GREAT PORTLAND ESTATES

Unlocking potential

Annual Report 2009

At a glance

A positive relative performance
read the Chairman's statement page 2

Our strategic priorities have been adjusted to respond to this challenging market page 5

Reading the property cycle is crucial
see our case study and find out more page 12

See how we manage the risk in our business page 16

A perspective on our markets page 17

Other information

Visit:
www.gpe.co.uk

Front cover image:
The atrium of our recently completed development at Wells & More, 45 Mortimer Street, W1 showing .:.0=1– trace of light, an installation by Hitoshi Kuriyama
See page 10

The CO_2 emissions associated with the production and distribution of this report have been neutralised to net zero through a renewable energy project in India.

We are a central London property investment and development company owning over £1.1 billion of real estate.

We aim to deliver superior returns to our shareholders by unlocking the often hidden potential in retail and office property.

Today's market is very different from that of only 12 months ago but we continue to outperform. We have adjusted our priorities to face the market conditions although our business model, which is sound, remains unchanged. We are confident that we are well placed for the future.

Chairman's statement

Martin Scicluna Chairman

The Group has again delivered a positive relative performance.

The extreme challenges of the financial and property markets have been well documented and our business has had to respond to dramatic valuation declines particularly since September 2008. We have remained focused on our business plans and have maintained a satisfactorily high run rate of lettings.

In anticipation of the downturn we have been net sellers and have limited our exposure to development risk. We have continued with our conservative approach to financing and have generated cash flow through a pragmatic approach to lettings and proactive credit control. We remain focused on delivering our business plans: our teams have successfully concluded developments at our Wells & More and Foley Street schemes, achieving notable successes in leasing the majority of the space quickly after practical completion; the asset management team has maintained a satisfactorily high run rate of lettings, renewals and rent reviews over the year; and our investment management attention has been focused on executing opportune disposals whilst keeping a watchful eye on new investment opportunities. The case studies in the following pages illustrate many examples of our achievements during the year.

The Company has again delivered a positive relative performance – total shareholder return was 8.7 percentage points higher than that of the FTSE 350 Real Estate index. The portfolio total property return over the year outstripped the central London IPD index by 3.3 percentage points. It is a testament to our talented people that in April 2009 we received IPD's award for the highest three year annualised relative return to December 2008 in respect of specialist funds above £350 million.

The Company's results for the last 12 months reflect the impact of the continued economic turmoil. Asset values fell as a result of yields moving out due to the lack of available finance and, in more recent months, declining rents. The property portfolio value declined by 28.0% during the year resulting in the adjusted net assets per share standing at 329 pence at 31 March 2009, some 43.5% lower than 31 March 2008. Adjusted earnings per share for the year were 12.2 pence, a slight decline of 3.2% compared to the prior year. Importantly, the Company's debt position remains comfortable and at the year end our balance sheet gearing was 65.2%, well within our covenant levels. These ratios have been held at low levels relative to our peers, largely as a result of several major property disposals realising around £103 million in proceeds (including our share of joint ventures) and the timely completion of the bulk of our development programme ahead of the worst of the downturn. We have announced a proposed final dividend of 8.0 pence per share, making the total for the year 12.0 pence per share, a 1% increase on last year.

3.3

percentage points relative total property return in excess of the IPD Central London index

On a personal note I would like to pay tribute to Richard Peskin, who was a Director of the Company for over 40 years, including 23 years as Chairman, and who retired in March. We will miss him greatly and appreciate the enormous contribution he made to Great Portland Estates. Also, after six years as a Non-Executive Director, including five years as Senior Independent Director, Kathleen O'Donovan will be retiring at the Annual General Meeting and I would like to thank her for her wise counsel and significant contribution to the activities of the Board over the years. Charles Irby will take her place as Senior Independent Director.

Looking forward, we anticipate conditions will remain difficult for the rest of 2009 and into 2010. We are in good shape to deal with these circumstances and are already starting to see attractive investment prospects as a result of the current environment which could provide the basis for long-term growth. On 19 May 2009, we announced a Rights Issue to raise £166 million (net of expenses) and, with our focused strategy, conservatively financed balance sheet and track record for sector outperformance, we believe we are well placed to use the proceeds, together with existing financial resources, to take advantage of such opportunities.

"The Company's debt position remains comfortable"

+0.8%

Total dividend 12p – up 0.8%

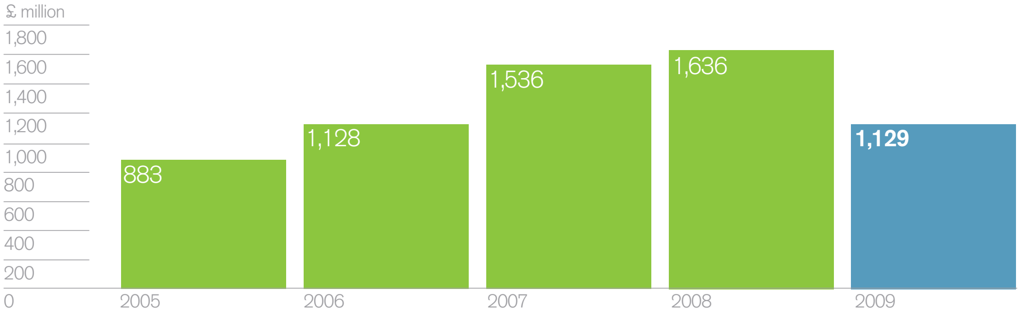
Balance sheet

	March 2009	March 2008	Percentage change
Portfolio value[1] (% change like-for-like)	**£1,129.1m**	£1,635.9m	(28.0)%
Net assets	**£568.6m**	£1,049.4m	(45.8)%
Basic net assets per share	**314p**	580p	(45.9)%
Adjusted net assets per share[2]	**329p**	582p	(43.5)%

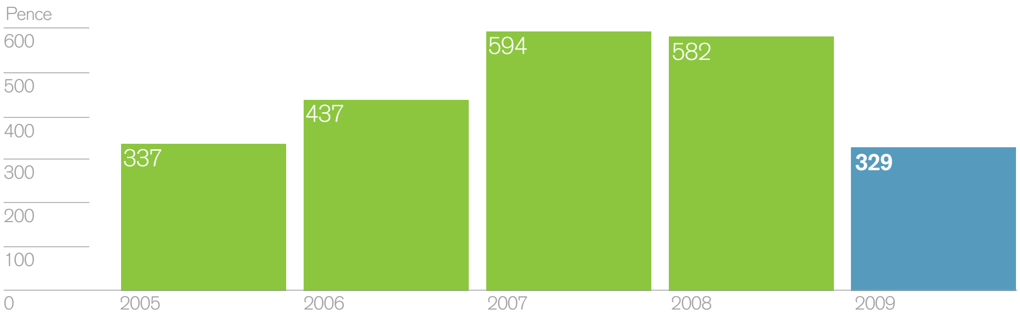
Income statement

	March 2009	March 2008	Percentage change
Rental and joint venture fee income	**£47.1m**	£50.2m	(6.2)%
Total rental and joint venture fee income[1]	**£69.2m**	£72.0m	(3.9)%
Deficit from investment property[3]	**£(455.2)m**	£(26.4)m	n/a
Loss before tax	**£(436.2)m**	£(3.0)m	n/a
Adjusted profit before tax	**£21.9m**	£23.8m	(8.0)%
Basic EPS	**(241.1)p**	(2.2)p	n/a
Adjusted EPS[2]	**12.2p**	12.6p	(3.2)%
Dividend per share	**12.0p**	11.9p	0.8%

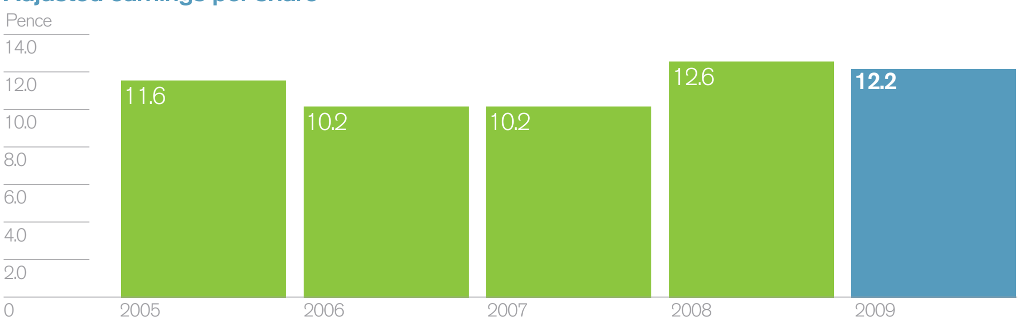
Portfolio value[1]



Adjusted net assets per share[2]



Adjusted earnings per share[2]



12.2p

Adjusted EPS for 2009

Notes
1. Includes Group's share of JVs.
2. EPRA adjustments on a diluted basis – see note 7 on page 73.
3. Deficit on revaluation and loss on sale of investment property including Group's share of JVs.

A consistent business model

One clear objective

The Group's objective is to generate superior portfolio and shareholder returns from a combination of active asset management, development and investment management skills. We aim to maximise equity returns over the real estate cycle by efficient and flexible structuring and through the use of conservative financing.

See the KPIs for how we measure this on pages 14 and 15 →

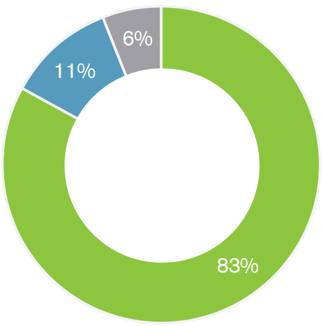
The right fundamentals

The fundamental elements of our business model are:

– Ownership of real estate in prime locations in central London
– Upgrading the rental values of buildings through asset management, refurbishment or development
– Frequent acquisition, disposal and joint venturing of assets to enhance overall portfolio performance
– Intense focus on our local markets using a strong network of contacts

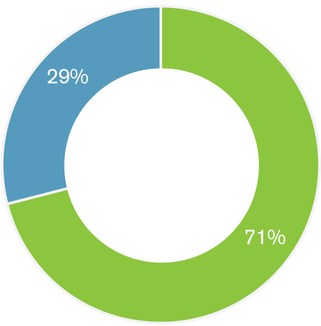
A well balanced business

Our locations[1]



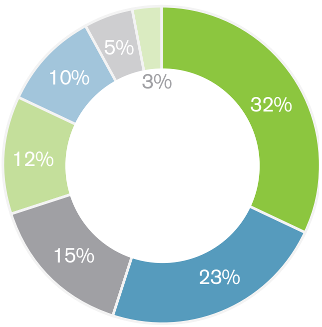
- West End – £935.3m
- City – £120.9m
- Southwark – £72.9m

Our business mix[1]



- Office – £804.3m
- Retail – £324.8m

Our tenants[1]



- Retailers and leisure
- Media and marketing
- Banking and finance
- Corporates
- Professional
- Government
- IT and telecoms

1 Includes Group's share of joint ventures

Our priorities have been adjusted to face the market

Our operational priorities

Since the start of the real estate market downturn in 2007 our priorities have been:

– Capital conservation

– Cash flow generation

– Maintaining close tenant relationships

Our teams are organised into three areas to maximise efficiency and focus on our key operational priorities:

	Investment Management	Asset Management	Development
Highlights of the year	– Crystallisation of high project returns at 208/222 Regent Street, W1 and 180 Great Portland Street, W1	– Consistent level of new leases signed despite challenging market conditions – Good rate of tenant retentions across all sectors and sizes	– The development programme largely completed ahead of the worst of the downturn – Successful project management and leasing the majority of office space at our 112,800 sq ft Wells & More development
Operational performance measures	– Sales made in year generated total receipts of £194 million (our share £103 million) – Disposals were made at average values of less than 10% below 31 March 2008 book value	– 89 new leases completed (2008: 85 leases) generating £9.9 million p.a. of new rent – Rent reviews of £3.6 million (2008: £3.6 million) settled ahead of benchmark ERV – Void rate of 7.8% at year end (2008: 3.2%) due to development related lease expiries	– Three practical completions (2008: two) – Total development leasing 79,000 sq ft (2008: 340,000 sq ft) – Planning consents gained at three schemes (2008: one)
Our operational priorities in action	– Cash flow generation See Crystallising profits case study page 6 → Further operational details page 20 →	– Tenant relationships See Addressing tenant priorities case study page 8 → Our business page 21 →	– Capital conservation See Quality thinking case study page 10 → See Timely developments case study page 12 → Activity review page 22 →

Crystallising profits

Investment Management

Building case study:
208/222 Regent Street, W1

Recycling capital following a well timed purchase, restructuring of the ownership, repositioning and letting of the space.

Held in joint venture with Liverpool Victoria Friendly Society, 208/222 Regent Street, W1 is an excellent example of the crystallisation of profits from investment and asset management. After purchase we worked with the freeholder, The Crown Estate, to restructure our headlease. This then enabled us to reconfigure the building to suit retailer demand in this improving street and create an institutional grade asset. The three new flagship stores were let during the construction period and we concluded the sale of this iconic building during the financial year for £96.6 million giving a post tax return of 46%.

Retail areas vacated and three new shops created

Cost £6.6 million

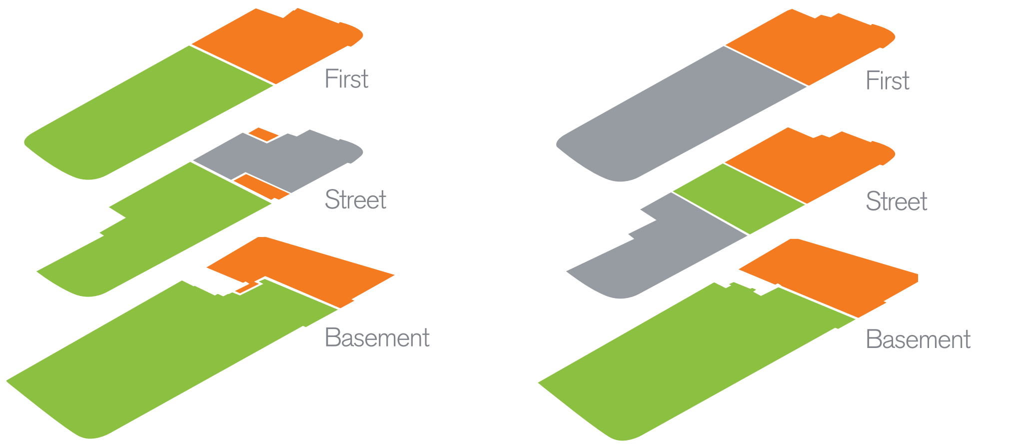
2006–2007

Before

Three awkward spaces unsuitable for today's retailers.

After

Spaces repositioned into three coherent, balanced retail stores to suit demand.



"This was one of the few buildings we purchased in open competition, seeing inherent value in the pitch and an opportunity to significantly improve the asset. The finished product was sold at a premium yield of 4.3%."

Ben Chambers Investment Manager

Premium paid
Cost £6.0 million
April 2005

Before
– 46 year headlease
– Ground rent of 17% of all rents
– No structural alterations

After
– 125 year headlease
– Ground rent of 15% of retail rents only
– Reconfiguration allowed

2

1 Bought
£53.7m
April 2005

208/222 Regent Street, W1

3

4

5 Sold
£96.6m
June 2008

Fully let
June 2007

New tenants
COS Desigual GAP

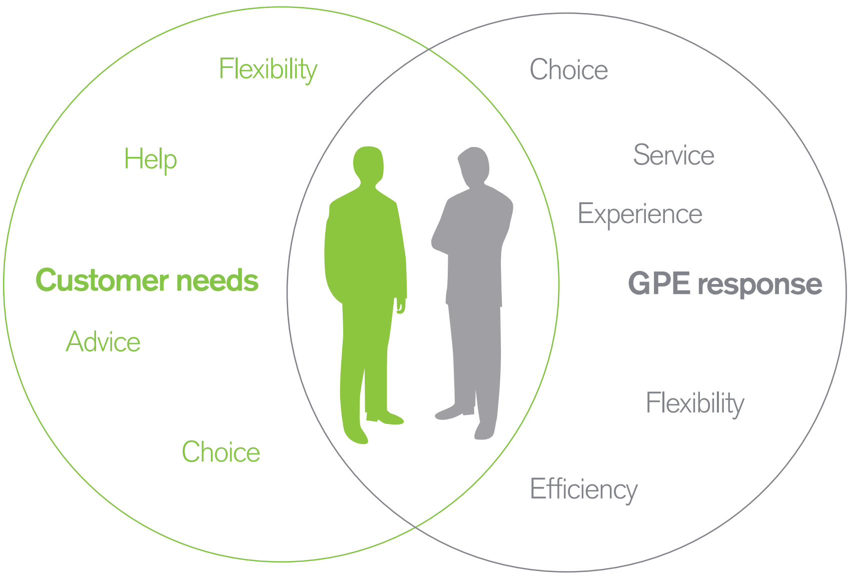
Addressing tenant priorities

Asset management

Building case studies:
26/40 Kensington High Street, W8
7/8 Market Place, W1
37/41 Mortimer Street, W1
59/63 Wells Street, W1

Being close to our tenants, reacting fast, minimising voids.

As a sector specialist we understand our market well and are equipped to respond to change. Our asset management group is in constant contact with our tenants, keeping track of their progress and requirements. With 89 leasing transactions conducted during the year, in difficult market conditions, we have been able to maintain a low void rate whilst preserving flexibility for our future development pipeline.



Underperforming tenant replaced by TK Maxx increasing overall footfall

26/40 Kensington High Street, W8

"TK Maxx had been searching for a suitable West London store for some time. Although we had secure income in our block, we knew the existing tenant was experiencing trading difficulties and there was an opportunity to install a new retailer to improve the footfall for all our occupiers. By working directly with TK Maxx we were able to broker a deal that suited both parties. Some four months later and having worked closely with their fit out team, the store opened and the sales recorded in the opening weeks exceeded all expectations."

Hugh Morgan Investment Manager

"…following the successful opening of our Kensington High Street store, TK Maxx are now looking to open further stores within central London…"

Tom Cartledge Head of UK Real Estate Acquisitions, TKMaxx

Working with and relocating tenants within the GPE portfolio

7/8 Market Place, W1

"British Contact Lens Association was located in a potential development scheme and faced an uncertain occupational future. We were able to relocate them on the lease terms they required in another Group property, situated close by."

Nick Sutton Asset Manager

"It was a seamless and pain free process. Working with the Asset Managers at GPE and making the move was easy and we are delighted with our new accommodation."

Vivien Freeman British Contact Lens Association

Informa plc retained at lease break

37/41 Mortimer Street, W1

"Informa plc had just under six years unexpired on their lease but with a rent review and tenant break option in 2009. Approached well in advance of the tenant break option to establish their longer term requirements, Informa was prepared to retain the building if it could settle the rent review early and secure more flexible subletting provisions in its lease. A deed of variation was quickly agreed to give the tenant this added flexibility in exchange for cancelling the break clause."

Peter Keel Asset Manager

"GPE and Informa have worked closely on the Mortimer House property. GPE assessed Informa's needs quickly and together we arrived at a flexible solution to maintain a good long-term landlord/tenant relationship."

Keith Brownlie Informa plc

Giving HM Court Services the flexibility they required whilst maintaining income

59/63 Wells Street, W1

"HM Court Services had a lease expiry coming up in March 2009. Early discussions with them allowed us to identify their key need to maintain flexibility going forward to facilitate their medium-term relocation plans. We were able to grant the tenant a lease which provided the flexibility they required whilst we retained the secure income for at least another five years and, potentially, beyond."

Mark Terry Asset Manager

"…future flexibility was essential for HM Court Services…"

Stephen Lines King Sturge – Agent for HM Court Services

Quality thinking

Development

Building case studies:
Wells & More,
45 Mortimer Street, W1

A high quality building satisfies demand and generates improved cash flow.

Understanding our tenants needs has helped to produce an outstanding result for our 112,800 sq ft mixed use development at Wells & More, 45 Mortimer Street, W1.

At Wells & More we sought to considerably improve the quality of building stock in the centre of a key GPE holding and attract major new occupiers to the area. We commenced the development in October 2006, increasing the previous area on the site by 52%, with completion in January 2009.

Even before construction had started our development and leasing experts were focused on maximising the letting potential of the building to reduce our development risk and help reduce the void period post completion.

In the same week the building completed we let 60,900 sq ft of office space to fashion retailer New Look with the quality of the building greatly contributing to this early letting success.

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

"We think about the potential occupiers of our buildings well before we begin construction. After all, tenants are key to our success and we endeavour to understand their needs and aspirations during the planning application and building design stages. This allows us to produce high quality buildings which are in tune with potential occupiers, and combined with our detailed knowledge of the West End leasing market, ultimately leads to key lettings such as New Look."

Marc Wilder Leasing Manager

Pre-construction

Start thinking about the occupier

Understanding occupier needs
Analyse the target market
Design the building accordingly
Letting briefing to the agents

Construction

Know who potential occupiers are

Identify potential occupiers early
Build up market awareness
Monitor demand, understand the market

54% let at completion

- Sq ft increased to 112,800
- Landmark building
- Rental income £49 per sq ft
- High spec interior
- Quickly occupied

"We needed a new headquarters which supported our objective: to seek and retain the highest quality staff but at a competitive cost. Wells & More fitted this brief perfectly and we worked with GPE to create this opportunity within a financial framework acceptable to both parties. GPE were flexible and supportive and we looking forward to working in this first class office environment"

Carl McPhail, New Look Chief Executive

new look sign

new look move in

Completion

In-house leasing expertise gives invaluable insight
Exemplary attention to detail
Up to the minute market knowledge

Engage with occupiers

Direct discussions with occupier
Customer focused leasing
Advise on building fit out
Pragmatic leasing policy

Timely developments

Development

A successful development programme is dependent on accurate cycle reading. And today, capital conservation is key.

As the market began to recover from the bursting of the dot com bubble in 2002, we started to position the business for a significant development programme. Over the following six years we spent a total of £144 million (£292 million including land value) developing 870,900 sq ft in 12 projects across the West End and in Southwark. The programme, now completed, generated total profits of £168 million, or a 57% return on cost.

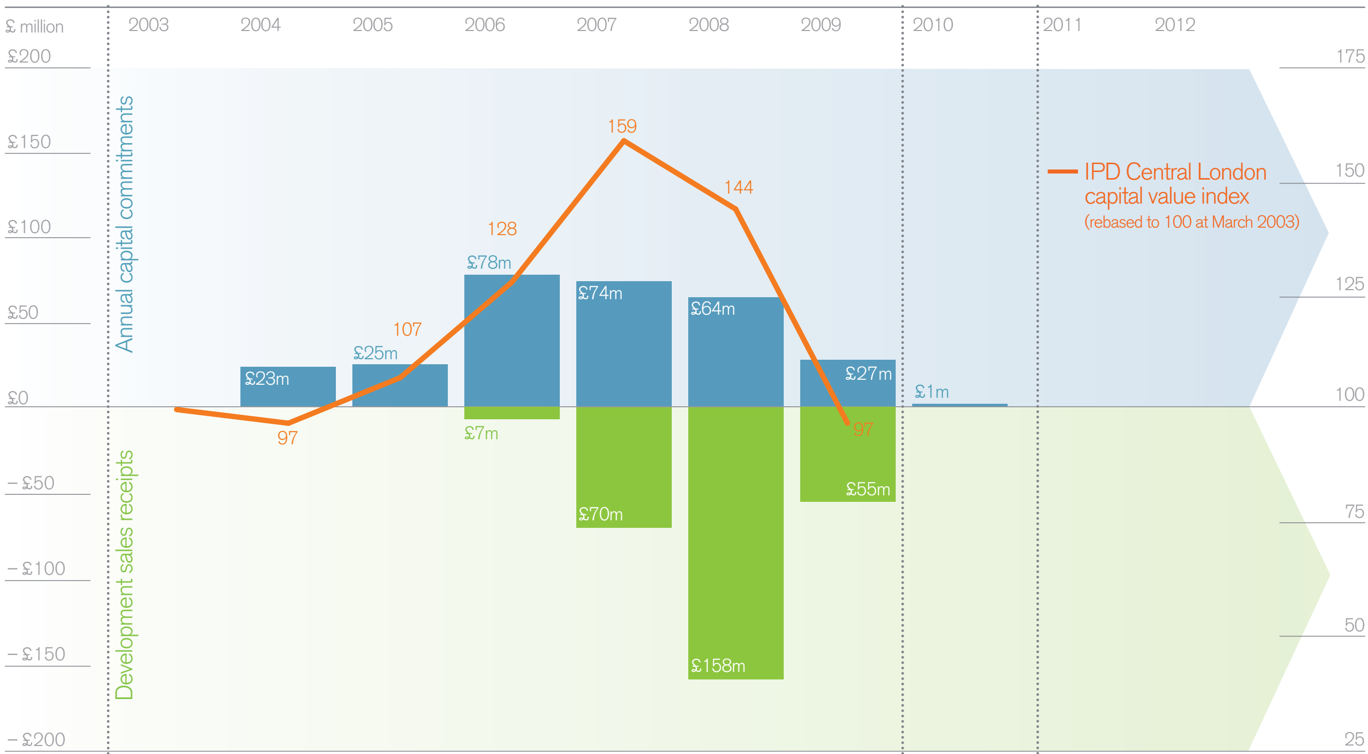
In 2006, before capital values began to decline, we undertook a series of well timed sales of development schemes, either via forward sale to investors or into joint ventures to reduce risk, or of completed schemes to crystallise returns. The programme produced £290 million from development sales receipts.

Today, as befits current market conditions, we have virtually no development expenditure commitments and very limited exposure to vacant space, following our successful letting campaigns. For the future, the development team is focused on working up our next development programme, currently 17 schemes, timed to start when market conditions improve.

"Since 2003 we have invested over £292 million into our development business, which has produced a stellar performance. Now at the end of the current market cycle, we have reduced our exposure to £1 million. This, plus the astute selling of completed schemes, means we are ideally placed to reinvest in our development business in the next cycle."

Neil Thompson Development Director

Development capital commitments, (including land value) and sales receipts, 2003–2010 (GPE values)



2003 – 2009

Total capital commitments	£292m
Total receipt	£290m
Total profit on development programme	57%
Total profit on properties sold	97%

Completed projects include:

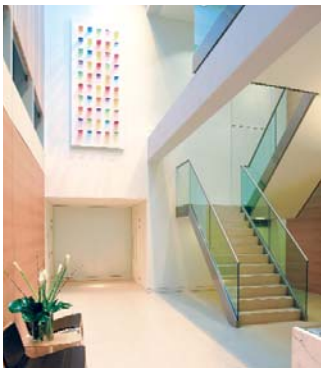
Tooley Street

180 Great Portland Street

Sackville Street

60 Great Portland Street

New Bond Street



The Met Building

2010

Current commitment **£1.3m**

2011–onward

Number of projects in pipeline	17
Current sq ft	1,400,000
Potential sq ft	2,400,000

Future projects include:

Hanover Square

Wigmore Street

Blackfriars

Bishopsgate

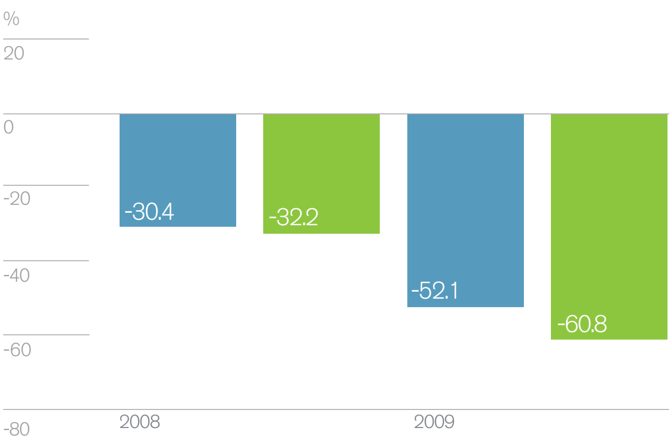
Fetter Lane

Group key performance indicators – how we measure up against our objectives

Over the medium term we aim to beat our benchmarks consistently. Difficulties in the global financial markets and the real estate sector have impacted valuation levels in both the direct investment and equity markets. These pressures have affected our performance for the year although, relative to our TSR and TPR benchmarks the Group has, again, outperformed.

GPE Benchmark

Total Shareholder Return (TSR)*



The measure and benchmark

TSR* is the most direct way of measuring the increase in shareholder value during the year.

TSR of the Group is benchmarked against the TSR of the FTSE 350 Real Estate index as this is the most relevant group of comparable companies over the year.

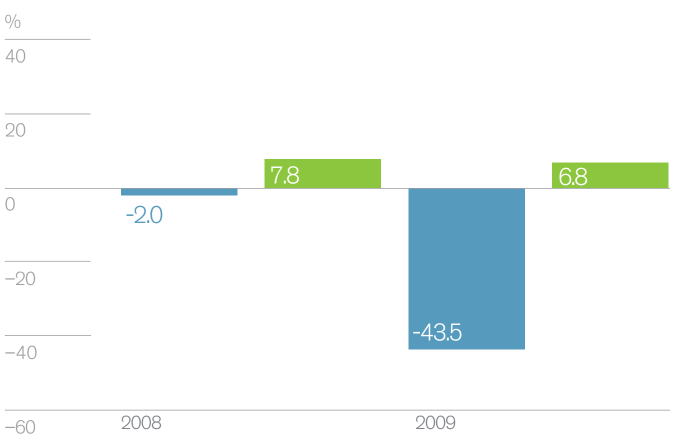
Relative TSR is one of the performance criteria for the Group's long-term incentive plans.

Commentary

The TSR of the Group outperformed the FTSE 350 Real Estate index by 8.7 percentage points although in absolute terms it was minus 52.1%. The property sector suffered more than wider equity markets, therefore, the Group TSR underperformed the wider FTSE 250 by 18.1 percentage points.

The Group's five year TSR of 6.5% outperformed the benchmark of minus 39.3% over the five years to 31 March 2009.

Adjusted net assets per share growth*



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.

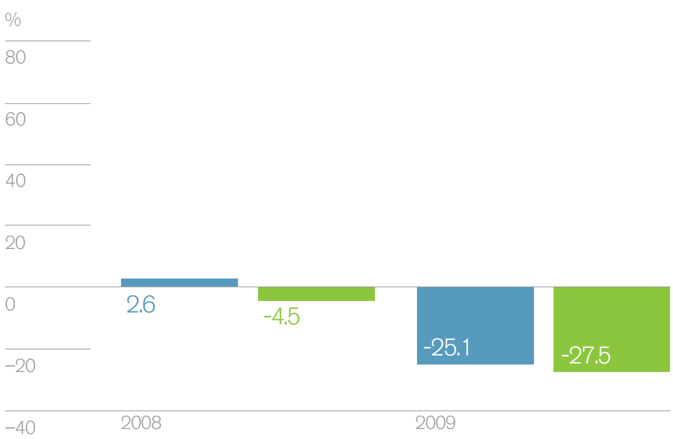
We compare the growth in net assets per share with the increase in the retail price index (RPI) plus a hurdle of up to 12% over a three year period which is used as a measure under the Group's long-term incentive plans.

Commentary

Net assets per share declined by 43.5% over the year as adverse market movements reduced the portfolio valuation by a dramatic amount. Our RPI benchmark stayed at broadly the same level as last year causing a 50.3 percentage point relative underperformance for the year. For the five years to 31 March 2009 the Group's net assets per share grew by a compound 3.3% p.a. compared with the benchmark of 6.8% p.a.

* Year to 31 March.

Portfolio Total Property Return (TPR)*



The measure and benchmark

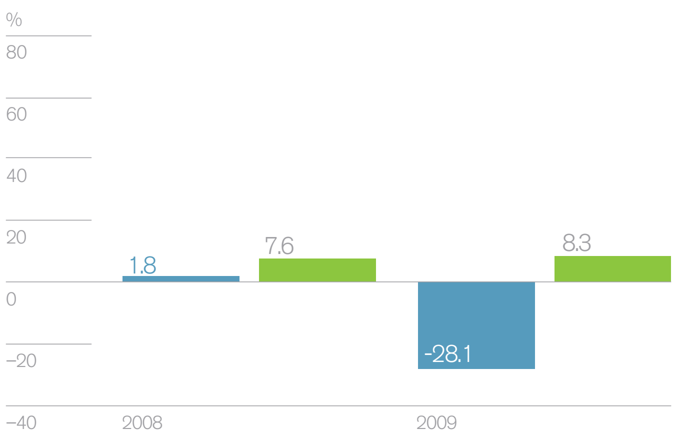
TPR is calculated from capital growth in the portfolio plus net rental income derived from holding these properties plus profit or loss on sale of disposals expressed as a percentage return on the period's opening value.

The Group's portfolio TPR is compared to a universe of over £16 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 minus 25.1% in the year whereas the benchmark produced a return of minus 27.5% resulting in a relative outperformance of 3.3 percentage points. Over the last five years the Group's portfolio TPR has consistently exceeded this benchmark.

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 8.3% at March 2009.

Commentary

ROCE for the year was minus 28.1% due to substantial valuation falls. Our ROCE is unlikely to outperform the benchmark WACC if investment markets remain challenging and property values continue to fall. Over the five years to 31 March 2009 the Group's annualised ROCE was 10.8% compared to the WACC of 6.9%.

Risk management

Page 32 →
principal risks

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	Policies for highlighting and controlling risk	Operational committees for managing risks
– High level risk assessment framework	– Investment return benchmarks	– Executive weekly
– Extensive documentation to support decisions	– Regular monitoring of business plans	– Leasing co-ordination weekly
– Defined performance indicators with sensitivity analysis	– Development appraisal parameters	– Investment weekly
– Strict approval requirements	– Debt leverage, covenant compliance and liquidity limits	– Asset management weekly
– Qualified and experienced personnel with specific roles	– Occupancy targets	– Financial management weekly
– External review of key controls	– Leasing objectives and tenant selection	– Environmental policy bimonthly
	– Transparent disclosure to all parties	– Corporate responsibility quarterly

Oversight

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

Our market

London remains a major business force

Our West End office portfolio is let at an average rent of only £40 per sq ft

Economic backdrop

Over the last 12 months we have witnessed some extraordinary events unfold across the world's main economies. In the second half of 2008 we saw severe dislocation in financial markets and a rapid erosion of business confidence. The failure of numerous financial institutions across the globe initiated the widespread downward correction in asset prices with equities, bonds and real estate all suffering dramatic reductions in values in the first nine months of the financial year. With the capital value of our IPD benchmark down over 42% since June 2007, it is likely that this recession will be at least as bad for property values as any since the Second World War.

What started in the financial services sector has since spread to the broader economy with job losses gathering momentum. Because employment levels and business expansion plans are key drivers of rental values, it is no surprise that substantial declines have been recorded throughout the UK property industry since spring 2008. With the UK economy expected to contract by over 3% in 2009 and by a significant amount in 2010, we can expect further downward pressure on rental values.

London's economy and property markets

London's position as a global financial centre has meant that its economy has suffered the full force of the financial and wider business crisis. The major banking, insurance and professional service firms that drove employment during the middle of this decade have retrenched rapidly. Although difficult to calculate accurately, it is estimated that over 120,000 jobs have been lost in the F&BS sector since 2007 and by 2011 the total number of positions eliminated will exceed that seen in any downturn since the 1970s. These factors will serve to impact occupational markets as described in more detail below.

Despite this negative near-term outlook, London remains a major business force amongst the world's capital cities and offers significant attractions to both businesses and tourists alike with its heritage, scale, infrastructure, language, legal system, abundance of highly skilled workers and geographical location. In the medium term, all of these factors will aid the recovery in our real estate markets.

Occupational markets

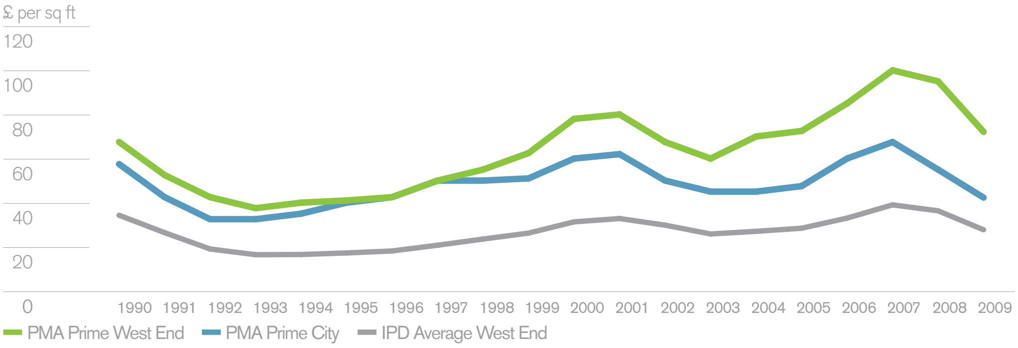
West End

Despite a limited supply of new landlord controlled space coming on stream in the West End, the level of occupational demand has been more relevant in determining the direction of rents. In the year to 31 March 2009, take-up of new office space was 3.7 million sq ft, 31% down on last year. Tenant controlled, or sub-let office space has also been released onto the market in greater volumes than during 2008. As a result, West End office vacancy rates have risen from 4.5% in March 2008 to 9.2% at the year end (with the core of the West End faring better than fringe areas) and prime headline rental values have fallen by 32% over the year. In the more value orientated segment, as illustrated by IPD average rents, declines have been less marked and are down 20% over the same period. Looking forward, whilst new development starts are rare, subdued occupational demand suggests depressed take-up for 2009 and 2010 and further falls in rental values, particularly in the higher value rental bands. Our own West End office portfolio is let at an average rent of only £40 per sq ft, despite its concentration in some of the most valuable parts of central London.

The West End retail market (comprising 29.9% of our West End portfolio by rent roll) has been less affected by the downturn than the rest of the UK retail market as retail sales in central London have outperformed other areas. In the three months to 31 March 2009, retail sales in London were up 5.8% compared to the same period last year versus a 0.7% contraction for the UK as a whole. This comparative resilience is partially explained by the popularity of London with foreign tourists who are currently benefiting from favourable exchange rates.

IPD central London total return index down 27.5%

Rents per sq ft



Source: PMA/GPE

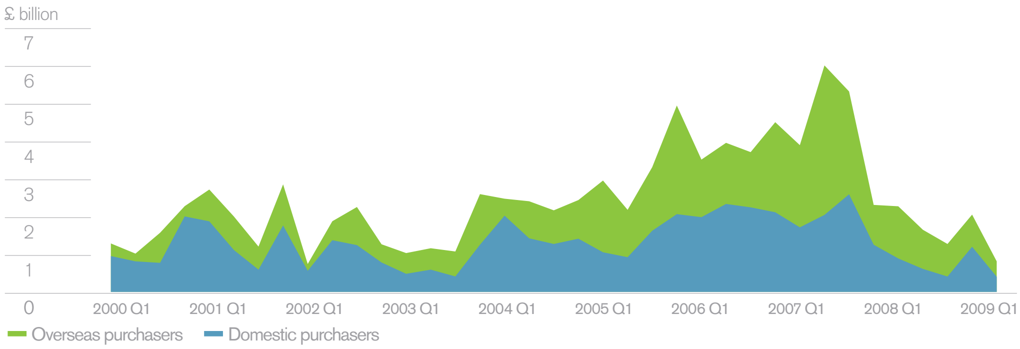
City and Southwark

In the City, materially lower letting activity and the increased supply of new office space have pushed vacancy levels up to 11% at 31 March 2009 (2008: 7.9%) and headline prime rents down by 22% since the start of the financial year, or 33% after adjusting for increased tenant incentives. Although the once large development pipeline has been scaled back due to the deferral or cancellation of a number of proposed schemes, with 3.9 million sq ft currently under construction and continuing weakness in occupational demand, the market balance in the City is likely to worsen further during 2009 and 2010. In Southwark, although there is a low level of supply and a more diverse customer mix than the City, take-up levels this year have been affected by difficulties in neighbouring financial districts and rental values have also fallen.

Investment markets

Poor sentiment as a result of global economic conditions, weak occupational markets and severely constrained credit markets have all contributed to the radical reduction in property investment market turnover which is down 66% year on year. Property investors have reacted to deteriorating confidence and weakening rental income prospects pushing our benchmark of IPD central London total returns down 27.5% in the year to 31 March 2009. CB Richard Ellis's prime West End benchmark yield has increased by 50 basis points during the year and stood at 5.5% by the end of March. The main driver of valuation movements switched from yield expansion to rental value contraction in the final quarter of the financial year as investors showed signs of being attracted to elevated income yields on selected, well let assets.

Central London investment transactions



Source: CBRE

Lead indicators

Property markets are cyclical and although we are in a downward phase at present, there will be stabilisation and growth in due course. To help identify the turning points of a cycle, we monitor numerous indicators and trends. Some of the key measures for the Group are as follows:

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; and

– direction of pricing on IPD based derivative contracts.

Rental values

– UK GDP growth or decline;

– retail sales;

– business confidence levels in the central London economy;

– output from the financial and business service sector; and

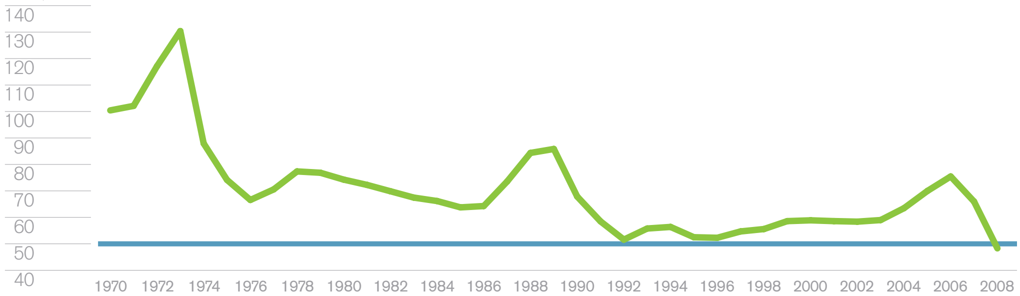
– finance and business service employment statistics.

In the first quarter of 2009 equity and bond prices have recovered from the dramatic falls experienced in 2008. Sentiment in the credit and direct investment markets has improved recently but remains fragile, particularly for lot sizes of over £50 million. We expect that the trough of the property capital value cycle will arrive before rental values begin to improve, and several commentators believe that capital values will stabilise during the second half of 2009 or early 2010.

Following this extraordinary period of falling asset prices, adjusted for inflation, central London property is now valued at broadly similar levels to that of the last major downturn in the early 1990s.

All property real capital values

Index, 1970 = 100



Source: IPD

Our business

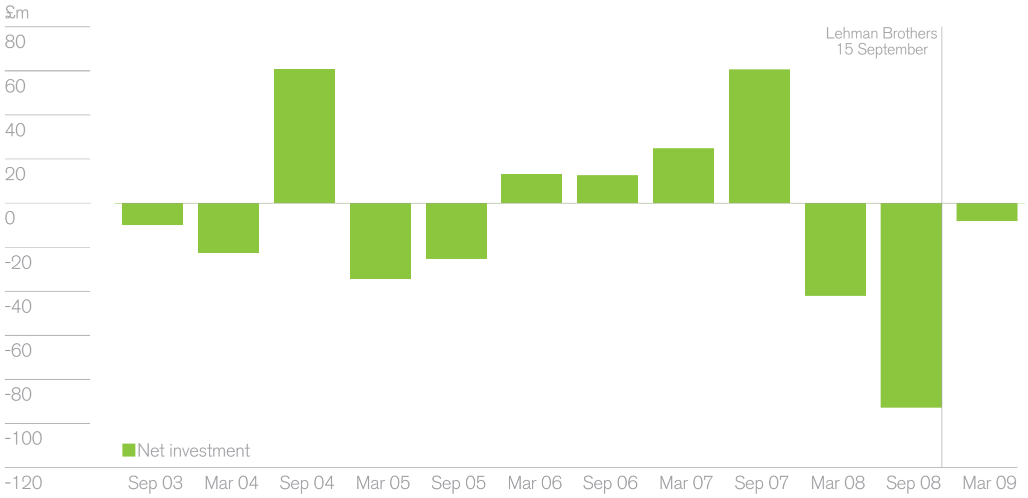
£194m

For the last year we have been net sellers of properties totalling £194 million (our share £103 million)

Investment management

We are continually evaluating the prospective return we can expect to generate from our portfolio and comparing it to what is available in the market. We look for buildings with opportunities for value creation through refurbishment, redevelopment and other methods designed to improve their attractiveness to occupiers. Whilst we did not forecast the severity of this downturn, we did take pre-emptive action. For the last 18 months, we have been net sellers of properties with £194.3 million released through disposals in the year to 31 March 2009 (at an 8.0% discount to the 31 March 2008 value). A combination of the speed of the downward trend in asset values and the increasing evidence of financial distress amongst some of the more aggressively leveraged property owners means that we are already seeing attractive investment opportunities as this year progresses and we expect this trend to continue.

Net investment through the cycle, including our share of JVs



←Page 6
crystallising profits case study

In June, we announced that The Great Victoria Partnership (No 2) ("GVP2"), had sold 208/222 Regent Street, W1 to a private purchaser for £96.6 million (our share £48.3 million). The proceeds were used to repay GVP2's non-recourse loan of £35.4 million before distributing the balance to the Group and our partner. The building was purchased in April 2005 for £53.7 million, the headlease regeared with the Crown Estate, the space reconfigured (for a combined cost of £12.6 million) and the units let at the new benchmark rents.

In September, The Great Wigmore Partnership sold 180 Great Portland Street, W1 for £79.3 million (our share £39.6 million). The 104,000 sq ft retail and office building was substantially rebuilt in 2006 and let during the course of 2007 at an average office rent of £60.15 per sq ft, the culmination of a successful development.

In March 2009, the Great Capital Partnership ("GCP") sold Metropolitan Wharf, E1 to a private buyer for £7.0 million (our share £3.5 million) allowing us to reduce debt and focus our energies on more attractive properties in our core markets. At 79/83 Great Portland Street, W1 we sold 15 flats for £9.8 million following the completion of this residential project necessary to meet planning obligations for larger office schemes, crystallising a project surplus of 18.9%. October 2008 saw the only property acquisition made during the year at 13/14 Great Castle Street, W1 which was bought for £4.2 million in GCP (our share £2.1 million) to augment our potential refurbishment scheme at Walmar House, Regent Street, W1.

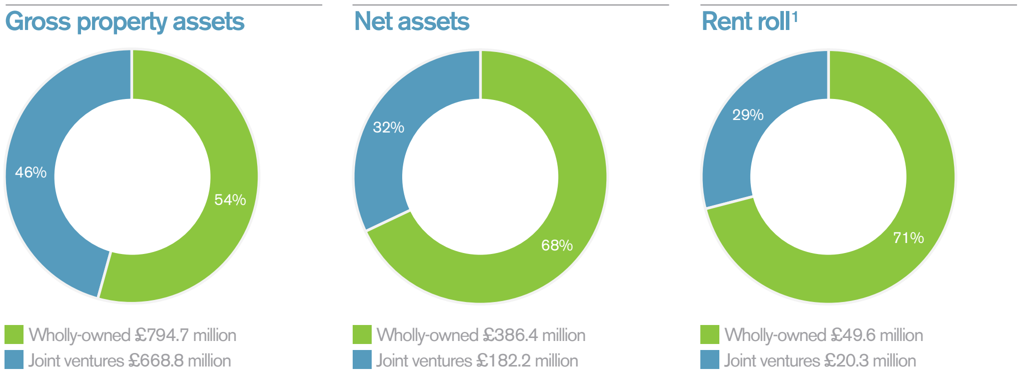
Since the year end GCP has agreed to sell 29/35 Great Portland Street, W1 for £7.0 million (our share £3.5 million) in line with the 31 March 2009 valuation and we have agreed to sell Bond Street House, 15/16 New Bond Street, W1 for a total consideration of up to £45.0 million, approximately 4% ahead of the 31 March 2009 book value.

£107m

allocated by the BP Pension Fund for The Great Ropemaker Partnership

Our four joint venture partners have been supportive of our business plans and have approved a wide variety of initiatives including refurbishments, acquisitions, sales and planning applications. Looking forward, the BP Pension Fund has allocated up to £107 million of additional equity capital to our existing 50:50 joint venture, the Great Ropemaker Partnership, for new investment opportunities. The Company anticipates matching this new capital.

Joint venture business – contribution to the Group
Values at 31 March 2009



1 Includes share of joint ventures.

89

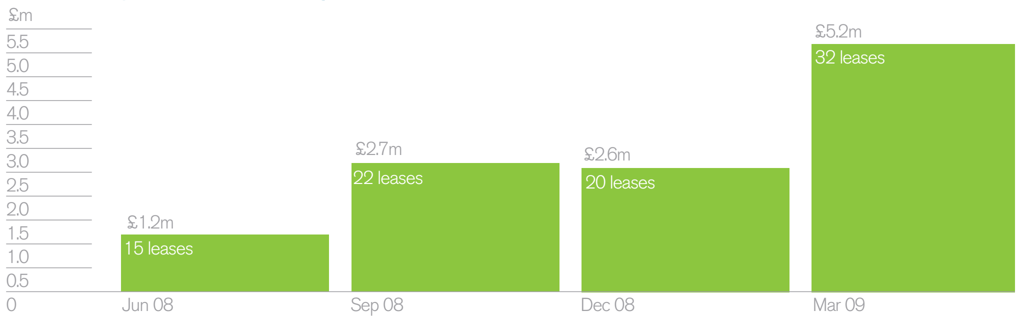
new leases completed securing annual rent of £11.7 million (our share £9.9 million)

Asset management

With the backdrop of a worsening occupational market, our asset management team has delivered an impressive letting performance across the portfolio. As in previous economic downturns, the focus has been on tenant retention, income protection and maximising occupancy, and our activity levels have been high:

- 89 new leases completed (2008: 85 leases) generating annual rent of £11.7 million (our share £9.9 million; 2008: £19.8 million) or 14.1% of rent roll;
- a further 32 lettings are currently under offer accounting for £2.3 million p.a. in rent (our share £1.6 million);
- rent reviews of £4.9 million (our share £3.6 million; 2008: £3.6 million) were settled during the year, some 3.0% ahead of ERV at rent review date; and
- total space covered by new lettings, reviews and renewals was 473,500 sq ft (2008: 684,500 sq ft).

New lettings and renewals by quarter



←Page 8
addressing tenant priorities case study

The rate of leasing which was subdued in the first half has picked up significantly in the fourth quarter of our financial year. Even in today's difficult commercial environment, tenants are frequently attracted to the right mix of location, building quality and competitive pricing. The Group (including our share of JVs) took lease surrenders worth £0.7 million per annum over 28,300 sq ft during the year (2008: 294,000 sq ft). In many cases these transactions enabled rental levels to be enhanced from the previous passing rent or provided for the alignment of an occupational lease to allow a future refurbishment scheme to be implemented. The portfolio void rate at year end of 7.8% (2008: 3.2%) has increased partly due to lease expiries at Wigmore Street, W1 and Buchanan House, 24/31 Holborn, EC1 where we have deferred redevelopment and have been seeking short-term lettings to maintain flexibility. Excluding these properties where the strategy has recently changed to reflect market conditions, the void rate would be 5.9%. Letting activity since the year end has reduced the void rate to 7.3%.

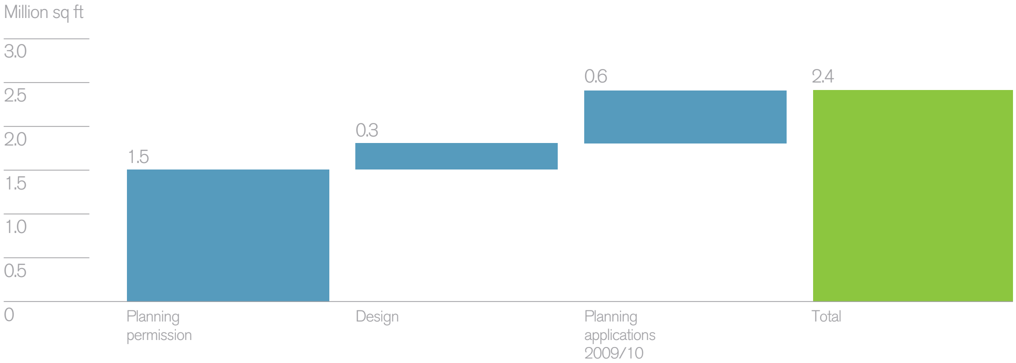
←Page 12
timely developments case study

Development

The significant development programme we initiated in 2003 was largely concluded during the year. Overall, we spent £144 million on construction costs and associated fees across 12 projects. The last of these projects started in early 2007 and, today, we have only £1.3 million of committed capital expenditure still to spend.

The balance of our development attention shifted during the year to preparing for our next programme, looking through the current downturn towards opportunities for further growth. Our development pipeline today encompasses 17 projects with a potential total area of 2.4 million sq ft, representing a 72% increase over these assets' existing area, and covers some 50% of the Group's portfolio. In each case, project start dates are flexible with healthy income being received prior to construction commencement.

Development pipeline



During the year, the key operational priorities of the development team were:

– the completion of the three remaining projects;

– leasing of the remainder of the completed space;

– securing planning consents; and

– design and feasibility studies for future projects.

71,000 sq ft
let on practical completion

←Page 10
quality thinking case study

Leasing

In August, we completed our 20,000 sq ft office refurbishment at Foley Street, W1 and by September had leased over half the building on ten year leases at £56.50 per sq ft, in line with our targets. We have a good level of interest in the remainder of the space.

Our 112,800 sq ft Wells & More, W1 scheme reached practical completion in January 2009 and in the same month 60,900 sq ft of the office space was let to the fashion retailer, New Look.

We have encouraging levels of interest in the remaining 32,000 sq ft of offices being the best space on the fourth and fifth floors and 14,000 sq ft of retail space.

At our Blackfriars Road, SE1 site we have completed demolition and have deferred committing to construction until a significant pre-let is secured.

129%

return on capital employed from Tooley Street development

296,000 sq ft

planning consents obtained

Construction

Construction at our only onsite scheme in Bermondsey Street, SE1 (47,000 sq ft) is proceeding well and will finish in June 2009.

We achieved practical completion at 160 Tooley Street, SE1 in June 2008 generating the final portion of development management revenues. Overall this scheme, which we sold prior to completion, delivered a return on capital of 129% and total development management profits of £14.1 million (of which £4.0 million was recorded in this financial year).

Planning consents

We gained a resolution to grant planning permission from the City Corporation for our 74,000 sq ft refurbishment proposals at Buchanan House, EC1 in July 2008 and our 140,000 sq ft development at Fetter Lane, EC4 in January 2009. We submitted a planning application for our 82,000 sq ft development project at Broadway, SW1 in May 2008 and received a resolution to grant in March 2009.

Design and feasibility studies

At the Hanover Square Estate, W1 negotiations are continuing with Westminster City Council and Crossrail to support a comprehensive mixed use redevelopment above the proposed Bond Street East Crossrail station. The Crossrail transport legislation gained Royal Assent in July and is progressing through various funding and implementation phases. In addition, we are progressing design and evaluation studies for possible schemes at various prime locations including Park Crescent/Portland Place, Oxford Street, Regent Street and Great Portland Street, all in W1, and at Jermyn Street, SW1.

Valuation

31 March 2009 portfolio valuation of £1,129.1 million (including our share of JVs)

The valuation of the Group's properties as at 31 March 2009, including our share of gross assets in joint venture, was £1,129.1 million, down 28.0% or £439.1 million on a like-for-like basis net of capital expenditure since 31 March 2008. The valuation of the portfolio at year end was lower by £110 million due to the disposals of 208/222 Regent Street, W1, 180 Great Portland Street, W1, Metropolitan Wharf, E1 and the sale of 15 flats at 79/83 Great Portland Street, W1. Wholly-owned properties were valued at £794.7 million and the Group had four 50:50 joint ventures which owned properties valued in aggregate at £668.8 million at 31 March 2009.

The second half's overall like-for-like valuation decline of 20.5% was greater than that experienced in the first half of 9.5% due to the worsening of market conditions since September 2008. The portfolio valuation, provided by our external valuer CB Richard Ellis, is likely to come under further downward pressure during the year to March 2010 until there are signs of recovery in the debt and wider capital markets and property investor sentiment improves.

Portfolio performance

		Wholly-owned £m	Share of joint venture £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	240.7	71.2	311.9	27.6	(29.3)
	Retail	68.1	71.0	139.1	12.3	(13.9)
Rest of West End	Office	142.0	96.8	238.8	21.2	(35.4)
	Retail	97.9	69.5	167.4	14.8	(12.1)
Total West End		548.7	308.5	857.2	75.9	(26.3)
City and Southwark	Office	148.5	17.6	166.1	14.7	(36.2)
	Retail	8.7	1.7	10.4	0.9	1.7
Total City and Southwark		157.2	19.3	176.5	15.6	(34.8)
Investment property portfolio		705.9	327.8	1,033.7	91.5	(27.9)
Development property		88.8	5.5	94.3	8.4	(28.9)
Total properties held throughout the year		**794.7**	**333.3**	**1,128.0**	**99.9**	**(28.0)**
Acquisitions		–	1.1	1.1	0.1	(44.8)
Total property portfolio		**794.7**	**334.4**	**1,129.1**	**100.0**	**(28.0)**

Portfolio characteristics

At 31 March 2009

		Investment property portfolio £m	Properties under development £m	Total property portfolio £m	Office £m	Retail £m	**Total £m**	Net internal area sq ft 000's
North of Oxford Street		452.1	77.0	529.1	384.8	144.3	**529.1**	1,179.0
Rest of West End		406.2	–	406.2	238.8	167.4	**406.2**	891.1
Total West End		858.3	77.0	935.3	623.6	311.7	**935.3**	2,070.1
City and Southwark		176.5	17.3	193.8	180.7	13.1	**193.8**	674.6
Total		1,034.8	94.3	1,129.1	804.3	324.8	**1,129.1**	2,744.7
By use:	Office	717.5	86.8	804.3				
	Retail	317.3	7.5	324.8				
Total		**1,034.8**	**94.3**	**1,129.1**				
Net internal area sq ft 000's		2,555.0	189.7	2,744.7				

108

new leases, rent reviews and renewals securing £13.5 million annual income

The key influences on the Group's valuation movement for the year were:

- **Rental value changes** The major factor in valuation reduction since the half year has been a fall in rental values of 16.7%. For the year as a whole, office rental values have declined by 23.3% and retail rental values a more modest 1%. The heaviest falls in rental values in the office portfolio have been in the Rest of West End segment, down 27.8%, compared to the least impacted sub sector of the City and Southwark which was down 16.0%, in part reflecting the low average rental values of these properties at £27.30 per sq ft;
- **Adverse yield shift** Equivalent yields expanded by 114 basis points over the year (2008: 68 basis points increase) from 5.6% to 6.7% on a like-for-like basis. The IPD central London equivalent yield increased by 160 basis points during the year, which was in excess of the yield shift of the Group's properties;
- **Active asset management** During the year, 108 new leases, rent reviews and renewals were completed securing £13.5 million of annual income, partly mitigating outward market yield shift; and
- **Development properties** The development properties fell in value by 28.9% over the year, slightly more than the rest of the portfolio. The Group's building at Wells & More, Mortimer Street, W1 suffered marginally less due to strong leasing following its practical completion in January 2009.

The initial yield of the investment portfolio including rent from leases currently in rent free periods of 6.1%, was 170 basis points higher than the start of the year at 4.4%. The office portfolio adjusted initial yield was 6.5% at 31 March 2009 compared to the retail portfolio of 4.9% at the same date. The near-term reversionary yield of the portfolio, including committed developments, at 31 March 2009 was 7.0% up from 6.5% at 31 March 2008.

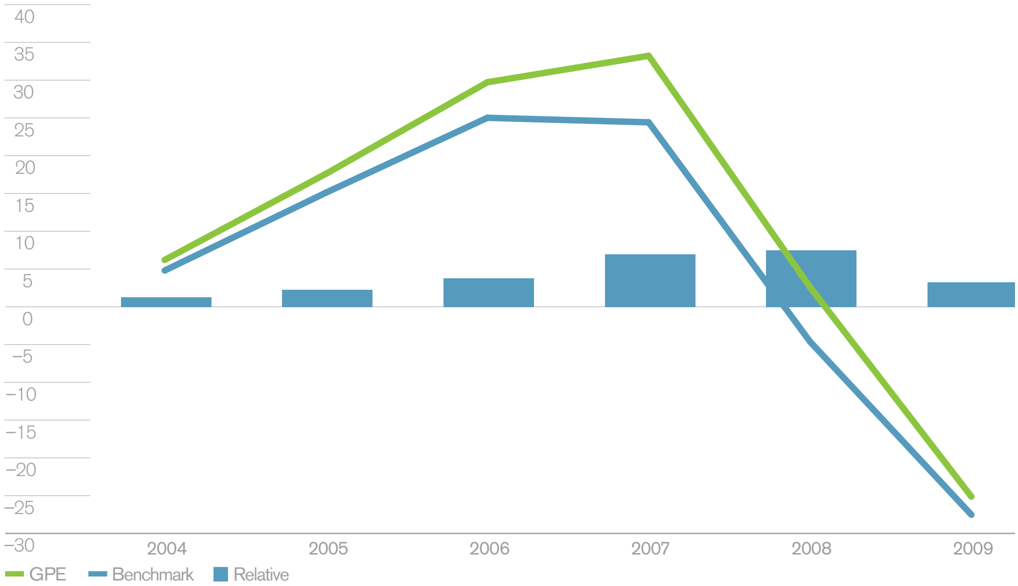
Our North of Oxford Street portfolio produced the least negative performance over the year, decreasing by 25.2% on a like-for-like basis. City and Southwark was the worst performer (down 34.8%) as significant yield expansion and rental value falls were factored into the valuation. The joint venture properties fell in value by 27.8% compared to a 28.1% fall for the wholly-owned portfolio over the year.

6.7%

true equivalent yield

Total property return relative to IPD central London

Years to 31 March



Source: IPD

The Group delivered a total property return for the year of minus 25.1%, outperforming the IPD Central and Inner London Properties benchmark of minus 27.5%. We have now outperformed our key portfolio benchmark for six consecutive years. In April 2009, the Group won the IPF/IPD award for the specialist fund above £350 million with the highest three year annualised relative return against its benchmark.

Our financial position

329p
adjusted net assets per share

Financial results

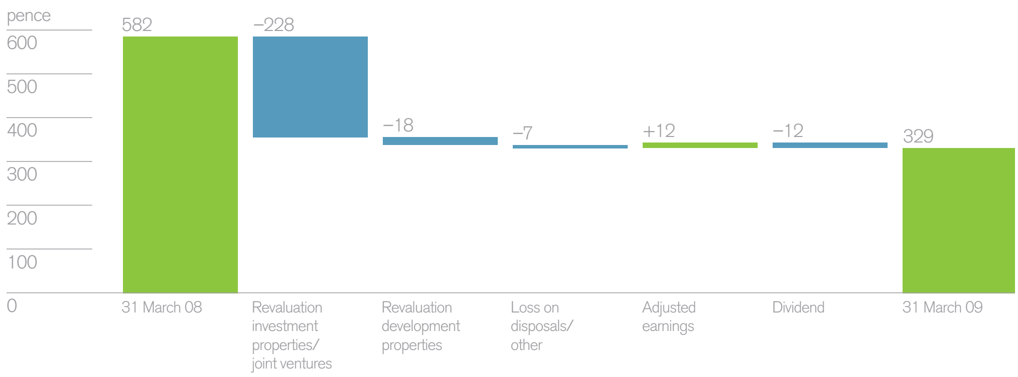
The Group's financial performance has been affected by the extremely difficult market conditions experienced during the financial year.

Net assets per share have fallen substantially since 31 March 2008 as a result of the fall in value of the portfolio. The underlying income statement results have been slightly more resilient primarily due to lower administration and interest costs. Property sales and operational cash flow have reduced net debt over the year and the Group's leverage ratios remain at relatively conservative levels.

Net asset value

Adjusted net assets per share fell by 43.5% in the year to 329 pence, largely because of the reduction in the value of the property portfolio. At 31 March 2009, the Group's net assets were £568.6 million, down from £1,049.4 million at March 2008.

Adjusted net assets per share – movement since 31 March 2008



The main factors behind the 253 pence per share change in adjusted net assets per share over the year were:

– the fall of 228 pence per share arising from the revaluation of the investment and joint venture portfolios;

– a valuation reduction of 18 pence per share from development properties;

– sale of properties including 208/222 Regent Street, W1 and 180 Great Portland Street, W1 triggered a decline in net assets of 6 pence per share with a further decline of 1 pence per share arising from the revaluation of the pension plan asset;

– adjusted earnings for the year of 12.2 pence per share enhanced NAV; and

– the payment of dividends caused a reduction in net assets by 12 pence per share.

Triple net assets per share (NNNAV) was 336 pence at 31 March 2009 compared to 590 pence a year earlier. At year end the difference between adjusted net assets per share and NNNAV was the positive mark to market of debt of 7 pence arising from the low interest rate of the Group's 2029 debenture partially offset by a negative value of the Group's interest rate derivatives. There were no movements in deferred tax provisions during the period.

£21.9m
adjusted profit before tax.

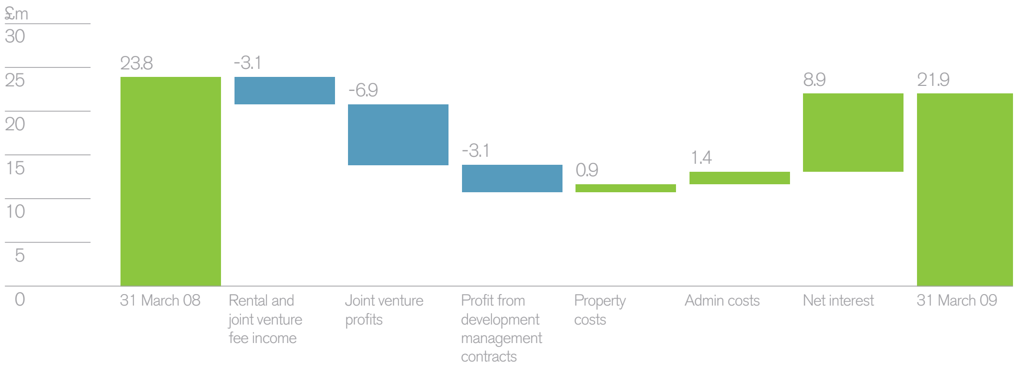
Income statement and earnings per share

Rental income and joint venture fees for the year were £42.4 million and £4.7 million respectively, generating a combined income of £47.1 million, 6.2% lower than last year. Rental income was £2.0 million down on last year partly due to the lease expiries at Buchanan House, EC1 and Pollen House, W1.

Rent reviews, lease renewals and new lettings added £10.3 million to rental income during the year. The estimated rental value of the portfolio declined by 18.5% in the year, due to the challenging occupational market. The Group's joint ventures generated management fees of £4.7 million down 19.0% on last year, as a result of disposals and constrained development activity at GVP2, GWP and GCP.

Adjusted profit before tax of £21.9 million was £1.9 million or 8.0% lower than 2008. The decline was caused by reduced development management profits and lower underlying joint venture profits partly mitigated by a fall in administration and interest costs.

Adjusted profit before tax – year to 31 March 2009



Development management profits from the Tooley Street, SE1 scheme contributed £4.0 million this year (2008: £7.1 million), which represents the final tranche of the profits from this successful project. Adjusted profits from joint ventures (excluding valuation movements, movements in the fair value of derivatives and loss on property sales) were £9.2 million, down £6.9 million on last year, mainly due to the sale of properties and the refinancing of GCP which has increased interest costs within the joint venture but reduced the Group's interest expense. Administration costs fell by almost 10% year on year to £12.8 million primarily due to lower variable employee costs, reduced accounting charges for share-based compensation schemes and corporate overheads. During the year the Group's headcount was reduced by six people (around 10%) as a result of business realignment initiatives. Underlying finance costs were managed down by 30.0% to £20.8 million due to lower interest rates and reduced debt.

Adjusted earnings per share were 12.2 pence, 3.2% lower than last year. This reduction in earnings per share was mainly driven by lower adjusted profit before tax, described above.

Revaluation falls and loss on sale of assets caused the Group to report an accounting loss after tax of £436.1 million (2008: loss of £4.1 million). Basic EPS for the year showed a loss of 241.1 pence (2008: loss of 2.2 pence).

Results of joint ventures

The joint venture operations have contracted since last year end following disposals at GVP2, GWP and GCP. At 31 March 2009 28.9% of Group rent roll and 32.2% of net assets were in 50:50 joint ventures; at 31 March 2008 the comparable figures were 36.3% and 37.2% respectively. Non-recourse net debt in the joint ventures has fallen from £145.8 million at 31 March 2008 to £135.4 million at year end, primarily due to the repayment of the loan in GVP2 following the sale of 208/222 Regent Street, W1 in July.

The Group's net investment in joint ventures was £183.2 million compared to £390.6 million at the end of last year, a decline caused by valuation falls and significant property sales. Our share of joint venture net rental income was £22.1 million, compared to £21.8 million for last year, principally due to a full year's ownership of GCP. The Group's share of joint venture adjusted profits fell to £9.2 million as a result of disposals and higher interest costs in GCP. The underlying joint venture profits are stated after charging £4.7 million of GPE management fees (2008: £5.8 million).

£371.0m
Group consolidated net debt was down 13% from 31 March 2008

Financial resources and capital management

Although the Group's underlying profits were lower than last year, a favourable movement in working capital contributed to the cash generated from operations improving to £48.5 million, up £21.0 million compared to 2008. Group consolidated net debt was £371.0 million at 31 March 2009 down from £424.6 million a year earlier as a consequence of major disposals and operational cash flow. The sales of properties (including our share of joint ventures) generated £102.9 million in proceeds. Group gearing increased to 65.2% at 31 March 2009 from 40.5% at 31 March 2008 because of the fall in portfolio valuation which outweighed the reduction in debt. Interest cover for the year improved to 2.1x (2008: 1.8x), the highest level for over four years.

Page 79→
financial covenants

Debt analysis

Year end net debt position	March 2009 £m	March 2008 £m
Group net debt	**371.0**	424.6
Group net gearing	**65.2%**	40.5%
Total net debt including 50% JV non-recourse debt	**506.4**	570.4
Loan-to-property value including joint ventures	**44.9%**	34.9%

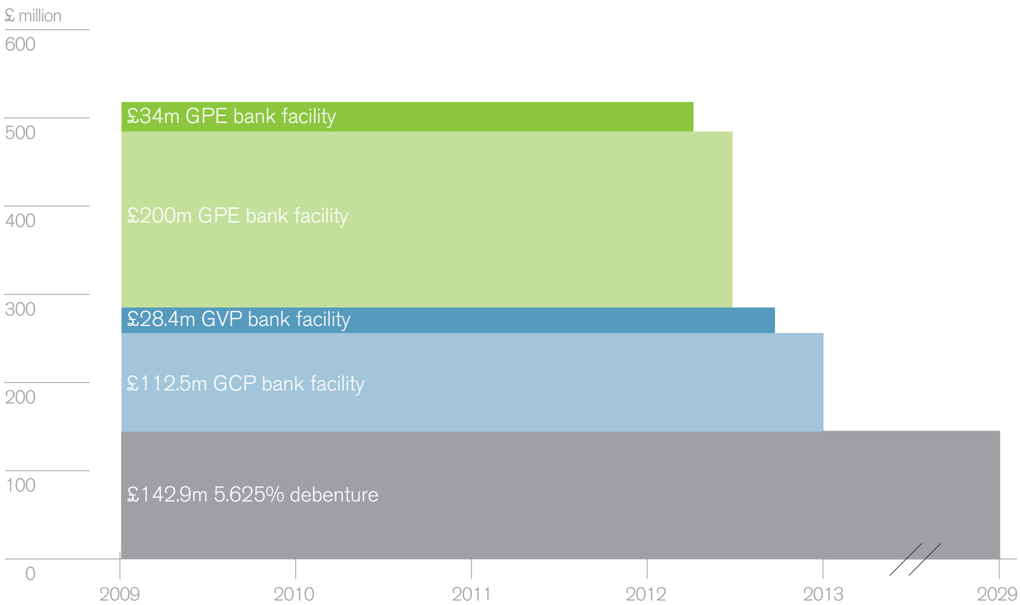
Group credit statistics	March 2009 £m	March 2008 £m
Interest cover	**2.1x**	1.8x
Weighted average interest rate	**5.78%**	6.01%
Percentage of total debt/capped	**88%**	76%

Including the non-recourse debt in our joint ventures, total net debt was £506.4 million (2008: £570.4 million) equivalent to a loan to value ratio of 44.9% (2008: 34.9%) which remains at a modest level compared to many other real estate companies. The Group, including joint ventures is operating with substantial headroom over its bank and debenture covenants (further details are set out in note 14 on page 79).

At 31 March 2009, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £329.7 million, which is substantially in excess of the capital expenditure of around £1.3 million required to complete all remaining near-term development schemes. The earliest debt maturity the Group faces is an undrawn £50 million bilateral facility which expires in November 2010, the revolving credit facilities which are currently drawn mature in 2012.

Maturity profile

No maturity of drawn facilities until 2012



The Group's weighted average interest rate for the period was 5.78% (5.84% including joint venture debt), a decrease of 23 basis points compared to the year to 31 March 2008. This was due, in part, to the dramatic fall in short-term money market rates which have been led down by Bank of England policies. At year end, 88% of the Group's total debt (86% including non-recourse joint ventures) was at fixed or capped rates (2008: 76%). During the course of the year we terminated £60 million of interest rate derivatives as they no longer provided appropriate protection to the Group given the significant reduction in market interest rates.

94%
March 2009 quarter rent collected in seven days

Cash collection and tenant delinquencies

For the first three quarters of the year our cash collection profile was in line with our experience over recent years and we exceeded our target of collecting 96% of quarterly rent after seven working days. As anticipated, the March 2009 quarter saw a worsening of the collection rates to 94% after seven working days. During the final quarter of our financial year four of our tenants went into administration, generating arrears of around 0.01% of rent roll (December 2008 – four tenants, 0.1% of rent roll), the largest being a retailer in Regent Street. Less than 1% of our rent roll is subject to monthly payments. At year end 20.6% of the Group's rent roll (including share of joint ventures) was covered by bank guarantees or rent deposits amounting to £14.4 million. The segmentation of our tenant base is shown on page 4.

Taxation

The current tax credit in the income statement for the year is £0.1 million (2008 charge: £0.1 million) 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 minus 1% (2008: 5%). The Group complied with all relevant REIT tests for the financial year.

Dividend

The Board has declared a final dividend of 8 pence per share (2008: 8 pence per share) which will be paid on 14 July 2009. This brings the total dividend for the year to 12 pence per share, an increase of 0.8% over last year. Of the final dividend 6 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.

Our operational priorities remain cash generation and tenant retention

Outlook

We believe that UK economic conditions are unlikely to return to growth before the second half of 2010. Rising unemployment and business contraction will put downward pressure on rental values during this period, although the rate of decline will differ across central London sub-sectors. However, we expect London's commercial property values to recover earlier than its occupational markets as investors pre-empt the return to rental growth. We anticipate that valuation falls over the next six months are likely, albeit at a lower run rate than that seen recently.

Since the peak of the property market in the summer of 2007, the current economic downturn has produced one of the most severe asset value corrections ever recorded. The Rights Issue announced on 19 May 2009 substantially increases the resources we will have available to take advantage of attractive investment opportunities which are emerging as a result.

For this year, our operational priorities remain cash generation, tenant retention and targeted investment in fundamentally cheap assets in our core central London markets. We expect that a combination of our intense focus on local markets, the central West End location of many of our buildings and the value for money offered by our properties will support rental income levels. We remain confident that our disciplined approach and flexible capital structure will underpin the long-term prospects of the Group.

Our people

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;

– continual improvement of the skills and competency of our employees at all levels and across all disciplines;

– the retention and growth 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; and

– development and use of appropriate employment practices across the Group.

Key to our achievement of these objectives is:

– regular and effective communication;

– a clear, performance orientated, remuneration process; and

– a structured staff development programme.

Throughout the year, there are various structured activities that help us achieve our objectives as set out below:

Annual HR cycle for employees

January/February	Market review and benchmarking of employee salaries.
February	Group's sustainability objectives and targets for the forthcoming year are communicated 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 and objectives and targets for the previous year are 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.

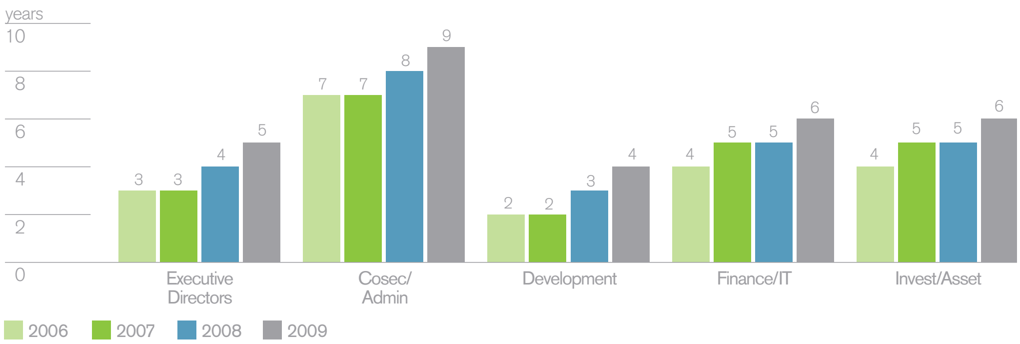
Remuneration Development Communication

97%
overall retention rate

A significant proportion of remuneration for all employees is performance related, based on both corporate targets and personal objectives, to align the interests of our people with those of the Company and its shareholders. We are pleased that our overall retention rate remains high at 97% per annum, excluding redundancies and retirements, with 18% of employees enjoying some form of flexible working practices including reduced and variable hours.

The Company is committed to equal opportunities and formal performance reviews are undertaken every six months with a view to maximising employees' potential and contribution and a formal training programme of both external courses and in-house seminars is provided. 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 or as part of a vocational training programme. During the year £48,347 was invested in formal staff training providing 1,283 hours of training. Training programmes provided during the year included business related topics, key risk areas and personal skills development.

Average period of service



Total number of training hours

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 to 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. Where appropriate, 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.

1,283
hours of training provided

All employees receive a copy of the Company's Ethics policy which 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.

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

Progress against our sustainability objectives and targets set for our people for 2008/2009 and objectives and targets set for 2009/2010 can be found at:
http://www.gpe.co.uk/corporate_responsibility/employees/

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	Mitigation	Commentary
Market risk		
Concentration of assets in central London.	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
Property markets are cyclical. Performance depends on general economic conditions, a combination of supply and demand for floor space as well as overall return aspirations of investors.	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 estimated returns are regularly monitored to allow prompt decisions on leasing and ownership to be determined.	Development pages 22 and 23
Constrained credit markets have served to put downward pressure on property valuations and slowed occupational demand with the potential for increased void levels and tenant defaults.	The Group's rents remain low by comparison to the market. Tenants are proactively managed to ensure changing needs are met with a focus on retaining income, where appropriate, and maintaining a diverse tenant mix by industry sector and size. Formal covenant procedures are completed on all new tenants to ensure rent deposits or guarantees are secured where appropriate.	Case studies pages 6 to 13
The impact of changes in legislation particularly in respect of environmental legislation and planning regulations.	Through the use of experienced advisers and direct contact, senior Group representatives spend considerable time ensuring that buildings are maintained and refurbished or redeveloped in line with current regulations and changing tenant demands including, for example, changing environmental legislation requirements, in the most cost-effective manner.	Development pages 22 and 23 Environment and the portfolio pages 35 to 37
Development		
Failure to obtain or delays in gaining planning consents.	Planning applications are proactively managed. The Company monitors changes in planning legislation and has strong relationships with planning authorities and consultants.	Development pages 22 and 23
Letting risk.	Market analysis including a good understanding of tenants' requirements which influence building design and sensitivities are included within the development appraisals. The Company has resource dedicated to the letting of the developments supported by a strong network of specialist leasing agents.	Development pages 22 and 23 Case study pages 10 and 11
Investment		
Difficulty in sourcing investment opportunities at attractive prices.	The Company 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.	Investment management page 20 Case study pages 6 and 7
Portfolio returns impaired by inappropriate recycling of capital.	Business plans are produced on an individual asset basis to ensure the appropriate churn of those buildings with relative limited potential performance.	Investment management page 20 Case studies pages 6 and 7 and pages 12 and 13

Risk	Mitigation	Commentary
Investment		
Inability to recycle out of ex-growth assets at the latest valuation due to credit market difficulties resulting in a limited pool of potential buyers.	The Company has dedicated resource to identify potential buyers even in thin markets.	Our market pages 17 to 19 Investment management page 20
Attracting and retaining the right people		
Achieving the Company's aims requires people of the highest calibre.	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 the identification of training needs.	Case study pages 6 and 7 Our people pages 30 and 31
Reputation		
Health & Safety and Environment ("HSE").	The Company has dedicated HSE personnel to oversee the Company's HSE Management Systems including regular risk assessments and annual audits to proactively address key HSE areas including energy usage and employee, contractor and tenant safety.	Health and safety pages 38 and 39 Environment and the portfolio pages 35 to 37
Financial risks		
Liquidity risk.	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 market bonds. Strict counterparty limits are operated on deposits.	Our financial position pages 26 to 29 Note 14 forming part of the Group financial statements pages 78 to 81
Adverse interest rate movements.	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 78 to 81
Breach of borrowing covenants.	Financial ratios are monitored and regularly reported to the Board.	Our financial position pages 26 to 29 Note 14 forming part of the Group financial statements pages 78 to 81
Non-compliance with REIT regulations.	The Group's accounts and forecast financial measures are regularly compared to REIT limits and reported to the Board.	Our financial position page 29

Corporate responsibility

Great Portland Estates recognises that the importance of the effectiveness of its operations in respect of the environment together with interaction with its key stakeholders, including investors, employees, neighbours, communities, customers and suppliers is key to ensuring the long-term sustainability of its business.

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 (CR) 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 Robert Noel on health and safety and environmental matters, where appropriate.

The Group's Environmental Policy Committee is chaired by Toby Courtauld and includes the Property Director, the Head of Projects, the Head of Asset Management, the Safety, Health and Environmental Manager, Energy Manager and Company Secretary. The Corporate Responsibility, Health & Safety and Environmental Working Groups are chaired by the Property Director Robert Noel and include: the Head of Projects, the Head of Asset Management, the SHE Manager, the Senior Building Manager, Representative of Employee Safety, the Company Secretary and Assistant Company Secretary.

This year, the Company was delighted that its efforts were rewarded with a series of awards covering a range of corporate responsibility activities.

Awards

April 2009
IPD/IPF UK Property Investment Awards 2008
"Highest three year annualised return margin to December 2008 – Specialist Pooled Funds and Traditional Estates"

IPD/IPF UK Property
INVESTMENT AWARDS 2009
Category Winner for performance to end 2008

November 2008
BDO Stoy Hayward
"Property Accounts Awards 2008" – Gold Award

BDO International

October 2008
BCO (British Council for Offices) Awards
180 Great Portland Street, W1 wins the BCO "Innovation" Award

"Innovation Award"

180 Great Portland Street, W1 wins the BCO "Innovation Award"

June 2008
IR Magazine UK Awards
"Best Investor Relations by a CEO of a non-FTSE 100 Company"

May 2008
Business in the Community
2007 "Top 100 Companies for corporate responsibility" – Silver Award

April 2008
Estates Gazette Property Marketing Awards
2008 "Best Marketing campaign for offices" – Overall winner

81%

of CR objectives and targets were fully achieved

Property industry

Directors and senior management are encouraged to represent the Company's views and contribute towards the development of the property industry. Toby Courtauld is a member of the Management Board of the Investment Property Forum and a member of the Policy Committee of the British Property Federation (BPF).

Robert Noel is Chairman of the Westminster Property Association ("WPA"), an association of property owners and their advisers in the City of Westminster and is on the Board of the New West End Company, a formal Business Improvement District encompassing Bond Street, Oxford Street and Regent Street. During the course of the year WPA was actively involved in lobbying Westminster City Council, through a series of workshops, on the development of its Core Strategy as part of the Local Development Scheme, the key planning framework under which the Group will have to operate over the next decade. In addition, it has had ongoing discussions with EDF on power supply and the Mayor's office on planning policy as well as hosting a number of seminars on topical property issues for its members.

In June 2008 we joined the Considerate Constructors Client Partnership and have taken an active part in debating the direction of the Scheme.

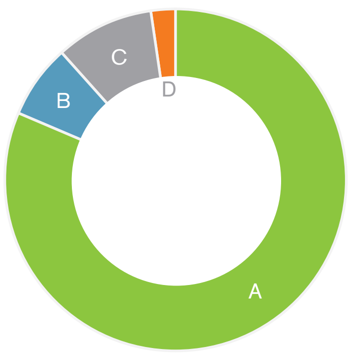
Objectives and targets

Great Portland Estates set a total of 43 CR targets at the beginning of 2008 covering the key areas of:

- our people;
- environment and the portfolio;
- tenants and the community;
- health and safety;
- suppliers; and
- investors.

81% of these were fully achieved. If targets have not been achieved, where relevant, these have been included again for 2009 to emphasise our commitment. Details of the Group's 2008/2009 and 2009/2010 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.

Progress against CR objectives and targets



A 100% met – 35
B 80% to 90% met – 3
C Less than 50% met – 4
D Energy figures still to be verified – 1

Environment and the portfolio

The Group is committed to effective environmental management to ensure that appropriate environmental policies are set to assist in "future proofing" the Group's portfolio to meet rapidly changing legislation requirements and resulting tenant demands. We regard regulatory compliance as a minimum standard. 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/environmental/

198
hours of environmental and sustainability training provided

The Environmental Policy Committee chaired by Toby Courtauld is responsible for reviewing the Group's environmental polices and procedures. During the course of 2009, the Environmental Policy Committee:

- identified the need to further develop its Sustainability Policy;
- developed sustainability frameworks to ensure best practice for use by employees, consultants and contractors covering energy, waste, materials, water, transport, ecology, tenants and the community and pollution which are designed to cover each of the Group's core operations of investment management, asset management and development though specific procedures required for sales and acquisitions, operations, planning and design, and construction;
- continued to review the way in which the Group procures energy;
- approved the Tenant Environmental Guide;
- ensured timely completion of Energy Performance Certificates across the portfolio; and
- instigated a formal environmental legislation register, identifying the aim of the legislation, its importance to the Group's operations, how the Group has ensured compliance or, where still to become law, what actions need to be taken to ensure the Group will comply.

During the year 198 hours of environmental and sustainability training were provided to employees covering energy management, sustainability, climate change and benchmarking standards for developments. Sustainability training is also included in the induction process for all new employees.

An Environmental Working Group (EWG), chaired by Robert Noel as the Property Director and made up of senior representatives of each department, meets on a quarterly basis and reports to the Environmental Policy Committee and the Board annually. The EWG monitors the Group's compliance with environmental legislation and best practice across the portfolio and agrees procedures to be followed on key environmental and sustainability issues.

Investment management

Prior to each property acquisition an environmental due diligence report is undertaken with particular regard to environmental risk. Mechanical and electrical surveys are also undertaken to identify plant and equipment inefficiencies.

Asset management

The Group's Environmental Management System is controlled and administered by the Safety, Health and Environmental Manager and audited by external consultants on a regular basis. Our Environmental Management System is designed to operate in line with ISO 14001 with procedures and checklists developed to address the Group's "aspects and impacts". During the year the management system was improved by incorporating an online task manager to assist the Building Manager checks of environmental compliance across the portfolio. 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.

32%
of energy purchased on green tariffs

Energy and water consumption is monitored by external consultants and usage data is analysed on a monthly basis. Energy and water consumption data, externally verified by Bureau Veritas, is also available from our website. During the year our Energy Manager ensured that all properties had Energy Performance Certificates as appropriate and continued our efforts to improve on both energy efficiency and reporting across the portfolio.

An environmental guidance note explaining the Group's environmental procedures is distributed to all tenants on an annual basis to encourage them to adopt similar standards. Following feedback from tenants to an environmental survey on the premium they would be prepared to pay for green energy, energy best practices and recycling initiatives, we have:

- increased energy purchased on green energy tariffs to 32% (from 15% in 2008);
- arranged for our Energy Manager to meet with interested tenants to provide them with details of their energy usage and give guidance on energy saving measures they could implement; and
- introduced recycling schemes into 26% of the portfolio (on top of the 20% achieved last year) and we continue to address how recycling can be increased through co-operation and co-ordination with our tenants.

Resource management

	Target 2008/2009	Actual achieved	% achieved
To ensure 25% of energy purchased for our aggregate portfolio, based on the available electricity capacity for a building supply provided by the distribution network ("AVCAP"), is on green energy tariffs	25%	32%	128%
To introduce long life light bulbs throughout individual buildings in 70% of landlord managed areas	70%	70%	100%
To engage 20% of tenants in multi-let buildings over three years in a programme of "target and monitoring" energy usage	7%	8%	114%
To ensure appropriate actions are implemented for all buildings where energy audits are completed	100%	82%	82%
To set up new recycling schemes in 20% of portfolio	20%	26%	130%

"Very Good"

BREEAM rating achieved at Tooley Street, SE1 and 60 Great Portland Street, W1

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 all new build properties, with renewable energy considered at the design phase. Each development is continually reviewed throughout the project to identify ways to maximise energy efficiency and promote sustainable resource use. In 2008 we achieved a "Very Good" rating on our developments at Tooley Street, SE1 and 60 Great Portland Street, W1. Our in-house Project Management Team undertakes an environmental compliance audit on selected projects to further understand and report on our performance achievements.

Details of the Group's 2008/2009 and 2009/2010 environmental objectives and targets can be found on the Company website at www.gpe.co.uk/corporate_responsibility/environmental/

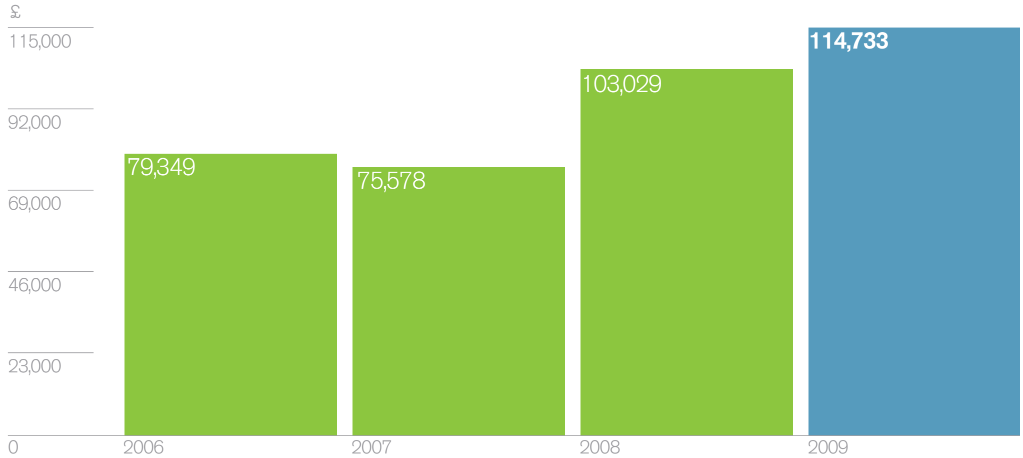
Tenants and the community

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 marketing, traffic free shopping days, way finding, street cleansing, crime prevention and public realm improvements on Oxford Street, Regent Street and Bond Street all in W1. In addition, in partnership with the Westminster City Council and various retailer associations, we have provided sponsorship for activities such as West End Live and decorations at Christmas as well providing contributions to the W1W Tree initiative for the planting of trees along Great Portland Street, W1 to enhance the local environment close to our properties. Mindful of supporting communities local to our portfolio we have also provided sponsorship of the Bermondsey Street festival and an open day at the Unicorn Theatre in Southwark.

18%

of employees involved in a school reading scheme

New West End Company contributions



The Group has continued with its tradition of encouraging staff to be involved in, and of supporting, their 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 fourth year in helping pupils at St. Vincent's school in Marylebone to improve their reading.

154

cycle racks installed across 12 buildings

Asset management

Our asset management team aims to formally meet with tenants twice a year. As a result of feedback from those meetings we have installed 154 cycle racks across 12 of our buildings. For the year ended 31 March 2009, we also undertook a tenant satisfaction survey in order to identify areas for improvement of the quality of services provided to our tenants including standards of security and cleaning, responsiveness of our helpdesk and building management team and quality of building services. Whilst overall feedback was positive, one of our objectives for the coming year is to improve on our scores for each building.

Development

Principal contractors on all developments and major refurbishments continue to be required to register our sites with the Considerate Constructors' Scheme with Wells & More, W1 achieving scores considerably in excess of the national average. As a result of our membership of the Considerate Constructors' Scheme Client Partnership, we have been provided with regular feedback on our performance and where our contractors can improve to ensure best practice in minimising the impact of our developments.

Newsletters were produced on a regular basis to keep stakeholders appraised with progress on all our major development sites during the year at Wells & More, W1, Foley Street, W1 and Bermondsey Street, SE1. Regular meetings are also held with tenants to provide feedback to contractors on performance.

Details of the Group's 2008/2009 and 2009/2010 objectives and targets in respect of tenants and the community can be found on the Company website at www.gpe.co.uk/corporate_responsibility/tenants_community/

Health and safety

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

The Group employs a Safety, Health and Environmental Manager who reports directly to the Property Director Robert Noel. The Safety, Health 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 ISO 18001 requirements coupled with a new health and safety management and monitoring system ensuring consistent and continual assessment of safety throughout the managed portfolio. 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. The Group's Senior Building Manager also carries out regular inspections to monitor compliance with the Group's health and safety procedures.

307

hours of health and safety training provided

A Health and Safety Working Group which is chaired by Mr Noel meets on a quarterly basis and monitors performance, the achievement of key objectives, the results of safety audits and inspections, accidents and near misses, changes in legislation, the development of new procedures, and the allocation of resources to health and safety.

During the year 307 hours of health and safety training was provided to employees covering general health and safety management, fire marshall training, first aid and construction skills certification. In addition, induction training, which includes health and safety issues, is provided to all new employees.

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 activities can pose a significant health and safety risk to the business and, therefore, the Group operates a contractor and consultant scheme designed to monitor contractor performance on site. A Permission to Work system for contractors includes vetting of risk assessments, method statements and policies and procedures to ensure contractors are capable of working to the high standards set by the Group. Major contractors have service level agreements as an integral part of their contract and scoring on health and safety performance is included within these agreements.

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 Safety, Health and Environmental Manager. During the year ended 31 March 2009, there was one reportable accident arising from Group's activities.

Health and safety statistics

	2007	2008	**2009**
Number of RIDDOR reportable injuries	0	2	**1**
First aid injuries	8	8	**6**
Three day injuries	0	2	**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	2	1	**3**
Number of employee days off work from injury	0	0	**0**

Development

At our construction sites, our Safety, Health and Environmental Manager liaises closely with CDM Coordinators and Project Managers to assist in ensuring that health and safety is managed effectively on site. All consultants are required to complete a competency review in line with Health and Safety Executive guidance under the Construction (Design and Management) Regulations 2007. Where building works are being carried out with tenants in situ, our Building Managers regularly attend site to ensure that health and safety concerns are brought to the attention of contractors and dealt with in a timely fashion.

Details of the Group's 2008/2009 and 2009/2010 health and safety objectives and targets can be found on the Company website at www.gpe.co.uk/corporate_responsibility/health_safety/

200

presentations made to investors and potential investors

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 2009 over 200 presentations were made by a combination of the Chief Executive, Property, Development 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. For the sixth year, the Company has taken part in the Business in the Community's annual Corporate Responsibility Index, achieving a silver award and was included in BITC's 2008 "Top 100 Companies for corporate responsibility". The Company's BITC submission, together with the CR activities contained within this report, is independently verified by Bureau Veritas.

The Company's approach to corporate governance is set out on pages 50 to 54.

Portfolio statistics

Rental income

At 31 March 2009

			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 St	Office	19.8	(2.2)	17.6	3.6	0.9	4.5	22.1
		Retail	4.0	0.2	4.2	4.1	0.9	5.0	9.2
	Rest of West End	Office	8.6	0.9	9.5	7.4	(0.1)	7.3	16.8
		Retail	4.7	1.2	5.9	4.0	0.3	4.3	10.2
	Total West End		**37.1**	**0.1**	**37.2**	**19.1**	**2.0**	**21.1**	**58.3**
	City and Southwark	Office	11.9	1.9	13.8	1.1	0.2	1.3	15.1
		Retail	0.6	0.6	1.2	0.1	–	0.1	1.3
	Total City and Southwark		**12.5**	**2.5**	**15.0**	**1.2**	**0.2**	**1.4**	**16.4**
Total let portfolio			**49.6**	**2.6**	**52.2**	**20.3**	**2.2**	**22.5**	**74.7**
Voids					4.5			2.1	6.6
Premises under refurbishment					2.0			0.6	2.6
Total portfolio					**58.7**			**25.2**	**83.9**

Rent roll security, lease lengths and voids

At 31 March 2009

			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 St	Office	63.1	8.3	11.9	24.8	4.0	20.2
		Retail	66.7	7.1	4.1	77.2	10.2	5.7
	Rest of West End	Office	22.6	3.0	2.0	49.9	4.7	7.2
		Retail	53.7	9.3	4.1	81.5	12.2	0.6
	Total West End		**52.9**	**7.0**	**7.8**	**58.2**	**7.4**	**8.1**
	City and Southwark	Office	10.3	2.7	6.5	16.7	2.1	12.6
		Retail	14.4	6.6	–	75.6	11.4	–
	Total City and Southwark		**10.5**	**2.9**	**6.2**	**22.4**	**3.0**	**11.7**
Total let portfolio			**42.2**	**6.0**	**7.4**	**56.1**	**7.1**	**8.7**

Rental values and yields

At 31 March 2009

			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 St	Office	45	39	26	32	4.9	6.9	5.4	7.2
		Retail	41	36	61	72	5.0	6.1	5.4	6.3
	Rest of West End	Office	43	48	37	36	5.4	6.2	6.3	6.9
		Retail	60	75	45	50	4.1	5.5	5.5	6.1
	Total of West End		**45**	**44**	**39**	**41**	**4.9**	**6.4**	**5.7**	**6.6**
	City and Southwark	Office	28	31	24	33	7.5	7.6	4.6	8.0
		Retail	13	27	42	48	2.7	6.8	6.5	7.6
	Total City and Southwark		**26**	**31**	**26**	**34**	**7.3**	**7.6**	**4.7**	**8.0**
Total portfolio			**38**	**39**	**38**	**40**	**5.4**	**6.6**	**5.7**	**6.7**

Our major properties and tenants

West End – North of Oxford Street, W1

Property name	Tenure	Type	Principal tenants	Number of tenants	WAULT years	NIA sq ft
38/40 Eastcastle Street	FH	O	Escotex International	7	3	11,200
46/48 Foley Street	FH	O	Envy Post Productions	1	9	20,100
29/35 Great Portland Street*	FH	O	Axa Insurance	5	4	15,600
32/36 Great Portland Street	FH	O	AWW Limited, Vola	6	4	12,900
60 Great Portland Street	FH	O	The Engine Group	7	17	94,600
78/92 Great Portland Street	FH	O	Logica	14	2	49,400
79/83 Great Portland Street	FH	O/R	Thorn Lighting, Healthxchange	1	1	4,600
160 Great Portland Street	FH	O	Virgin Media; Villandry	2	9	89,900
20/30 Great Titchfield Street	FH	O/R	I-level; Fallon; Ryder Architecture	13	8	66,200
33/35 Gresse Street and 23/24 Rathbone Place	FH	O/R	Lewis Moberly; Power TV	10	2	24,500
6/10 Market Place	FH	O/R	Carluccio's; Strada	14	6	18,500
14/17 Market Place	LH	O	Betty Barclay; Reiss; Barratts	10	5	59,300
27/35 Mortimer Street	FH	O	Sainsbury's; Kellan Group	3	6	31,600
37/41 Mortimer Street	FH	O	Informa	1	6	24,700
184/194 Oxford Street	LH/FH	O/R	Office; Faith	7	4	35,900
508/540 Oxford Street*	LH	R	Next; Evans; Mothercare	14	11	88,400
Wells & More	FH	O	New Look	1	5	112,800
Park Crescent East*	LH	O/Res	Hale Clinic; Secretary of State for Transport	5	4	100,800
Park Crescent West*	LH	O/Res	Medical Research Council; Secretary of State for Transport; RIBA	4	5	119,400
288/300 Regent Street*	LH	O/R	Oasis; La Tasca	21	5	52,200
183/190 Tottenham Court Road*	LH	R	Caffé Nero: Barclays Bank	5	6	11,900
59/63 Wells Street*	FH	O	Magistrates Court	1	5	25,300
Wigmore Street Island Site*	FH	O/R	HNG; Adventis	15	2	90,900

Rest of West End, W1

Property name	Tenure	Type	Principal tenants	Number of tenants	WAULT years	NIA sq ft
19/25 Argyll Street*	LH	O	Live Nation; Penna; Lend Lease	4	5	64,300
40/48 Broadway and 1/15 Carteret Street, SW1*	LH	O	Capital & Counties; The Youth Justice Board	5	5	72,600
26/30 Broadwick Street*	FH	O/R	VNU Business Publications; Cowling & Wilcox	4	5	70,500
48/54 Broadwick Street*	FH	O/R	Scion Film; Mortimer Facilities; Fast Search UK Ltd; Media Audit Ltd	6	4	29,400
10/12 Cork Street*	LH	O/R	Waddington Galleries; Millbank Financial Services	7	2	21,500
Hanover Square Estate	LH/FH	O/R	Avanta Management Services; Dolce & Gabbana; Lend Lease;	40	3	176,100
Jermyn Street Estate*	LH	O/R	Standard Chartered Bank; Wiltons; Vodafone; JCB; Mackenzies of Piccadilly; Richoux; Stork & May; BDT	62	5	132,600
26/40 Kensington High Street, W8*	FH	O/R	TK Maxx; Holmes Place; Wagamama	10	8	119,900
201/207 Kensington High Street, W8*	FH	R	Robert Dyas; Club Kensington	4	8	17,600
15/16 New Bond Street	LH	O/R	Mappin & Webb; Georg Jensen; Shore Capital	8	14	29,200
79/89 Oxford Street	FH	O/R	Pizza Hut; Regus	7	1	43,800
100 Regent Street and 33 Glasshouse Street*	LH	O/R	Aquascutum; New Media Spark	3	16	53,100
126/130 Regent Street*	LH	O/R	Thomas Davidson; Russell & Bromley	10	8	30,800
266/270 Regent Street*	LH	O/R	Calzedonia; Edgen Murray	2	22	14,900
28/29 Savile Row	LH	O/R	Mary Kay Cosmetics; Flag Clothing	5	2	15,300

City and Southwark

Property name	Tenure	Type	Principal tenants	Number of tenants	WAULT years	NIA sq ft
46/58 Bermondsey Street, SE1	FH	R	Under development; Delfina	1	3	47,300
75 Bermondsey Street, SE1	FH	O	Rise Communications; Kurt Geiger	3	5	25,200
Bishopsgate Estate, EC2	FH	O/R	Fortis; Willis; Tyser; Brit Insurance; Bangkok Bank	35	2	251,900
240 Blackfriars Road, SE1*	FH	O	Under development	–	–	–
24/25 Britton Street, EC1*	FH/LH	O	Wolverine; Jarvis Rail	5	3	49,300
Fetter Lane Island Site, EC4*	FH/LH	O	Buzzacott	2	1	53,600
24/31 Holborn, EC1	FH	O	Cityspace, London School of Business and Finance; HSBC	7	2	64,200
67/75 Kingsway, EC1*	FH/LH	O/R	Tradingscreen; Belgo	8	6	29,600
14/20 St Thomas Street, SE1	FH	O	Tindall Riley; Pitney Bowes	6	5	97,000
14/28 Shand Street, SE1	FH	O	Scott Wilson; Mitie Group	10	1	56,400

Key

FH	Freehold or virtual freehold
LH	Leasehold
O	Offices
R	Retail
WAULT	Weighted average unexpired lease term
NIA	Net internal area
*	Held in joint venture
Res	Residential

Directors

Martin Scicluna B.Com, FCA
Chairman, Non-Executive

Appointed to the Board on 1 October 2008 and became Chairman on 16 March 2009. Non-Executive Director of Lloyds Banking Group and previously Chairman of Deloitte from 1995 to 2007. Age 58.

Member 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 and of the London Board of Royal & Sun Alliance, a member of the Management Board of the Investment Property Forum and of the Policy Committee of the British Property Federation. Age 41.

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 43.

Robert Noel BSc, MRICS
Property Director

A director of Nelson Bakewell from 1992 to 2002, joined the Group and appointed to the Board in 2002. Chairman of the Westminster Property Association and a director of New West End Company. 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. Age 41.

Kathleen O'Donovan BSc (Econ), FCA
Non-Executive Director

Non-Executive Director and Chairman of the Audit Committees of Prudential and Trinity Mirror, member of the Audit Committee of Arm Holdings and Chairman of the Invensys Pension Fund Trustee Board. Previously a Non-Executive Director and Chairman of the Audit Committee of the Court of the Bank of England and EMI Group and a Non-Executive Director of O_2. Appointed to the Board in 2003. Age 51.

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

Charles Irby FCA
Non-Executive Director

A Non-Executive Director of North Atlantic Smaller Companies Investment Trust and QBE Insurance Group. Appointed to the Board in 2004. Age 63.

Chairman of the Remuneration Committee and Member of the Audit 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 49.

Member of the Audit and Nomination Committees.

Jonathan Short BSc, ACIB
Non-Executive Director

Founding Partner and Chief Investment Officer of Internos Real Investors LLP, a pan European real estate investment management business. Non-Executive Director of Big Yellow Group plc, and Trustee and UK Chairman of the Urban Land Institute. Appointed to the Board in 2007. Age 47.

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 43, 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 32 and 33. Additional information on employees, environmental matters and social and community matters is included on pages 30 and 31 and on pages 34 to 40.

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 64. An interim dividend of 4.0 pence per share (2008: 3.9 pence) was paid on 6 January 2009, and the directors propose to pay a final dividend of 8.0 pence per share, making a total of 12.0 pence per share (2008: 11.9 pence) for the year ended 31 March 2009. If approved by the shareholders at the Annual General Meeting to be held on 9 July 2009, the proposed dividend will be paid on 14 July 2009.

Freehold and leasehold properties

A valuation of the Group's property portfolio at 31 March 2009 was carried out by CB Richard Ellis on the basis of market value which amounted to £794.7 million (2008: 1,087.3 million). The difference of £8.5 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

Martin Scicluna was appointed a Non-Executive Director by the Board on 1 October 2008 and became Chairman on 16 March 2009. Richard Peskin retired as Chairman on 16 March 2009 and from the Board on 31 March 2009. The other directors whose names appear on pages 44 and 45 served as directors of the Company throughout the year to 31 March 2009. Toby Courtauld will retire by rotation at the Annual General Meeting and, following the Board evaluation process, is offering himself for re-election by shareholders on the recommendation of the Board. Biographical details of all the directors can be found on pages 44 and 45 .

Directors' shareholdings

	At 31 March 2009 Number of shares	At 31 March 2008† Number of shares
Richard Peskin and family[1]		
– beneficial	2,010,000	760,000
– trustee	49,000	73,000
Martin Scicluna	5,000	–
Toby Courtauld	229,214	140,197
Robert Noel	140,848	77,635
Timon Drakesmith	58,410	35,155
Neil Thompson	71,196	29,054
Kathleen O'Donovan	–	800
Charles Irby	3,000	3,000
Phillip Rose	2,000	2,000
Jonathan Short	7,790	7,790

† Or at date of appointment.
[1] Retired from the Board on 31 March 2009.

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 2009 and 19 May 2009. 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.

Significant shareholdings

As at 7 May 2009, 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	%
Standard Life Investments Limited	16,483,849	9.11
Cohen & Steers, Inc	11,251,306	6.21
Government of Singapore Investment Corporation Pte Ltd	8,196,721	4.53
Legal & General Investment Management Limited	7,152,813	3.95
BlackRock, Inc	6,876,187	3.80

Share capital and control

The following information is given pursuant to section 992 of the Companies Act 2006. As at 31 March 2009, the Company's authorised share capital comprised £68,762,594, divided into 550,100,752 ordinary shares of 12.5 pence. On 31 March 2009, there were 181,023,034 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.

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 16 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 2009, the average payment period for trade creditors was 30 days (2008: 49 days).

Essential contracts

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

Charitable and other donations

During the year the Company made donations for charitable purposes amounting to £47,568 (2008: £45,394); 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 page 1 to 43. The finances of the Group, its liquidity position, borrowing facilities and applicable covenants are described in Our financial position on pages 26 to 29 and in note 14 of the accounts on pages 79 to 81.

The current economic conditions have created a number of risks and uncertainties for the Group, these are set out in Risk management on pages 32 and 33. In particular, there is uncertainty over future market-driven valuation movements which may affect the Group's ability to remain within its bank covenants.

The directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance, valuation projections and debt requirements. In making this assessment, we have taken into account available market information, consulted with our advisers and applied our own knowledge and experience to the Group's property portfolio and markets. We have considered the potential to achieve further property disposals should valuations fall significantly ahead of market expectations from the 31 March 2009 position and on 19 May 2009, the Company announced a fully underwritten Rights Issue which is expected to raise additional equity of £166.4 million after expenses providing further financial flexibility.

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 94 to 96 sets out the resolutions to be proposed at the Annual General Meeting. Resolutions 1 to 7 comprise ordinary business and resolutions 8 to 12 special business.

Resolution 8 will seek to increase the Company's authorised share capital. The Company's current authorised share capital is £68,762,594 comprising 550,100,752 shares of 12.5 pence each. As a result of the Rights Issue announced by the Company on 19 May 2009 ("the Rights Issue"), which remains subject to shareholder approval as at the date of this document, the issued share capital of the Company is expected to increase to £39,084,518, comprising 312,676,149 ordinary shares of 12.5 pence each. Accordingly, in order to provide the Company with a reasonable level of headroom for the future, it is proposed to increase the Company's authorised share capital to £75,000,000 being 600,000,000 ordinary shares of 12.5 pence each. The proposed increase is of £6,237,406 by the creation of 49,899,248 additional ordinary shares of 12.5 pence each. This represents an increase of 9.07% in the authorised share capital.

Resolution 9 will seek to renew the authority for the directors to allot ordinary shares. In accordance with the latest institutional guidelines issued by the ABI, the proposed new authority will allow the directors to allot ordinary shares equal to an amount of up to 33% of the Company's issued share capital (£12,897,891) plus, in the case of a fully pre-emptive rights issue only, a further amount of up to an additional 33% of the Company's issued share capital (£12,897,891), in each case calculated on the basis of the above capital expected to be in issue following completion of the Rights Issue. Should the Rights Issue not proceed, the authority conferred by Resolution 9 will remain in place for the full amount stated, but the directors will limit any use they make of it to 33%, plus a further 33% in the case of a fully pre-emptive rights issue only, of the Company's issued share capital as at 19 May 2009. The directors have no present intention of exercising the authority, if granted. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards to its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI.

Resolution 10 will seek to renew the authority for the directors to allot equity securities for cash (including any shares held in treasury) up to an aggregate nominal amount of £1,954,225 without first being required to offer such shares to existing shareholders.
The nominal amount of equity securities to which this authority relates represents 5% of the share capital of the Company expected to be in issue following completion of the Rights Issue. Should the Rights Issue not proceed, the authority conferred by Resolution 10 will remain in place for the full number of shares stated, but the directors will limit any use they make of it to 5% of shares of the Company's issued share capital as at 19 May 2009.

Resolution 11 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 expected to be in issue following completion of the Rights Issue. Should the Rights Issue not proceed, the authority conferred by Resolution 10 will remain in place for the full number of shares stated, but the directors will limit any use they may make of it to 14.99% of the shares in issue as at 19 May 2009. The directors intend to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 11 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 2009, the number of shares which may be purchased under the shareholders' authority given at the 2008 Annual General Meeting was 27,135,353 and the number of shares in issue was 181,023,034.

At 19 May 2009, the Company held no shares in treasury.

The authorities granted under Resolutions 9, 10, and 11 will expire at the conclusion of the 2010 Annual General Meeting or on 1 October 2010, whichever is the earlier.

Resolution 12 is required in view of the proposed implementation in the UK in August 2009 of the Shareholder Rights Directive ("SRD"). The Company is currently able to call general meetings (other than annual general meetings) on 14 clear days' notice in accordance with its Articles of Association and would like to preserve the ability to do so. The regulation implementing the SRD will increase the notice period for general meetings of the Company to 21 days unless shareholders have approved the calling of meetings on 14 days' notice. Under the terms of the SRD, the resolution will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will need to meet the requirements for electronic voting under the SRD before it can call a general meeting on 14 days' notice.

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

19 May 2009

Corporate governance

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

A summary of the system of governance adopted by the Company is set out below. Throughout the year ended 31 March 2009, the Company 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 2006.

The Board of directors

The Board comprises the Chairman, four 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 five 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 44 and 45. Richard Peskin who was Managing Director until March 2000, was Non-Executive Chairman of the Board until his retirement on 16 March 2009. Martin Scicluna, who was appointed to the Board on 1 October 2008, became Non-Executive Chairman of the Board on 16 March 2009, Toby Courtauld is Chief Executive and Kathleen O'Donovan 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, new 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. As part of his induction for becoming Chairman, Martin Scicluna, as a Non-Executive Director, attended Audit Committee meetings reviewing the half year results and the year end planning and Remuneration Committee meetings reviewing bonuses, long-term incentive awards and remuneration levels for the forthcoming year.

Conflicts of interest

In line with the Companies Act 2006, the Company's Articles of Association were amended at the 2008 Annual General Meeting to 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 are regularly reviewed by the Board and for proper authorisation to be sought prior to the appointment of any new director and 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 (5 meetings)	Nomination Committee (2 meetings)	Remuneration Committee (8 meetings)	Audit Committee (8 meetings)
Chairman				
Richard Peskin	5/5	2/2	–	–
Martin Scicluna[1]	2/2	–	–	–
Executive Directors				
Toby Courtauld	5/5	–	–	–
Robert Noel	5/5	–	–	–
Timon Drakesmith	5/5	–	–	–
Neil Thompson	5/5	–	–	–
Non-Executive Directors				
Kathleen O'Donovan	5/5	2/2	8/8	8/8
Charles Irby	5/5	–	8/8	8/8
Philip Rose[2]	5/5	2/2	–	7/8
Jonathan Short[3]	5/5	–	7/8	8/8

1 Appointed as a Non-Executive Director on 1 October 2008 and became Chairman on 16 March 2009.
2 Phillip Rose missed an Audit Committee meeting due to illness.
3 Jonathan Short was unable to attend a Remuneration Committee meeting due to a long standing commitment.

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 Kathleen O'Donovan as the Senior Independent Director assisted by Desna Martin as the Company Secretary. The process covered Board, Committee and personal performance and the output: the results of the questionnaire; a summary of the interviews; and the recommendations and actions required, was reviewed at the 1 April 2009 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 which are regularly reviewed and which deal with their authorities and duties. Copies of these terms of reference are available on written request and on the Company's website at www.gpe.co.uk/investors/governance/. Details of principal activities undertaken at scheduled meetings of the Committees during the year are set out on page 52.

Principal activities undertaken by the Board Committees

Month	Committee	Principal activity
January	Audit	Review of the Interim Management Statement • Meeting with the Valuers
January/March	Remuneration	Review of Remuneration Policy • Remuneration structure for Executive Directors, including bonus and share-based long-term incentive plans
March	Audit	Year end planning meeting • Meeting with the Auditors Review of: – Audit Plan – independence of Auditors – audit/non-audit fees • Review developments in accounting and reporting requirements • Review of internal controls and risk management processes – Consideration of need for internal audit
March/April	Nomination[1]	Review of Board evaluation and succession planning
April/May	Remuneration	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	Remuneration	Approval of Remuneration Report
May	Audit	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
May/June	Remuneration	Review of LTIP and SMP performance and vesting of awards Approval of LTIP and SMP awards
July	Audit	Review of Interim Management Statement • Meeting with the Valuers
September	Audit	Half year planning meeting • Meeting with the Auditors Review of: – Audit Plan – independence of Auditors – audit/non-audit fees • Review developments in accounting and reporting requirements
October/November	Audit	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

1 Additional Nomination Committee meetings held as appropriate where Board appointments required.

Remuneration Nomination Audit

Nomination Committee

The Nomination Committee comprises Kathleen O'Donovan (Chairman), Phillip Rose and Martin Scicluna who replaced Richard Peskin following his retirement as Chairman on 16 March 2009. It undertakes an annual review of succession planning for Senior Executives 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 of Non-Executive Directors, it specifically considers the expected time commitment of the proposed Non-Executive and other commitments they already have. Agreement of the Chairman of the Company is also required before a Non-Executive Director may accept any additional commitments 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.

At the beginning of 2008, in anticipation of Richard Peskin announcing his intention to retire from the Board in March 2009, the Nomination Committee met to consider the skill set required for the role of Chairman and appointed external recruitment consultants. Following the announcement in May 2008 confirming the Chairman's intention to retire, an interview and selection process was undertaken and at the September 2008 Board meeting, the Nomination Committee recommended the appointment from 1 October 2008, of Martin Scicluna as Non-Executive Director to become Chairman from 16 March 2009. Martin Scicluna, who was Chairman of Deloitte LLP from 1995 to 2007, head of Deloitte's London Audit Division and formerly on the firm's Executive Committee, has extensive experience serving boards and audit committees of FTSE 100 and 250 companies as Lead Partner and is a Non-Executive Director of Lloyds Banking Group plc. The Nomination Committee believes that the Board will benefit from the appointment of Mr Scicluna as Non-Executive Chairman and is satisfied that his appointment does not affect the independence of Deloitte as the Group's auditors.

Following six years on the Board, including five years as Senior Independent Director, Kathleen O'Donovan intends to retire at the 2009 Annual General Meeting. On Miss O'Donovan's retirement from the Board, Charles Irby will be appointed Senior Independent Director and will become a member of the Nomination Committee and Martin Scicluna will become Chairman of the Nomination Committee. The selection process, involving external recruitment consultants, for Miss O'Donovan's replacement as Chairman of the Audit Committee and member of the Remuneration Committee, is at an advanced stage.

Remuneration Committee

The Remuneration Committee, which comprises Charles Irby (Chairman), Jonathan Short and Kathleen O'Donovan, has responsibility for determining the remuneration, bonuses, long-term incentive arrangements, contract terms and other benefits in respect of the Executive Directors, 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 55 to 62.

Audit Committee

The Audit Committee comprises Kathleen O'Donovan (Chairman), Charles Irby, Phillip Rose and Jonathan Short. Miss O'Donovan is also Chairman of the Audit Committee of Prudential plc and Trinity Mirror plc and a member of the Audit Committee of Arm Holdings plc. The Audit Committee provides a forum for reporting by the Group's external auditors and meetings are also attended by certain Senior Executives, by invitation. 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 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 transactions, debentures, bonus plans and the long-term incentive plans.

Deloitte LLP have 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.

Three times 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 32, 33 and 16.

Relations with shareholders

Communication with shareholders is given a high priority and the Company undertakes a regular dialogue with 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, will aim to meet with major shareholders, as appropriate, during the course of the coming year. 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 Kathleen O'Donovan 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 9 July 2009 can be found in the Notice of Meeting on pages 94 to 96. 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

19 May 2009

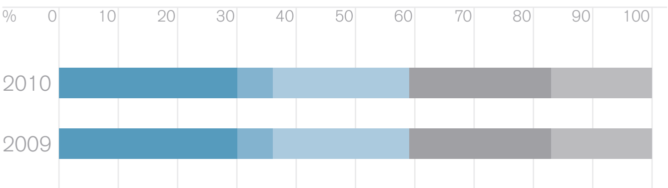
Directors' remuneration report

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.

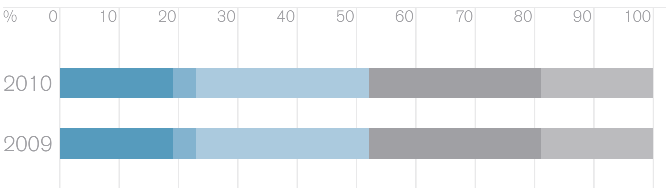
To achieve the Company's remuneration policy, the Committee seeks to position total remuneration around mid-market for on-target performance taking into account the size and complexity of the business as compared to other peer companies in the sector, using a significant proposition of variable reward with the opportunity to increase total potential remuneration for superior performance through the annual bonus plan, long-term incentive plan ("LTIP") and share matching plan ("SMP"). In light of the current economic conditions, salaries for the Executive Directors and employees and fees for Non-Executive Directors for the year ended 31 March 2010 have been maintained at 1 April 2008 levels. The relative size of the components of the Executive Directors' variable remuneration has remained unchanged from 2007. In addition, to ensure closer alignment with shareholders, the absolute NAV performance requirement under the annual bonus plan has been strengthened to include a positive NAV growth underpin so that no payment will be made if there is a fall in NAV when measured year-on-year to 31 March.

Distribution of total "on-target" annual Executive Director remuneration



Salary Pension Bonus LTIP SMP

Distribution of total maximum annual Executive Director remuneration



Salary Pension Bonus LTIP SMP

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 newly introduced 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 LTIP and SMP are based on the market norm expected values provided by Hewitt New Bridge Street ("HNBS") of 82.5% of salary for the LTIP and 55% for the SMP with maximums of 150% and 100% respectively.

Details of all payments to Executive Directors in the year, which are disclosed on page 56, show the relative values of the basic and performance related elements of remuneration for the year under review.

Although the NAV target for the annual bonus plan was not met (primarily as a result of the movement in yields following the difficulties in the financial markets), overall the Company has continued to perform well, both in its relative performance, and in the Executive Directors' achievement of their personal objectives to progress the Company's strategy. 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 performance targets for the LTIP and SMP remain appropriate in the current market environment.

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.

On 1 April 2008, following a review of a benchmarking exercise by HNBS, the directors received increases in salaries as follows: Toby Courtauld £446,250 (from £425,000), Timon Drakesmith £273,000 (from £260,000), Robert Noel £357,000 (from £340,000) and Neil Thompson £286,000 (from £260,000). For the current year, the Remuneration Committee has determined that salaries for all Executive Directors should be maintained at the 1 April 2008 levels and has accepted a recommendation from the Executive Directors that all employees' salaries should also remain unchanged from 1 April 2008 levels.

Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, car and travel concessions and membership subscriptions. The taxable value of these benefits for Executive Directors is included in the table on page 56.

Directors' remuneration details in respect of the year ended 31 March 2009 (audited)

	Salaries/ fees £000	Performance related bonuses £000	Benefits £000	Total 2009 £000	Total 2008 £000	Pension contribution 2009 £000	Pension contribution 2008 £000
Executive							
Toby Courtauld	**446**	**402**	**11**	**859**	882	**89**	85
Timon Drakesmith	**273**	**287**	**9**	**569**	541	**55**	52
Robert Noel	**357**	**321**	**13**	**691**	710	**71**	68
Neil Thompson	**286**	**300**	**10**	**596**	542	**57**	52
	1,362	**1,310**	**43**	**2,715**	2,675	**272**	257
Non-Executive							
Richard Peskin[1]	**171**	**–**	**3**	**174**	180	**–**	–
Martin Scicluna[2]	**26**	**–**	**–**	**26**	–	**–**	–
Kathleen O'Donovan	**58**	**–**	**–**	**58**	56	**–**	–
Charles Irby	**47**	**–**	**–**	**47**	45	**–**	–
Phillip Rose	**44**	**–**	**–**	**44**	42	**–**	–
Jonathan Short[3]	**44**	**–**	**–**	**44**	38	–	–
Former Directors							
John Edgcumbe[4]	**–**	**–**	**–**	**–**	10	**–**	–
Total	**1,752**	**1,310**	**46**	**3,108**	3,046	272	257

1. Retired from the Board on 31 March 2009. 2. Joined the Board on 1 October 2008 and became Chairman on 16 March 2009. 3. Joined the Board on 2 April 2007. 4. Retired from the Board on 5 July 2007.

Alignment of variable awards with Company strategy for the year ended 31 March 2009

Variable component	Maximum percentage of salary	Key elements of strategy	Measured by	Maximum performance target	Actual result
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 2009)	Annual percentage rate of portfolio capital to exceed annual percentage rate capital growth of the central London IPD index by 2.5%	75%
	45%	Absolute performance	Achievement of NAV targets (for the year to 31 March 2009) 2010 – positive NAV growth underpin	Positive NAV growth greater than 130% of target	0%
	30%	Operational excellence	Achievement against objectives (for the year to 31 March 2009)	Exceeding personal objectives	15–30%
2005 LTIP[1]	125%	Shareholder value	Total shareholder value and growth in the Group's net assets per share (based on a three year performance period)	Upper decile TSR performance and growth in the Group's net assets to exceed RPI by 6%	2005[2]
2006, 2007, 2008 and proposed 2009 LTIP[1]	75%	Shareholder value	Total shareholder return (based on a three year performance period)		2006[3] 2007–n/a 2008–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[3] 2007–n/a 2008–n/a
SMP[1,4]	50%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2006[3] 2007–n/a 2008–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[3] 2007–n/a 2008–n/a

1. Measured over a three year performance period.
2. 100% of the award vested to Toby Courtauld, Robert Noel and Neil Thompson for awards made on 25 May 2005 and vesting in 2008 following NAV and TSR targets being met. 55% vested to Timon Drakesmith for awards made on 12 September 2005 and vesting in 2008 following achievement of the NAV target and 55% of the TSR target being met.
3. As at the date of this Report, 100% of shares under the TSR 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.

Bonus plan

Each year the Committee considers the appropriateness of the component parts of the annual bonus plan on page 56 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 2009.

The personal objectives, other than those covered by the corporate measures, for the Executive Directors for 2009 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;

– successful progression of the development programme;

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

– appropriate monitoring of factors affecting REIT status;

– 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;

– active representation on key property industry associations;

– the development of the Group's environmental and sustainability policies; 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 4 to 13 and pages 20 to 39, the Committee has awarded Timon Drakesmith and Neil Thompson the full 30% of salary for operational excellence and Toby Courtauld and Robert Noel 15% of salary.

Long-Term Incentive Plans

July 2006 LTIP and awards thereafter

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.

LTIP awards before July 2006

Under the previous LTIP, Executive Directors (and Senior Managers to a lesser extent) were eligible for share awards up to an annual limit of 125% of a participant's basic salary. The vesting of the shares under the 2005 and final award under this LTIP were conditional on the following performance conditions both being met:

– Total shareholder return (measured using share price and the reinvestment of dividends) over the three years relative to a bespoke comparator group of 18 companies (including the Company) selected from the FTSE Real Estate index at the date of the award.

Comparator companies for the 2005 award were:

Brixton plc	Minerva plc
CLS Holdings plc	Quintain Estates & Development PLC
Derwent London plc	St Modwen Properties PLC
Development Securities plc	Shaftesbury PLC
Grainger Trust plc	SEGRO plc
Hammerson plc	The British Land Company PLC
Helical Bar plc	Warner Estate Holding PLC
Land Securities Group PLC	Workspace Group plc
Liberty International PLC	

– The growth in the Group's net assets per share exceeding the rate of inflation over the same period by an average of at least two percentage points per annum.

Net assets per share was calculated as the fully diluted net asset value of the Great Portland Estates Group as published in the Company's Annual Report, adjusted, as appropriate:

– to exclude the effect of deferred tax relating to capital allowances exceeding depreciation;

– to include the effect of marking debt to market;

– to include the effect of contingent corporation tax on chargeable gains;

– to ensure a consistent basis of calculation following any changes in accounting standards; and

– to take account of certain variations in share capital.

A participant in the 2005 award was entitled to a percentage of their award dependent upon the Company's total shareholder return over the performance period compared to the comparator group over the same period as follows:

Ranking in comparator group	Percentage of award vesting
1st and 2nd	100
3rd	85
4th	70
5th	55
6th	40
7th	35
8th	30
9th	25
10th	20
11th or below	0

Long-Term Incentive Plan details in respect of the year ended 31 March 2009 (audited)

	Award date	Market value of shares on grant Pence	Number of shares under award at 1 April 2008	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 2009**	Vesting date of outstanding shares
Toby Courtauld	25 May 2005	348.25	133,928	–	–	133,928	383.28	**–**	n/a
	17 July 2006	517.00	116,166	–	–	–	–	**116,166**	17 July 2009
	31 May 2007	715.50	91,726	–	–	–	–	**91,726**	31 May 2010
	29 May 2008	395.75	–	159,450	–	–	–	**159,450**	29 May 2011
Timon Drakesmith	12 Sept 2005	397.75	71,666	–	32,250	39,416	326.40	**–**	n/a
	17 July 2006	517.00	65,343	–	–	–	–	**65,343**	17 July 2009
	31 May 2007	715.50	56,115	–	–	–	–	**56,115**	31 May 2010
	29 May 2008	395.75	–	97,546	–	–	–	**97,546**	29 May 2011
Robert Noel	25 May 2005	348.25	107,142	–	–	107,142	383.28	**–**	n/a
	17 July 2006	517.00	92,933	–	–	–	–	**92,933**	17 July 2009
	31 May 2007	715.50	73,381	–	–	–	–	**73,381**	31 May 2010
	29 May 2008	395.75	–	127,560	–	–	–	**127,560**	29 May 2011
Neil Thompson	25 May 2005	348.25	71,428	–	–	71,428	383.28	**–**	n/a
	17 July 2006	517.00	62,817	–	–	–	–	**62,817**	17 July 2009
	31 May 2007	715.50	56,115	–	–	–	–	**56,115**	31 May 2010
	29 May 2008	395.75	–	102,191	–	–	–	**102,191**	29 May 2011

1. Performance conditions attached to the LTIP awards are described on page 57.

Share Matching Plan

Executive Directors (and to a lesser extent Senior Managers) are 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 selected 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 are 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 2009 was 157,275.

Share Matching Plan details in respect of the year ended 31 March 2009 (audited)

Director	Award date	Market value of shares on grant Pence	Number of shares under award at 1 April 2008	Number of shares awarded during the year	Number of shares lapsed/did not vest	Market value Number of shares vested	Market value on date of vesting Pence	**Number of shares under award at 31 March 2009**	Vesting date of outstanding shares
Toby Courtauld	17 July 2006	517.00	78,376	–	–	–	–	**78,376**	17 July 2009
	08 June 2007	661.50	60,676	–	–	–	–	**60,676**	08 June 2010
	06 June 2008	382.50	–	106,300	–	–	–	**106,300**	06 June 2011
Timon Drakesmith	17 July 2006	517.00	44,086	–	–	–	–	**44,086**	17 July 2009
	08 June 2007	661.50	37,121	–	–	–	–	**37,121**	08 June 2010
	06 June 2008	382.50	–	35,977	–	–	–	**35,977**	06 June 2011
Robert Noel	17 July 2006	517.00	62,700	–	–	–	–	**62,700**	17 July 2009
	08 June 2007	661.50	48,543	–		–	–	**48,543**	08 June 2010
	06 June 2008	382.50	–	85,041		–	–	**85,041**	06 June 2011
Neil Thompson	17 July 2006	517.00	42,380	–	–	–	–	**42,380**	17 July 2009
	08 June 2007	661.50	37,121	–		–	–	**37,121**	08 June 2010
	06 June 2008	382.50	–	68,127	–	–	–	**68,127**	06 June 2011

Performance conditions attached to the SMP awards are described above.

Share ownership

Following the introduction of the SMP and amendments to the LTIP in 2006, 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 (or, if later, five years from appointment).

As at 31 March 2009

Director	Target value of shareholding £	Current shareholding Shares	Value of shareholding 31 March 2009 £	Percentage holding against five year target
Toby Courtauld	446,250	229,214	558,709	125%
Timon Drakesmith	273,000	58,410	142,374	52%[1]
Robert Noel	357,000	140,848	343,317	96%
Neil Thompson	286,000	71,196	173,540	61%[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 receives a basic fee of £175,000 per annum and all other Non-Executive Directors received a basic fee of £36,750 per annum. 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, the Chairman of the Remuneration Committee a fee of £6,000 per annum and the Chairman of the Nomination Committee a fee of £5,000 per annum. Members of the Audit and Remuneration Committee receive a fee of £3,750 per annum and £3,350 for the Nomination Committee. No increase in Non-Executive Director fees are proposed from 1 April 2009. 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 Robert Noel, 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 became a member of the Royal and Sun Alliance, London Board on 3 March 2009 for which he will receive £1,300 per annum and is a Non-Executive Director of Live-ex Limited, for which he received no remuneration during the year. Robert Noel is a director of The New West End Company for which he receives no remuneration.

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
Robert Noel	5 June 2002	12
Timon Drakesmith	15 August 2005	12
Neil Thompson	1 August 2006	12

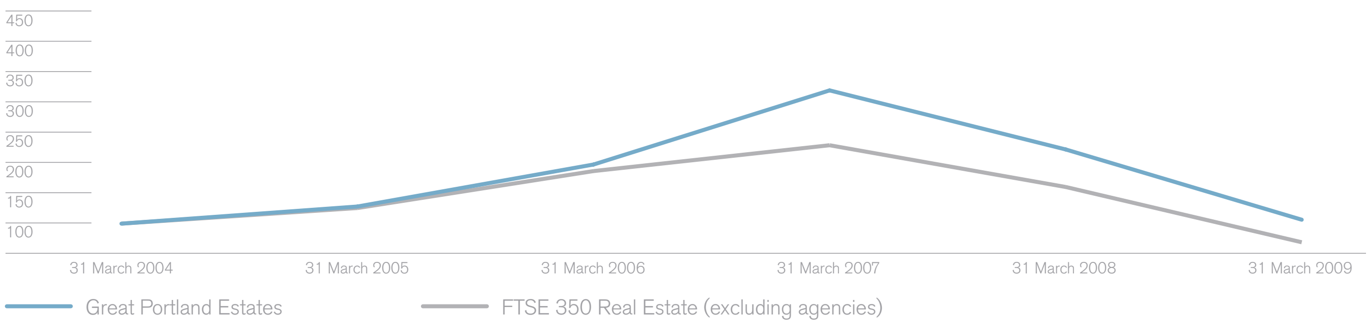
Non-Executive	Date of appointment letter	Date when next subject to election/re-election
Martin Scicluna	1 October 2008	2009
Kathleen O'Donovan	1 April 2003	2010[1]
Charles Irby	1 April 2004	2010
Phillip Rose	11 April 2005	2011
Jonathan Short	22 March 2007	2010

1 Kathleen O'Donovan intends to retire at the 2009 Annual General Meeting.

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 2009, of £100 invested in Great Portland Estates on 31 March 2004 compared with the value of £100 invested in the FTSE 350 Real Estate index. 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), Kathleen O'Donovan and Jonathan Short, and has responsibility for:

– determining the remuneration, contract terms and other benefits of the Chairman and Executive Directors;

– reviewing the remuneration framework for Senior Managers including the annual bonus plan, and long-term incentive arrangements;

– 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 is advised by HNBS, a firm of independent remuneration consultants, who were appointed by the Committee, and who only provide advice to the Group in respect of remuneration; and Investment Property Databank ("IPD") who provide measurement against its property benchmark.

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 2006 Combined Code on Corporate Governance, the Companies Act 1985, as amended by the Directors' Remuneration Report Regulations 2002, 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 9 July 2009.

Approved by the Board on 19 May 2009 and signed on its behalf by

Charles Irby

Charles Irby
Chairman of the Remuneration Committee

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. Company law requires the directors to prepare such financial statements in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

– properly select and apply accounting policies;

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

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

In the case of UK GAAP Company accounts, the directors are also required to prepare financial statements for each financial year which 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 and are required to:

– select suitable accounting policies and apply them consistently;

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

– state whether applicable UK Accounting Standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985.

The directors are responsible for the maintenance and integrity of the Company website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge:

– the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

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

Approved by the Board on 19 May 2009 and signed on its behalf by

Toby Courtauld
Chief Executive

Timon Drakesmith
Finance Director

Group income statement

For the year ended 31 March 2009

	Notes	2009 £m	2008 £m
Rental income	2	42.4	44.4
Joint venture fee income	10	4.7	5.8
Rental and joint venture fee income		47.1	50.2
Service charge income		5.2	5.1
Service charge expenses		(6.5)	(6.0)
		(1.3)	(0.9)
Other property expenses		(3.5)	(4.8)
Net rental and related income		42.3	44.5
Administration expenses	3	(12.8)	(14.2)
Development management revenue		7.0	35.4
Development management costs		(3.0)	(28.3)
		4.0	7.1
Operating profit before deficit on investment property and results of joint ventures		33.5	37.4
Deficit from investment property	8	(315.5)	(8.7)
Share of results of joint ventures	10	(131.5)	(1.6)
Operating (loss)/profit before financing costs		(413.5)	27.1
Finance income	4	0.3	0.6
Finance costs	5	(22.9)	(30.7)
Loss on cancellation of derivatives		(0.1)	–
Loss before tax		(436.2)	(3.0)
Tax	6	0.1	(1.1)
Loss for the year	18	(436.1)	(4.1)
Basic and diluted loss per share	7	(241.1)p	(2.2)p
Adjusted earnings per share	7	12.2p	12.6p

All results are derived from continuing operations.

Total operating profit before deficit on investment property		2009 £m	2008 £m
Operating profit before deficit on investment property and results of joint ventures		33.5	37.4
Share of profit from joint ventures	10	8.2	16.1
Total operating profit before deficit on investment property		41.7	53.5

Group balance sheet

At 31 March 2009

	Notes	2009 £m	2008 £m
Non-current assets			
Investment property	8	**780.4**	1,073.3
Development property, plant and equipment	9	**24.4**	24.4
Investment in joint ventures	10	**183.2**	390.6
Pension asset	23	**0.6**	2.2
		988.6	1,490.5
Current assets			
Trade and other receivables	11	**5.5**	22.2
Income tax receivable		**0.8**	0.4
Cash and cash equivalents		**7.3**	0.7
		13.6	23.3
Total assets		**1,002.2**	1,513.8
Current liabilities			
Trade and other payables	12	**28.3**	26.6
		28.3	26.6
Non-current liabilities			
Interest-bearing loans and borrowings	13	**396.8**	429.3
Obligations under finance leases	15	**8.5**	8.5
		405.3	437.8
Total liabilities		**433.6**	464.4
Net assets		**568.6**	1,049.4
Equity			
Share capital	16	**22.6**	22.6
Share premium account	17	**68.2**	68.2
Hedging reserve	18	**(16.4)**	(3.8)
Capital redemption reserve	18	**16.4**	16.4
Revaluation reserve	18	**–**	1.3
Retained earnings	18	**478.0**	944.9
Investment in own shares	19	**(0.2)**	(0.3)
Shareholders' funds		**568.6**	1,049.3
Minority interest		**–**	0.1
Total equity		**568.6**	1,049.4
Net assets per share	7	**314p**	580p
Adjusted net assets per share	7	**329p**	582p

Approved by the Board on 19 May 2009 and signed on its behalf by

N.T. Drakesmith

Toby Courtauld
Chief Executive

Timon Drakesmith
Finance Director

Group statement of cash flows

For the year ended 31 March 2009

	Notes	2009 £m	2008 £m
Operating activities			
Operating (loss)/profit before financing costs		**(413.5)**	27.1
Adjustments for non-cash items	20	**443.7**	6.5
Decrease/(increase) in receivables		**17.0**	(1.0)
Increase/(decrease) in payables		**1.3**	(5.1)
Cash generated from operations		**48.5**	27.5
Interest received		**0.3**	0.6
Interest paid		**(23.8)**	(32.7)
Tax paid		**(0.3)**	(28.7)
Cash flows from operating activities		**24.7**	(33.3)
Investing activities			
Purchase of interests in joint ventures		**–**	(138.8)
Distributions from joint ventures		**36.0**	10.7
Purchase and development of property		**(29.7)**	(74.4)
Purchase of fixed assets		**(0.1)**	(0.1)
Purchase of own shares		**–**	(0.9)
Sale of properties		**11.3**	132.6
Cash flow from investing activities		**17.5**	(70.9)
Financing activities			
Redemption of loans		**–**	(2.9)
Borrowings (repaid)/drawn		**(47.0)**	35.0
Funds from joint venture		**32.6**	89.2
Purchase of minority interest		**(0.1)**	–
Equity dividends paid		**(21.1)**	(20.6)
Cash flows (utilised)/generated from financing activities		**(35.6)**	100.7
Net increase/(decrease) in cash and cash equivalents		**6.6**	(3.5)
Cash and cash equivalents at 1 April		**0.7**	4.2
Cash and cash equivalents at balance sheet date		**7.3**	0.7

Group statement of recognised income and expense

For the year ended 31 March 2009

	2009 £m	2008 £m
Revaluation of development properties	(1.3)	(0.2)
Fair value movement on derivatives	(12.6)	(4.5)
Deferred tax on fair value movements on derivatives	–	0.2
Fair value movement on derivatives in joint venture	(7.3)	–
Actuarial (deficit)/gain on defined benefit scheme	(1.8)	1.9
Net loss recognised directly in equity	(23.0)	(2.6)
Loss for the year	(436.1)	(4.1)
Total recognised income and expense for the year	(459.1)	(6.7)

Group reconciliation of other movements in equity

For the year ended 31 March 2009

	2009 £m	2008 £m
Opening total equity	1,049.4	1,076.0
Total recognised income and expense for the year	(459.1)	(6.7)
Purchase of minority interest	(0.1)	–
Employee Long-Term Incentive Plan and Share Matching Plan charge	0.1	1.6
Purchase of shares in LTIP Employee Share Trust	–	(0.9)
Dividends	(21.7)	(20.6)
Closing total equity	568.6	1,049.4

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 46. In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions that may affect the financial statements. Management believes 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 classification of tenant leases between financing and operating and the determination of profit taking on development management agreements. The accounting policies for these areas of judgement are set out below.

During 2009, the following accounting standards and guidance were adopted by the Group:

– IFRIC 14: IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction.

At the date of approval of these financial statements, the following standards and guidance relevant to the Group were in issue:

– Amendments to IAS 1 Presentation of Financial Statements;

– IAS 23 Borrowing Costs;

– Amendments to IAS 27 Consolidated and Separate Financial Statements;

– Amendment to IAS 39 Eligible Hedged Items;

– Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets;

– Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets – Effective Date and Transition;

– Amendment to IAS 40 Investment Property (Improvements to IFRSs 2008);

– Improvements to IFRSs 2008;

– Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;

– Amendments to IFRS 2 Share-Based Payment;

– IFRS 3 (revised) Business Combinations;

– Amendments to IFRS 7 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 Transfers of Assets from Customers.

It is not expected that these pronouncements will have any significant future impact on the Group's accounts, except for the amendment to IAS 40 Investment Property. Under the amended IAS 40 all investment property in the course of construction will be recognised in investment property and measured at fair value through the income statement. Currently, properties acquired to be developed for future use as investment properties are treated as development property. Any fair value movements for such properties are recorded directly in the revaluation reserve, rather than through the income statement.

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 2009. 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.

Rent receivable

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

Tenant leases

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

1 Accounting policies (continued)

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

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

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

Share-based payment
The cost of granting share-based payments to employees and directors is recognised within administration expenses in the income statement. The Group has used the Stochastic model to value the grants which is dependent upon factors including the share price, expected volatility and vesting period and the resulting fair value is amortised through the income statement over the vesting period. The charge is reversed if it is likely that any non-market based criteria will not be met.

Investment properties
Investment properties, including those under development, 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.

Development properties
Development properties are carried in property, plant and equipment and are professionally valued each year, on a market value basis, and any surpluses arising are taken to the revaluation reserve with any deficits below cost taken to the income statement. A development property is one purchased for the purposes of development, redevelopment or substantial refurbishment with relatively little, or short-term, income whether planning permission exists or is still to be granted. 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. Any cumulative revaluation reserve in respect of that property is transferred to retained earnings.

Joint ventures
Joint ventures are accounted for under the equity method: 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.

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 the Group statement of recognised income and expense, all other movements are taken to the income statement.

1 Accounting policies (continued)

Capitalisation of interest
Interest associated with direct expenditure on investment properties under development and development properties is capitalised. Direct expenditure includes the purchase cost of a site for development properties, but does not include the original book cost of investment property under development. 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
The Group has only one reportable segment on the basis that all of its revenue is generated from investment properties located in central London; accordingly no segmental analysis is presented.

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

	2009 £m	2008 £m
Gross rental income	**39.1**	39.0
Amortisation of capitalised lease incentives	**3.4**	5.4
Ground rents payable	**(0.1)**	–
	42.4	44.4

3 Administration expenses

	2009 £m	2008 £m
Administration expenses		
Employee costs	9.5	11.0
Other	3.3	3.2
	12.8	14.2

Included within administration expenses are fees charged by the auditors comprising audit fees for the Company and its subsidiaries of £0.2 million (2008: £0.1 million) and non-audit fees of £nil (2008: £nil) and depreciation of £0.4 million (2008: £0.4 million).

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £0.1 million (2008: £1.6 million).

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

	2009 Number	2008 Number
Head office and administration	77	74

Included within administration expenses are staff costs, including those of directors, comprising:

	2009 £m	2008 £m
Wages and salaries	8.2	9.4
Social security costs	0.8	1.2
Other pension costs	0.9	0.9
	9.9	11.5
Less: recovered through service charge	(0.4)	(0.5)
	9.5	11.0

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 55 to 62.

4 Finance income

	2009 £m	2008 £m
Interest on short-term deposits	0.1	0.6
Other	0.2	–
	0.3	0.6

5 Finance costs

	2009 £m	2008 £m
Interest on bank overdrafts and bank loans	**15.3**	24.7
Interest on debentures	**8.0**	8.0
Interest on obligations under finance leases	**0.6**	0.7
Gross finance costs	**23.9**	33.4
Less: capitalised interest at an average rate of 5.6% (2008: 6.0%)	**(2.8)**	(3.1)
	21.1	30.3
Fair value movement on derivatives in ineffective hedging relationships	**1.8**	0.4
	22.9	30.7

6 Tax

	2009 £m	2008 £m
Current tax		
UK corporation tax	**–**	–
Tax (over)/under provided in previous years	**(0.1)**	0.1
Total current tax	**(0.1)**	0.1
Deferred tax	**–**	1.0
Tax (credit)/charge for the year	**(0.1)**	1.1

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

	2009 £m	2008 £m
Loss before tax	**(436.2)**	(3.0)
Tax credit on loss at standard rate of 28% (2008: 30%)	**(122.1)**	(0.9)
Accounting profits arising in the year not taxable for tax purposes	**(0.1)**	(2.3)
REIT tax-exempt rental profits and gains	**(2.5)**	(4.2)
Joint venture adjustments	**0.2**	–
Previous years' corporation tax	**–**	0.1
Non-taxable revaluation deficit	**124.5**	7.0
Accounting losses arising in the year not relievable against current tax	**0.2**	0.7
Expenses not deductible for tax purposes	**0.1**	0.1
Other	**(0.4)**	0.6
Tax (credit)/charge for the year	**(0.1)**	1.1

During the year a tax credit of £nil million (2008: a credit of £0.2 million) was allocated directly to equity. The prior year credit related to deferred tax in respect of derivatives. The Group's net deferred tax at 31 March 2009 is £nil (2008: £nil). This consists of a deferred tax liability of £0.2 million (2008: £nil) arising from the Group's pension surplus and a deferred tax asset of £0.2 million (2008: £nil) in respect of capital allowances and other short-term timing differences. A deferred tax asset of £10.5 million, mainly relating to tax losses carried forward at 31 March 2009 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. From that date, the Group has been exempt from corporation tax in respect of the following:

– rental profits arising from its property investment business; and
– chargeable gains arising on the sale of properties from its property investment business, provided that the relevant property is not both:

6 Tax (continued)

– the subject of a development which costs more than 30% of the property's fair value at the later of 1 January 2007 and the date that it was purchased by the Group; and
– sold within three years of the completion of the development.

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.

As a REIT, Great Portland Estates plc is required to pay Property Income Distributions of at least 90% of the profits (excluding chargeable gains) of the Group's property investment business (calculated by tax rules rather than accounting rules).

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 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 Finance Act 2006.

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

	2009 Number of shares	2008 Number of shares
Issued ordinary share capital at 1 April	**181,023,034**	181,019,809
Conversion of convertible bonds	**–**	2,430
Investment in own shares	**(169,173)**	(707,455)
Weighted average number of ordinary shares	**180,853,861**	180,314,784

Basic, diluted and adjusted earnings per share

	2009 (Loss)/ profit before tax £m	2009 Tax £m	2009 (Loss)/ profit after tax £m	2009 (Loss)/ earnings per share pence	2008 (Loss)/ profit after tax £m	2008 (Loss)/ earnings per share pence
Basic and diluted	**(436.2)**	**0.1**	**(436.1)**	**(241.1)**	(4.1)	(2.2)
Deficit from investment property	**315.5**	**–**	**315.5**	**174.5**	8.7	4.8
Deficit from joint venture investment property	**139.7**	**–**	**139.7**	**77.3**	17.7	9.8
Movement in fair value of derivatives	**1.8**	**–**	**1.8**	**1.0**	0.4	0.2
Movement in fair value of derivatives in joint ventures	**1.0**	**–**	**1.0**	**0.5**	–	–
Loss on cancellation of derivatives	**0.1**	**–**	**0.1**	**–**	–	–
Adjusted (diluted)	**21.9**	**0.1**	**22.0**	**12.2**	22.7	12.6

Net assets per share

	2009 Shareholders' funds £m	2009 Number of shares million	2009 Net assets per share pence	2008 Shareholders' funds £m	2008 Number of shares million	2008 Net assets per share pence
Basic and diluted	**568.6**	**181.0**	**314**	1,049.3	181.0	580
Fair value of financial liabilities	**40.0**	**–**	**22**	17.6	–	10
Diluted triple net assets	**608.6**	**181.0**	**336**	1,066.9	181.0	590
Fair value of financial liabilities	**(40.0)**		**(22)**	(17.6)		(10)
Fair value of derivatives	**18.5**		**10**	4.0		2
Fair value of derivatives in joint ventures	**8.3**		**5**	–		–
Adjusted net assets	**595.4**		**329**	1,053.3		582

8 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2007	906.9	275.6	1,182.5
Acquisitions	21.8	–	21.8
Costs capitalised	14.1	0.7	14.8
Disposals	(223.2)	(61.2)	(284.4)
Transfer from investment property-development	61.9	–	61.9
Transfer on purchase of leasehold	16.1	(16.1)	–
Net valuation gain/(deficit) on investment property	0.5	(9.3)	(8.8)
Book value at 31 March 2008	798.1	189.7	987.8
Costs capitalised	**9.6**	**(0.2)**	**9.4**
Transfer from investment property-development	**2.4**	**–**	**2.4**
Net valuation deficit on investment property	**(237.8)**	**(47.4)**	**(285.2)**
Book value at 31 March 2009	**572.3**	**142.1**	**714.4**

Investment property–development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2007	131.8	–	131.8
Costs capitalised	37.2	–	37.2
Interest capitalised	1.9	–	1.9
Disposals	(31.2)	–	(31.2)
Transfer to investment property	(61.9)	–	(61.9)
Net valuation gain on investment property-development	7.7	–	7.7
Book value at 31 March 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-development	**(22.9)**	**–**	**(22.9)**
Book value at 31 March 2009	**66.0**	**–**	**66.0**
Total investment property	**638.3**	**142.1**	**780.4**

	2009 £m	2008 £m
Net valuation deficit on investment property	**(308.1)**	(1.1)
Net valuation deficit on development property taken to the income statement	**(6.8)**	(1.8)
Loss on sale of investment properties	**(0.6)**	(5.8)
Deficit from investment property	**(315.5)**	(8.7)

8 Investment property (continued)

The investment and development properties (note 9) were valued on the basis of market value by CB Richard Ellis, external valuers, as at 31 March 2009 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. In their valuation report, CBRE have noted, in accordance with Guidance Note 5 of the Standards, that the current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets. Furthermore, the lack of liquidity in the capital markets means that it may be difficult to achieve a sale of property assets in the short-term. As a result there is a greater degree of uncertainty in the valuation than would exist in a stable market. The book value of investment property includes £8.5 million (2008: £8.5 million) in respect of the present value of future ground rents.

At 31 March 2009 the Group had capital commitments of £1.3 million (2008: £24.3 million).

At 31 March 2009 properties with carrying value of £169.8 million (2008: £253.5 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 2007	2.0	0.7	18.7	21.4
Costs capitalised	–	0.1	4.6	4.7
Interest capitalised	–	–	1.2	1.2
Net valuation deficit taken to the income statement	–	–	(1.8)	(1.8)
Net valuation deficit taken to equity	–	–	(0.2)	(0.2)
At 31 March 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**
Depreciation				
At 1 April 2008	0.5	0.4	–	0.9
Charge for the year	**0.2**	**0.2**	**–**	**0.4**
At 31 March 2009	**0.7**	**0.6**	**–**	**1.3**
Carrying amount at 31 March 2008	1.5	0.4	22.5	24.4
Carrying amount at 31 March 2009	**1.3**	**0.3**	**22.8**	**24.4**

The historical cost of development property at 31 March 2009 was £31.3 million (2008: £22.9 million). The cumulative interest capitalised in development property was £2.9 million (2008: £1.8 million).

10 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	JV funding account £m	Total £m
At 1 April 2008	470.3	(79.7)	390.6
Movement on joint ventures funding account balances	–	(32.6)	(32.6)
Share of profit of joint ventures	8.2	–	8.2
Share of loss on disposal of joint venture properties	(9.9)	–	(9.9)
Share of revaluation deficit of joint ventures	(129.8)	–	(129.8)
Share of results of joint ventures	(131.5)	–	(131.5)
Fair value movement on derivatives taken to equity	(7.3)	–	(7.3)
Distributions	(36.0)	–	(36.0)
At 31 March 2009	295.5	(112.3)	183.2

The investments in joint ventures comprise the following:

	Country	2009	2008
Great Capital Partnership	United Kingdom	50%	50%
Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Victoria Partnership	United Kingdom	50%	50%
The Great Victoria Partnership (No. 2)	United Kingdom	50%	50%
The Great Wigmore Partnership	United Kingdom	50%	50%

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

	Great Capital Partnership £m	Great Ropemaker Partnership £m	Great Wigmore Partnership £m	Great Victoria Partnerships £m	2009 Total £m	2008 Total £m
Investment property	250.4	5.5	22.2	65.7	343.8	558.0
Current assets	4.1	0.2	0.9	1.9	7.1	16.3
Funding accounts to/(from) Partners	82.5	(2.6)	37.9	(5.5)	112.3	79.7
Bank loans	(111.8)	–	–	(28.4)	(140.2)	(157.8)
Derivatives	(8.3)	–	–	–	(8.3)	–
Current liabilities	(6.6)	(0.2)	(1.2)	(1.8)	(9.8)	(16.5)
Finance leases	(9.4)	–	–	–	(9.4)	(9.4)
Net assets	200.9	2.9	59.8	31.9	295.5	470.3
Net rental income	15.4	–	2.4	4.3	22.1	21.8
Property and administration costs	(1.8)	(0.1)	(1.4)	(0.2)	(3.5)	(2.9)
Net finance costs	(7.5)	(0.1)	–	(1.8)	(9.4)	(2.8)
Movement in fair value of derivatives	(1.0)	–	–	–	(1.0)	–
Share of profit from joint ventures	5.1	(0.2)	1.0	2.3	8.2	16.1
Revaluation of investment property	(94.6)	(7.7)	(12.0)	(15.5)	(129.8)	(20.4)
(Loss)/profit on sale of investment property	(2.4)	–	(6.8)	(0.7)	(9.9)	2.7
Share of results of joint ventures	(91.9)	(7.9)	(17.8)	(13.9)	(131.5)	(1.6)

10 Investment in joint ventures (continued)

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 Partnership 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 2009 the joint ventures had no undrawn facilities (2008: £nil).

During the period the Great Capital Partnership entered into 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 2009 the negative fair value of these derivatives was £16.6 million (our share £8.3 million), (2008: £nil).

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

	2009 £m	2008 £m
Movement on funding accounts during the year	32.6	89.2
Funding accounts outstanding at the year end from joint ventures	112.3	79.7
Distributions	36.0	10.7
Fee income	4.7	5.8

The JV funding accounts outstanding at the period end represent accumulated cash movements and do not bear interest, apart from the account with the Great Ropemaker Partnership on which interest is payable at 6%. The investment properties include £9.4 million (2008: £9.4 million) in respect of the present value of future ground rents. 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 2009 the Group had no capital commitments in respect of balances arising in its joint ventures (2008: £5.4 million).

11 Trade and other receivables

	2009 £m	2008 £m
Trade receivables	2.8	3.1
Allowance for doubtful debts	(0.1)	(0.3)
	2.7	2.8
Prepayments and accrued income	1.1	1.6
Other trade receivables	1.7	5.4
Amounts recoverable under development management agreements	–	12.4
	5.5	22.2

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.

	2009 £m	2008 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	(0.3)	(0.5)
Amounts provided for during the year	(0.1)	–
Amounts recovered during the year	–	0.1
Amounts written off as uncollectable	0.3	0.1
	(0.1)	(0.3)

12 Trade and other payables

	2009 £m	2008 £m
Trade payables	**12.2**	9.8
Non-trade payables and accrued expenses	**16.1**	16.8
	28.3	26.6

13 Interest-bearing loans and borrowings

	2009 £m	2008 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**144.3**	144.3
Unsecured		
Bank loans	**234.0**	281.0
Non-current liabilities at fair value		
Derivatives	**18.5**	4.0
	396.8	429.3

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 2010. All interest bearing loans and borrowings are in sterling. At 31 March 2009 the Group had £317 million (2008: £269 million) of undrawn committed credit facilities.

14 Financial instruments

Categories of financial instrument	Carrying amount 2009 £m	Income/ (expense) 2009 £m	Gain/(loss) to equity 2009 £m	Carrying amount 2008 £m	Income/ (expense) 2008 £m	Gain/(loss) to equity 2008 £m
Interest rate swaps, caps and collars	**(18.5)**	**(1.9)**	**(12.6)**	(4.0)	(0.4)	(4.5)
Non-current liabilities at fair value	**(18.5)**	**(1.9)**	**(12.6)**	(4.0)	(0.4)	(4.5)
Trade receivables	**5.5**	**–**	**–**	22.2	–	–
Cash and cash equivalents	**7.3**	**0.3**	**–**	0.7	0.6	–
Loans and receivables	**12.8**	**0.3**	**–**	22.9	0.6	–
Trade and other payables	**(28.3)**	**–**	**–**	(26.6)	–	–
Interest-bearing loans and borrowings	**(378.3)**	**(23.3)**	**–**	(425.3)	(32.7)	–
Finance leases	**(8.5)**	**(0.6)**	**–**	(8.5)	(0.7)	–
Liabilities at amortised cost	**(415.1)**	**(23.9)**	**–**	(460.4)	(33.4)	–
Total financial instruments	**(420.8)**	**(25.5)**	**(12.6)**	(441.5)	(33.2)	(4.5)

14 Financial instruments (continued)

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 notes 16 to 19. 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.

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 2009 Actuals
Group		
Net debt/net equity	≤1.25x	0.65x
Inner borrowing	≥1.66x	2.76x
Interest cover	≥1.30x	2.06x
Joint venture – GCP		
Loan to value	≤70%	48.5%

The Group has undrawn credit facilities of £317 million and has 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 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

14 Financial instruments (continued)

At 31 March 2008	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	310.3	8.0	8.0	24.1	270.2
Bank loans	281.0	349.7	17.5	17.5	314.7	–
Derivative financial instruments						
Interest rate swaps	3.7	(1.3)	(0.4)	(0.4)	(0.5)	–
Interest rate caps	(0.1)	–	–	–	–	–
Interest rate collars	0.4	–	–	–	–	–
	429.3	658.7	25.1	25.1	338.3	270.2

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 and collars. 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. The Group adopts hedge accounting to mitigate the impact of movements in the fair value of its interest rate swaps, caps and collars in the income statement to the extent that the hedge is considered effective. The Group uses interest rate swaps, caps and collars to manage its interest rate risk.

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

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

Interest rate 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	
	2009 %	2008 %	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Cash flow hedges						
Interest rate swaps						
Between two and five years	**5.48%**	5.50%	**165.0**	185.0	**(16.4)**	(3.7)
Interest rate caps						
Between two and five years	**–**	6.00%	**–**	40.0	**–**	0.1
Interest rate collars						
Between two and five years	**4.68%–6.5%**	4.68%–6.5%	**25.0**	25.0	**(2.1)**	(0.4)
			190.0	250.0	**(18.5)**	(4.0)

As at 31 March 2009 the aggregate amount of unrealised losses in respect of cash flow hedges was £16.4 million (2008: £3.8 million). It is anticipated that floating interest cash flows will continue to arise until the maturity of the debt. Amounts deferred in equity will be realised in line with these cash flows.

14 Financial instruments (continued)

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 2009 was outstanding for the whole year.

	Impact on profit		Impact on equity	
	2009 £m	2008 £m	**2009 £m**	2008 £m
Increase of 50 basis points	**(0.2)**	–	**(0.2)**	–
Increase of 100 basis points	**(0.4)**	(0.1)	**(0.4)**	(0.1)
Decrease of 50 basis points	**0.2**	–	**0.2**	–
Decrease of 100 basis points	**0.4**	0.1	**0.4**	0.1

Fair value of interest-bearing loans and borrowings

	2009 Book value £m	**2009 Fair value £m**	2008 Book value £m	2008 Fair value £m
Non-current liabilities at amortised cost	**378.3**	**338.3**	425.3	407.7
Non-current liabilities held at fair value (derivatives)	**18.5**	**18.5**	4.0	4.0
	396.8	**356.8**	429.3	411.7

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:

	2009 Minimum lease payments £m	**2009 Interest £m**	**2009 Principal £m**	2008 Minimum lease payments £m	2008 Interest £m	2008 Principal £m
Less than one year	**0.6**	**(0.6)**	**–**	0.6	(0.6)	–
Between two and five years	**2.3**	**(2.3)**	**–**	2.3	(2.3)	–
More than five years	**67.0**	**(58.5)**	**8.5**	67.6	(59.1)	8.5
	69.9	**(61.4)**	**8.5**	70.5	(62.0)	8.5

16 Share capital

	2009 Number	**2009 £m**	2008 Number	2008 £m
Ordinary shares of 12½ pence each				
Authorised	**550,100,752**	**68.8**	550,100,752	68.8
Allotted, called up and fully paid				
At 1 April	**181,023,034**	**22.6**	181,019,809	22.6
Conversion of convertible bonds	**–**	**–**	3,225	–
At 31 March	**181,023,034**	**22.6**	181,023,034	22.6

17 Share premium

	2009 £m	2008 £m
At 1 April and 31 March	**68.2**	68.2

18 Reserves

	Hedging reserve £m	Capital redemption reserve £m	Revaluation reserve £m	Retained earnings £m
At 1 April 2008	**(3.8)**	**16.4**	**1.3**	**944.9**
Loss for the year	**–**	**–**	**–**	**(436.1)**
Net valuation deficit taken to equity	**–**	**–**	**(1.3)**	**–**
Actuarial gains on defined benefit schemes	**–**	**–**	**–**	**(1.8)**
Fair value movement on derivatives in effective hedging relationships	**(12.6)**	**–**	**–**	**–**
Fair value movement on derivatives in joint ventures	**–**	**–**	**–**	**(7.3)**
Dividends to shareholders	**–**	**–**	**–**	**(21.7)**
At 31 March 2009	**(16.4)**	**16.4**	**–**	**478.0**

19 Investment in own shares

	2009 £m	2008 £m
At 1 April	**0.3**	1.0
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(0.1)**	(1.6)
Purchase of shares	**–**	0.9
At 31 March	**0.2**	0.3

The investment in the Company's own shares is held at cost and comprises 157,275 shares (2008: 758,027 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 600,752 shares (2008: 541,757 shares) were awarded to directors and senior employees in respect of the 2005 LTIP award.

The fair value of shares awarded and outstanding at 31 March 2009 was £10.4 million (2008: £7.7 million).

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

	2009 £m	2008 £m
Deficit from investment property	**315.5**	8.7
Employee Long-Term Incentive Plan and Share Matching Plan charge	**0.1**	1.6
Amortisation of capitalised lease incentives	**(3.4)**	(5.4)
Share of results from joint ventures	**131.5**	1.6
Adjustments for non-cash items	**443.7**	6.5

21 Dividends

	2009 £m	2008 £m
Ordinary dividends paid		
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	–
Interim dividend for the year ended 31 March 2008 of 3.9 pence per share	–	7.0
Final dividend for the year ended 31 March 2007 of 7.55 pence per share	–	13.6
	21.7	20.6

The proposed final dividend of 8.0 pence per share (2008: 8.0 pence per share) was approved by the Board on 19 May 2009 and is payable on 14 July 2009 to shareholders on the register on 29 May 2009. The dividend is not recognised as a liability at 31 March 2009. The 2008 final dividend and the 2009 interim dividend were paid in the year and are included within the Group reconciliation of other movements in equity.

22 Operating leases

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

	2009 £m	2008 £m
The Group as a lessor		
Less than one year	45.3	35.3
Between two and five years	118.0	103.4
More than five years	130.8	137.9
	294.1	276.6

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2009 was 6.0 years (2008: 6.4 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the year (2008: £nil).

23 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 2008 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2009 %	2008 %
Discount rate	6.75	6.50
Expected return on Plan assets	5.69	5.56
Expected rate of salary increases	4.50	4.50
Future pension increases	3.50	3.50

To develop the expected long-term rate of return on 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 5.69% assumption.

23 Employee benefits (continued)

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

	2009 £m	2008 £m
Present value of unfunded obligations	(13.4)	(13.9)
Fair value of Plan assets	14.0	16.1
Pension asset	0.6	2.2

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

	2009 £m	2008 £m
Current service cost	(0.2)	(0.2)
Interest on obligation	(0.9)	(0.8)
Expected return on Plan assets	0.9	0.9
	(0.2)	(0.1)

Actuarial (deficit)/gain recognised immediately in the Group statement of recognised income and expense	(1.8)	1.9
Cumulative actuarial gains recognised in the Group statement of recognised income and expense	2.4	4.2

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

	2009 £m	2008 £m
Defined benefit obligation at 1 April	13.9	16.0
Service cost	0.2	0.2
Interest cost	0.9	0.8
Actuarial gain	(1.2)	(2.7)
Benefits paid	(0.4)	(0.4)
Defined benefit obligation at 31 March	13.4	13.9

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

	2009 £m	2008 £m
Fair value of Plan assets at 1 April	16.1	15.8
Expected return	0.9	0.9
Actuarial loss	(3.0)	(0.8)
Contributions	0.4	0.6
Benefits paid	(0.4)	(0.4)
Fair value of Plan assets at 31 March	14.0	16.1
Net asset	0.6	2.2

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

	2009 £m	2008 £m
Equities	5.6	6.4
Bonds	8.4	9.7
	14.0	16.1

The actual return on Plan assets was a deficit of £2.0 million (2008: £0.1 million).

23 Employee benefits (continued)

Life expectancy assumptions:

	2009 Years	2008 Years
Male aged 65	**22**	20
Female aged 65	**25**	23
Male aged 45	**23**	21
Female aged 45	**26**	24

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

	2009	2008	2007	2006
Difference between expected and actual return on the scheme assets:				
Amount £m	**(3.0)**	(0.8)	(0.2)	1.9
Percentage of scheme assets	**(21%)**	(5%)	(1%)	13%
Experience gains and losses on scheme liabilities:				
Amount £m	**1.7**	–	–	0.5
Percentage of scheme assets	**13%**	–	–	3%
Total gains and losses:				
Amount £m	**(1.8)**	1.9	–	1.0
Percentage of scheme assets	**(13%)**	13%	–	7%

The Group expects to contribute approximately 25.5% of members' pensionable salaries plus £0.2 million to the Plan in the year to 31 March 2010.

24 Post balance sheet event

On 19 May 2009 the Company announced its proposal to raise £175.1 million through a fully underwritten Rights Issue on the basis of 8 new shares for every 11 existing share. Should the proposal be ratified at a General Meeting on 4 June 2009, the Directors intend to use the net proceeds of £166.4 million for investment opportunities, as and when they arise. Until such time as the funds are required to execute such investment opportunities, the Company intends to use the net proceeds of the Rights Issue to pay down existing debt in the short-term that may be re-drawn, as required.

Group independent auditors

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 2009 which comprise the Group Income Statement, the Group Balance Sheet, the Group Statement of Cash Flows, the Group Statement of Recognised Income and Expense, the Group Reconciliation of Other Movements in Equity and the related notes 1 to 24. These Group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the parent company financial statements of Great Portland Estates plc for the year ended 31 March 2009.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the Directors' Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Group financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the unaudited part of the Directors' Remuneration Report, the Operating and Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error.
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the part of the Directors' Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Group financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

19 May 2009

Company balance sheet – UK GAAP

	Notes	2009 £m	2008 £m
Fixed asset investments	iii	**1,147.6**	1,636.8
Current assets			
Debtors	iv	**162.5**	121.3
Cash at bank and short-term deposits		**7.0**	3.6
		169.5	124.9
Creditors: amounts falling due within one year	v	**(481.1)**	(354.8)
Net current assets		**(311.6)**	(229.9)
Total assets less current liabilities		**836.0**	1,406.9
Creditors: amounts falling due after more than one year			
Debenture loans	13	**(144.3)**	(144.3)
Bank and other loans	13	**(234.0)**	(281.0)
Derivatives	13	**(18.5)**	(4.0)
Net assets		**439.2**	977.6
Capital and reserves			
Called up share capital	16	**22.6**	22.6
Share premium account	17	**68.2**	68.2
Hedging reserve	vi	**(16.4)**	(3.8)
Revaluation reserve	vi	**267.0**	756.2
Other reserves	vi	**25.0**	25.0
Profit and loss account	vi	**73.0**	109.7
Investment in own shares	19	**(0.2)**	(0.3)
Shareholders' funds		**439.2**	977.6

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 19 May 2009 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 48.

Subsidiary undertakings and joint ventures

Shares in subsidiary undertakings are valued 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.

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

ii Loss attributable to members of the parent undertaking

As permitted by section 230(1)(b) Companies Act 1985, the Company has not presented its own profit and loss account. The loss dealt with in the accounts of the Company was £15.0 million (2008: loss of £19.9 million). The employees of the Company are the directors and the company secretary, full disclosure of the directors remuneration can be found on pages 55 to 62.

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
At 1 April 2008	**0.1**	**1,306.0**	**330.7**	**1,636.8**
Deficit on revaluation	**(0.1)**	**(489.1)**	**–**	**(489.2)**
At 31 March 2009	**–**	**816.9**	**330.7**	**1,147.6**

Shares in subsidiary undertakings and joint ventures are carried at valuation. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2009 was £531.7 million (2008: £531.7 million).

Were the Company to sell its investments in subsidiary undertakings, an estimated charge of £79.9 million (2008: £216.8 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.

iv Debtors

	2009 £m	2008 £m
Amounts owed by subsidiary undertakings	161.3	119.3
Amounts owed by joint ventures	–	0.7
Corporation tax	0.7	0.4
Other debtors	–	0.1
Prepayments and accrued income	0.5	0.8
	162.5	121.3

v Creditors: amounts falling due within one year

	2009 £m	2008 £m
Amounts owed to subsidiary undertakings	361.4	263.8
Amounts owed to joint ventures	114.9	85.9
Other taxes and social security costs	0.1	–
Other creditors	0.6	0.3
Accruals	4.1	4.8
	481.1	354.8

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 2008	16.4	8.6	25.0	(3.8)	756.2	109.7
Deficit on revaluation of subsidiaries	–	–	–	–	(489.2)	–
Retained loss for the year	–	–	–	–	–	(36.7)
Fair value of derivatives	–	–	–	(12.6)	–	–
At 31 March 2009	16.4	8.6	25.0	(16.4)	267.0	73.0

Company independent auditors

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 2009 which comprise the Balance Sheet and the related notes i to vi. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of Great Portland Estates plc for the year ended 31 March 2009 and on the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited parent company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

Opinion

In our opinion:

– the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009;

– the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and

– the information given in the Directors' Report is consistent with the parent company financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

19 May 2009

Analysis of ordinary shareholdings

By shareholder

	Shareholders		Shares	
	Number	%	Number	%
Banks and nominee companies	905	30.21	171,341,926	94.66
Individuals	1,985	66.25	7,584,084	4.19
Investment trusts	7	0.23	23,475	0.01
Insurance companies	5	0.17	79,896	0.04
Other limited companies	64	2.14	1,176,500	0.65
Pension funds	5	0.17	108,986	0.06
Other institutions	25	0.83	708,167	0.39
	2,996	100.00	181,023,034	100.00

By size of holding

1 – 500	923	30.81	230,727	0.13
501 – 1,000	575	19.19	442,285	0.24
1,001 – 5,000	926	30.91	2,070,387	1.14
5,001 – 10,000	150	5.00	1,099.552	0.62
10,001 – 50,000	192	6.41	4,730,355	2.61
50,001 – 100,000	74	2.47	5,452,417	3.01
100,001 – and above	156	5.21	166,997,311	92.25
	2,996	100.00	181,023,034	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 deferred tax on capital allowances and property revaluations 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.

Diluted figures
Reported amounts adjusted to include the effects of potential shares issuable under the convertible bond.

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 January 2006 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-second Annual General Meeting of Great Portland Estates plc will be held at 50 Stratton Street, London W1, on Thursday 9 July 2009 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 2009.
2. To authorise the payment of a final dividend for the year ended 31 March 2009.
3. To approve the Directors' remuneration report.
4. To re-elect Toby Courtauld as a director of the Company.
5. To elect Martin Scicluna as a director of the Company.
6. To reappoint Deloitte LLP as auditors.
7. To authorise the directors to agree the remuneration of the auditors.

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as to those numbered 8 and 9 as ordinary resolutions, and those numbered 10 to 12 inclusive as special resolutions. The items of special business are explained in more detail in the Directors' Report on pages 48 and 49.

Ordinary resolution

8. That the authorised share capital of the Company be increased from £68,762,594 to £75,000,000 by the creation of 49,899,248 additional ordinary shares of 12.5 pence each in the capital of the Company ranking pari passu in all respects with the existing ordinary shares of 12.5 pence each in the capital of the Company.
9. That:

(a) the directors be and are generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985 (the "Act"), to exercise all the powers of the Company to:

(i) allot relevant securities (as defined for the purposes of that section) up to a maximum nominal amount of £12,897,891; and further

(ii) allot equity securities (as defined in section 94 of the Act) in connection with a rights issue in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all those holders are proportionate (as nearly as practicable) to the respective number of ordinary shares held by them up to an additional maximum nominal amount of £12,897,891;

(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, on 1 October 2010;

(c) the Company may, before this authority expires, make an offer or agreement which would or might require relevant securities to be allotted after it expires; and

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

Special resolutions

10. That the directors be and are hereby empowered pursuant to section 95 of the Act (i) subject to Resolution 9 being passed, to allot equity securities (as defined in section 94(2) of the Act) for cash; and (ii) to allot equity securities (as defined in section 94(3A) of the Act), in either case as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

(a) to the allotment of equity securities in connection with a rights issue or other pre-emptive issue in favour of shareholders (notwithstanding that by reason of such exclusions as the directors may deem necessary to deal with problems arising in any overseas territory, in connection with fractional entitlements or otherwise howsoever the equity securities to be issued are not offered to all of such persons in proportion to the number of shares held by each of them); and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £1,954,225,

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on 1 October 2010, whichever is the earlier and all previous authorities under section 95 of the Act shall cease to have effect, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

11. That in accordance with Article 11 of the Company's Articles of Association the Company be and it is hereby authorised to make market purchases (within the meaning of section 163(3) of the Act) 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 2010 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.

12. 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

19 May 2009

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 8 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 18 May 2009 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 181,023,034 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 18 May 2009 are 181,023,034. Following completion of the Rights Issue announced by the Company on 19 May 2009 and which remains subject to shareholder approval as at the date of this Notice, the Company's issued share capital is expected to consist of 312,676,149 ordinary shares, carrying one vote each.
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 (Saturdays, Sundays and English public holidays excepted) until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.
8. (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. 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.
9. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company as at 6.00pm on Tuesday 7 July 2009 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
10. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the Chairman is being appointed as described in (i) above.

Five year record

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

Balance sheet

	IFRS				
	2005 Restated £m	2006 £m	2007 £m	2008 £m	**2009 £m**
Property portfolio	813.5	1,023.7	1,333.0	1,095.8	**803.2**
Joint ventures	42.6	72.4	176.0	390.6	**182.2**
Loans	(297.6)	(335.7)	(393.3)	(425.3)	**(378.3)**
Other net liabilities	(42.5)	(105.7)	(39.7)	(11.7)	**(38.5)**
Net assets	516.0	654.7	1,076.0	1,049.4	**568.6**
Financed by					
Issued share capital	20.3	20.4	22.6	22.6	**22.6**
Reserves	495.7	634.3	1,053.4	1,026.8	**546.0**
Total equity	516.0	654.7	1,076.0	1,049.4	**568.6**
Net assets per share	317p	401p	594p	580p	**314p**
Diluted adjusted net assets per share	337p	437p	594p	582p	**329p**

Income statement

	£m	£m	£m	£m	**£m**
Rental income	51.6	44.5	46.9	44.4	**42.4**
Joint venture fee income	–	1.3	1.6	5.8	**4.7**
Rental and joint venture fee income	51.6	45.8	48.5	50.2	**47.1**
Property and administration expenses	(13.2)	(15.4)	(18.2)	(19.9)	**(17.6)**
Profit from development management agreements	–	–	5.3	7.1	**4.0**
	38.4	30.4	35.6	37.4	**33.5**
(Deficit)/gain on investment property	58.5	186.1	278.1	(8.7)	**(315.5)**
Share of (loss)/profit of joint ventures	9.3	16.4	45.2	(1.6)	**(131.5)**
Profit before financing costs	106.2	232.9	358.9	27.1	**(413.5)**
Finance income	2.2	0.8	0.3	0.6	**0.3**
Finance costs	(18.9)	(18.2)	(22.0)	(30.7)	**(22.9)**
Non-recurring items	(6.9)	(27.5)	(11.2)	–	**(0.1)**
(Loss)/profit before taxation	82.6	188.0	326.0	(3.0)	**(436.2)**
Taxation	(14.0)	(39.7)	56.8	(1.1)	**0.1**
(Loss)/profit after taxation	68.6	148.3	382.8	(4.1)	**(436.1)**
Earnings per share – basic	39.3p	91.7p	235.7p	(2.2)p	**(241.1)p**
Earnings per share – adjusted	11.6p	10.2p	10.2p	12.6p	**12.2p**
Dividend per share	10.75p	11.0p	11.3p	11.9p	**12.0p**

The information presented for the year to 31 March 2005 has been restated for the introduction of IFRS.

Financial calendar

2009

27 May
Ex-dividend date for 2008/2009 final dividend

29 May
Registration qualifying date for 2008/2009 final dividend

9 July
Annual General Meeting

14 July
2008/2009 final dividend payable

11 Nov
Announcement of 2009/2010 interim results (provisional)

18 Nov
Ex-dividend date for 2009/2010 interim dividend (provisional)*

20 Nov
Registration qualifying date for 2009/2010 interim dividend (provisional)*

2010

5 Jan
2009/2010 interim dividend payable (provisional)*

19 May
Announcement of 2009/2010 full year results (provisional)

* Provisional dates will be confirmed in the Half Year Results announcement 2009.

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 10p per minute plus network extras.)
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

Your notes

Designed and produced by
Radley Yeldar (London) www.ry.com

Printed by CTD who are FSC and
ISO 14001 certified.

The document is printed on Era Silk, which is produced from 50% genuine waste pulp, the balance being ECF pulp from well-managed/certified forests. The paper is also FSC certified and manufactured at an ISO 14001 accredited mill.

FSC – Forest Stewardship Council. This ensures there is an audited chain of custody from the tree in the well-managed forest through to the finished document in the printing factory.

ISO 14001 – A pattern of control for an environmental management system against which an organisation can be credited by a third party.

Great Portland Estates plc
33 Cavendish Square
London W1G 0PW

Tel: 020 7647 3000
Fax: 020 7016 5500
www.gpe.co.uk