) with straight-line vesting in between.

Long-Term Incentive Plan details[1] in respect of the year ended 31 March 2010 (audited)

	Award date	Market value of a share on grant Pence[2]	Number of shares under award at 1 April 2009[2]	Number of shares awarded during the year	Number of shares lapsed/did not vest	Number of shares vested	Market value on date of vesting Pence	**Number of shares under award at 31 March 2010**	Vesting date of outstanding shares
Toby Courtauld	17 July 2006	386.00	155,591	–	77,796	77,795	220.21	**–**	n/a
	31 May 2007	534.20	122,856	–	–	–	–	**122,856**	31 May 2010
	29 May 2008	295.47	213,565	–	–	–	–	**213,565**	29 May 2011
	28 May 2009	229.96	–	278,647	–	–	–	**278,647**	28 May 2012
Timon Drakesmith	17 July 2006	386.00	87,519	–	43,760	43,759	220.21	**–**	n/a
	31 May 2007	534.20	75,160	–	–	–	–	**75,160**	31 May 2010
	29 May 2008	295.47	130,652	–	–	–	–	**130,652**	29 May 2011
	28 May 2009	229.96	–	170,466	–	–	–	**170,466**	28 May 2012
Robert Noel	17 July 2006	386.00	124,473	–	62,237	62,236	220.21	**–**	n/a
	31 May 2007	534.20	98,285	–	98,285	–	–	**–**	n/a
	29 May 2008	295.47	170,852	–	170,852	–	–	**–**	n/a
	28 May 2009	229.96	–	222,918	222,918	–	–	**–**	n/a
Neil Thompson	17 July 2006	386.00	84,136	–	42,068	42,068	220.21	**–**	n/a
	31 May 2007	534.20	75,160	–	–	–	–	**75,160**	31 May 2010
	29 May 2008	295.47	136,873	–	–	–	–	**136,873**	29 May 2011
	28 May 2009	229.96	–	178,584	–	–	–	**178,584**	28 May 2012

1. Performance conditions attached to the LTIP awards are described on page 66.
2. To take account of the Rights Issue completed in June 2009 adjustments were made to awards under the LTIP and SMP by applying an adjustment factor to the awards to ensure that the value of shares under award before and immediately after shares in the Company became 'ex-rights' were, as far as possible, the same. The figures in the table show the number of shares after the adjustment factor was applied.

Current Share Matching Plan

Executive Directors (and to a lesser extent Senior Managers) are currently eligible to be awarded shares under an SMP, approved by shareholders in 2006.

– an individual may purchase or pledge shares already owned in the Company ("Investment" shares) up to an amount equal to 30% of their pre-tax annual base salary. After the Investment shares have been purchased or pledged, the Company will grant conditional awards of shares ("Matching" shares) under the SMP with a value equal to two times the value of the Investment shares (grossed up for the marginal rate of income tax and employee National Insurance);

– Investment shares will remain registered in the name of the holder with full voting and dividend rights but if Investment shares are disposed of then the conditional Matching awards will lapse on a proportionate basis; and

– dividends on Matching shares will be rolled up.

There are two separate performance conditions, each applying to half of the Matching shares awarded:

– the performance condition attached to one half of an award will require NAV growth of between RPI plus 4% in total increasing on a straight-line to RPI plus 12% in total over three financial years (starting with the financial year that commences immediately before the date of grant) over the three years from grant of the award for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award); and

- the performance condition attached to the other half will require total shareholder return ("TSR") performance against the constituents of the FTSE 350 Real Estate Sector (excluding agencies) of between median and upper quartile for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award) with straight-line vesting in between.

The performance conditions selected for both the LTIP and SMP were thought by the Committee to provide an appropriate balance between rewarding sustained increases in the value of the Company's net asset base and rewarding relative stock market performance. For the part of an award to which the TSR performance condition applies, for both the 2006 LTIP and SMP the Committee must also be satisfied that the number of shares that vest as a result of the performance conditions being met is reflective of the underlying financial performance of the Company. Actual performance against the conditions will be independently verified and reported to the Committee.

LTIP and SMP Matching shares, upon vesting, are transferred out of the Great Portland Estates plc LTIP Employer Share Trust ("the Trust"), a discretionary trust established to facilitate the operation of the LTIP and SMP with shares vesting to date being purchased by the Trustees of the Trust in the open market.

The number of shares held by the Trust as at 31 March 2010 was 1,022,179.

Share Matching Plan details[1] in respect of the year ended 31 March 2010 (audited)

	Award date	Market value of a share on grant Pence[2]	Number of shares under award at 1 April 2009[2]	Number of shares awarded during the year	Number of shares lapsed/did not vest	Number of shares vested	Market value on date of vesting Pence	**Number of shares under award at 31 March 2010**	Vesting date of outstanding shares
Toby Courtauld	17 July 2006	386.00	104,976	–	52,488	52,488	220.21	**–**	n/a
	08 June 2007	493.88	81,268	–	–	–	–	**81,268**	08 June 2010
	06 June 2008	285.58	142,377	–	–	–	–	**142,377**	06 June 2011
	03 June 2009	231.45	–	185,762	–	–	–	**185,762**	03 June 2012
Timon Drakesmith	17 July 2006	386.00	59,048	–	29,524	29,524	220.21	**–**	n/a
	08 June 2007	493.88	49,719	–	–	–	–	**49,719**	08 June 2010
	06 June 2008	285.58	48,187	–	–	–	–	**48,187**	06 June 2011
	03 June 2009	231.45	–	113,641	–	–	–	**113,641**	03 June 2012
Robert Noel	17 July 2006	386.00	83,979	–	41,990	41,989	220.21	**–**	n/a
	08 June 2007	493.88	65,018	–	65,018	–	–	**–**	n/a
	06 June 2008	285.58	113,903	–	113,903	–	–	**–**	n/a
	03 June 2009	231.45	–	148,607	148,607	–	–	**–**	n/a
Neil Thompson	17 July 2006	386.00	56,763	–	28,382	28,381	220.21	**–**	n/a
	08 June 2007	493.88	49,719	–	–	–	–	**49,719**	08 June 2010
	06 June 2008	285.58	91,248	–	–	–	–	**91,248**	06 June 2011
	03 June 2009	231.45	–	119,052	–	–	–	**119,052**	03 June 2012

1. Performance conditions attached to the SMP awards are described on page 67 and 68.

2. To take account of the Rights Issue completed in June 2009 adjustments were made to awards under the LTIP and SMP by applying an adjustment factor to the awards to ensure that the value of shares under award before and immediately after shares in the Company became 'ex-rights' were, as far as possible, the same. The figures in the table show the number of shares after the adjustment factor was applied.

New 2010 LTIP

The Committee is proposing the introduction of a new incentive arrangement – the 2010 Long-Term Incentive Plan (the "2010 LTIP"), subject to shareholder approval, to simplify the current LTIP and SMP assignments and to improve the alignment of executive incentives with the Company's strategy.

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

In the first year of operation only, if Executive Directors purchase or pledge shares worth an additional one-third of basic salary, this limit will be extended by an additional 100% of salary. The associated additional Matching Share Award will also be subject to more stretching performance conditions.

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

Dividends on Matching Shares will be rolled up and paid to the extent that the Matching Shares vest.

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

- the performance condition attached to one-third of an award requires NAV growth of between RPI plus 3% p.a. on a straight-line to RPI plus 9% p.a. over three financial years (starting with the financial year that commences immediately before the date of grant) for between 20% and 100% of this part of the award to vest. The additional Matching Share Award requires NAV performance of between RPI plus 4% p.a. to RPI plus 9.5% p.a. to vest. Straight-line vesting is provided between these points;
- the performance condition attached to the second third requires TSR performance against constituents of the FTSE 350 Real Estate Sector (excluding agencies) over the three years from grant of the award of between median and upper quartile for between 20% and 100% of this part of the award to vest. The additional Matching Share Award in the first year requires TSR performance of between the 60th percentile and 80th percentile for the award to vest. Straight-line vesting is provided between these points; and
- the performance condition attached to the final third requires Total Property Return ("TPR") performance against constituents of the IPD Total Property Return – Central London Index over the three years from grant of the award of between median and upper quartile for between 20% and 100% of this part of the award to vest. The additional Matching Share Award in the first year requires TPR performance of between the 60th percentile and 80th percentile for the award to vest. Straight-line vesting is provided between these points.

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

- growth in absolute net asset value per share;
- relative Total Property Return; and
- relative Total Shareholder Return.

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

Share ownership

Executive Directors are expected to build and hold a shareholding of the Company's shares obtained through incentive plans equal in value to 100% of salary within five years from appointment. As at 31 March 2010, all of the Executive Directors held shares considerably in excess of this requirement.

As at 31 March 2010

Director	Target value of shareholding £	Current shareholding shares	Value of shareholding 31 March 2010 £	Percentage holding against target
Toby Courtauld	446,250	472,780	1,486,420	333%
Timon Drakesmith	273,000	144,124	453,125	166%[1]
Neil Thompson	286,000	164,538	517,307	181%[2]

1. Joined the Board on 12 September 2005.

2. Joined the Board on 1 August 2006.

Pensions

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

Remuneration of Non-Executive Directors

The fees of the Non-Executive Directors, excluding the Chairman, are reviewed annually by the Executive Directors, who make recommendations to the Board. The Remuneration Committee is responsible for setting the Chairman's fee. The total of Non-Executive Directors' fees is limited by the Articles of Association. Remuneration of the Non-Executive Directors excluding the Chairman comprises a basic fee, together with a fee for serving on each Board Committee. The Chairman, who also chairs the Nomination Committee, receives a basic fee of £175,000 per annum increased to £185,000 from 1 April 2010 and all other Non-Executive Directors receive a basic fee of £36,750 per annum increased to £39,000 from 1 April 2010. In addition, in recognition of greater responsibility and time commitment, the Senior Independent Director receives a fee of £5,000 per annum, the Chairman of the Audit Committee receives a fee of £7,500 per annum increased to £8,000 from 1 April 2010 and the Chairman of the Remuneration Committee a fee of £6,000 per annum increased to £7,000 from 1 April 2010. Members of the Audit and Remuneration Committee receive a fee of £3,750 per annum increased to £4,500 from 1 April 2010 and £3,350 for the Nomination Committee. Non-Executive Directors are not eligible for the Bonus Plan, LTIP or SMP, nor are contributions made to any pension arrangements.

Service agreements

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

Toby Courtauld's compensation in lieu of notice, payable at the Company's discretion, is 12 months' basic salary. Compensation in lieu of notice of Timon Drakesmith and Neil Thompson, payable at the Company's discretion, is 12 months' basic salary, pension allowance and the value of benefits in kind provided in the previous year, or the actual provision of those benefits. At the discretion of the Remuneration Committee, LTIP, SMP and other awards may be permitted to vest based upon the applicable performance conditions being tested.

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

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

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

Non-Executive Directors have letters of appointment, are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years and are subject to a notice period of three months by either party.

The following table sets out the dates of each of the Executive Directors' service agreements and their unexpired term, the dates of the Non-Executive Directors' letters of appointment and the date on which the Non-Executive Director is next subject to reappointment or re-election.

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002	12
Timon Drakesmith	15 August 2005	12
Neil Thompson	1 August 2006	12

Non-Executive	Date of appointment letter	Date when next subject to election/re-election
Martin Scicluna	1 October 2008	2012
Charles Irby	1 April 2004	2010
Phillip Rose	11 April 2005	2011
Jonathan Nicholls	10 July 2009	2010
Jonathan Short	22 March 2007	2010

Proposed all-employee share plans

The Company is also proposing to introduce two new tax efficient all employee share/option plans. At the forthcoming AGM on 8 July 2010 shareholders will be invited to approve two proposed all-employee share plans namely:

– The Great Portland Estates 2010 Share Incentive Plan (the "2010 SIP"); and

– The Great Portland Estates 2010 Save As You Earn Scheme (the "2010 SAYE").

The 2010 SIP and 2010 SAYE schemes are described in further detail in the circular to shareholders. Both plans are subject to approval by HM Revenue & Customs and will provide shares/options tax efficiently provided certain conditions are met.

The 2010 SIP is a proposed HM Revenue & Customs approved plan by which employees may, each year, be gifted free shares worth up to £3,000 and/or may purchase shares worth up to £1,500 out of gross salary and may be gifted up to two additional shares for each share purchased. If the shares are held in a trust for at least three years and the employee does not leave the Company during that period then the shares may be retained subject to some relief against income tax and national insurance charges.

The 2010 SAYE scheme is another proposed HM Revenue & Customs approved plan by which employees are invited to apply for options over shares and simultaneously enter a savings agreement with a bank or building society. If the employee makes monthly savings over a certain period of at least three years the bank or building society will pay the employee his savings plus a tax free bonus (the amount depending on the length of time for which the employee has been saving). The employee can either keep this cash or use it to pay the exercise price on the option. If the option is exercised more than three years after grant then there will be no income tax or national insurance charge on the shares acquired.

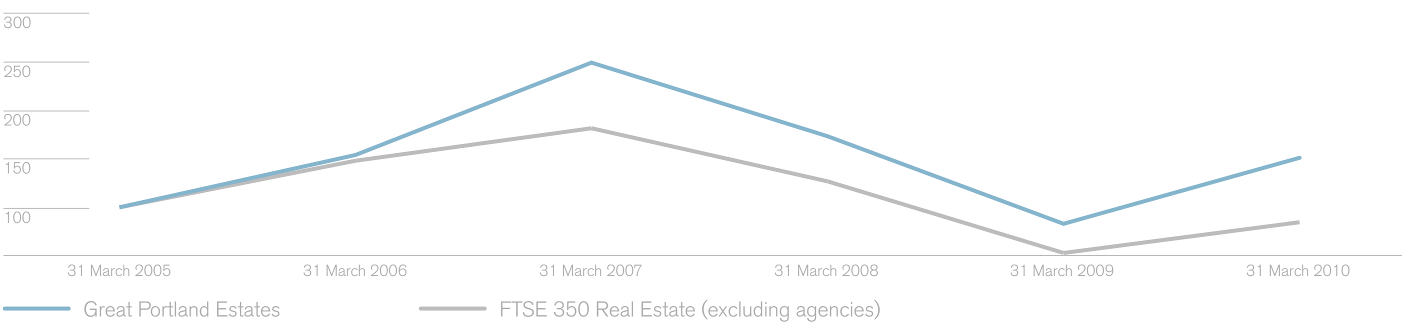
Both the 2010 SIP and 2010 SAYE schemes are "all employee" schemes in that, generally speaking, all employees will be invited to participate (though an employee need not accept the invitation).

Whilst the Company is seeking approval for both plans, the Company will review whether to offer either or both plans each year. Initially, the Company proposes to offer only the Share Incentive Plan to employees, including Executive Directors based on employees purchasing shares up to £1,500 and being gifted two additional shares for each share purchased. No performance conditions other than those required to obtain tax efficient treatment will be applied.

Total shareholder return

The following graph shows the total shareholder returns for the Company for each of the last five financial years compared to the FTSE 350 Real Estate index (excluding agencies). The Company is a constituent of the FTSE 350 Real Estate index, and the Committee considers this benchmark to be the most appropriate for illustrating the Company's performance.

Total shareholder return



This graph shows the value, by 31 March 2010, of £100 invested in Great Portland Estates on 31 March 2005 compared with the value of £100 invested in the FTSE 350 Real Estate index, excluding agencies. The other points plotted are the values at intervening financial year ends.

Source: Datastream

Remuneration Committee and advisers

The Committee comprises three independent Non-Executive Directors, Charles Irby (Chairman), Jonathan Nicholls and Jonathan Short, (Kathleen O'Donovan retired from the Committee on 9 July 2009) and has responsibility for:

– determining the remuneration, contract terms and other benefits of the Chairman and Executive Directors in light of remuneration payable to employees across the Group;

– reviewing the remuneration framework for Senior Managers including the annual bonus plan, and long-term incentive arrangements and determining the remuneration, contract terms and other benefits for all employees with a basic salary of more than £150,000 per annum;

– reviewing the remuneration framework for all other employees including the annual bonus plan, where employees are eligible to participate in performance related bonus plans based on Company and individual performance targets;

– overseeing any significant changes to employee benefits, including pensions; and

– approving the design of and targets for performance related incentive schemes.

The Committee's Terms of Reference are available on written request and from the Company's website on www.gpe.co.uk/investors/governance/

The Committee was advised during the year by Hewitt New Bridge Street ("HNBS"), a firm of independent remuneration consultants, who were appointed by the Committee, and who only provided advice to the Group in respect of remuneration; and Investment Property Databank ("IPD") who provide measurement against its property benchmark. In January 2010 PricewaterhouseCoopers ("PwC") was appointed by the Committee to replace HNBS as the Company's remuneration advisor to provide advice to the Group in respect of executive remuneration and the structure of share schemes. PwC act as the Group's tax advisor. In addition, during the year ended 31 March 2010, PwC performed a control investment review and finance process review in advance of the Company implementing a new property and accounting system.

Toby Courtauld, the Chief Executive, provided input with regard to the discretionary bonuses for the other Executive Directors.

Remuneration report

In preparing this Remuneration report, the Committee has followed the requirements of Section 1 of the 2008 Combined Code on Corporate Governance, the Companies Act 2006, schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008, and the Listing Rules of the Financial Service Authority. This report will be submitted to shareholders for approval at the Annual General Meeting to be held on 8 July 2010.

Approved by the Board on 20 May 2010 and signed on its behalf by

Charles Irby

Chairman of the Remuneration Committee

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

– properly select and apply accounting policies;

– present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

– provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

– make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

– the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

– the management report, which is incorporated into the Report of the directors, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Toby

N.T. Drakesmith

Toby Courtauld
Chief Executive

20 May 2010

Timon Drakesmith
Finance Director

20 May 2010

Group income statement

For the year ended 31 March 2010

	Notes	2010 £m	2009 £m
Rental income	2	**45.7**	42.4
Joint venture fee income	10	**3.0**	4.7
Rental and joint venture fee income		**48.7**	47.1
Service charge income		**6.0**	5.2
Service charge expenses		**(7.2)**	(6.5)
		(1.2)	(1.3)
Other property expenses		**(2.8)**	(3.5)
Net rental and related income		**44.7**	42.3
Administration expenses	3	**(12.6)**	(12.8)
Development management revenue		**0.1**	7.0
Development management costs		**–**	(3.0)
		0.1	4.0
Operating profit before surplus/(deficit) on investment property and results of joint ventures		**32.2**	33.5
Surplus/(deficit) from investment property	8	**89.8**	(315.5)
Share of results of joint ventures	10	**59.0**	(131.5)
Operating profit/(loss)		**181.0**	(413.5)
Finance income	4	**0.4**	0.3
Finance costs	5	**(13.2)**	(22.9)
Loss on cancellation of derivatives	5	**(11.6)**	(0.1)
Profit/(loss) before tax		**156.6**	(436.2)
Tax	6	**(0.2)**	0.1
Profit/(loss) for the year		**156.4**	(436.1)
Basic and diluted profit/(loss) per share	7	**55.5p**	(180.0)p*
Adjusted earnings per share	7	**10.1p**	9.1p*

All results are derived from continuing operations.

Total operating profit before surplus/(deficit) on investment property		2010 £m	2009 £m
Operating profit before surplus/(deficit) on investment property and results of joint ventures		**32.2**	33.5
Share of profit from joint ventures	10	**7.7**	8.2
Total operating profit before surplus/(deficit) on investment property		**39.9**	41.7

*Restated for the Rights Issue see note 7.

Group balance sheet

At 31 March 2010

	Notes	2010 £m	2009 £m
Non-current assets			
Investment property	8	**774.9**	780.4
Development property, plant and equipment	9	**1.2**	24.4
Investment in joint ventures	10	**332.4**	183.2
Pension asset	21	**–**	0.6
		1,108.5	988.6
Current assets			
Trade and other receivables	11	**32.8**	5.5
Corporation tax receivable		**0.8**	0.8
Cash and cash equivalents		**45.7**	7.3
		79.3	13.6
Total assets		**1,187.8**	1,002.2
Current liabilities			
Trade and other payables	12	**30.6**	28.3
		30.6	28.3
Non-current liabilities			
Interest-bearing loans and borrowings	13	**278.3**	396.8
Obligations under finance leases	15	**2.0**	8.5
Pension liability	21	**0.2**	–
		280.5	405.3
Total liabilities		**311.1**	433.6
Net assets		**876.7**	568.6
Equity			
Share capital	16	**39.1**	22.6
Share premium account		**218.1**	68.2
Hedging reserve		**(4.6)**	(16.4)
Capital redemption reserve		**16.4**	16.4
Retained earnings		**608.0**	478.0
Investment in own shares	17	**(0.3)**	(0.2)
Total equity		**876.7**	568.6
Net assets per share	7	**280p**	234p*
Adjusted net assets per share	7	**283p**	245p*

*Restated for the Rights Issue see note 7.

Approved by the Board on 20 May 2010 and signed on its behalf by

Toby Courtauld N.T. Drakesmith

Toby Courtauld
Chief Executive

Timon Drakesmith
Finance Director

Group statement of cash flows

For the year ended 31 March 2010

	Notes	2010 £m	2009 £m
Operating activities			
Operating profit/(loss)		**181.0**	(413.5)
Adjustments for non-cash items	18	**(150.3)**	443.7
(Increase)/decrease in receivables		**(26.2)**	17.0
Increase in payables		**2.9**	1.3
Cash generated from operations		**7.4**	48.5
Interest received		**0.4**	0.3
Interest paid		**(12.5)**	(23.8)
Tax paid		**–**	(0.3)
Cash flows from operating activities		**(4.7)**	24.7
Investing activities			
Purchase of interests in joint ventures		**(44.0)**	–
Distributions from joint ventures		**40.7**	36.0
Purchase and development of property		**(55.2)**	(29.7)
Purchase of fixed assets		**–**	(0.1)
Sale of properties		**168.7**	11.3
Cash flow from investing activities		**110.2**	17.5
Financing activities			
Issue of share capital – net proceeds from Rights Issue		**166.4**	–
Borrowings repaid		**(100.0)**	(47.0)
Termination of derivatives		**(18.2)**	–
Purchase of derivatives		**(2.3)**	–
Funds (to)/from joint ventures		**(86.1)**	32.6
Purchase of own shares		**(3.5)**	–
Purchase of minority interest		**–**	(0.1)
Equity dividends paid		**(23.4)**	(21.1)
Cash flows utilised in financing activities		**(67.1)**	(35.6)
Net increase in cash and cash equivalents		**38.4**	6.6
Cash and cash equivalents at 1 April		**7.3**	0.7
Cash and cash equivalents at balance sheet date		**45.7**	7.3

Group statement of comprehensive income

For the year ended 31 March 2010

	2010 £m	2009 £m
Revaluation of development properties	–	(1.3)
Fair value movement on derivatives in effective hedging relationships	0.2	(12.6)
Fair value movement on derivatives in joint venture in effective hedging relationships	0.1	(7.3)
Loss on termination of derivatives	11.6	–
Actuarial deficit on defined benefit scheme	(1.0)	(1.8)
Deferred tax on actuarial deficit on defined benefit scheme	0.2	–
Net profit/(loss) recognised directly in equity	11.1	(23.0)
Profit/(loss) for the year	156.4	(436.1)
Total comprehensive income and expense for the year	167.5	(459.1)

Group statement of changes in equity

For the year ended 31 March 2010

	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2009	22.6	68.2	(16.4)	16.4	478.0	(0.2)	568.6
Profit for the year	–	–	–	–	156.4	–	156.4
Loss on termination of derivatives	–	–	11.6	–	–	–	11.6
Actuarial deficit on defined benefit scheme	–	–	–	–	(1.0)	–	(1.0)
Deferred tax on actuarial deficit on defined benefit scheme	–	–	–	–	0.2	–	0.2
Fair value movement of derivatives in effective hedging relationships	–	–	0.2	–	–	–	0.2
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	0.1	–	0.1
Purchase of shares for employee share plans	–	–	–	–	–	(3.5)	(3.5)
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	–	1.5	1.5
Issue of shares – Rights Issue	16.5	149.9*	–	–	–	–	166.4
Dividends to shareholders	–	–	–	–	(23.8)	–	(23.8)
Transfer to retained earnings	–	–	–	–	(1.9)	1.9	–
Total equity at 31 March 2010	39.1	218.1	(4.6)	16.4	608.0	(0.3)	876.7

*Net of issue costs.

Group statement of changes in equity

For the year ended 31 March 2009

	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Minority interest £m	Total equity £m
Total equity at 1 April 2008	22.6	68.2	(3.8)	16.4	1.3	944.9	(0.3)	0.1	1,049.4
Loss for the year	–	–	–	–	–	(436.1)	–	–	(436.1)
Net valuation deficit taken to equity	–	–	–	–	(1.3)	–	–	–	(1.3)
Fair value movement on derivatives in effective hedging relationships	–	–	(12.6)	–	–	–	–	–	(12.6)
Fair value movement on derivatives in joint ventures in effective hedging relationships	–	–	–	–	–	(7.3)	–	–	(7.3)
Actuarial deficit on defined benefit scheme	–	–	–	–	–	(1.8)	–	–	(1.8)
Purchase of minority interest	–	–	–	–	–	–	–	(0.1)	(0.1)
Employee Long-Term Incentive Plan and Share Matching Plan charge	–	–	–	–	–	–	0.1	–	0.1
Dividends to shareholders	–	–	–	–	–	(21.7)	–	–	(21.7)
Total equity at 31 March 2009	22.6	68.2	(16.4)	16.4	–	478.0	(0.2)	–	568.6

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties, financial instruments and pension assets. The financial statements are prepared on a going concern basis as explained in the Directors' report on page 52.

In the process of applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that may affect the financial statements. The directors believe that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the adoption of the external portfolio valuation, the adoption of a single reporting segment and the level of control the Group has in respect of its joint ventures. The accounting policies for these areas of judgement are set out below.

During 2010, the following accounting standards and guidance were adopted by the Group:

– IAS 40 (revised) Investment Properties. Properties purchased for the purpose of redevelopment were previously accounted for under IAS 16 Property, Plant and Equipment, but with effect from 1 January 2009 they are accounted for under IAS 40 Investment Property. Therefore revaluation surpluses and deficits on development properties will now be recognised in the income statement rather than in equity. This standard is not required to be implemented retrospectively therefore this change has no impact on previously reported figures.

– IAS 1 (revised) Presentation of Financial Statements requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a consolidated statement of changes in equity has been included as a primary statement, showing changes in each component of equity for each period presented. Following the Rights Issue the comparative earnings per share and net assets per share have been restated as set out in note 7, this restatement has no impact on the Group's reported balance sheet and therefore the balance sheet at 31 March 2008 has not been presented.

Additionally, the following pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only.

– IAS 23 (revised) Borrowing Costs;

– IAS 39 (amended) Eligible Hedged Items;

– IAS 39 (amended) and IFRS 7 (amended) Reclassification of Financial Assets;

– IFRS 2 (amended) Share-based Payment;

– IFRS 7 (amended) Improving Disclosures about Financial Instruments;

– IFRS 8 Operating Segments;

– IFRIC 11: IFRS 2 Group and Treasury Share Transactions;

– IFRIC 15 Agreements for the Construction of Real Estate;

– IFRIC 17 Distributions of Non-cash Assets to Owners; and

– IFRIC 18 Transfer of Assets from Customers.

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

– IFRS 3 (revised) Business Combinations;

– Amendments to IAS 27 Consolidated and Separate Financial Statements;

– IAS 28 Investment in Associates; and

– IAS 32 Classification of rights issues.

The majority of amendments made as part of the IASB's Annual Improvements programme affect accounting periods on or after 1 January 2010. It is not expected that these pronouncements will have a significant impact on the Group's financial statements.

The principal accounting policies adopted are set out below.

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 2010. 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.

1 Accounting policies (continued)

Rent receivable
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.

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

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

Investment property
Investment properties are professionally valued each year, on a market value basis, and any surpluses or deficits arising are taken to the income statement. Disposals of properties are recognised where contracts have been unconditionally exchanged during the accounting period and the significant risks and rewards of ownership of the property have been transferred to the purchaser.

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

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

Investment property under development
Investment properties under development are professionally valued each year on a market value basis and any surpluses or deficits arising are taken to the income statement. All directly attributable costs of bringing a property to a condition suitable for letting, including costs incurred prior to gaining planning permission, are capitalised into the cost of the property. Once development is concluded, the property is transferred to investment property.

Joint ventures
Joint ventures are accounted for under the equity method where the Group has joint control of the entity: the Group balance sheet contains the Group's share of the net assets of its joint ventures. Funding accounts owed to or from the Group by joint ventures are included within investments. The Group's share of joint venture profits and losses are included in the Group income statement in a single line. All of the Group's joint ventures adopt the accounting policies of the Group for inclusion in the Group financial statements.

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

1 Accounting policies (continued)

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

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

Financial instruments:
i Derivatives The Group's derivatives are measured at fair value in the balance sheet. To the extent that a derivative provides an effective cash flow hedge against the Group's underlying exposure the movements in the fair value of the hedge are taken to equity. To the extent that the derivative does not effectively hedge the underlying exposure the movement in the fair value of the hedge is taken to the income statement.

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

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

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

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

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

Development management agreements
Where the outcome of a 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. Management exercise judgement when estimating the percentage complete, 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 client.

Where the outcome of a development management agreement cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred that it is probable 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 Rental income

	2010 £m	2009 £m
Gross rental income	**42.9**	39.1
Amortisation of capitalised lease incentives	**2.9**	3.4
Ground rents payable	**(0.1)**	(0.1)
	45.7	42.4

3 Administration expenses

	2010 £m	2009 £m
Employee costs	**10.3**	9.5
Other	**2.3**	3.3
	12.6	12.8

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £1.5 million (2009: £0.1 million).

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

	2010 £m	2009 £m
Wages and salaries	**8.7**	8.2
Social security costs	**1.3**	0.8
Other pension costs	**0.8**	0.9
	10.8	9.9
Less: recovered through service charge	**(0.5)**	(0.4)
	10.3	9.5

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 62 to 72.

Employee information

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

	2010 Number	2009 Number
Head office and property management	**69**	77

Auditor's remuneration

	2010 £m	2009 £m
Audit of Company and subsidiary accounts	**0.2**	0.2
Amounts for regulatory filings (Rights Issue)*	**0.3**	–
	0.5	0.2

*Amounts for regulatory filings in respect of the Rights Issue have been deducted from the share premium account.

4 Finance income

	2010 £m	2009 £m
Interest on short-term deposits	**–**	0.1
Other	**0.4**	0.2
	0.4	0.3

5 Finance costs

	2010 £m	2009 £m
Interest on bank overdrafts and bank loans	**3.8**	15.3
Interest on debentures	**8.1**	8.0
Interest on obligations under finance leases	**0.3**	0.6
Gross finance costs	**12.2**	23.9
Less: capitalised interest at an average rate of 4.3% (2009: 6.0%)	**(0.2)**	(2.8)
	12.0	21.1
Fair value movement on derivatives in ineffective hedging relationships	**1.2**	1.8
	13.2	22.9

Due to lower projected Group borrowings, as a result of the Rights Issue and asset disposals during the year, the Group terminated its interest rate swaps and collars to take advantage of the lower interest rate environment. On the termination of these derivatives, amounts previously charged to reserves are required to be recycled through the income statement where the facilities to which they relate are not expected to be utilised. During the period the Group recycled £11.6 million of losses from the hedging reserve to the income statement. The remaining hedging reserve of £4.6 million relates to facilities which are expected to be utilised and will be amortised to the income statement over the outstanding term of the derivatives had they not been terminated.

6 Tax

	2010 £m	2009 £m
Current tax		
UK corporation tax	**–**	–
Tax over provided in previous years	**–**	(0.1)
Total current tax	**–**	(0.1)
Deferred tax	**0.2**	–
Tax charge/(credit) for the year	**0.2**	(0.1)

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

	2010 £m	2009 £m
Profit/(loss) before tax	**156.6**	(436.2)
Tax charge/(credit) on profit/(loss) at standard rate of 28% (2009: 28%)	**43.8**	(122.1)
REIT tax-exempt rental profits and gains	**(0.3)**	(2.5)
Non-taxable revaluation (surplus)/deficit	**(44.6)**	124.5
Other	**1.3**	–
Tax charge/(credit) for the year	**0.2**	(0.1)

During the year a tax credit of £0.2 million in respect of the defined benefit scheme (2009: a credit of £nil million) was allocated directly to equity. The Group's net deferred tax at 31 March 2010 is £nil (2009: £nil). A deferred tax asset of £8.2 million, mainly relating to tax losses carried forward at 31 March 2010 and deferred tax arising in respect of the fair value of derivatives, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

The Group converted to a REIT on 1 January 2007 and as such is largely exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax.

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

7 Earnings and net assets per share

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

Weighted average number of ordinary shares

	2010 Number of shares	2009 Number of shares
Issued ordinary share capital at 1 April	**181,023,034**	181,023,034
Rights Issue	**101,715,557**	61,366,808
Investment in own shares	**(851,512)**	(226,523)
Weighted average number of ordinary shares	**281,887,079**	242,163,319

Basic, diluted and adjusted earnings per share

	2010 Profit/(loss) before tax £m	2010 Tax £m	2010 Profit/(loss) after tax £m	2010 Earnings/(loss) per share pence	2009 Profit/(loss) after tax £m	2009 Earnings/(loss) per share pence
Basic and diluted	**156.6**	**(0.2)**	**156.4**	**55.5**	(436.1)	(180.0)
(Surplus)/deficit from investment property	**(89.8)**	**–**	**(89.8)**	**(31.8)**	315.5	130.3
(Surplus)/deficit from joint venture investment property	**(51.3)**	**–**	**(51.3)**	**(18.2)**	139.7	57.7
Movement in fair value of derivatives	**1.2**	**–**	**1.2**	**0.4**	1.8	0.7
Movement in fair value of derivatives in joint ventures	**–**	**–**	**–**	**–**	1.0	0.4
Loss on cancellation of derivatives	**11.6**	**–**	**11.6**	**4.1**	0.1	–
Conversion charge in joint ventures	**0.5**	**–**	**0.5**	**0.1**	–	–
Adjusted (diluted)	**28.8**	**(0.2)**	**28.6**	**10.1**	22.0	9.1

Net assets per share

	2010 Total equity £m	2010 Number of shares million	2010 Net assets per share pence	2009 Total equity £m	2009 Number of shares million	2009 Net assets per share pence
Basic and diluted	**876.7**	**312.7**	**280**	568.6	242.5	234
Fair value of financial liabilities (see note 14)	**32.9**	**–**	**11**	40.0	–	17
Diluted triple net assets	**909.6**	**312.7**	**291**	608.6	242.5	251
Fair value of financial liabilities	**(32.9)**		**(11)**	(40.0)		(17)
Fair value of derivatives (see note 11)	**(1.1)**		**–**	18.5		8
Fair value of derivatives in joint ventures (see note 10)	**8.2**		**3**	8.3		3
Adjusted net assets	**883.8**		**283**	595.4		245

In June 2009 the Company issued 131,653,115 new shares through a Rights Issue. To reflect the Rights Issue, the numbers of shares previously used to calculate the basic, diluted and adjusted per share data have been amended in the above earnings per share and net asset value per share calculations. An adjustment factor of 1.34 has been applied, based on the ratio of the Company's share price of 334.0 pence per share on 4 June 2009, the day before the Record Date for the Rights Issue, and the theoretical ex-rights price at that date of 249.4 pence per share.

8 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2008	774.2	213.6	987.8
Costs capitalised	9.6	(0.2)	9.4
Transfer from investment property under development	2.4	–	2.4
Net valuation deficit on investment property	(237.8)	(47.4)	(285.2)
Book value at 31 March 2009	548.4	166.0	714.4
Costs capitalised	**6.7**	**1.0**	**7.7**
Acquisitions	**48.1**	**–**	**48.1**
Disposals	**(144.9)**	**(49.6)**	**(194.5)**
Purchase of freehold interest	**6.1**	**(6.1)**	**–**
Transfer from development properties	**11.0**	**–**	**11.0**
Transfer from investment property under development	**66.0**	**–**	**66.0**
Net valuation surplus on investment property	**77.5**	**27.5**	**105.0**
Book value at 31 March 2010	**618.9**	**138.8**	**757.7**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2008	85.5	–	85.5
Costs capitalised	16.0	–	16.0
Interest capitalised	1.7	–	1.7
Disposals	(11.9)	–	(11.9)
Transfer to investment property	(2.4)	–	(2.4)
Net valuation deficit on investment property under development	(22.9)	–	(22.9)
Book value at 31 March 2009	66.0	–	66.0
Costs capitalised	**1.8**	**–**	**1.8**
Interest capitalised	**0.2**	**–**	**0.2**
Transfer from development properties – IAS 40 (revised) – see note 1	**11.8**	**–**	**11.8**
Transfer to investment property	**(66.0)**	**–**	**(66.0)**
Net valuation surplus on investment property under development	**3.4**	**–**	**3.4**
Book value at 31 March 2010	**17.2**	**–**	**17.2**
Total investment property	**636.1**	**138.8**	**774.9**

The book value of investment property includes £2.0 million (2009: £8.5 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £772.9 million.

8 Investment property (continued)

Surplus/(deficit) from investment property

	2010 £m	2009 £m
Net valuation surplus/(deficit) on investment property	**108.4**	(308.1)
Net valuation deficit on development property taken to the income statement	**–**	(6.8)
Loss on sale of investment properties	**(18.6)**	(0.6)
	89.8	(315.5)

The investment and development properties (note 9) and the properties held in joint venture (note 10) were valued on the basis of Market Value by CB Richard Ellis, external valuers, as at 31 March 2010 in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors ("the Standards") and has been primarily derived using comparable recent market transactions on arm's-length terms.

At 31 March 2010 the Group had capital commitments of £nil million (2009: £1.3 million).

At 31 March 2010 properties with carrying value of £293.6 million (2009: £169.8 million) were secured under first mortgage debenture stock (see note 13).

9 Development property, plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Development property £m	Total £m
Cost or valuation				
At 1 April 2008	2.0	0.8	22.5	25.3
Costs capitalised	–	0.1	7.3	7.4
Interest capitalised	–	–	1.1	1.1
Net valuation deficit taken to the income statement	–	–	(6.8)	(6.8)
Net valuation deficit taken to equity	–	–	(1.3)	(1.3)
At 31 March 2009	2.0	0.9	22.8	25.7
Costs capitalised	**–**	**–**	**–**	**–**
Transfer to investment property on development completion	**–**	**–**	**(11.0)**	**(11.0)**
Transfer to investment property – IAS 40 (revised) – see note 1	**–**	**–**	**(11.8)**	**(11.8)**
At 31 March 2010	**2.0**	**0.9**	**–**	**2.9**
Depreciation				
At 1 April 2009	**0.7**	**0.6**	**–**	**1.3**
Charge for the year	**0.2**	**0.2**	**–**	**0.4**
At 31 March 2010	**0.9**	**0.8**	**–**	**1.7**
Carrying amount at 31 March 2009	**1.3**	**0.3**	**22.8**	**24.4**
Carrying amount at 31 March 2010	**1.1**	**0.1**	**–**	**1.2**

The historical cost of development property at 31 March 2010 was £nil million (2009: £31.3 million). The cumulative interest capitalised in development property was £nil million (2009: £2.9 million).

10 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	Total £m
At 1 April 2009	295.5	(112.3)	183.2
Movement on joint ventures balances	–	86.1	86.1
Acquisitions	44.7	–	44.7
Share of profit of joint ventures	7.7	–	7.7
Share of profit on disposal of joint venture properties	1.1	–	1.1
Share of revaluation surplus of joint ventures	47.4	2.8	50.2
Share of results of joint ventures	56.2	2.8	59.0
Fair value movement on derivatives taken to equity	0.1	–	0.1
Distributions	(40.7)	–	(40.7)
At 31 March 2010	355.8	(23.4)	332.4

The investments in joint ventures comprise the following:

	Country	2010	2009
The 100 Bishopsgate Partnership	United Kingdom	50%	–
GPE Marcol House Limited	United Kingdom	100%	–
Great Capital Partnership	United Kingdom	50%	50%
Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Victoria Partnerships	United Kingdom	50%	50%
The Great Wigmore Partnership	United Kingdom	50%	50%

The Group entered into two new joint ventures during the year. On 10 November 2009, the Group entered into an arrangement with Eurohypo to buy and develop Marcol House, 289/295 Regent Street, W1 and 23/24 Newman Street, W1. Eurohypo has a profit share arrangement depending on the success of the development schemes and is able to exert influence over the development strategy for the respective sites. As a result of this arrangement GPE and Eurohypo are considered to have joint control over the business of the entity although GPE has a 100% equity interest. Therefore, in accordance with IAS 31 GPE Marcol House Limited has been treated as a joint venture. On 31 March 2010, the Group entered into a joint venture, The 100 Bishopsgate Partnership, with Brookfield Properties Corporation.

10 Investment in joint ventures (continued)

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

	The 100 Bishopsgate Partnership £m	GPE Marcol House Ltd £m	Great Capital Partnership £m	Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2010 Total £m	2009 Total £m
Investment property	43.0	45.8	269.3	22.8	76.4	25.9	483.2	343.8
Current assets	0.9	1.0	12.1	0.7	1.7	0.9	17.3	7.1
Balances to/(from) Partners	–	(35.3)	82.6	(17.3)	(5.5)	(1.1)	23.4	112.3
Bank loans	–	–	(112.0)	–	(28.3)	–	(140.3)	(140.2)
Derivatives	–	–	(8.2)	–	–	–	(8.2)	(8.3)
Current liabilities	(0.9)	(1.6)	(5.6)	(0.4)	(2.2)	(0.5)	(11.2)	(9.8)
Finance leases	–	–	(8.4)	–	–	–	(8.4)	(9.4)
Net assets	43.0	9.9	229.8	5.8	42.1	25.2	355.8	295.5
Net rental income	–	0.3	14.8	0.3	3.6	0.8	19.8	22.1
Property and administration costs	–	(0.2)	(1.7)	(0.1)	(0.2)	(0.6)	(2.8)	(3.5)
Net finance costs	–	(0.6)	(6.3)	(0.4)	(1.5)	–	(8.8)	(9.4)
Tax (REIT conversion charge)	–	(0.5)	–	–	–	–	(0.5)	–
Movement in fair value of derivatives	–	–	–	–	–	–	–	(1.0)
Share of profit from joint ventures	–	(1.0)	6.8	(0.2)	1.9	0.2	7.7	8.2
Revaluation of investment property	(1.7)	10.9	21.0	3.1	10.6	3.5	47.4	(129.8)
Profit/(loss) on sale of investment property	–	–	0.9	–	–	0.2	1.1	(9.9)
Share of results of joint ventures	(1.7)	9.9	28.7	2.9	12.5	3.9	56.2	(131.5)

The joint ventures have bank loans with a total nominal value of £281.8 million. The Great Capital Partnership has a £225 million facility which is secured, attracts a floating rate of between 0.75% to 1.15% above LIBOR and expires in 2013. The Great Victoria Partnerships has a £56.8 million facility which is secured, attracts a fixed rate of 5.495% and expires in 2012. All interest bearing loans are in sterling. At 31 March 2010 the joint ventures had £nil undrawn facilities (2009: £nil).

The Great Capital Partnership has four interest rate swaps and an interest rate collar with notional principal amounts of £143.8 million and £25.0 million respectively. The interest rate swaps and collar expire coterminously with the bank loan in 2013. The weighted average contracted fixed interest rate for the interest rate swaps was 5.27%, and the collar has a floor of 4.845% and a cap of 6.5%. At 31 March 2010 the negative fair value of these derivatives was £16.3 million (our share £8.2 million), (2009: £8.3 million).

Transactions during the year between the Group and its joint ventures are disclosed below:

	2010 £m	2009 £m
Movement on funding accounts during the year	88.9	32.6
Balances outstanding at the year end from joint ventures	23.4	112.3
Distributions	40.7	36.0
Fee income	3.0	4.7

The balances outstanding at the period end to and from Partners do not bear interest, apart from the account with the Great Ropemaker Partnership on which interest is payable at 6%. The investment properties include £8.4 million (2009: £9.4 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 £474.8 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's-length transactions.

At 31 March 2010 the Group had no capital commitments in respect of balances arising in its joint ventures (2009: £nil).

11 Trade and other receivables

	2010 £m	2009 £m
Trade receivables	**3.6**	2.8
Allowance for doubtful debts	**(0.4)**	(0.1)
	3.2	2.7
Prepayments and accrued income	**15.4**	1.1
Other trade receivables	**13.1**	1.7
Derivatives	**1.1**	–
	32.8	5.5

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. Prepayments and accrued income includes funds transferred in respect of the dividend paid on 1 April 2010. Other trade receivables includes balances in respect of the completion of the sale of the Bishopsgate Estate that will be settled in the first quarter of the 2010/2011 financial year.

	2010 £m	2009 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.1)**	(0.3)
Amounts provided for during the year	**(0.3)**	(0.1)
Amounts written off as uncollectable	**–**	0.3
	(0.4)	(0.1)

12 Trade and other payables

	2010 £m	2009 £m
Trade payables	**10.3**	12.2
Non-trade payables and accrued expenses	**20.3**	16.1
	30.6	28.3

13 Interest-bearing loans and borrowings

	2010 £m	2009 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**144.3**	144.3
Unsecured		
Bank loans	**134.0**	234.0
Non-current liabilities at fair value		
Derivatives	**–**	18.5
	278.3	396.8

The Group has three floating rate revolving credit facilities of £300 million, £200 million and £50 million. The £300 million facility is unsecured, attracts a floating rate of 0.525% above LIBOR and expires in 2012. The £200 million facility is unsecured, attracts a floating rate of 0.50% above LIBOR and expires in 2012. The £50 million facility is unsecured, attracts a floating rate of 0.65% above LIBOR and expires in November 2010 and is undrawn at 31 March 2010. All interest bearing loans and borrowings are in sterling. At 31 March 2010 the Group had £417 million (2009: £317 million) of undrawn committed credit facilities.

14 Financial instruments

Categories of financial instrument	Carrying amount 2010 £m	Income/ (expense) 2010 £m	Gain/(loss) to equity 2010 £m	Carrying amount 2009 £m	Income/ (expense) 2009 £m	Gain/(loss) to equity 2009 £m
Interest rate swaps, caps and collars	–	(11.6)	11.8	(18.5)	(1.9)	(12.6)
Non-current liabilities at fair value	–	(11.6)	11.8	(18.5)	(1.9)	(12.6)
Interest rate swaptions	1.1	–	–	–	–	–
Non-current assets held at fair value	1.1	–	–	–	–	–
Trade receivables	32.8	–	–	5.5	–	–
Cash and cash equivalents	45.7	–	–	7.3	0.1	–
Loans and receivables	78.5	–	–	12.8	0.1	–
Trade and other payables	(30.6)	–	–	(28.3)	–	–
Interest-bearing loans and borrowings	(278.3)	(11.9)	–	(378.3)	(23.3)	–
Finance leases	(2.0)	(0.3)	–	(8.5)	(0.6)	–
Liabilities at amortised cost	(310.9)	(12.2)	–	(415.1)	(23.9)	–
Total financial instruments	(231.3)	(23.8)	11.8	(420.8)	(25.7)	(12.6)

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 11 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 and drawings against committed revolving credit facilities from banks.

Liquidity risk

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

14 Financial instruments (continued)

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

Key covenants	Covenant	March 2010 Actuals
Group		
Net debt/net equity	**≤1.25x**	**0.26x**
Inner borrowing	**≥1.66x**	**5.43x**
Interest cover	**≥1.30x**	**3.55x**
Joint venture – GCP		
Loan to value	**≤70%**	**45.6%**

The Group has undrawn credit facilities of £417 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 2010	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	**144.3**	**294.3**	**8.0**	**8.0**	**24.2**	**254.1**
Bank loans	**134.0**	**137.3**	**1.4**	**1.4**	**134.5**	**–**
Derivative financial instruments						
Interest rate swaptions	**(1.1)**	**–**	**–**	**–**	**–**	**–**
	277.2	**431.6**	**9.4**	**9.4**	**158.7**	**254.1**

At 31 March 2009	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	144.3	302.2	8.0	8.0	24.1	262.1
Bank loans	234.0	246.3	3.8	3.8	238.7	–
Derivative financial instruments						
Interest rate swaps	16.4	21.5	7.3	7.3	6.9	–
Interest rate collars	2.1	3.0	0.9	0.9	1.2	–
	396.8	573.0	20.0	20.0	270.9	262.1

Market risk

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

14 Financial instruments (continued)

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

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

Interest rate collars
An interest rate collar is an interest rate cap combined with an interest rate floor. In a floor arrangement if the underlying interest rate falls below a specified rate (the "floor") the Group will make a payment based upon the difference between the underlying rate and the floor. Therefore an interest rate collar gives the Group certainty that the interest rate it will pay will only fluctuate between the floor and the cap giving certainty that its interest rate exposure can only fluctuate within these restricted parameters.

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	
	2010 %	2009 %	**2010 £m**	2009 £m	**2010 £m**	2009 £m
Cash flow hedges						
Interest rate swaptions						
In excess of five years	**4.00%**	–	**100.0**	–	**1.1**	–
Interest rate swaps						
Between two and five years	**–**	5.48%	**–**	165.0	–	(16.4)
Interest rate collars						
Between two and five years	**–**	4.68%–6.5%	**–**	25.0	–	(2.1)
			100.0	190.0	**1.1**	(18.5)

As at 31 March 2010 the aggregate amount of unrealised losses in respect of cash flow hedges was £4.6 million (2009: £16.4 million).

Interest rate sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represent management's assessment of reasonably possible changes in interest rates. For the floating liabilities the analysis is prepared assuming the amount of the liability at 31 March 2010 was outstanding for the whole year.

	Impact on profit		Impact on equity	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Increase of 50 basis points	**(0.7)**	(0.2)	**(0.7)**	(0.2)
Increase of 100 basis points	**(1.3)**	(0.4)	**(1.3)**	(0.4)
Decrease of 50 basis points	**0.7**	0.2	**0.7**	0.2
Decrease of 100 basis points	**1.3**	0.4	**1.3**	0.4

14 Financial instruments (continued)

Fair value of interest-bearing loans and borrowings

	2010 Book value £m	2010 Fair value £m	2009 Book value £m	2009 Fair value £m
Non-current liabilities at amortised cost	**278.3**	**245.4**	378.3	338.3
Non-current (assets)/liabilities held at fair value (derivatives)	**(1.1)**	**(1.1)**	18.5	18.5
	277.2	**244.3**	396.8	356.8

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. Quoted market values have been used to determine the fair value of listed long-term borrowings, and derivatives have been valued by reference to market rates of interest. The market values of all other items have been calculated by discounting the expected future cash flows at market interest rates.

15 Finance leases

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

	2010 Minimum lease payments £m	2010 Interest £m	2010 Principal £m	2009 Minimum lease payments £m	2009 Interest £m	2009 Principal £m
Less than one year	**0.2**	**(0.2)**	**–**	0.6	(0.6)	–
Between two and five years	**0.7**	**(0.7)**	**–**	2.3	(2.3)	–
More than five years	**21.2**	**(19.2)**	**2.0**	67.0	(58.5)	8.5
	22.1	**(20.1)**	**2.0**	69.9	(61.4)	8.5

16 Share capital

	2010 Number	2010 £m	2009 Number	2009 £m
Ordinary shares of 12½ pence each				
Authorised	**600,000,000**	**75.0**	550,100,752	68.8
Allotted, called up and fully paid				
At 1 April	**181,023,034**	**22.6**	181,023,034	22.6
Issue of ordinary shares – Rights Issue	**131,653,115**	**16.5**	–	–
At 31 March	**312,676,149**	**39.1**	181,023,034	22.6

In June 2009 the Company raised gross proceeds of £175.1 million (£166.4 million net proceeds) by issuing 131,653,115 new shares through an 8 for 11 Rights Issue. The proceeds of the Rights Issue were used to pay down bank loans and purchase new investment property.

17 Investment in own shares

	2010 £m	2009 £m
At 1 April	**0.2**	0.3
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(1.5)**	(0.1)
Purchase of shares	**3.5**	–
Transfer to retained earnings	**(1.9)**	–
At 31 March	**0.3**	0.2

The investment in the Company's own shares is held at cost and comprises 1,022,179 shares (2009: 157,275 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest in certain senior employees of the Group if performance conditions are met.

During the year 499,231 shares (2009: 600,752 shares) were awarded to directors and senior employees in respect of the 2006 LTIP award. The fair value of shares awarded and outstanding at 31 March 2010 was £11.3 million (2009: £10.4 million).

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

	2010 £m	2009 £m
(Surplus)/deficit from investment property	**(89.8)**	315.5
Employee Long-Term Incentive Plan and Share Matching Plan charge	**1.5**	0.1
Amortisation of capitalised lease incentives	**(2.9)**	(3.4)
Share of results from joint ventures	**(59.0)**	131.5
Other items	**(0.1)**	–
Adjustments for non-cash items	**(150.3)**	443.7

19 Dividends

	2010 £m	2009 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2010 of 3.0 pence per share	**9.3**	–
Final dividend for the year ended 31 March 2009 of 8.0 pence per share	**14.5**	–
Interim dividend for the year ended 31 March 2009 of 4.0 pence per share	**–**	7.3
Final dividend for the year ended 31 March 2008 of 8.0 pence per share	**–**	14.4
	23.8	21.7

A further interim dividend of 5 pence per share was approved by the Board on 3 March 2010 and was paid on 1 April 2010 to shareholders on the register on 12 March 2010. The dividend is not recognised as a liability at 31 March 2010. The 2009 final dividend and the 2010 interim dividend were paid in the year and are included within the Group statement of changes in equity.

20 Operating leases

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

	2010 £m	2009 £m
The Group as a lessor		
Less than one year	**36.9**	45.3
Between two and five years	**107.0**	118.0
More than five years	**91.4**	130.8
	235.3	294.1

20 Operating leases (continued)

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2010 was 5.8 years (2009: 6.0 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the year (2009: £nil).

21 Employee benefits

The Group contributes to a defined benefit pension plan (the "Plan"), the assets of which are held by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2009 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2010 %	2009 %
Discount rate	**5.75**	6.75
Expected return on Plan assets	**5.47**	5.69
Expected rate of salary increases	**4.75**	4.50
Future pension increases	**3.75**	3.50

To develop the expected long-term rate of return on the Plan assets, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the long-term rate of return on Plan assets for the portfolio. This resulted in the selection of an assumption of 5.47% p.a.

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

	2010 £m	2009 £m
Present value of unfunded obligations	**(17.5)**	(13.4)
Fair value of the Plan assets	**17.3**	14.0
Pension (liability)/asset	**(0.2)**	0.6

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

	2010 £m	2009 £m
Current service cost	**(0.2)**	(0.2)
Interest on obligation	**(0.9)**	(0.9)
Expected return on the Plan assets	**0.8**	0.9
	(0.3)	(0.2)

Actuarial deficit recognised immediately in the Group statement of recognised income and expense	**(1.0)**	(1.8)
Cumulative actuarial gains recognised in the Group statement of recognised income and expense	**1.4**	2.4

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

	2010 £m	2009 £m
Defined benefit obligation at 1 April	**13.4**	13.9
Service cost	**0.2**	0.2
Interest cost	**0.9**	0.9
Actuarial gain	**3.6**	(1.2)
Benefits paid	**(0.6)**	(0.4)
Defined benefit obligation at 31 March	**17.5**	13.4

21 Employee benefits (continued)

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

	2010 £m	2009 £m
Fair value of the Plan assets at 1 April	**14.1**	16.1
Expected return on the Plan assets	**0.8**	0.9
Actuarial gain/(loss)	**2.6**	(3.0)
Contributions	**0.4**	0.4
Benefits paid	**(0.6)**	(0.4)
Fair value of the Plan assets at 31 March	**17.3**	14.0
Net (liability)/asset	**(0.2)**	0.6

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

	2010 £m	2009 £m
Equities	**6.9**	5.6
Bonds	**10.4**	8.4
	17.3	14.0

The actual return on Plan assets was a surplus of £3.4 million (2009: deficit of £2.0 million).

Life expectancy assumptions on retirement:

	2010 Years	2009 Years
Male aged 65	**23**	22
Female aged 65	**26**	25
Male aged 45	**24**	23
Female aged 45	**28**	26

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

	2010	2009	2008	2007
Difference between expected and actual return on the scheme assets:				
Amount £m	**2.6**	(3.0)	(0.8)	(0.2)
Percentage of scheme assets	**15%**	(21%)	(5%)	(1%)
Experience gains and losses on scheme liabilities:				
Amount £m	**–**	1.7	–	–
Percentage of scheme assets	**–**	13%	–	–
Total gains and losses:				
Amount £m	**(1.0)**	(1.8)	1.9	–
Percentage of scheme assets	**(6%)**	(13%)	13%	–

The Group expects to contribute £0.4 million to its Pension Plan in the year ended 31 March 2011.

Group independent auditors' report

Independent auditors' report to the members of Great Portland Estates plc

We have audited the Group financial statements of Great Portland Estates plc for the year ended 31 March 2010 which comprise the Group Income Statement, the Group Balance Sheet, the Group Statement of Cash Flows, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Group financial statements:

– give a true and fair view of the state of the Group's affairs as at 31 March 2010 and of its profit for the year then ended;

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

Under the Listing Rules we are required to review:

– the directors' statement contained within the Directors' Report in relation to going concern; and

– the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matters

We have reported separately on the parent company financial statements of Great Portland Estates plc for the year ended 31 March 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

Claire Faulkner

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

20 May 2010

Company balance sheet – UK GAAP

	Notes	2010 £m	2009 £m
Fixed assets			
Fixed asset investments	iii	**1,574.8**	1,147.6
Current assets			
Debtors	iv	**147.0**	162.5
Cash at bank and short-term deposits		**46.2**	7.0
		193.2	169.5
Creditors: amounts falling due within one year	v	**(613.0)**	(481.1)
Net current liabilities		**(419.8)**	(311.6)
Total assets less current liabilities		**1,155.0**	836.0
Creditors: amounts falling due after more than one year			
Debenture loans	13	**(144.3)**	(144.3)
Bank and other loans	13	**(134.0)**	(234.0)
Derivatives	13	**–**	(18.5)
Net assets		**876.7**	439.2
Capital and reserves			
Called up share capital	16	**39.1**	22.6
Share premium account		**218.1**	68.2
Hedging reserve	vi	**(4.6)**	(16.4)
Revaluation reserve	vi	**337.4**	267.0
Other reserves	vi	**25.0**	25.0
Profit and loss account	vi	**262.0**	73.0
Investment in own shares	17	**(0.3)**	(0.2)
Shareholders' funds		**876.7**	439.2

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

Approved by the Board on 20 May 2010 and signed on its behalf by

Toby Courtauld
Chief Executive

N. T. Drakesmith

Timon Drakesmith
Finance Director

Notes forming part of the Company financial statements

i Accounting policies

Accounting convention

The Company financial statements are prepared under UK GAAP and the historical cost convention as modified by the revaluation of investments in subsidiary undertakings. The Company has prepared its financial statements on a going concern basis, see page 52.

Subsidiary undertakings and joint ventures

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

Accounting policies for share-based payments, deferred tax and financial instruments are the same as those of the Group and are set out on pages 79 to 81.

ii Profit attributable to members of the parent undertaking

As permitted by section 408 Companies Act 2006, the Company has not presented its own profit and loss account. The profit dealt with in the accounts of the Company was £214.7 million (2009: loss of £15.0 million). The employees of the Company are the directors and the company secretary. Full disclosure of the directors remuneration can be found on pages 62 to 72.

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
At 1 April 2009	–	816.9	330.7	1,147.6
Additions	68.1	268.7	–	336.8
Movement on loans	–	–	20.0	20.0
Surplus on revaluation	12.6	57.8	–	70.4
At 31 March 2010	80.7	1,143.4	350.7	1,574.8

Shares in subsidiary undertakings and joint ventures are carried at directors' valuation. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2010 was £868.5 million (2009: £531.7 million).

Were the Company to sell its investments in subsidiary undertakings, an estimated charge of £99.6 million (2009: £79.9 million) would arise. However, the Company has no intention of selling any of its investments in the foreseeable future.

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

	Principal activity		Principal activity
B & H S Management Limited	Property management	**G.P.E. (Hanover Square) Limited***	Property investment
Collin Estates Limited	Property investment	**G.P.E. (New Bond Street) LLP†**	Property investment
Courtana Investments Limited	Property investment	**G.P.E. (61 St. Mary Axe) Limited**	Property investment
G.P.E. (Bermondsey Street) Limited	Property investment	**G.P.E. (St. Thomas Street) Limited**	Property investment
G.P.E. (80 Bishopsgate) Limited	Property investment	**Ilex Limited**	Property investment
G.P.E. (88/104 Bishopsgate) Limited	Property investment	**J.L.P. Investment Company Limited**	Property investment
G.P.E. Construction Limited	Development management	**Knighton Estates Limited**	Property investment
Foley Street Limited	Property investment	**Pontsarn Investments Limited**	Property investment

* Held by a subsidiary undertaking.

† The Company owns, through a subsidiary undertaking, 100% of the partnership capital of G.P.E. (New Bond Street) LLP which is registered in England and operates in the United Kingdom.

Notes forming part of the Company financial statements

iv Debtors

	2010 £m	2009 £m
Amounts owed by subsidiary undertakings	**122.7**	161.3
Amounts owed by joint ventures	**7.4**	–
Corporation tax	**0.7**	0.7
Other debtors	**0.1**	–
Prepayments and accrued income	**15.0**	0.5
Derivatives	**1.1**	–
	147.0	162.5

v Creditors: amounts falling due within one year

	2010 £m	2009 £m
Amounts owed to subsidiary undertakings	**490.7**	361.4
Amounts owed to joint ventures	**118.8**	114.9
Other taxes and social security costs	**0.5**	0.1
Other creditors	**0.9**	0.6
Accruals	**2.1**	4.1
	613.0	481.1

vi Reserves

	Other reserves					
	Capital redemption reserve £m	Acquisition reserve £m	Total £m	Hedging reserve £m	Revaluation reserve £m	Profit and loss account £m
1 April 2009	16.4	8.6	25.0	(16.4)	267.0	73.0
Surplus on revaluation of fixed asset investments	–	–	–	–	70.4	–
Retained profit for the year	–	–	–	–	–	190.9
Transfer to investment in own shares	–	–	–	–	–	(1.9)
Loss on termination of derivatives	–	–	–	11.6	–	–
Fair value movement on derivatives in effective hedging relationships	–	–	–	0.2	–	–
At 31 March 2010	16.4	8.6	25.0	(4.6)	337.4	262.0

Company independent auditors' report

Independent auditors' report to the members of Great Portland Estates plc

We have audited the parent company financial statements of Great Portland Estates plc for the year ended 31 March 2010 which comprise the parent company Balance Sheet and the related notes i to vi. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

– give a true and fair view of the state of the parent company's affairs as at 31 March 2010;

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

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

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

Matters on which we are required to report by exception

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

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

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

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

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

Other matters

We have reported separately on the Group financial statements of Great Portland Estates plc for the year ended 31 March 2010.

Claire Faulkner

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

20 May 2010

Analysis of ordinary shareholdings

At 31 March 2010

By shareholder

	Shareholders		Shares	
	Number	%	Number	%
Banks and nominee companies	998	32.74	301,406,004	96.40
Individuals	1,944	63.78	7,192,442	2.30
Investment trusts	7	0.23	26,618	0.01
Insurance companies	5	0.16	137,997	0.04
Other limited companies	66	2.17	1,315,037	0.42
Pension funds	4	0.13	201,168	0.06
Other institutions	24	0.79	2,396,883	0.77
	3,048	100.00	312,676,149	100.00

By size of holding

1	–	500	688	22.57	163,513	0.05
501	–	1,000	496	16.28	374,499	0.12
1,001	–	5,000	1,132	37.14	2,665,098	0.85
5,001	–	10,000	232	7.61	1,667,838	0.53
10,001	–	50,000	203	6.66	4,626,487	1.48
50,001	–	100,000	65	2.13	4,677,189	1.50
100,001	–	and above	232	7.61	298,501,525	95.47
			3,048	100.00	312,676,149	100.00

Glossary

Adjusted earnings per share
Earnings per share adjusted to exclude non-recurring items, profits or losses on sales of investment properties, property revaluations and fair value movements on derivatives on a diluted basis.

Adjusted net assets per share
NAV adjusted to exclude deferred tax on capital allowances and the fair value of derivatives on a diluted basis.

Earnings Per Share (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA adjustments
Standard calculation methods for adjusted EPS and adjusted NAV 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 Company's valuers at each balance sheet date.

F&BS
Finance and Business Services sector.

IPD
The Investment Property Databank Limited (IPD) is a company that produces an independent benchmark of property returns.

IPD central London
An index, compiled by IPD, of the central and inner London properties in their monthly and quarterly valued universes.

Loan To Value (LTV)
Total bank loans and debenture stock (including our share of joint ventures) expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

Like-for-like portfolio
Properties that have been held for the whole of the period of account.

Market value
The amount as estimated by the Company's valuers for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In line with market practice, values are stated net of purchasers' costs.

Net assets per share or Net Asset Value (NAV)
Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Net gearing
Total borrowings less short-term deposits and cash as a percentage of adjusted equity shareholders' funds.

Net initial yield
Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchaser's costs.

Non-PIDs
Dividends from profits of the Group's taxable residual business.

Property Income Distributions (PIDs)
Dividends from profits of the Group's tax-exempt property rental business.

Portfolio Internal Rate of Return (IRR)
The rate of return that if used as a discount rate and applied to the projected cash flows from the portfolio would result in a net present value of zero.

REIT
UK Real Estate Investment Trust.

Rent roll
The annual contracted rental income.

Return On Capital Employed (ROCE)
Return On Capital Employed is measured as profit before financing costs plus revaluation surplus on development property divided by the opening gross capital.

Return on shareholders' equity
The growth in the adjusted diluted net assets per share plus dividends per share for the period expressed as a percentage of the adjusted net assets per share at the beginning of the period.

Reversionary or under-rented
The percentage by which ERV exceeds rents passing, together with the estimated rental value of vacant space.

Reversionary yield
The anticipated yield, which the initial yield will rise to once the rent reaches the ERV.

Total Property Return (TPR)
Capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value.

Total Shareholder Return (TSR)
The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period.

Triple net asset value (NNNAV)
NAV adjusted to include the fair value of the Group's financial liabilities on a diluted basis.

True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchaser's costs. Assumes rent is received quarterly in advance.

Voids
The element of a property which is unoccupied but available for letting, usually expressed as the ERV of the void space divided by the existing rent roll plus the ERV of the void space.

Weighted Average Cost of Capital (WACC)
The weighted average pre-tax cost of the Group's debt and the notional cost of the Group's equity used as a benchmark to assess investment returns.

Weighted Average Unexpired Lease Term (WAULT)
The Weighted Average Unexpired Lease Term expressed in years.

Notice of meeting

Notice

Notice is hereby given that the fifty-third Annual General Meeting of Great Portland Estates plc will be held at 50 Stratton Street, London W1, on Thursday 8 July 2010 at 11.30am, for the purposes set out below, with the Board available from 11.00am to meet shareholders and answer questions:

1. To receive and adopt the audited financial statements together with the directors' and auditors' reports for the year ended 31 March 2010.
2. To approve the Directors' remuneration report.
3. To re-elect Neil Thompson as a director of the Company.
4. To re-elect Charles Irby as a director of the Company.
5. To re-elect Jonathan Short as a director of the Company.
6. To elect Jonathan Nicholls as a director of the Company.
7. To reappoint Deloitte LLP as auditors.
8. To authorise the directors to agree the remuneration of the auditors.

As special business, to consider and, if thought fit, to pass the following resolution which will be proposed as to those numbered 9 to 12 inclusive as ordinary resolutions, and those numbered 13 to 16 inclusive as special resolutions. The items of special business are explained in more detail in the Report of the directors on pages 50 and 55.

Ordinary resolution

9. That the rules of the Great Portland Estates 2010 Long-Term Incentive Plan (the "2010 LTIP"), summarised in the Chairman of the Remuneration Committee's letter to shareholders dated 28 May 2010 and produced to this meeting and, for the purposes of identification, signed by the Chairman, be approved and the directors be authorised to:

   (a) adopt the 2010 LTIP in the form produced to the meeting and do all acts and things which they consider necessary or expedient for the purposes of implementing and giving effect to the 2010 LTIP; and

   (b) establish further plans based on the 2010 LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any ordinary shares made available under such further plans are treated as counting against the limits on individual and overall participation in the 2010 LTIP.

10. That the rules of the Great Portland Estates 2010 Share Incentive Plan (the "2010 SIP"), summarised in the Chairman of the Remuneration Committee's letter to shareholders dated 28 May 2010 and produced to this meeting and, for the purposes of identification, signed by the Chairman, be approved and the directors be authorised to:

    (a) adopt the 2010 SIP in the form produced to the meeting and do all acts and things which they consider necessary or expedient for the purposes of implementing and giving effect to the 2010 SIP including making any amendments required by HM Revenue & Customs in order to obtain approval of the 2010 SIP under Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003; and

    (b) establish further plans based on the 2010 SIP but modified to take account of local tax, exchange control or securities laws in overseas territories, overseas territories, provided that any ordinary shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2010 SIP.

11 That the rules of the Great Portland Estates 2010 Save As You Earn Scheme (the "2010 SAYE"), summarised in the Chairman of the Remuneration Committee's letter to shareholders dated 28 May 2010 and produced to this meeting and, for the purposes of identification, signed by the Chairman, be approved and the directors be authorised to:

    (a) adopt the 2010 SAYE in the form produced to the meeting and do all acts and things which they consider necessary or expedient for the purposes of implementing and giving effect to the 2010 SAYE including making any amendments required by HM Revenue & Customs in order to obtain approval of the 2010 SAYE under Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003; and

    (b) establish further plans based on the 2010 SAYE but modified to take account of local tax, exchange control or securities laws in overseas territories, overseas territories, provided that any ordinary shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2010 SAYE.

12. That:

(a) the directors be generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:

(i) up to a maximum nominal amount of £13,026,870 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the Companies Act 2006) allotted under paragraph (ii) below in excess of £13,030,778); and

(ii) comprising equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum nominal amount of £26,053,740 (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:

(A) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

(B) to holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities;

and so that the directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

(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 2011;

(c) the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires and the directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired; and

(d) all previous unutilised authorities under section 80 of the Companies Act 1985 and section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

Special resolutions

13. That:

(a) the directors be given power:

(i) (subject to the passing of resolution 12) to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under section 551 of that Act; and

(ii) to allot equity securities as defined in section 560(3) of that Act (sale of treasury shares) for cash,

in either case as if section 561 of that Act did not apply to the allotment but this power shall be limited:

(A) to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under resolution 12 (a)(ii), by way of a Rights Issue only) to or in favour of:

I. holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

II. holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities;

and so that the directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and

(B) to the allotment of equity securities pursuant to the authority granted under resolution 12 (a)(i) and/or by virtue of section 560(3) of the Companies Act 2006 (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £1,954,225;

(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 2011;

(c) all previous unutilised authorities under section 95 of the Companies Act 1985 and sections 570 and 573 of the Companies Act 2006 shall cease to have effect; and

(d) the Company may, before this power expires, make an offer or 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.

14. That, in accordance with the Companies Act 2006, the Company be and it is hereby 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, subject to the following conditions:

    (a) the maximum number of shares which may be purchased is 46,870,154;

    (b) the maximum price at which shares may be purchased shall not be more than the higher of an amount equal to 5% above the average of the middle market quotations for the shares as taken from the London Stock Exchange Daily Official List for the five business days' preceding the date of purchase and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003 and the minimum price shall be 12.5 pence, being the nominal value of the shares, in each case exclusive of expenses; and

    (c) the authority to purchase 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 1 October 2011 whichever is the earlier, save that the Company may before such expiry enter into a contract of purchase under which such purchase may be completed or executed wholly or partly after the expiration of this authority.

15. That with effect from the conclusion of the Annual General Meeting:

    (a) the Articles of Association of the Company be amended by deleting all of the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

    (b) the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

16. That, in accordance with the Company's Articles of Association, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Registered office:

33 Cavendish Square
London W1G 0PW

By order of the Board

Desna Martin
Company Secretary

20 May 2010

Notes to notice of meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:

   • in hard copy form by post, by courier or by hand to the Company's Registrar at the address shown on the form of proxy; or

   • in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

   and in each case must be received by the Company not less than 48 hours before the time of the meeting.

2. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

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 these paragraphs 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 19 May 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 312,676,149 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 19 May 2010 are 312,676,149.

7. Copies of all directors' contracts will be available for inspection at 33 Cavendish Square, London W1G 0PW during normal business hours on any weekday (English public holidays excepted) and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

8. A copy of: (a) the proposed rules of the 2010 LTIP, the 2010 SIP and 2010 SAYE; and (b) the proposed new articles of association and the memorandum and current articles, marked to show all the changes proposed, will be available for inspection at 33 Cavendish Square, London W1G 0PW and at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD, during normal business hours on any weekday (English public holidays excepted) until the close of the Annual General Meeting, and at the place of the Annual General Meeting from at least 15 minutes prior to the meeting and until the conclusion of the meeting.

9. (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's 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.

   (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 CRESTCo 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.

10. The Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00pm on 6 July 2010 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.

11. 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.

12. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006, and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.

13. 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.

14. 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/

Five year record

Based on the Group financial statements for the years ended 31 March

Balance sheet

	2006 £m	2007 £m	2008 £m	2009 £m	**2010 £m**
Property portfolio	1,023.7	1,333.0	1,095.8	803.2	**774.9**
Joint ventures	72.4	176.0	390.6	183.2	**332.4**
Loans and borrowings	(335.7)	(393.3)	(425.3)	(378.3)	**(278.3)**
Other net assets/(liabilities)	(105.7)	(39.7)	(11.7)	(39.5)	**47.7**
Net assets	654.7	1,076.0	1,049.4	568.6	**876.7**

Financed by

	2006 £m	2007 £m	2008 £m	2009 £m	**2010 £m**
Issued share capital	20.4	22.6	22.6	22.6	**39.1**
Reserves	634.3	1,053.4	1,026.8	546.0	**837.6**
Total equity	654.7	1,076.0	1,049.4	568.6	**876.7**
Net assets per share*	299p	443p	433p	234p	**280p**
Diluted adjusted net assets per share*	326p	443p	434p	245p	**283p**

Income statement

	£m	£m	£m	£m	**£m**
Rental income	44.5	46.9	44.4	42.4	**45.7**
Joint venture fee income	1.3	1.6	5.8	4.7	**3.0**
Rental and joint venture fee income	45.8	48.5	50.2	47.1	**48.7**
Property and administration expenses	(15.4)	(18.2)	(19.9)	(17.6)	**(16.6)**
Profit from development management agreements	–	5.3	7.1	4.0	**0.1**
	30.4	35.6	37.4	33.5	**32.2**
Gain/(deficit) on investment property	186.1	278.1	(8.7)	(315.5)	**89.8**
Share of results of joint ventures	16.4	45.2	(1.6)	(131.5)	**59.0**
Operating profit/(loss)	232.9	358.9	27.1	(413.5)	**181.0**
Finance income	0.8	0.3	0.6	0.3	**0.4**
Finance costs	(18.2)	(22.0)	(30.7)	(22.9)	**(13.2)**
Non-recurring items	(27.5)	(11.2)	–	(0.1)	**(11.6)**
Profit/(loss) before tax	188.0	326.0	(3.0)	(436.2)	**156.6**
Tax	(39.7)	56.8	(1.1)	0.1	**(0.2)**
Profit/(loss) for the year	148.3	382.8	(4.1)	(436.1)	**156.4**
Earnings per share – basic*	68.4p	175.9p	(1.6)p	(180.0)p	**55.5p**
Earnings per share – adjusted*	7.6p	7.6p	9.4p	9.1p	**10.1p**
Dividend per share*	8.2p	8.4p	8.9p	9.0p	**8.0p**

* Restated for the Rights Issue – see note 7.

Financial calendar

2010

8 July
Annual General Meeting

10 Nov
Announcement of 2010/2011 interim results (provisional)[1]

17 Nov
Ex-dividend date for 2010/2011 interim dividend (provisional)[1]

19 Nov
Registration qualifying date for 2010/2011 interim dividend (provisional)[1]

2011

5 Jan
2010/2011 interim dividend payable (provisional)[1]

18 May
Announcement of 2010/2011 full year results (provisional)[2]

[1] Provisional dates will be confirmed in the Half Year results announcement 2010.
[2] The timetable for the potential final dividend will be confirmed in the 2011 Annual Report.

Shareholders' information

Shareholder enquiries

All enquiries relating to holdings of shares, bonds or debentures in Great Portland Estates, including notification of change of address, queries regarding dividend/interest payments or the loss of a certificate, should be addressed to the Company's registrars:

Capita Registrars
Northern House
Fenay Bridge
Huddersfield HD8 0GA
Tel: 0871 664 0300

(Calls cost 10 pence per minute plus network extras; lines are open 8.30–5.30pm Monday to Friday).
If you are calling from overseas please dial +44 20 8639 3399

Unsolicited telephone calls – Boiler room scams

Over the last year, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company.

These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in UK or overseas investments. These operations are commonly known as "boiler rooms". Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports into the Company. If you receive any unsolicited investment advice:

– ensure you get the correct name of the person and organisation;

– check that the organisation is on the Financial Services Authority ("FSA") Register and is authorised to give financial advice before getting involved by visiting www.fsa.gov.uk/pages/register

– report the matter to the FSA Consumer Helpline (0300 500 5000) with details, or complete the Unauthorised Firms Reporting Form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/form.shtml and

– if the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

More detailed information on this or similar activities can be found on the FSA website at www.moneymadeclear.fsa.gov.uk

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.

Low cost dealing service

This service provides both existing and prospective shareholders with a simple, postal, low-cost method of buying and selling Great Portland Estates shares.

For further information, or a dealing form, contact:
JP Morgan Cazenove
20 Moorgate
London EC2R 6DA
Tel: 020 7155 5155

Website

The Company has a corporate website, which holds, amongst other information, a copy of our latest annual report and accounts, a list of properties held by the Group and copies of all press announcements released over the last 12 months. The site can be found at www.gpe.co.uk

Tax consequences of REIT status

As a REIT, dividend payments must be split between PIDs and non-PIDs. Information in respect of the tax consequences for shareholders of receiving dividends can be found on the Company's website at www.gpe.co.uk/investors/reits

Company Secretary

Desna Martin, BCom CA(Aust) ACIS
Registered office
33 Cavendish Square
London W1G 0PW
Tel: 020 7647 3000
Fax: 020 7016 5500
Registered number: 596137

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Your notes

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