GREAT PORTLAND ESTATES

Annual Report 2011

Unlocking potential

Look inside:

Well timed acquisitions offering future growth

Working with existing tenants to support their expansion

Delivering a significant pipeline of quality development projects

Welcome to our 2011 annual report.

Great Portland Estates is a central London property investment and development company owning over £1.6 billion of real estate.

Our strategy is simple – to generate superior portfolio and shareholder returns from a combination of our active asset management, development and investment management skills. We aim to maximise equity returns through the effective reading of the property cycle in a focused market that we know well.

Since our May 2009 rights issue, we have capitalised on market conditions, investing the proceeds more than twice over, and we have embarked on a development programme designed to deliver high quality space into a market where supply is forecast to be scarce.

The financial results demonstrate the quality of the portfolio and the dedication of our team – adjusted net assets per share up 27.2%, underlying capital return of 15.5% and, with gearing low at 31.4%, we are well placed to deliver our development plans and to take advantage of opportunities as they arise.

Martin Scicluna Chairman

What's in this report...

Annual review

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Front cover: 60 Great Portland Street, W1
See page 54 →

Investing

Buying at the right time in the cycle see pages 8 and 9 →

Partnering

£213 million invested during the year
see pages 10 and 11 →

Managing

Successful pre-letting
see pages 12 and 13 →

Developing

2.2 million sq ft near-term development programme
see pages 14 and 15 →

Inspiring

Motivating our employees
see pages 16 and 17 →

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www.gpe.co.uk

What we do...

Our team aims to deliver superior returns by unlocking the hidden potential in commercial real estate in central London. Different skills need to be applied to a building at each stage of its life cycle.

Investment management

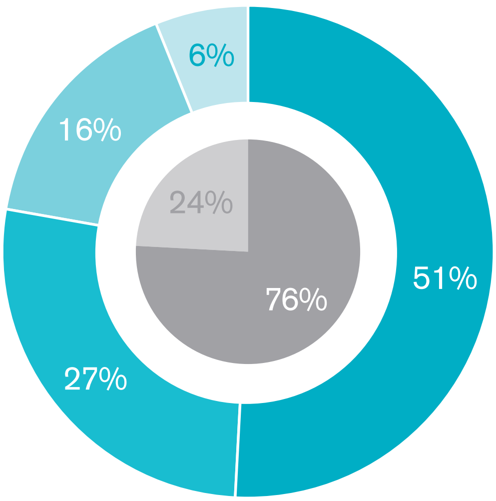
Buying well and selling at the right point in the cycle is key to crystallising portfolio returns. Our deep knowledge of our local markets and close network of contacts and advisors resulted in 80% of acquisitions for the year to 31 March 2011 being purchased off market.

Key projects

1. Invested in the Great Star Partnership see pages 10 and 11 →
2. Bought 35 Portman Square, W1 for £53 million
3. Four properties acquired from the Great Capital Partnership
4. Bought 20 St James's Street, SW1 for £42.5 million see page 24 →
5. Future development opportunity secured at 73/89 Oxford Street, W1 see page 24 →

Where we do it...

Portfolio characteristics



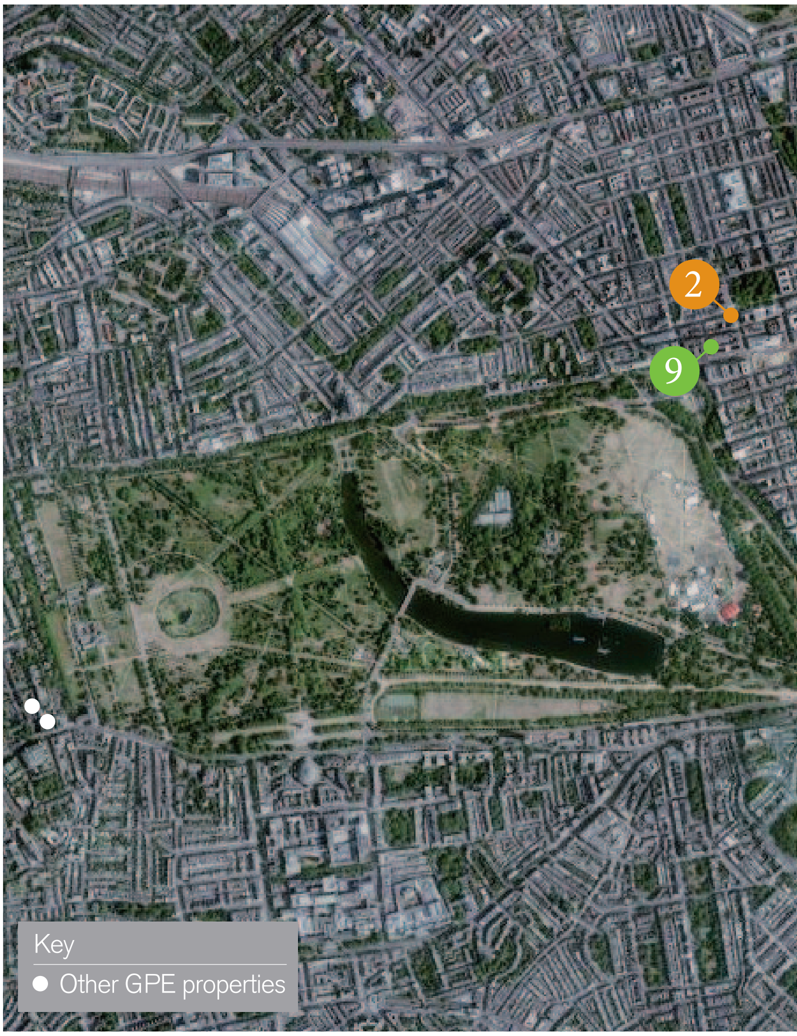
Our locations

- North of Oxford Street £848.5m
- Rest of West End £453.4m
- City £257.7m
- Southwark £94.9m

Business mix

- Office £1,253.5m
- Retail £401.0m

Our properties in central London



Asset management

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

Key projects

- 6 Lease surrender at 160 Great Portland Street, W1 see page 26 →
- 7 Lease restructure at 90 Queen Street, EC4 see page 26 →
- 8 Pre-lets at 24/25 Britton Street, EC1 and 160 Great Portland Street, W1
- 9 25% uplift in rental income in key unit at Mount Royal, W1 see page 26 →

Development

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

Key projects

- 10 Wigmore Street, W1 development started see page 28 →
- 11 Demolition complete at Marcol House, 295 Regent Street, W1
- 12 Planning consent obtained for two additional floors at 240 Blackfriars Road, SE1 see page 28 →
- 13 Britton Street, EC1 development started see pages 12 and 13 →
- 14 Demolition commenced at 100 Bishopsgate, EC3

How we add value for shareholders...

Our core activities

- Upgrading buildings via development and refurbishment to provide better quality accommodation for occupiers
- Managing properties to generate good income and capital returns
- Buying assets, often in joint venture, to secure real estate "raw material" for improvement
- Selling assets to crystallise profits enabling the recycling of capital
- Adjusting the portfolio mix and capital structure to take account of economic and property market cycles

What drives our success compared to the peer group?

The Group has important resources and attributes which enhance performance.

Property

- Effective reading of the property cycle
- London market specialism
- Ownership of real estate in popular, central locations
- Unrelenting focus on property with growth potential
- Buying at below replacement cost

See our acquisitions case study on pages 8 and 9 and our development case study on pages 14 and 15 →

People

- Management focus and entrepreneurial culture
- Cultivation of valuable property, regulatory and financing contacts
- Close tenant relationships
- Effective partnerships with key suppliers

See how we motivate our people on pages 38 to 42 →

Finance and operations

- Moderate levels of flexible, low cost financial leverage
- Analytical and business planning tools
- Integrated risk management framework
- Continual effort to improve sustainability characteristics of our business

See Risk Management on pages 43 to 45 →

How do we measure success?

For many years we have calibrated our absolute and relative performance using a small number of key performance indicators. We manage the business to consistently drive results in excess of these benchmarks.

Group KPI Summary	2011	Benchmark
Total Shareholder Return	23.9%	12.8%
EPRA net assets per share growth	27.2%	7.2%
Total Property Return	22.4%	18.0%
EPRA Vacancy Rate	2.7%	8.0%

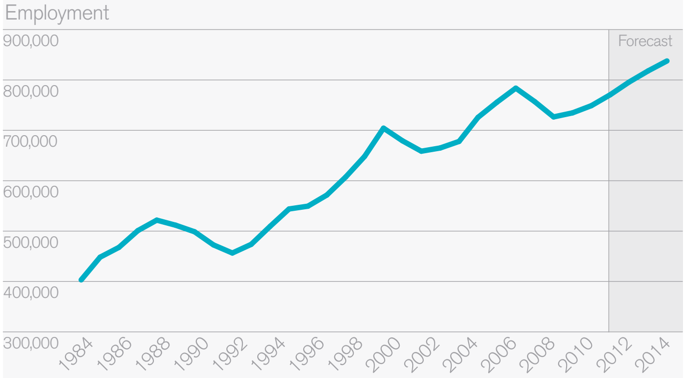
See Group KPIs on page 18 →

What are the external influences on the Company?

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

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

Central London: finance and business services employment



Source: CB Richard Ellis ; Oxford Economics

What are the strategic priorities to deliver success?

We reassess our priorities every year to take into account market trends and the Group's available resources.

The Group's three priorities for the last financial year are still relevant for today's market:

Selected acquisitions of good value real estate often in JV

Drive portfolio to generate rental value growth

Execute development programme

See our priorities in action on page 6 →

What we've focused on...

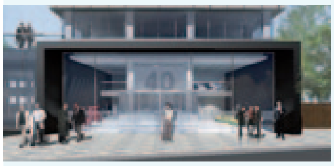
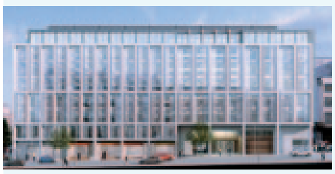
Our priorities in action

A sharp focus on our strategic priorities has helped drive a strong performance against our benchmarks for 2011. Looking ahead we anticipate that the major projects already identified will deliver good returns over the next 12 months.

Activity in 2010/11

Priority	Operational results	Effect on Key Performance Indicators (KPIs)
Investment management Selected acquisitions	– Investments of £213 million made – New £129 million JV set up with Starwood – Nine properties acquired – 80% of acquisitions were "off market" or outside a competitive process See City Place House and City Tower case study on pages 10 and 11 → See investment transactions on page 24 →	– Acquisitions since our rights issue have delivered an annualised ungeared IRR of 37% – Higher debt has boosted NAV per share growth through higher gearing – Investments at low point in cycle have been welcomed by shareholders driving TSR See KPI analysis on pages 18 and 19 →
Asset management Drive rental value growth	– Portfolio rental value (ERV) rose by 10.8% during year – Leases signed exceeded March 2010 rental value by 9.6% – 121 new leases, rent reviews and renewals completed See Britton Street case study on pages 12 and 13 →	– Higher ERVs enhance asset value and improve TPR – Rental income provides dividend support driving total shareholder return – Occupancy rate improved via strong leasing See KPI analysis on pages 18 and 19 →
Development Execute development programme	– Six new schemes on site – 2.2 million sq ft new term development pipeline – Cost of committed schemes is £129.2 million See development case study on pages 14 and 15 → See development overview on pages 28 and 29 →	– Development properties have increased in value over the year by 16.9% driving relative TPR and NAV per share – GPE's proportion of development is one of the highest in the UK sector attracting investors and creating strong TSR See KPI analysis on pages 18 and 19 →

Priorities for 2011/12

Key initiatives	Execution risks	Potential benefit to KPIs
Our acquisition criteria: – Central London commercial property – Value enhancement opportunities – Asset management, redevelopment or refurbishment potential – At the end of May 2011 we had several properties under offer worth over £100 million	– Lack of attractive properties being placed on the market – Insufficient market liquidity – GPE captures few potential investment "leads" – Pricing of possible investments becomes too high	– Enhances TPR if acquisitions made at low entry price – Boosts NAV share growth through increased gearing – Positive acquisitions newsflow can assist in investor relations
– Leasing at 160 Great Portland Street and Elsley House – Rent reviews at Mount Royal – Refurbishment at City Tower 	– Occupational market falters – Wrong rental levels sought for local market conditions – Poor marketing of GPE space – Weak tenant retention	– Improves TPR through income uplifts – NAV per share growth underpinned by higher ERVs – Occupancy rate rises through effective leasing
– Marcol House, W1 – 100 Bishopsgate, EC3 – Hanover Square, W1 – Wigmore Street, W1 	– Market declines are amplified by development schemes – Poor project management – Contractor/supplier failure – Quality of buildings does not meet market standard and competing schemes attract better tenants	– TPR enhanced by operational gearing of development projects – NAV per share growth supported by development profits and higher leverage – Occupancy rate boosted when schemes leased

See Risk management overview on pages 43 to 45 →

How we've achieved our 2010/11 priorities...

Investment case study

2010/11 Key priority: **Selected acquisitions**

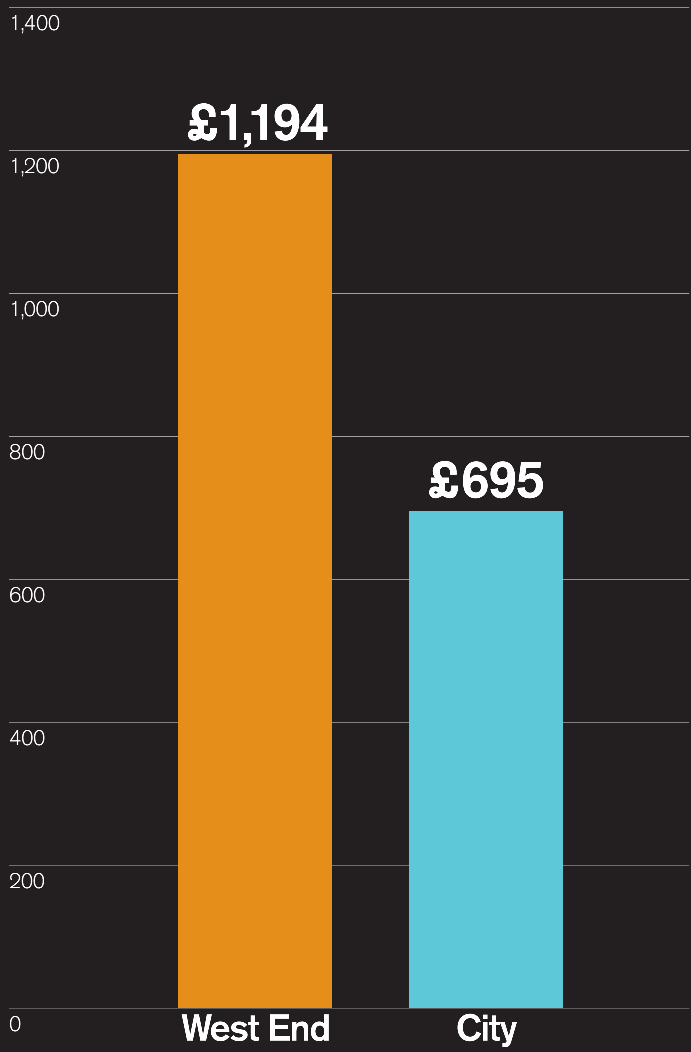
Buying well at the right point in the cycle

Buying at the right point in the cycle allowed us to acquire assets at beneath their replacement cost. In May 2009, we raised £166 million through a rights issue to take advantage of a market where real capital values were at their lowest for 30 years and in many cases below their replacement cost. Since then we have invested these proceeds twice over, generating an ungeared IRR of 37% in the process and, as at 31 March 2011, these new investments represented almost a quarter of the property portfolio.

Replacement cost per sq ft:

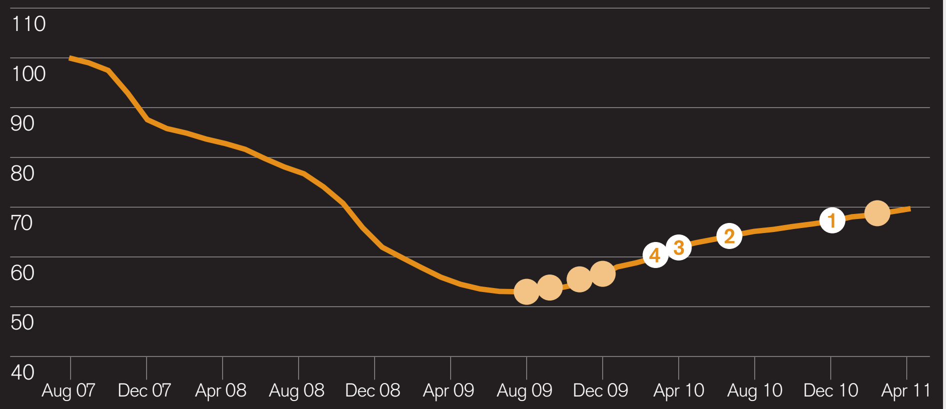
A key investment criteria we apply when considering a purchase is whether we can buy a property at a price beneath replacement cost. Replacement cost is the theoretical cost of buying a similar site and building an equivalent quality property from scratch. Providing the building is of sufficient quality and the cost of buying plus refurbishment costs is below the replacement cost, it can be a cost-effective way of acquiring high quality real estate at a discount.

Estimated replacement cost by location £ per sq ft



GPE's estimate of total replacement cost (including land, construction, fees and finance) for all of the assets bought since the rights issue in 2009.

Buying at the right point in the cycle
Capital growth index, all London offices



Other GPE acquisitions

Source: PMA, IPD Monthly Digest

What we bought and what we paid:

59/63 Wells Street, W1 2

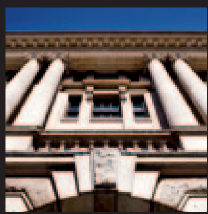
Price paid: £12.9m

West End
£510 per sq ft

20 St. James's Street, SW1 1

Price paid: £42.5m

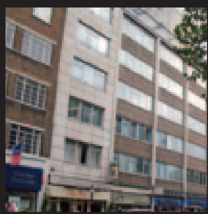
West End
£765 per sq ft



183/190 Tottenham Court Road, W1 2

Price paid: £4.5m

West End
£379 per sq ft



35 Portman Square, W1 3

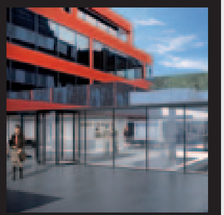
Price paid: £53.0m

West End
£726 per sq ft

24/25 Britton Street, EC1 2

Price paid: £11.9m

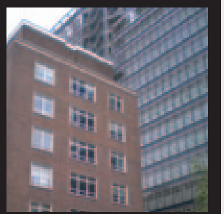
City
£241 per sq ft



12/14 & 43 Fetter Lane, EC4 2

Price paid: £15.8m

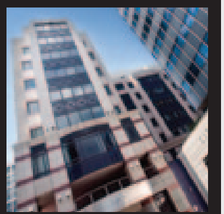
City
£295 per sq ft



City Place House, Basinghall Street, EC2 4

Price paid: £47.0m

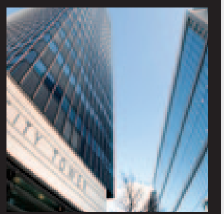
City
£531 per sq ft



City Tower, Basinghall Street, EC2 4

Price paid: £17.5m

City
£263 per sq ft



How we've achieved our 2010/11 priorities...

Joint venture case study 2010/11 Key priority: **Selected acquisitions**

Two buildings with angles to exploit

City Place House

55 Basinghall Street, EC2

177,000 sq ft over 10 floors

Cost: **£47m for 50%**

Let to seven tenants

93% occupied

Average rent £47 per sq ft

Grade A space

Opportunity to improve entrance and external appearance

Entry cost: £531 per sq ft

City Tower

40 Basinghall Street, EC2

132,600 sq ft over 20 floors

Cost: **£17.5m for 50% + cash**

Let to 36 tenants

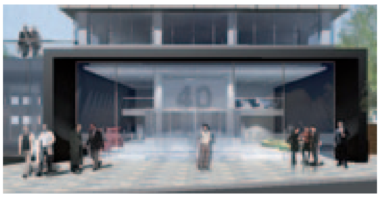
83% occupied

Average rent £31 per sq ft

Dated office accommodation and common parts

Ageing external appearance

Entry cost: £263 per sq ft



A new joint venture unlocks refurbishment opportunity

In May 2010, together with Starwood Capital Group, we set up a joint venture to reunite two properties in a prime City location. Starwood contributed City Tower, a 20 storey, 132,600 sq ft refurbishment opportunity and GPE contributed City Place House, a 177,000 sq ft, grade A building situated directly west of City Tower.

Separately each building provides a number of opportunities to drive returns. A rolling refurbishment of City Tower is planned to refresh the tired building and put it back into the market ready to take advantage of a forecast shortage of grade A space. At City Place House, the replacement of common parts and an improvement in its external appearance will ensure it continues to attract premium tenants.

In addition, planned investment in the public realm will improve both buildings' appeal and support their future value. In the longer term, the combined 1.3 acre site will provide a rare development opportunity in the heart of the City.

One great partnership

The Great Star Partnership

50/50 GPE + Starwood Capital Group

– access to an asset that was not on the market

– near-term opportunity to reposition properties into a rising market, boosting occupancy and improving rents

– 1.3 acre site in prime City location

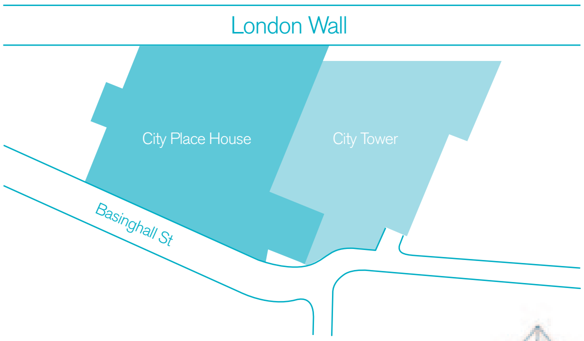
– long-term development opportunity

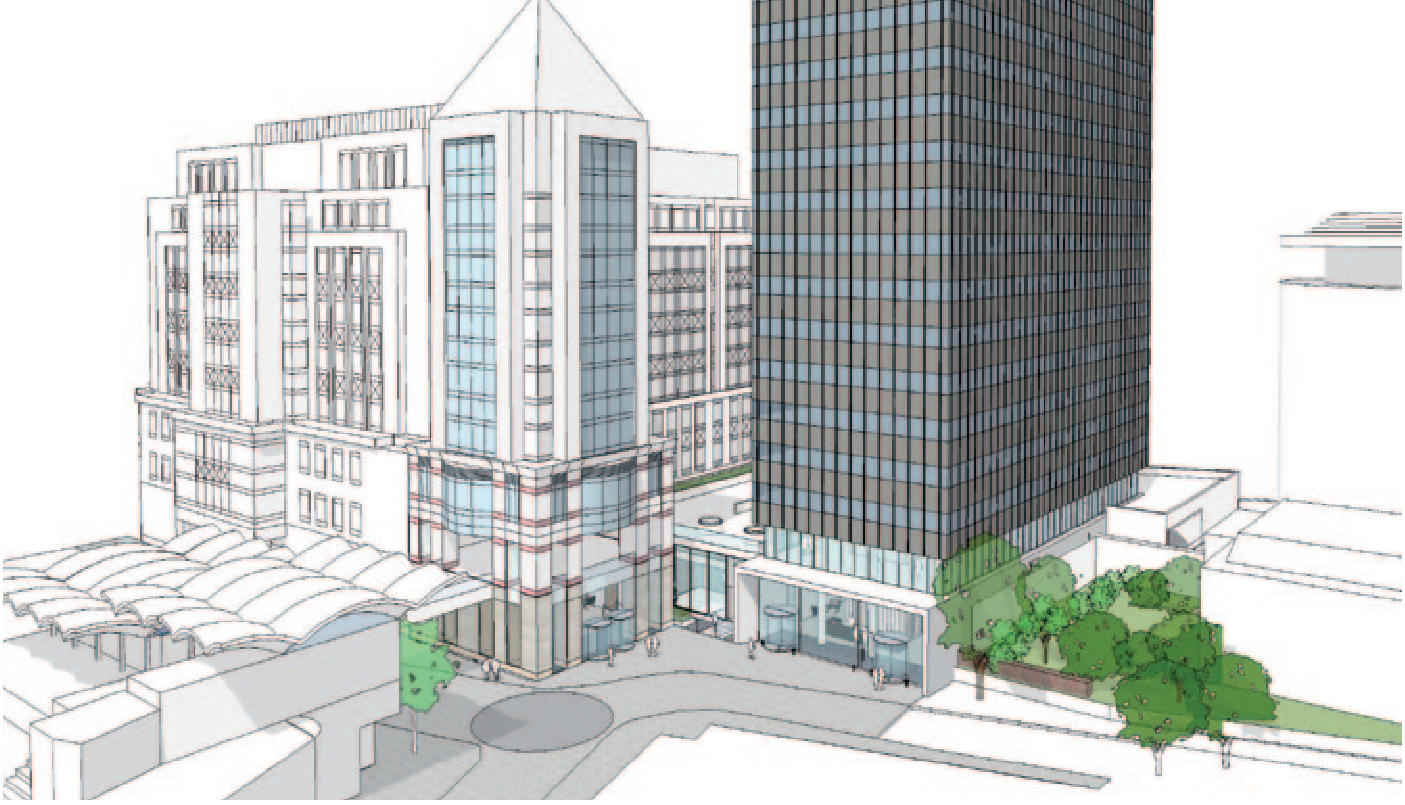
"We have acquired assets in a first class City location which provide numerous opportunities for us to drive returns through lease re-structuring, refurbishment and in the longer term, a possible wholesale redevelopment."

Ben Chambers Investment Director

"We are pleased to be partnering with GPE and have tremendous respect for the quality and depth of their team. We welcome the active management opportunities inherent in the assets and the prospect of combining our abilities to enhance value for the venture and our respective investors."

Jeff Dishner Senior Managing Director for Starwood Capital





How we've achieved our 2010/11 priorities...

Tenant case study

2010/11 Key priority: **Manage portfolio to drive rental growth**

Supporting our tenants' growth driving rental income

By keeping close to our tenants, we are able to help support their growth aspirations by providing them with the right kind of space at the right time.

At 24/25 Britton Street, EC1, situated in the heart of Clerkenwell Green conservation area, we are refurbishing the building to provide Kurt Geiger with a modern open plan building for their UK headquarters. The refurbishment will retain those architectural features that mark this asset out as an interesting modern design in the context of its period surroundings whilst maximising the natural daylight into the newly refurbished open plan floor plates through the full height glazing. Energy use will also be reduced through the introduction of efficient and low energy air conditioning solutions.

From:

11,000 sq ft

75 Bermondsey Street, SE1

No room for expansion

Period warehouse building

£320,000 rent p.a.

Leased to 2015

In April 2010, Kurt Geiger, Europe's leading luxury shoe retailer, told us that they were looking to expand from our Bermondsey Street building and needed at least another 35,000 sq ft.

"We knew Kurt Geiger wanted a new purpose built UK headquarters but still had four years to run on their lease on Bermondsey Street. By surrendering their lease early, we were able to agree a pre-let for a 15 year term of our 48,000 sq ft large scale office refurbishment completing in September 2011."

Marc Wilder Head of Leasing

to:

48,000 sq ft

24/25 Britton Street, EC1

Potential for growth

Modern office development

Good local infrastructure

Close to future Crossrail link

Breeam rating "very good"

£1.5 million rent p.a.

Leased to 2026

Kurt Geiger will have space to expand into as they grow, in a building that fits with their brand, and will move in September 2011.

"With our positive experience of GPE as our current landlord, we were pleased to have the opportunity to take a pre-let of 24/25 Britton Street, EC1, which suited our expansion needs and which will be refurbished to meet both our requirements and timetable."

Neil Clifford Chief Executive, Kurt Geiger

How we've achieved our 2010/11 priorities...

Development case study

2010/11 Key priority: **Execute development programme**

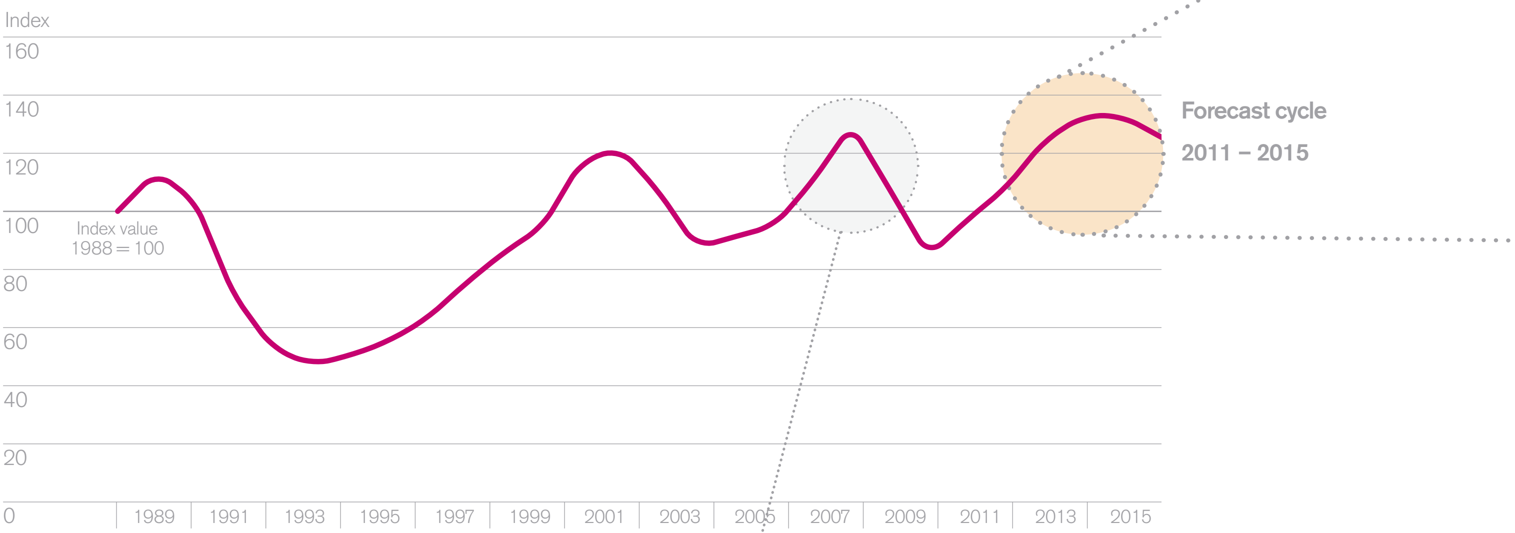
Timely development at the right point in the cycle

Central London office markets are highly cyclical. Therefore, timing our development activity to the right point in this cycle is critical. We expect demand for quality office space to increase as the UK recovers from recession whilst current levels of supply will be insufficient to meet this demand. As a result, we expect rents to rise.

Our last development programme produced superior returns as it captured rental growth between 2005 and 2008. Over the past 36 months, we have been preparing a new programme of schemes for the next up-cycle and we are now positioned to deliver 17 schemes comprising of 2.2 million sq ft of Grade A space into these favourable market conditions.

For further details of our development programme see pages 28 and 29 →

City and West End average rent index

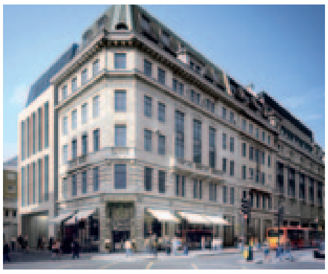


CBRE Central London Prime Rent Index

Previous development programme 2004–2008:
Total development spend: £292 million
Total profit on development programme: 57%
Total profit on buildings sold: 97%

Marcol House, 289/295 Regent Street, London W1

103,300 sq ft
Planning status: On-site
Planned completion: **10/2012**

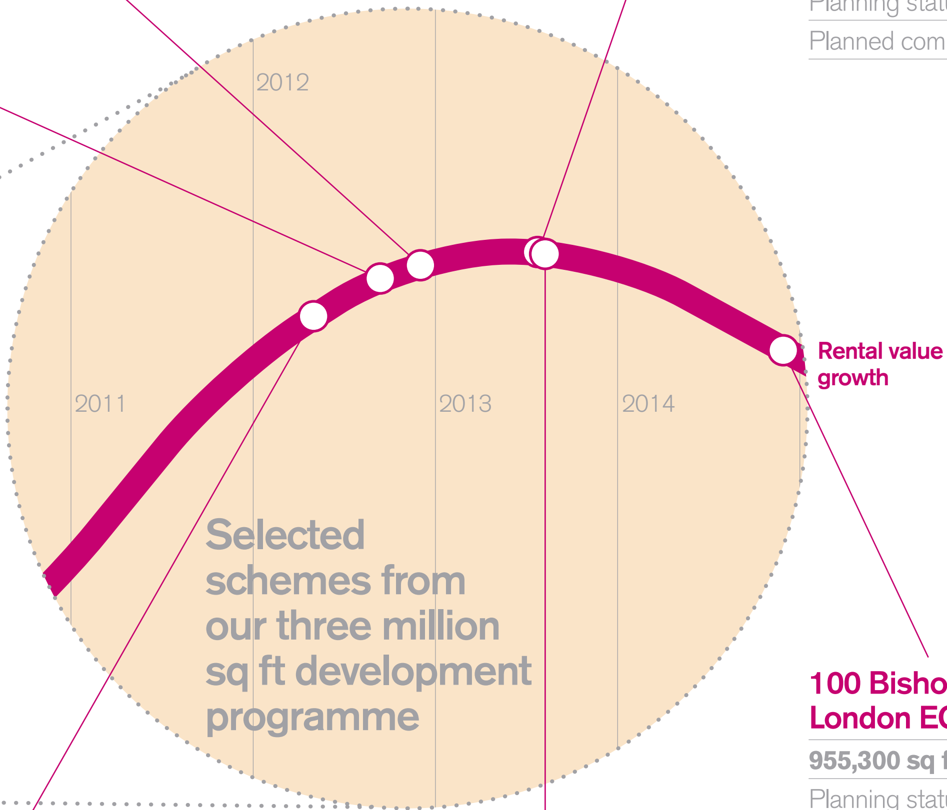


Walmar House, 288/300 Regent Street, London W1

59,400 sq ft
Planning status: Consented
Planned completion: **12/2012**

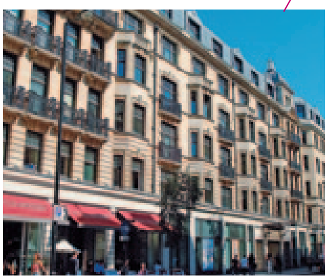
12/14 & 43 Fetter Lane, London EC4

139,200 sq ft
Planning status: Consented
Planned completion: **07/2013**



100 Bishopsgate, London EC2

955,300 sq ft
Planning status: Consented
Planned completion (subject to pre-let): **12/2014**



160 Great Portland Street, London W1

88,200 sq ft
Planning status: On-site
Planned completion: **05/2012**

79/97 Wigmore Street, London W1

111,400 sq ft
Planning status: Phase 1 on-site
Planned completion: **07/2013**

How we've achieved our 2010/11 priorities...

People case study

2010/11 Key priority: **Supporting our strategic priorities**

Building our team to support growth

Since the rights issue in the summer of 2009 we have invested over £370 million and have begun our near-term development programme of over 2.2 million sq ft. To support this growth and enable us to take advantage of future opportunities, the individuals on these pages have joined the Group over the last 18 months adding further strength to our top-rated team.

"I have been primarily responsible for progressing our Wigmore Street and Fetter Lane developments."
James Shipton Development Manager

"My role has been to ensure GPE management standards are achieved at 35 Portman Square."
David Shepherd Building Manager

"I work on developing our strategy for the letting of our future developments."
Simon Rowley Leasing Manager

"Securing planning permission for an additional two floors on our Blackfriars scheme has improved the profitability of the development."
Warwick Hunter Development Manager

"Working with Crossrail to ensure timely delivery of our Hanover Square site has been challenging."
Mashood Asraf Project Manager

"Ensuring our service KPIs are met and improving our contractors' waste management processes are my main objectives."
Chris Donker Assistant Facilities Manager

"I have been reviewing how we can create asset management opportunities at 35 Portman Square and maximise occupancy at Park Crescent."
Laurie Low Asset Manager

"My main focus has been the planning submission of our Hanover Square Masterplan and restructuring our development agreement with Crossrail."
David Farries Development Manager

Investment Management

4 → 6

Sales and acquisitions
Asset planning

Asset Management

22 → 26

Asset Management
Building Management
Facilities Management

Development

10 → 15

Development Management
Project Management
Leasing

"My main priority has been maintaining income and ensuring vacant possession in advance of the refurbishment of our Piccadilly Estate."
Rob Russell-Smith Asset Manager

"I have had day-to-day responsibility for the acquisitions of 73/77 Oxford Street and 20 St James's Street."
Sarah Brennan Investment Manager

"My primary responsibility is the repositioning of our Great Star Partnership assets."
Gordon Drysdale Investment Manager

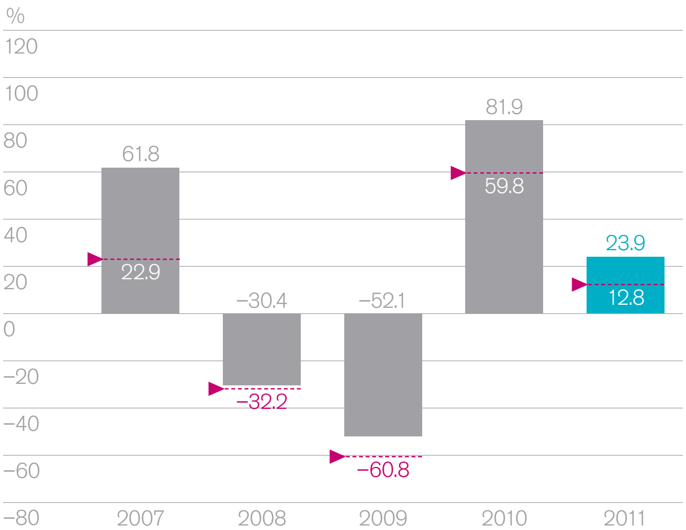
How we've performed...

Group key performance indicators

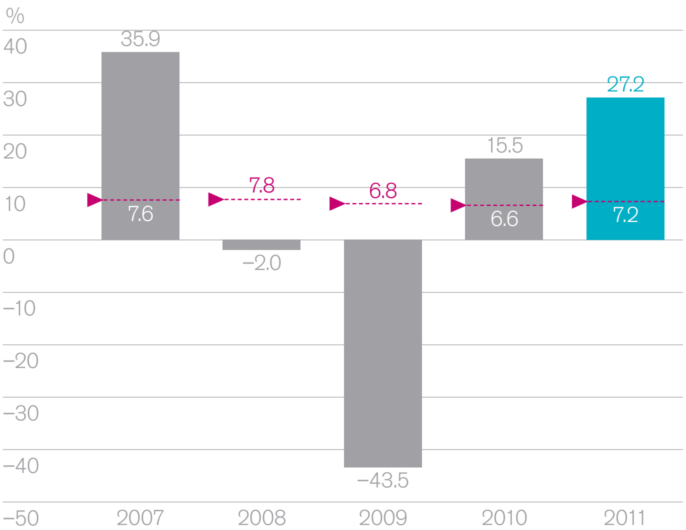
Over the medium term we aim to consistently outperform our benchmarks. The central London property investment market continued to strengthen throughout the period with some parts of the London market recovering to the highs of 2007. These favourable market conditions, combined with the delivery of our strategic priorities, resulted in the Group outperforming all of its benchmarks for the year.

GPE   GPE 2011   Benchmark

Total Shareholder Return (TSR)



Adjusted net assets per share growth



The measure and benchmark

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

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

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

Commentary

The TSR of the Group was 23.9% for the year outperforming the FTSE 350 Real Estate index by 11.1 percentage points as investors continued to support our growth plans.

The Group's five year TSR of 21.6% outperformed the benchmark of minus 35.3% over the five years to 31 March 2011.

The measure and benchmark

Adjusted net assets per share growth is the traditional industry measure of the Group's success at creating value.

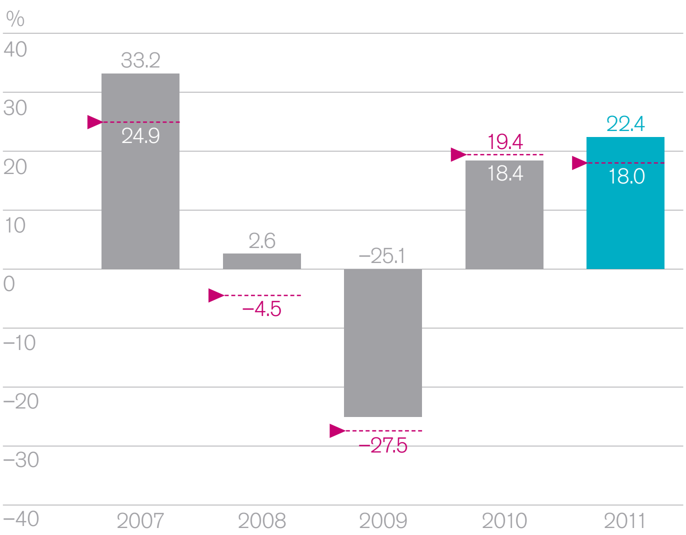
We compare the growth in net assets per share with the increase in the retail price index (RPI) plus a hurdle of up to 12% over a three year period which is used as a measure under the Group's long-term incentive plans.

Commentary

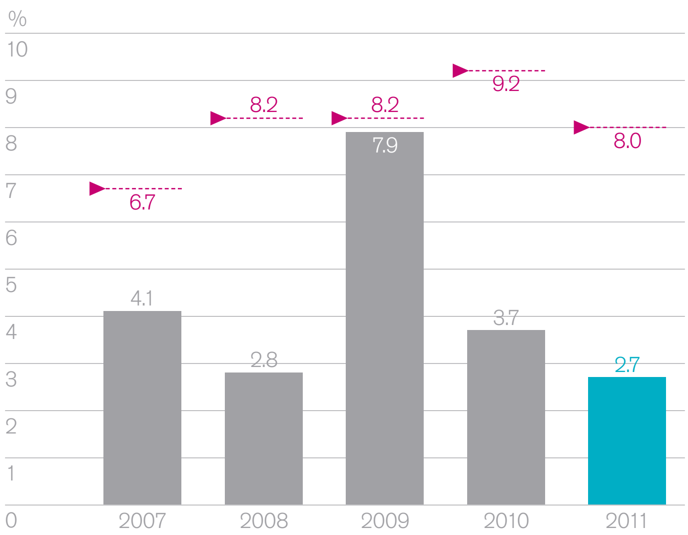
Adjusted net assets per share increased by 27.2% over the year as property values continued to recover and the Group benefited from further accretive acquisitions and returns from its near-term development programme.

Our RPI benchmark increased marginally on last year resulting in a 20.0 percentage point relative outperformance for the year. For the five years to 31 March 2011 the Group's net assets per share grew by a compound 2.0% p.a. compared with the benchmark RPI based hurdle of 7.2% p.a.

Total Property Return (TPR)



EPRA vacancy



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 £25 billion of similar assets included in the IPD central London benchmark.

Commentary

The Group generated a portfolio TPR of 22.4% in the year whereas the benchmark produced a return of 18.0% resulting in a relative outperformance of 3.7 percentage points.

Over the last five years the Group's annualised portfolio TPR was 8.6% outperforming the benchmark by 4.4 percentage points.

The measure and benchmark

The Group's EPRA vacancy rate is calculated as the ERV of vacant space divided by the ERV of the property portfolio, expressed as a percentage.

The Group's vacancy rate is compared to the vacancy rate in the IPD central London benchmark.

Commentary

The EPRA vacancy rate is a new KPI for the year to 31 March 2011. It is designed to show how effective the Group is at letting available space in the portfolio.

The Group's vacancy rate was 2.7% compared to the benchmark of 8.0% resulting in an outperformance of 5.3 percentage points.

Our market

Summary of the market environment

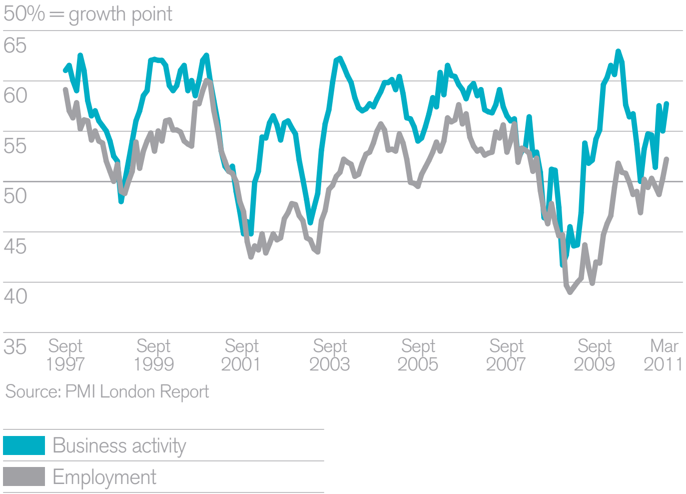
Central London's commercial property markets continued on their recovery path during the year. Occupational demand increased markedly compared to last year, illustrated by an improvement in leasing activity and, in the investment markets, a diverse group of investors maintained strong demand for well let, centrally located properties.

Supportive investment and occupational markets have sustained capital value growth and pushed rents higher. Looking forward we expect this positive environment to endure throughout 2011 and we have positioned the business to take advantage of these trends.

Main drivers of our markets in the year

The main influences on rental values for our properties are the depth of tenant demand arising from economic conditions and the availability of competing space which provides alternatives for business occupiers. Consistent UK GDP growth has proven elusive as positive figures for the first three quarters of 2010 were followed by a contraction in the period to December. GDP growth moved back into positive territory for the quarter to 31 March 2011 at 0.5% and employment and investment surveys are anticipating growth for the calendar year as a whole. London's recovery from the lows of 2008 has been sharper than the rest of the UK and the Capital's employment levels have risen steadily over the last 12 months – this is positive for occupational demand.

Change in London business activity and employment



Source: PMI London Report

The supply of high quality, well located office and retail space is subdued by historic standards as a consequence of reduced numbers of refurbishment projects. Property developers have been constrained due to the uncertain economic environment and scarcity of bank financing. Due to the lengthy gestation period of new schemes, we expect low availability of good quality commercial space to continue for at least the next two years assisting the growth trends in market rental values.

Commercial property values in central London have enjoyed an upward movement during the year as a result of inward capital flows, in part due to the significant appeal of well located buildings as a tangible store of value in a volatile world. The investor demand for high specification, well located properties comfortably outstrips the amount of assets available for sale. Although not perfectly correlated, property values are commonly benchmarked against other investable assets and trends over the last 12 months have been supportive. The main equity and bond markets indices are up since the start of the financial year although the Eurozone Sovereign debt crisis has been a continuous source of downward pressure. Commercial property prices have also been sustained by low benchmark fixed income rates. If this favourable yield spread over bond and swap rates continues, it is likely to underpin property values although we believe consistent rental value growth is essential for capital value enhancement.

4.5m sq ft

take up in the West End, 11.0% up on last year

Trends in the occupational markets

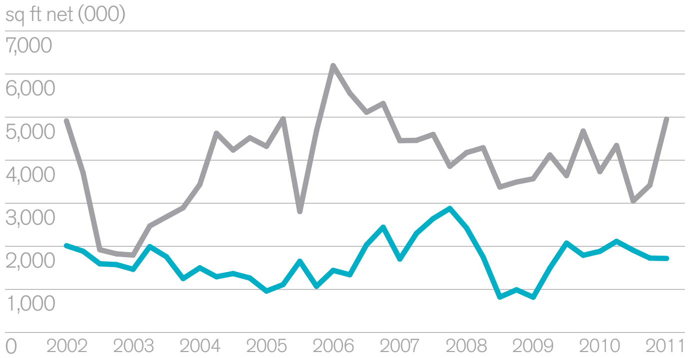
The revival of London's occupational markets has gathered momentum over the course of the year with reducing vacancy rates and, since the spring, rental growth across all sub-markets.

West End leasing markets have improved during the year with the take-up of new office space totalling 4.5 million sq ft, 11.0% up on the same period last year. The volume of available to let office space fell throughout 2010, pushing West End office vacancy rates down from 6.4% at March 2010 to 4.1% at March 2011. Across the West End CB Richard Ellis has reported that prime headline rental values grew by 9.0% during the financial year and net effective rental values (adjusted for rent free periods and other incentives) rose by 11.0%.

The West End retail market (comprising 29.1% of our West End portfolio by value) has been resilient as retail sales in central London have continued to grow in 2011. London's retailers and restaurateurs continue to be popular with foreign visitors and tourists with footfall up nearly 5% in the West End for the year to 31 March 2011.

Firm tenant demand for prime City offices continued throughout the financial year with take up of 5.2 million sq ft down 14.0% from the highs of the comparable period last year. With restricted new and refurbished office space becoming available, vacancy rates, at 6.8% at March 2011, have fallen helping to generate rental growth across well located, quality buildings. CB Richard Ellis City Prime Rent Index showed rents rising with an increase of 17% for the year to 31 March 2011.

Active tenant demand – central London offices



Source: Knight Frank

West End
City

"Our large development and refurbishment programme represents a material component of all major schemes to be delivered into the improving London leasing market over the next three years."

Key changes in the investment markets

London's commercial property investment markets have seen gains in capital values, rising investment volumes and high levels of liquidity assisted by improved availability of debt finance. Central London real estate continued to attract a diverse group of investors ranging from UK institutions, private investors, international organisations, property companies, private equity funds and Sovereign wealth funds. Investment market turnover, at £10.3 billion, was up on the previous year partly due to several high profile transactions being instigated by debt restructuring. The rate of monthly capital value growth, as measured by monthly IPD and CBRE indices has steadied since the last quarter of 2010 and low real interest rates continue to provide an impetus to investor confidence.

GPE's competitive positioning

The ownership of central London commercial property is highly fragmented. Out of around 185 million sq ft of property in the West End, City and Midtown, Great Portland's market share is less than 2%. In core West End locations our proportion is higher and we have a greater influence on investment and rental pricing, although these markets are always highly competitive.

Since the beginning of the financial year we have expanded the portfolio through acquisitions. We believe that since the worst of the financial crisis in early 2009, the Group has acquired more properties as a percentage of its portfolio than almost any other listed UK real estate company, almost a quarter of the Group's assets, during this period of price weakness. This approach has also allowed us to increase our representation in key West End sub-markets such as Oxford Street, St James's and Marylebone.

Our large development and refurbishment programme represents a material component of all major schemes to be delivered into the improving London leasing market over the next three years. In particular, we estimate that the near-term projects at Marcol House, Wigmore Street and 160 Great Portland Street make up around 30% of the office development supply in the North of Oxford Street market. We have continued to be at the forefront of central London leasing transactions, driving rents higher by attracting tenants to good quality buildings in excellent locations. In the case of lettings at Oxford Street, Great Titchfield Street, Britton Street and Great Portland Street we have set new rent levels for those specific micro locations.

> "Since the spring of 2010, property capital value lead indicators have turned up."

Emerging factors influencing our markets

Improving the sustainability attributes of buildings has become more important over the last year. Tenant requirements combined with legislation covering reporting and disclosure has required us to allocate increasing management time to these areas. Often there is a balance to be struck between tenants' power, data and temperature control requirements and our responsibility to long-term resource consumption.

We have found that tenants are under relentless cost reduction pressure and we have responded by providing occupational premises in attractive locations for the best value for money. We do this by listening carefully to their requirements and engineering cost-effective solutions for their needs.

Outlook for our end markets

We use a variety of lead indicators to assess the direction of our main markets which are described in the table below:

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

Since the spring of 2010, property capital value lead indicators have turned up and occupational markets are firmer with rental values increasing and increased optimism within our tenant base.

Our business

Investment management

At the start of the financial year we had the objective of acquiring assets with the potential for strong absolute and relative performance. Over the course of the year we invested around £213 million in six different transactions and we are examining several interesting opportunities.

Since our rights issue in 2009, we have committed over £370 million to new acquisitions which at 31 March 2011 represented almost a quarter of the Group's current property portfolio. These acquisitions have delivered an annualised ungeared IRR of over 37% whilst in our ownership.

Purchases for the year to 31 March 2011

Description	Price £m	NIY %	Area sq ft	Cost £ per sq ft
35 Portman Square	53.0	7.7	73,000	726
City Place House	47.0	7.2	177,000	531
City Tower	17.5	8.3	132,600	263
20 St James's Street	42.5	4.6	55,500	765
73/77 Oxford Street	7.5	n/a	n/a	n/a
GCP Properties	45.1	3.5	140,100	322
	212.6		**578,200**	

In June, we announced the acquisition of 35 Portman Square, W1 for £53.0 million from the shareholders of Portman Square Properties Holdings Ltd, reflecting a net initial yield of 7.7%. The consideration was made up of £31.0 million cash and assumed debt of £22.0 million (which has since been repaid). 35 Portman Square is an eight storey, 73,000 sq ft building fronting Portman Square in the West End occupying an under-developed corner site of around 0.5 acres. The property is held on a lease from The Portman Estate expiring in 2060 and offers a wide variety of asset management opportunities.

At the end of July 2010, our Great Star Partnership joint venture ("GSP") completed the acquisition of City Tower, 40 Basinghall Street, EC2 and City Place House, 55 Basinghall Street, EC2. GPE and Starwood Capital each own a 50% interest in these properties. City Tower is a 20 storey, 132,600 sq ft office building in a prime city location, adjacent to the Guildhall, held on a 100 year unexpired leasehold interest from the City Corporation with significant opportunity to increase the rental income of the property following targeted refurbishment and active asset management. City Place House is a 177,000 sq ft Grade A building situated directly west of City Tower, held on a head lease from the City Corporation with an unexpired term of 108 years. Our intention is to refurbish the common parts and floors as appropriate, repositioning the building into a potential shortage of grade A space in the City from 2011.

See GSP case study on pages 10 and 11 ←

In November, we announced the refocusing of the Great Capital Partnership ("GCP") through the acquisition of four properties by GPE and the appointment of Capital and Counties Properties PLC ("Capco") as residential and retail strategy advisor to the joint venture. GPE purchased 24/25 Britton Street, EC1, 12/14 New Fetter Lane & 43 Fetter Lane, EC4, Tasman House, Wells Street, W1 and 183/190 Tottenham Court Road, W1 for a combined price of £45.1 million, broadly in line with their September 2010 book values. These sales represent a continuation of the joint venture's strategy to focus on its West End holdings and will enable it to recycle the sales receipts into a variety of refurbishment and development opportunities within its core holdings on Piccadilly, Regent Street and Park Crescent. The restructuring enables the refurbishment and redevelopment of Britton Street and Fetter Lane which are described in the development section below.

We announced the acquisition of 20 St James's Street, SW1 in December for a capital value of £42.5 million or £765 per sq ft. The purchase price reflects a net initial yield on expiry of rent free periods of 4.5%, or 5.2% assuming the 7,000 sq ft currently vacant is let in its existing condition at an average of £49 per sq ft. 20 St James's Street is an eight storey, 55,500 sq ft building which was redeveloped in the mid 1980's and is now multi-let to nine tenants producing a gross rent of £2.39 million per annum. The offices are let at an average of only £55 per sq ft and the majority of leases expire in 2015 or have breaks in 2012 providing a medium-term refurbishment opportunity. The property is held on a long lease, expiring in January 2111, at a ground rent of 15% of rents received.

"Since 31 March 2010, we have received an additional £23.1 million in respect of the compulsory purchase of 18/19 Hanover Square, W1."

37%

The annualised ungeared IRR delivered on our acquisitions made since the rights issue in 2009.

In February, we swapped our freehold interest in 79/89 Oxford Street, W1 with a private investor in return for a new 250 year leasehold interest at both 79/89 Oxford Street and the adjoining property, 73/77 Oxford Street. The properties are located in a prominent position at the corner of Oxford Street and Dean Street, adjacent to the Dean Street Crossrail station currently under development, and form an exciting potential redevelopment site of 0.43 acres. The two properties total 82,200 sq ft of office and retail accommodation and produce an income of approximately £2.6 million per annum from 12 tenants with the majority of leases running to the end of 2014. The new 250 year head lease will initially pay a fixed head rent of £620,000 per annum until the first redevelopment, whereupon the ground rent will change to a base rent of £310,000 per annum plus 5% of net rents received. The private investor also received a premium of £7.5 million as part of the swap.

In the summer of 2010, GPE disposed of two properties at 46/48 Foley Street, W1 and 38/40 Eastcastle Street, W1 for a total of £20.1 million which represented a premium of 10.4% over the March 2010 book value. Having restructured the retail leases at 192/194 Oxford Street, W1, we agreed to dispose of these properties for £19.1 million in May 2011 in line with their March 2011 book values. GCP disposed of 201/207 Kensington High Street, W8 in April 2011 for £12.8 million (GPE share – £6.4 million) in line with its March 2011 book value.

Since 31 March 2010, we have received an additional £23.1 million in respect of the compulsory purchase of 18/19 Hanover Square, W1 with the latest amount of £9.0 million being transferred in April 2011. Discussions with Transport for London are continuing to resolve the remaining elements of our claim.

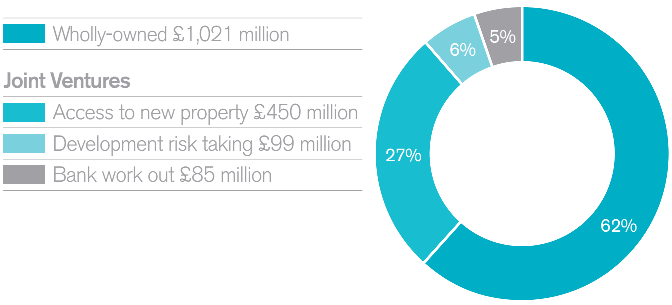
Our joint ventures

In May the GSP joint venture was inaugurated and our seven joint ventures have made good progress over the year. We categorise the joint ventures into three types:

- Access to new properties (27.2% of GPE's net property value). The relevant joint ventures here are The Great Capital Partnership with Capco, The Great Victoria Partnership with LV Asset Management, The Great Star Partnership with Starwood Capital and The Great Wigmore Partnership with Scottish Widows plc;
- Development risk sharing (6.0% of GPE's net property value). The key joint ventures here are the 100 Bishopsgate Partnership with Brookfield and the Great Ropemaker Partnership with BP Pension Fund which hold our Bishopsgate and Blackfriars schemes respectively; and
- Bank work out (5.1% of GPE's net property value) with Eurohypo in relation to our Marcol House and Newman Street developments.

Overall our joint ventures are material to the Group, making up 38.3% of the portfolio by valuation, 40.4% of net assets and 36.5% of rent roll at 31 March 2011 (at 31 March 2010; 38.1%, 37.9% and 37.5% respectively).

Wholly-owned and JV property assets as at 31 March 2011



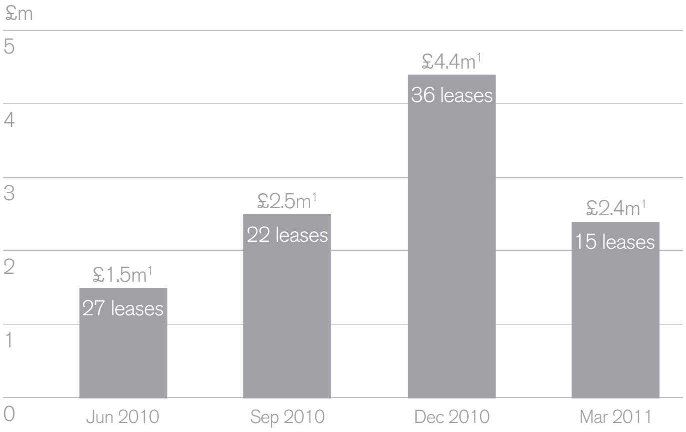
Asset management

Our asset management team has again produced encouraging results in an improving market environment.

The highlights of a busy year were:

- 100 new leases were completed (2010: 144 leases) generating annual rent of £10.8 million (our share £9.2 million; 2010: £11.2 million) or 13.3% of rent roll;
- a low investment portfolio EPRA vacancy rate of 2.7% at 31 March 2011 was an improvement on 3.7% at 31 March 2010;
- a further nine lettings were under offer at 31 March 2011, accounting for £5.2 million p.a. in rent (our share £5.1 million);
- 21 rent reviews of £9.9 million (our share £5.4 million; 2010: £1.6 million) were settled during the year, some 3.7% ahead of ERV at the rent review date; and
- total space covered by new lettings, reviews and renewals during the year was 477,000 sq ft (2010: 494,000 sq ft).

New lettings and renewals by quarter



1 New rent per annum.

The second half of the financial year has seen several major lease restructuring events which will secure future income and drive capital value growth.

In December 2010, we agreed with Telewest UK at 160 Great Portland Street, W1 to accept the surrender of their leases in two tranches for £30.0 million. The payment is equivalent to 6.3 years of the annual rent of £4.74 million per annum, with 7.5 years remaining until expiry of the leases in June 2018. The tenant has undertaken a phased vacation of the building between January and May 2011. This deal enables us to refurbish the 89,900 sq ft building and we are delighted to announce the pre-let of the entire building to an existing tenant.

At the end of January, we restructured the occupational leases at 90 Queen Street, EC4 by moving the tenant break from 2013 to 2021, extending the lease from 2017 to 2026 whilst reducing the passing rent from £3.4 million to £2.9 million p.a. We believe this transaction will both underpin the capital value of the property which has grown over 30% since purchase in October 2009, and support future value progression.

At our 88,400 sq ft prime retail holding at Mount Royal, 508/540 Oxford Street, W1 we operated a retail tenant's lease break and re-let the space to Holland and Barrett at £420 per sq ft Zone A rental, 45% above the previous rent. Using this rental evidence, in January 2011, we were able to agree another rent review on the largest unit, let to Next, at the same Zone A rate, this time at 25% above passing rent.

2.7%

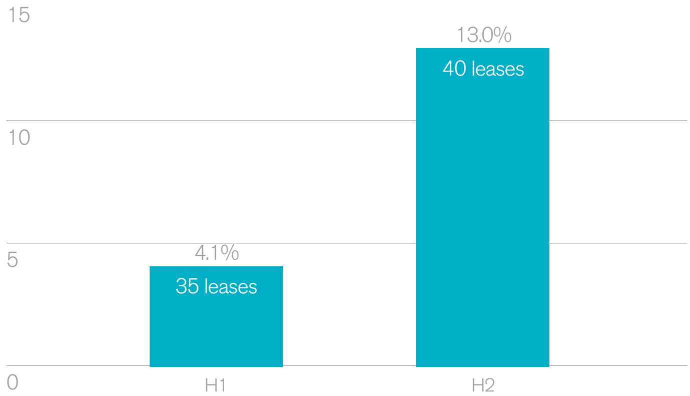
EPRA Vacancy Rate.

"In December 2010, we agreed with Telewest UK at 160 Great Portland Street, W1 to accept the surrender of their leases in two tranches for £30 million."

Leasing activity was encouraging with 75 market lettings during the year at rents 9.6% ahead of the valuer's March 2010 estimates. The remaining 25 smaller lettings were below the March 2010 ERV because they were short-term leases to allow the Group the flexibility for future redevelopment.

Open market lettings for the year to March 2011

Premium over March 2010 estimated rental value %



In the second half of the year one of the leasing highlights was the pre-let of 24/25 Britton Street, EC1 to Kurt Geiger.

See case study on pages 12 and 13 ←

Key letting deals	Tenant	Term	Rent p.a.[1]
24/25 Britton Street, EC1	Kurt Geiger	15 years	£1,525,000
184/190 Oxford Street, W1	Aldo	15 years	£920,000
14/17 Market Place, W1	Lyle & Scott	10 years	£443,500
508/540 Oxford Street, W1	Holland and Barrett	10 years	£217,500
90 Queen Street, EC4	Intesa Sanpaolo S.p.A	15 years	£2,900,000
20/30 Great Titchfield Street, W1	Heineken UK	10 years	£617,100
			£6,623,100

1 GPE Share

In the year to 31 March 2011, a large number of leases, predominantly at Bishopsgate, EC3 and Wigmore Street, W1, were taken back to enable the redevelopment of these sites. In the year to 31 March 2011, 178 leases covering around 636,000 sq ft were subject to lease expiry or tenant break. Out of this space, 55% by area was vacated to enable the redevelopment of properties. Of the remaining 45%, tenants were retained for 21% of this space and by the end of March 2011 we had leased or put under offer a further 14%, leaving only 10% to transact. As at 31 March 2011, the EPRA vacancy rate was 2.7%.

Development overview

The development business has had a successful year leasing upgraded space, progressing projects and expanding the pipeline to support future growth.

We have six schemes on-site – five in the West End and one in Mid-town, with the opportunity to start further schemes by the end of 2012 giving us a near-term programme of 2.2 million sq ft that could be delivered by 2014. Beyond that, our pipeline includes a further 10 projects giving us a total programme of 3.1 million sq ft, covering 52% of GPE's existing portfolio.

Leasing of refurbishment and development projects.

Over the last six months we secured over £7.2 million per annum in income on our committed schemes bringing total secured income to £8.5 million. In May 2011, we agreed to relocate an existing tenant, Double Negative, from 45 Mortimer Street, W1 to 160 Great Portland Street, W1 which is undergoing a comprehensive upgrade following the departure of Telewest. Double Negative has signed a new 20 year lease at a rent of £4.8 million per annum with an incentive package the equivalent to 32 months of rent. They will move into tailor made, highly specified space in the second half of 2012. The transaction with Kurt Geiger announced in November was a similar example of helping our customers find expansion space when they need it. Kurt Geiger committed to a new 48,000 sq ft headquarters building at 24/25 Britton Street, EC1 where the refurbishment works are underway. They will move from their existing 11,000 sq ft in our building at 75 Bermondsey Street, SE1 in autumn 2011 having agreed a 15 year lease at £1.5 million p.a. At 20/30 Great Titchfield Street, W1 we were pleased to arrange a 10 year lease with Heineken UK for £0.6 million per annum for 13,300 sq ft of newly refurbished space.

Committed schemes and pipeline

Development	Anticipated finish	New building area[1]	Total project cost £m[2]	Proposed ERV £m[2]	Secured income £m
Committed					
184/190 Oxford Street, W1	Complete	26,400	2.4	1.7	1.7
24/25 Britton Street, EC1	Sep 11	51,300	6.8	1.6	1.6
23/24 Newman Street, W1	Oct 11	25,200	11.3	0.2	–
Marcol House, 289/295 Regent Street, W1	Oct 12	103,300	50.3	6.9	0.3
160 Great Portland Street, W1	May 12	88,200	26.7	4.9	4.9
79/97 Wigmore Street, W1	Jun 13	111,400	31.7	3.1	–
Total of committed		**405,800**	**129.2**	**18.4**	**8.5**
Near-term non-committed 11 projects	2012–2014	1,823,300		49.5	
Pipeline 10 projects		844,900			
Total programme 27 projects, 52% of GPE's existing portfolio		**3,074,000**			

1 Areas are in sq ft and at 100%.

2 For those held in JV, costs are shown as GPE's share.

52%

GPE's existing portfolio included in the development programme.

"Our six schemes on-site will deliver 405,800 sq ft."

Schemes on-site

The demolition works at Marcol House, 289/295 Regent Street, W1, and at 23/24 Newman Street, W1 are complete. We are targeting practical completion of Marcol House, a prime office scheme, in autumn 2012 and 23/24 Newman Street, W1 will deliver 23 residential units later this year.

See case study on development projects on page 14 ←

We have recently commenced our mixed use scheme at Wigmore Street, W1 which is expected to complete in summer 2013.

We are soon to hand over our refurbishment project at 184/190 Oxford Street, W1 to retailer Aldo and we have also started to refurbish 160 Great Portland Street, W1 for Double Negative.

Project preparation

Our staged upgrade of City Tower, Basinghall Street, EC4, remains on track with the enhancement to the lifts part complete and we are finalising the design for the office floors and entrance lobby.

At 240 Blackfriars Road, SE1 we have revised the planning consent at our 235,400 sq ft development scheme and we are continuing with detailed design work to prepare the site for commencement in the second half of 2011.

We continue to prepare the pipeline projects for commencement. Demolition has started of existing buildings owned by The 100 Bishopsgate Partnership, our joint venture with Brookfield Properties, to prepare for our pre-letting campaign for this 955,300 sq ft project.

At Hanover Square, W1 we have recently signed a Masterplan development agreement with Crossrail/Transport for London to deliver a major 205,400 sq ft office, retail and residential scheme following the completion of the Crossrail Bond Street station. In May 2011 we received resolution to grant planning consent for this scheme from Westminster City Council.

We continue to prepare schemes at Walmar House, Regent Street, W1 and Fetter Lane, EC4 for a potential start over the next 12 months. We have agreed the terms of a new headlease with the City Corporation at Fetter Lane which will facilitate this project.

Valuation

The valuation of the Group's properties rose to £1,654.5 million during the year, delivering an underlying capital return of 15.5%.

At 31 March 2011 the wholly-owned portfolio was valued at £1,021.0 million and the Group had seven joint ventures which owned properties valued at £633.5 million (our share).

The valuation of the portfolio was up 13.5% or £168.8 million since 31 March 2010 on a like-for-like basis. The surrender by Telewest at 160 Great Portland Street, W1 subdued this valuation growth, when the £25.3 million cash receipt is taken into account the underlying portfolio capital return was 15.5%.

Portfolio performance

		Wholly-owned £m	Share of joint venture £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	355.8	69.3	425.1	25.7%	17.0%
	Retail	60.8	84.1	144.9	8.7%	8.3%
Rest of West End	Office	103.1	121.3	224.4	13.6%	15.3%
	Retail	85.6	97.8	183.4	11.1%	8.2%
Total West End		605.3	372.5	977.8	59.1%	13.5%
City and Southwark	Office	146.5	63.8	210.3	12.7%	10.3%
	Retail	19.7	1.7	21.4	1.3%	15.7%
Total City and Southwark		166.2	65.5	231.7	14.0%	10.8%
Investment property portfolio		771.5	438.0	1,209.5	73.1%	12.9%
Development property		84.1	125.6	209.7	12.7%	16.9%
Total properties held throughout the year		**855.6**	**563.6**	**1,419.2**	**85.8%**	**13.5%**
Acquisitions		165.4	69.9	235.3	14.2%	9.6%
Total property portfolio		**1,021.0**	**633.5**	**1,654.5**	**100.0%**	**12.9%**[1]

1 Excludes the proceeds from the 160 Great Portland Street lease surrender.

Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		649.6	198.9	848.5	654.5	194.0	848.5	1,436
Rest of West End		453.4	–	453.4	268.1	185.3	453.4	879
Total West End		**1,103.0**	**198.9**	**1,301.9**	**922.6**	**379.3**	**1,301.9**	**2,315**
City and Southwark		322.7	29.9	352.6	330.9	21.7	352.6	1,063
Total		**1,425.7**	**228.8**	**1,654.5**	**1,253.5**	**401.0**	**1,654.5**	**3,378**
By use:	Office	1,060.3	193.2	1,253.5				
	Retail	365.4	35.6	401.0				
Total		**1,425.7**	**228.8**	**1,654.5**				
Net internal area sq ft 000's		2,990	388	3,378				

"The Group delivered a total property return of 22.4% outperforming the central London IPD benchmark by 3.7 percentage points."

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

- Rental value growth – since the start of the financial year, rental values have grown 10.8%. Office rental values have increased by 13.5%, with retail rental values rising by 3.2%. Growth in rental values was evenly spread over the two halves;
- Intensive asset management – during the year, 121 new leases, rent reviews and renewals were completed securing £14.6 million (our share) of annual income and reducing voids which supported valuation growth over the period;
- Development properties – growth of 16.9% increased their valuation to £209.7 million; and
- Favourable yield shift – equivalent yields contracted by 37 basis points over the year (2010: 126 basis points) from 5.6% to 5.2% on a like-for-like basis, as investor interest remained firm.

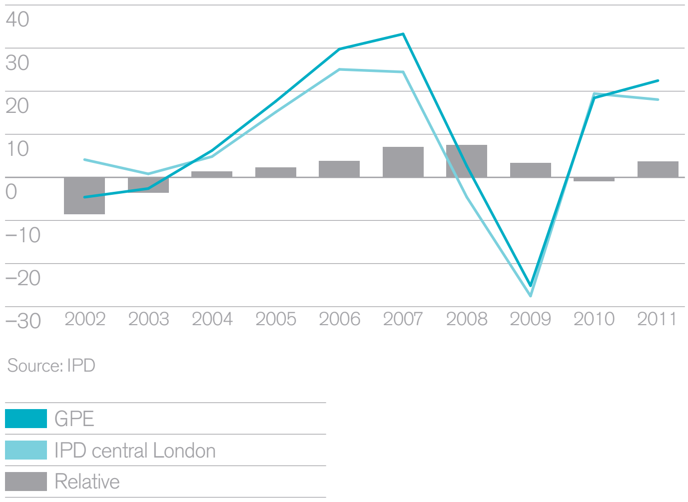
Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 31 March 2011 was 4.4%, 90 basis points lower than at the start of the financial year.

Our North of Oxford Street portfolio produced the strongest performance by geographic sector over the year, increasing in value by 14.7% on a like-for-like basis. City and Southwark assets saw a 10.8% uplift in values and the Rest of West End properties grew by 11.8%. Our joint venture properties rose in value by 13.7% compared to a 11.3% rise for the wholly-owned portfolio over the year.

The Group delivered a total property return ("TPR") for the year of 22.4%, compared to the central London IPD benchmark of 18.0%. This outperformance was driven by a combination of well priced acquisitions, our holdings North of Oxford Street and development projects.

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

Years to 31 March



Source: IPD

Our financial position

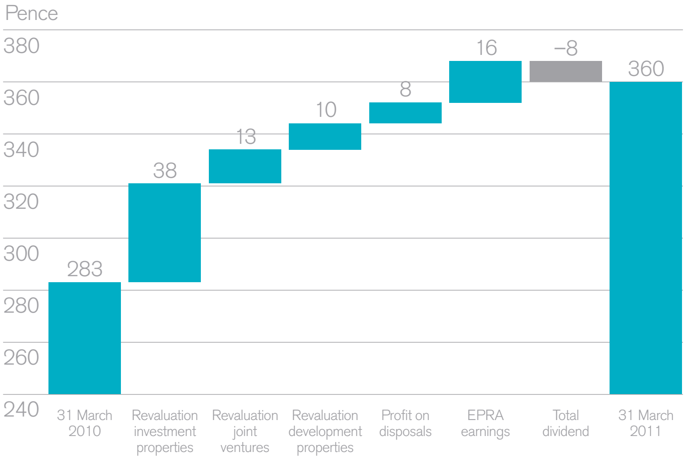
Financial results

The Group's financial results fairly reflect the successful execution of our strategic priorities and a recovering central London market. Timely acquisitions and our growing development programme have boosted the key balance sheet values compared to last year.

Net asset value

EPRA net assets per share at 31 March 2011 was 360 pence per share, an increase of 27.2% in the last year, largely because of the rise in value of the property portfolio. At 31 March 2011, the Group's net assets were £1,112.7 million, up from £876.7 million at 31 March 2010.

EPRA net assets per share[1]
Movement since 31 March 2010



1 Adjusted per EPRA guidance.

The main factors behind the 77 pence per share increase in EPRA net assets per share ("NAV") from the 31 March 2010 value were:

- the rise of 61 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 10 pence;
- further payments from Transport for London for the compulsory purchase of 18/19 Hanover Square, W1 enhanced NAV by 8 pence per share;
- EPRA earnings for the year of 16 pence per share enhanced NAV; and
- dividends of 8 pence reduced NAV.

Triple net assets per share ("NNNAV") was 362 pence per share at 31 March 2011 compared to 291 pence per share at 31 March 2010 (up 24.4%). At the year end the difference between adjusted net assets per share and NNNAV was the positive mark to market of debt of 2 pence, mainly arising from the relatively low interest rate of the Group's 2029 debenture. There was no net movement in deferred tax provisions during the year.

Income statement and earnings per share

Although we have had a good leasing year, the income statement is witnessing the short-term effects of investing in our development and refurbishment projects. On an EPRA basis, profit before tax and earnings per share are up materially on last year.

Rental income from wholly-owned properties was £63.7 million, up 39.4% on last year. Rental income was pushed up by the lease surrender with Telewest UK Limited at 160 Great Portland Street, W1. In December 2010 we agreed with Telewest that they surrender their leases in two tranches for £30.0 million; £25.3 million was received in December 2010, the remainder of £4.7 million was received in April 2011. For the financial year under review the £25.3 million premium has been split between rental income of £3.8 million, for the period of occupation, and a net surrender premium of £21.5 million. Rental income before surrender premium was lower than last year due to transfers of income producing assets into joint venture and lease terminations ahead of refurbishment and development projects. Excluding surrender premiums, Group rental income was £42.2 million, down £3.5 million or 7.7% on the same period in 2010. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income was stable on the prior year.

Joint venture fees for the year were £4.1 million, up 36.6% on last year. This increase was a result of the creation of the 100 Bishopsgate Partnership on 31 March 2010 and the Great Star Partnership during the year.

£14.4m

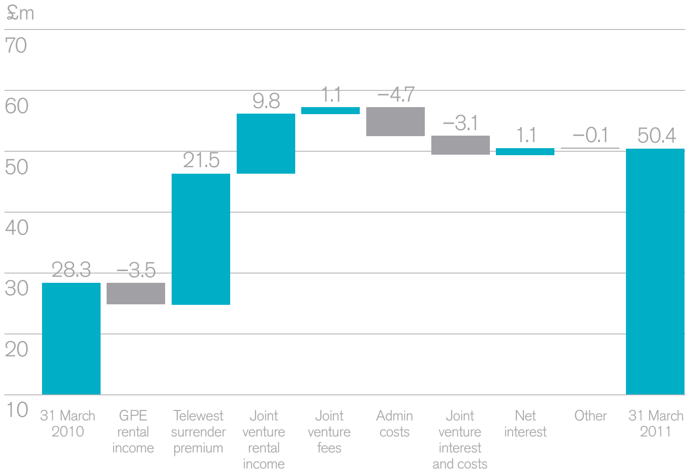
EPRA profits from joint ventures.

"EPRA net assets per share at 31 March 2011 were 360 pence, an increase of 27.2% during the year."

Property costs for the wholly-owned properties were consistent with last year at £4.0 million whilst administration costs were £17.3 million, up £4.7 million on last year driven by increased head count, higher provisions for bonuses and share-based incentive schemes. At the end of the financial year the Group employed 78 people, up from 68 a year earlier. Our recent recruitment has been across the development, investment and asset management teams and will facilitate our growth plans. EPRA profits from joint ventures (excluding fair value movements) were £14.4 million, up from £7.7 million on last year, mainly due to the acquisition of 103/113 Regent St, W1 in December 2009, City Place House and City Tower, EC2 in July 2010 and the creation of the 100 Bishopsgate Partnership in March 2010 which increased rental income this year versus last year. Our share of joint venture interest expenses and overhead costs were £3.1 million higher year on year. Underlying GPE net finance costs were £1.1 million lower at £10.5 million due to lower interest rates.

EPRA profit before tax was £50.4 million or 78.1% higher than the previous year. The main reasons for this increase are set out in the chart below.

EPRA profits before tax – year to 31 March 2011



Revaluation gains and good underlying profits enabled the Group to report an accounting profit after tax of £260.1 million (2010: £156.4 million). Basic EPS for the year was 83.8 pence, compared to 55.5 pence for 2010.

EPRA earnings per share were 16.0 pence, 60.0% higher than last year as a consequence of the increased adjusted profits but partly offset by higher weighted average number of shares than in 2010 due to the rights issue which completed in June 2009.

Results of joint ventures

The Group's net investment in joint ventures was £449.8 million at year end, up from the figure at 31 March 2010 of £332.4 million, largely due to valuation increases of £83.1 million and the creation of the GSP joint venture. Our share of joint venture net rental income was £29.6 million, up from £19.8 million for the same period last year, as a result of the new joint ventures. The underlying joint venture profits are stated after charging £4.1 million of GPE management fees (2010: £3.0 million).

Our share of non-recourse net debt in the joint ventures rose to £164.9 million at 31 March 2011 from £126.6 million at 31 March 2010 mainly due to the refinancing of GSP.

Financial resources and capital management

Cash generated from operations was £73.3 million, compared to a £7.4 million last year due to the increase in EPRA profit before tax and favourable movements in working capital. Group consolidated net debt was £349.1 million at 31 March 2011 up from £232.6 million at 31 March 2010 as a consequence of acquisitions and development capex partly mitigated by disposals and operational cash flow. Group gearing rose to 31.4% at 31 March 2011 from 26.5% at 31 March 2010 as higher debt levels prevailed over the portfolio valuation rise. As the Group's strategy of development and acquisition investment continues, we expect the gearing ratio to increase gradually in the coming years.

"Pro forma cash and undrawn facilities of £518 million."

Debt analysis

	March 2011 £m	March 2010 £m
Net debt excluding JVs	**349.1**	232.6
Net gearing	**31.4%**	26.5%
Total net debt including 50% JV non-recourse debt	**514.0**	359.2
Loan-to-property value	**31.1%**	28.8%
Total net gearing	**46.2%**	41.0%
Interest cover	**4.0x**	3.4x
Weighted average interest rate	**4.3%**	4.9%
% of debt fixed/capped	**57%**	61%
Cash and undrawn facilities	**518**[1]	477

1 Pro forma including £159.7 million private placement.

Including the non-recourse debt in the joint ventures, total net debt was £514.0 million (31 March 2010: £359.2 million) equivalent to a loan to value ratio of 31.1% (31 March 2010: 28.8%). The Group, including its joint ventures, is operating with substantial headroom over its bank and debenture covenants.

This financial year has been one of the busiest for debt financing in many years – our objectives have been to extend maturities, maintain high liquidity, retain operational flexibility and keep interest costs low. In July 2010, we negotiated a 2015 term loan in the GSP joint venture, our share of which is £39.8 million. In November 2010, we replaced the Group's £300 million facility which was due to mature in March 2012 and a £50 million facility which was due to mature in November 2010 with a new £350 million five year unsecured revolving credit facility with a group of relationship banks. The new facility has a margin grid related to gearing which varies from 155 to 230 basis points. In March 2011, we priced a £159.7 million private placement of seven and ten year unsecured notes with a small number of institutional investors. The weighted average interest rate of this new issue is 5.32%, representing a spread over mid swaps of 166 basis points. We will draw down funds from this note placement on 30 June 2011.

Overall we have arranged around £550 million of new debt facilities in the year with terms ranging from 2015 to 2021 so extending the debt maturity profile of the Group.

At 31 March 2011, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £358.8 million, or £518.5 million after the private placement described above. The Group's weighted average interest rate, including joint venture debt for the period, was 4.3%, a decrease of 60 basis points compared to the year to 31 March 2010. This was mainly due to our exposure to low short-term floating rates. At 31 March 2011, 57% of the Group's total debt (including non-recourse joint ventures) was at fixed or capped rates (31 March 2010: 61%). Interest cover for the year improved to 4.0x (year to 31 March 2010: 3.4x).

Cash collection and tenant delinquencies

The quarterly cash collection profile has been broadly similar throughout 2010. For the March 2011 quarter, we secured around 92% of rent within seven working days (March 2010: 93%). Tenants on monthly payment terms represent around 8% of our rent roll. None of our tenants went into administration around 31 March 2011 quarter day (March 2010: four tenants, 0.5% of rent roll).

Taxation

The tax provision on the income statement for the year was £0.9 million (2010: £0.2 million) principally as a result of the REIT conversion charge on the purchase of 35 Portman Square, W1. The low level of underlying taxable profits for the year meant the Group's underlying effective tax rate was 0% (2010: around 1%). The Group complied with all relevant REIT tests for the year to 31 March 2011.

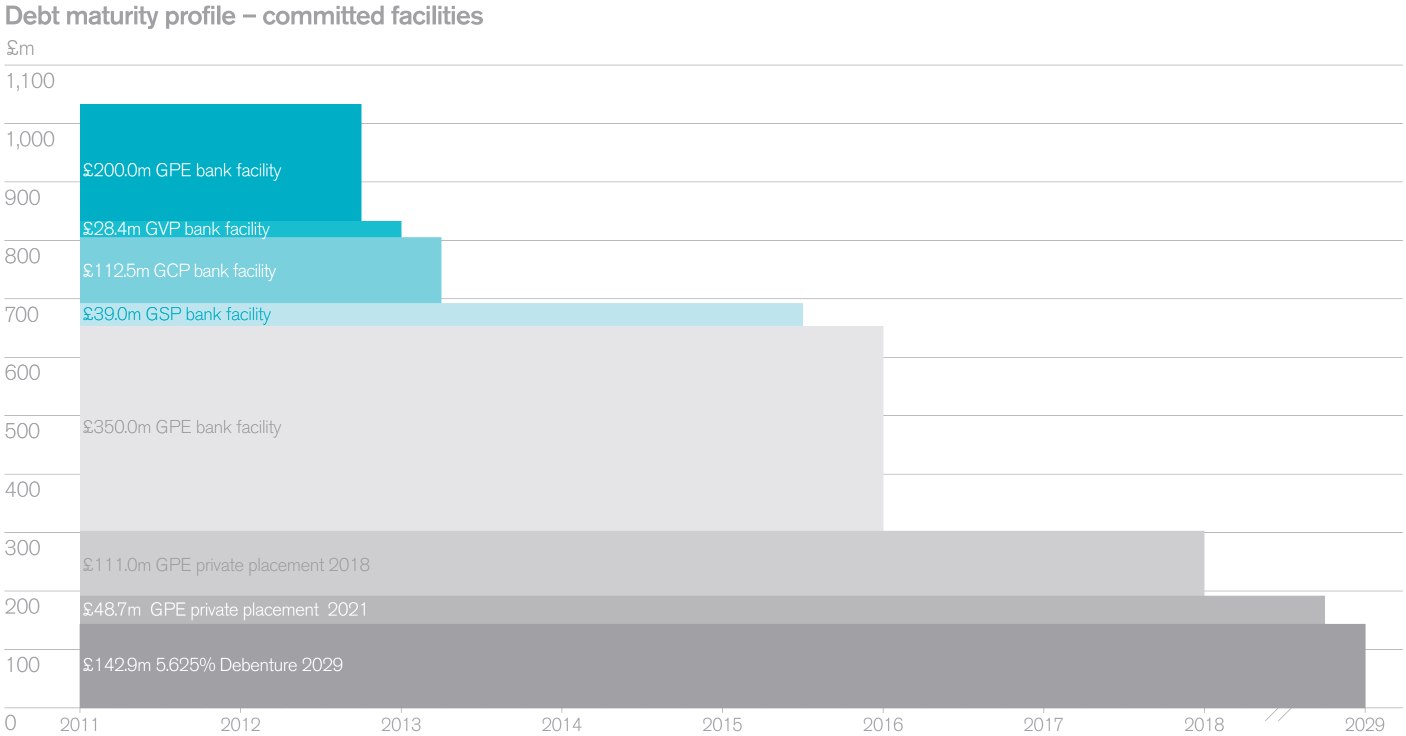
Dividend

The Board has declared a final dividend of 5.1 pence per share (2010: second interim 5 pence) which will be paid in July 2011. Of this dividend 2.8 pence per share will be a REIT Property Income Distribution (PID) in respect of the Group's tax exempt property rental business.

Further information on the tax treatment of dividends can be found on the Group's website at www.gpe.co.uk/investors/reits/

6.8 years

Weighted average debt maturity following this year's transactions.



Outlook

London's investment markets continue to benefit from an excess of demand for assets over supply and, with prices having increased by more than 25% from their lows, it will be more challenging to generate the sorts of returns we have achieved from acquisitions over the past 18 months. As a result, our focus is shifting to the delivery of our major development programme.

In our occupational markets, conditions continue to improve for landlords. Demand from occupiers has picked up and is running at long-term average rates. This, combined with the lack of new supply and low vacancy rates, will provide further rental value increases over the next two to three years.

In the context of these supportive market conditions, GPE is well placed: our high quality portfolio, augmented by attractively priced acquisitions, is rich with opportunities for rental and capital value growth; we have an enviable development pipeline with the potential for significant surpluses in the near term; we've maintained low gearing enabling us both to deliver these schemes and pursue interesting acquisition opportunities as we find them; and we've enhanced our top rated team to help us continue to deliver on our ambitious plans.

These attributes will, we believe, enable Great Portland Estates to continue to outperform.

Directors

Martin Scicluna
BCom, FCA
Chairman, Non-Executive

Appointed to the Board on 1 October 2008 and became Chairman on 16 March 2009. Non-Executive Director and Chairman of the Audit Committee of Lloyds Banking Group and previously Chairman of Deloitte from 1995 to 2007. Age 60.

Chairman of the Nomination Committee.

Toby Courtauld
MA, MRICS
Chief Executive

With MEPC from 1991 to 2002, joined the Group and appointed to the Board in 2002. A Non-Executive Director of Liv-ex Limited and of the London Board of Royal & Sun Alliance and a member of the Management Board of the Investment Property Forum. Member of the Policy Committee and Vice President of the British Property Federation and a director of The New West End Company. Age 43.

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. He will leave the Company on 27 May 2011. Age 45.

Neil Thompson
BSc(Hons), MRICS
Portfolio Director

With Derwent Valley from 1996 to 2002 and previously with Legal & General. Joined the Group in 2002 and appointed to the Board in 2006. Member of the Management Board and Management Executive of the British Council of Offices and Council Member and Member of the Operations Committee of the Westminster Property Association. Age 43.

To see how our Directors are remunerated see pages 102 to 112 →

Charles Irby
FCA
Non-Executive Director

A Non-Executive Director of North Atlantic Smaller Companies Investment Trust and QBE Insurance Group Limited and formerly Chairman of Aberdeen Asset Management. Appointed to the Board in 2004. Age 65.

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

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

Non-Executive Director and Chairman of the Audit Committee of SIG plc and DS Smith Plc. Formerly Group Finance Director of Old Mutual plc from 2006 to 2008 and previously Group Finance Director of Hanson plc. Appointed to the Board in 2009. Age 53.

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

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 51.

Member of the Audit and Nomination Committees.

Jonathan Short
BSc, ACIB
Non-Executive Director

Founding Partner and Executive Chairman of Internos Real Investors LLP, a pan-European real estate investment management business. Non-Executive Director of Big Yellow Group plc, Independent Director to the Grosvenor Shopping Centre Fund and Trustee of the Urban Land Institute. Appointed to the Board in 2007. Age 49.

Member of the Audit and Remuneration Committees.

Our people

How do we motivate our employees?

Achievement of our strategic priorities is dependent upon our company culture of consistent operational success which allows us to attract, develop, motivate and retain talented employees. So what is our culture? Entrepreneurial, pragmatic, with a high level of involvement from senior and executive management and an emphasis on cross discipline teamwork.

How do we maintain this positive culture?

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

Our team

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

Investment management

Our Investment management specialists are responsible for:

- sourcing new assets, sometimes through joint ventures;
- recycling assets out of the portfolio where business plans are complete and further growth is limited; and
- working closely with the Asset Managers and Development Managers in respect of the individual asset business plans.

During the year, we recruited an additional Investment Manager to support our Head of Investment Management in executing our business plans.

See People case study on pages 16 and 17 ←

Toby Courtauld Chief Executive

Asset management

Our Asset Managers and Head of Leasing are responsible for the net income return of our assets and the efficient day-to-day operations of our buildings. Actively engaging with tenants in respect of their changing needs, they ensure timely discussions in respect of new lettings, renewals and rent reviews. In conjunction with the Development team they help to ensure that vacant possession can be achieved for the proposed timing of our developments, wherever possible relocating tenants to other buildings within our portfolio. Our Asset Managers also involve our Head of Financial Reporting and Analysis, to review the strength of prospective tenants' covenants. With a growing number of assets under management and a 2.2 million sq ft near-term development pipeline, an additional Asset Manager and Leasing Manager were recruited in the second half of the year.

Part of the way we consider that we are best able to serve our tenants is through our in-house building management team with regular inspections of our buildings to ensure consistently high service levels and, with a dedicated help desk, to enable emergency and minor repairs to be undertaken on a timely basis. The Building Managers also liaise closely with both our Health & Safety and Environmental Manager and Facilities Manager who undertake site visits with the Building Managers on a rolling basis. During 2011, an Assistant Facilities Manager was employed to help maintain cleaning and security standards and health and safety performance.

Development

Refreshing the fabric of our portfolio is an essential part of the life cycle of our assets, and our Development team manage this process from small scale refurbishments to large scale redevelopments.

Our Health & Safety and Environmental Manager and Head of Leasing are involved early in the development process to ensure health and safety issues are managed effectively and that tenant requirements are appropriately incorporated into the design of our developments and letting campaigns are timed to ensure maximum impact.

Our Development Managers' primary responsibility is for the delivery of development projects in accordance with an asset's business plan which includes managing the design, assessing the viability of the schemes, timely negotiations with the relevant planning authorities and liaising with the Project Managers on the procurement process.

The Group's Project Managers and Building Surveyors working on both new builds and the Group's rolling refurbishment programmes are responsible for the procurement process, budgetary and documentary control compliance with all relevant legislation. To help us execute our development programme, two Development Managers and one Project Manager were recruited during the year.

See our development programme on page 28 ←

To increase the efficiency of our buildings, the Project Managers and Building Surveyors work closely with the Asset Managers, the Energy Manager and Health & Safety and Environmental Manager to identify where improvements can be incorporated in current works or planned into future works. Each development is also reviewed throughout the project to identify ways to maximise efficiency and promote sustainable resource use.

See our CR results on pages 46 to 53 →

Our Development Accountant works closely with the Development and Project Managers in the monitoring of costs and reporting on the financial performance of the Group's development and major refurbishment projects.

Finance and administration

The Finance team incorporates a variety of roles from pure accounting to the provision of insurance for our tenants and it supports all aspects of the wider business.

Our Head of Financial Reporting and Analysis, Group Financial Controller and Joint Venture Accountant ensure timely reporting of the Group's activities, both internally and externally. Our Head of Tax and Treasury is responsible for the Group's funding and hedging arrangements.

As part of our in-house property management service, our Service Charge Accountant generates the annual service charge budget and reconciliations with input from the Asset

“77% of our employees participate in our optional Share Incentive Plan.”

Managers, Building Surveyors and the Health & Safety and Environmental Manager. Our Insurance Manager ensures that our tenants benefit from the economies of scale achieved from our insurance policy buying power communicating with the Asset Managers and the Development Managers as appropriate.

Our Accounts Payable team ensure that our suppliers are paid in accordance with the terms and conditions agreed between the Company and the supplier.

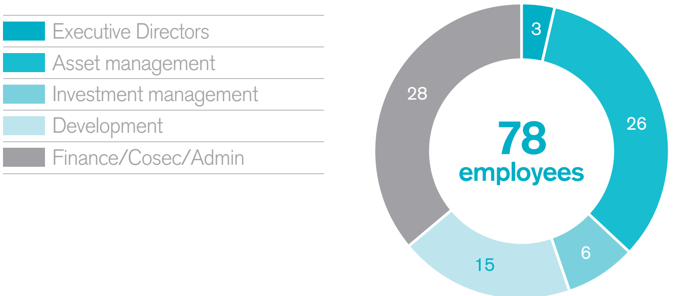
Our Credit Controller carefully monitors the Group’s cash collection and liaises with the Asset Managers where appropriate in respect of individual tenants. With an increasing number of tenants and the intention of bringing the management of the GSP in-house during the course of 2011, we have recruited a Sales Ledger Clerk to help support our Credit Controller.

See financing activities in our Financial review on page 34 ←

The Tax team is responsible for the Group’s tax compliance and reporting requirements and play a key role in the acquisition and disposal of properties with the Investment Management team. Our IT team provide support across the Group and are responsible for regularly reviewing the Group’s business continuity plan.

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

Number of employees 2011



Retention, remuneration and training

Average period of service

A significant proportion of remuneration for all employees is performance related, based on a combination of a corporate target of the Group’s Total Property Return outperformance against the relevant IPD central London index, and personal objectives, with the intention of aligning the interests of our people with those of the Company and its shareholders. In 2010, following approval by shareholders at the Annual General Meeting, 77% of our employees joined our ‘two for one’ Share Incentive Plan open to all staff. We are pleased that our overall retention rate remains high at 94% per annum with 16% of employees enjoying some form of flexible working practices including reduced and variable hours.

94%

Employee retention rate.

Great Portland Estates' culture is grounded in mutual respect and non-discrimination irrespective of age, disability, gender, race, religion, sexual orientation or educational background. Performance reviews are undertaken every six months. The Company encourages career development through the provision of relevant training with funding and study leave to support professional development, including formal training for professional qualifications, external degrees and vocational skills. During the year £28,264 was invested in formal staff training providing 1,288 hours of training. Training programmes provided during the year included business related topics, sustainability actions, the Bribery Act, key risk areas and personal skills development.

Following feedback from new joiners last year we have formalised our induction process to provide new employees with a structured bespoke introduction to the Group through formal meetings with relevant employees across the teams together with property tours and training in 'the GPE way' to help people understand our culture from the very start, which has been well received by those employees joining during the year.

Total number of training hours

Employee engagement and communication

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

As part of the 2010 half year appraisal process, employees were asked to complete a communication survey to identify areas where we could improve communication across the Group. As a result of the survey, a number of initiatives have either taken place or have been planned for the course of 2011 including:

- the review of authorisation levels to ensure processes are streamlined where possible;
- the updating of individuals roles and responsibilities;
- the refocus of a number of team meetings;
- the setting up an IT User group to help prioritise IT projects, to update the Company website and to develop a group intranet;
- the involvement of more employees in the presentations at the Quarterly Reviews; and
- to increase the number of tours of recent acquisitions and presentations on developments to ensure all employees have a good understanding of the attributes and plans for the buildings.

Employee remuneration, development and communication through the year

Month	
April	Formal feedback to employees of salary reviews and discretionary bonuses
	Feedback from performance review from Line Managers to Executive Committee and proposed actions and review of employee training needs.
May	Achievement of the Group's sustainability objectives and targets for the previous year is communicated to all employees.
	Quarterly Review – formal presentation to all employees on the Group's results by the Executive Directors 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.
January/February	Market review and benchmarking of employee salaries.
February	Following input from employees the CR Working Group finalise the Group's corporate sustainability objectives and targets for the forthcoming year and communicate to all employees.
	Employees are informed of the year end performance review process and the focus of objectives and targets for the forthcoming year.
March	Pre-performance review meeting held between Chief Executive, Company Secretary and Line Managers.
	Employees are informed of the year-end performance review process and the focus of objectives and targets for the forthcoming year.
	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.
	Training provided to members of the investment management, asset management and development teams on: – improvements made to policies and procedures; – changes in documentation required to evidence decisions as a result of the Bribery Act; and – sustainability matters that should be addressed on refurbishments and developments.
	Sustainability update seminar for the investment management, property management and development teams to highlight changes in the Group's sustainability objectives and highlight improvements made in the Group's management of energy, waste and water.
	Remuneration Committee review of remuneration levels proposed for all employees and Senior Manager salary levels, bonuses and LTIP awards.
	Quarterly Review – formal presentation to all employees by the Chief Executive followed by a question and answer session.

Remuneration | Development | Communication

Risk management

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

Board oversight

Board meetings
Audit Committee
Remuneration Committee

Operational Committees

Executive Committee – weekly

Leasing co-ordination weekly	Investment weekly	Financial management weekly
Asset management weekly	Environmental policy bi-monthly	Corporate responsibility monthly

Policies for highlighting and controlling risk

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

Procedures and internal controls

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

People and culture

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

Business risk

Risk management

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

Risk and impact	Mitigation	Change From last year	Commentary
Market risk			
Central London real estate market underperforms other UK property sectors leading to poor relative financial results	Research into the economy and the investment and occupational markets is evaluated as part of the Group's annual strategy process covering the key areas of investment, development and asset management and updated regularly throughout the year.	→	The central London real estate market has considerably out performed the wider UK Market during the year ended 31 March 2011, demonstrated by IPD's central TPR exceeding IPD's universe by 6.7 percentage points and the outlook continues to be favourable. Our market pages 20 to 23 ←
Economic recovery falters resulting in worse than expected performance of the business given decline in economic output	Regular economic updates received and scenario planning for different economic cycles. 46% of income from committed developments secured.	→	Whilst the economic environment appears to have stabilised and take up has increased markedly on last year, there remains the continued downward pressure from the Eurozone Sovereign debt crisis and the impact of the Government's austerity measures have yet to be seen. Our market pages 20 to 23 ←
Investment			
Not sufficiently capitalising on market investment opportunities through difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and mistimed recycling of capital	The Group has dedicated resources whose remit is to constantly research each of the sub-markets within central London seeking the right balance of investment and development opportunities suitable for current and anticipated market conditions. Detailed due diligence is undertaken on all acquisitions prior to purchase to ensure appropriate returns. Business plans are produced on an individual asset basis to ensure the appropriate choice of those buildings with limited relative potential performance.	↓	With independent forecasts indicating that capital values are expected to rise over the near to medium term, limited disposals were made during the year. The Group has committed in excess of £370 million since its Rights Issue in May 2009 equating to nearly a quarter of the portfolio at 31 March 2011. With the market having risen from the low of 2009, the risk of missing compelling acquisitions has lessened. Our market pages 20 to 23 ← Case studies pages 8 to 11 ←
Asset management			
Failure to maximise income from investment properties through poor management of voids, mispricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	The Group's in-house asset management and leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments.	→	The Group continues to maintain a low void rate which was 2.7% at 31 March 2011. Tenant delinquencies were less than 1% of the rent roll for the year to 31 March 2011. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. Asset management pages 26 and 27 ← Case study pages 12 and 13 ←
Development			
Poor development returns relating to: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – level of development undertaken as a percentage of the portfolio; – level of speculative development; – contractor availability and insolvency risk; – quality of the completed buildings; and – poor development management	See market risk above. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. 46% of income from committed developments secured. Due diligence is undertaken of the financial stability of demolition and main contractors prior to awarding of contracts. Working with agents, potential occupiers' needs and aspirations are identified during the planning application and design stages. All our major developments are subject to BREEAM ratings with a target to achieve a rating of "Very Good" on major refurbishments and "Excellent" on new build properties.	↑	With forecasted supply of central London office space expected to be scarce in the near to medium term, the Group has embarked on a near-term development programme to capitalise on the expected resulting rental growth. The Group's exposure to development risk has increased accordingly. Development pages 28 and 29 ← Case study pages 14 and 15 ←

Risk and impact	Mitigation	Change From last year	Commentary
Financial risks			
Limited availability of further capital constrains the growth of the business	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.	↓	Since 31 March 2010, the Group has refinanced all of its 2012 debt maturities. Pro forma undrawn cash and committed credit facilities are £518 million. Our financial position pages 32 to 35 ← Note 16 forming part of the Group financial statements pages 74 to 77 →
Adverse interest rate movements reduce profitability	Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives.	→	With the strength of economic recovery still uncertain, the timing of interest rate rises remains unclear. Our financial position pages 32 to 35 ← Note 16 forming part of the Group financial statements pages 74 to 77 →
Inappropriate capital structure results in suboptimal NAV per share growth	Regular review of current and forecast debt levels.	→	The Group's existing capital structure is well placed to take advantage of opportunities as they arise and to deliver our near-term development programme. Our financial position pages 32 to 35 ←
People			
Correct level, mix and retention of people to execute our Business Plan. Strategic priorities not achieved because of inability to attract, develop, motivate and retain talented employees	Regular review is undertaken of the Group's resource requirements. The Company has a remuneration system that is strongly linked to performance and a formal appraisal system to provide regular assessment of individual performance and identification of training needs.	→	With increased levels of activity, the Group has strengthened and broadened its team and the process to appoint a new Finance Director is ongoing. At the 2010 AGM, shareholders approved a new Long Term Incentive Plan. Our people pages 38 to 42 ← Remuneration report pages 102 to 112 →
Regulatory			
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base and reduces flexibility	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies.	↑	During the year new Building Regulations came into effect requiring further reductions on carbon emissions whilst the risk to the Group from increasing regulation having unforeseen consequences and the impact of certain EU directives including the AIFM directive continues to be uncertain. Property industry representation page 47 → Corporate responsibility targets pages 48 to 51 →
Health and safety incidents Loss of or injury to employees, contractors or tenants and resultant reputational damage	The Company has dedicated Health & Safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively address key Health & Safety areas including employee, contractor and tenant safety. On developments, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors.	↑	The Group had no reportable accidents during the year, however, as a result of our near-term development programme we have increased exposure to health and safety incidents on our development sites. Corporate responsibility targets pages 52 and 53 →

Corporate responsibility

Great Portland Estates recognises that managing and balancing environmental, social and economic issues is key to ensuring the long-term sustainability of its business and is integral to the Group's operating approach.

During the course of the year ended 31 March 2011 the Group has:

- implemented Energy Actions Plans in place for each building to help to improve the energy efficiency of our portfolio;
- begun implementation of a new energy management software system to record meter readings and energy consumption to provide better reporting on energy figures both internally and to tenants;
- fully achieved 24 out of 40 of its corporate responsibility and sustainability targets;
- updated its Sustainability Framework;
- maintained our position as a leading company for transparency and disclosure evidenced by external recognition;
- made targeted improvements to the local environment surrounding significant parts of the Group's portfolio to maximise appeal to current and prospective tenants; and
- been actively involved on numerous committees within organisations serving to promote and develop the property industry.

Board oversight

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

See how we have progressed against our targets on pages 48 to 53 →

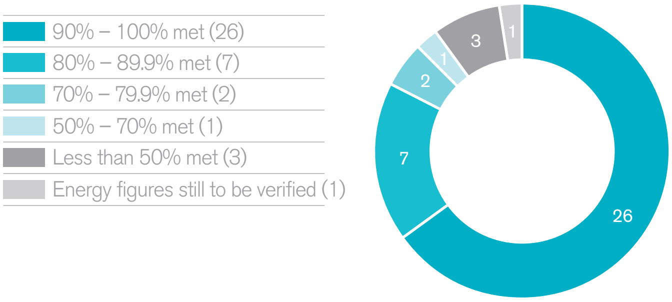
In addition, the Board receives annual reports on the environment, health and safety and corporate responsibility and regular reports during the course of the year from Toby Courtauld and Timon Drakesmith on health and safety and environmental matters, where appropriate.

Energy Action Plans

Our Energy Action Plans have identified a number of opportunities to improve our energy efficiencies across our portfolio. During the year, we have installed more energy efficient light fittings at 61% of our buildings, and made enhancements to over 31% of the portfolio through improvements to our boiler and air conditioning equipment, increased insulation and installation of secondary glazing. Where large scale alterations have been recommended, these have been included within our ongoing refurbishment programme.

Objectives and targets

Progress against our 40 corporate responsibility and sustainability targets



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

At the beginning of 2010 we set a total of 40 corporate responsibility and sustainability targets covering the key areas of:

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

Twenty four of these were fully achieved. If targets were not achieved, we analysed the reasons for failure and, as appropriate, changed our procedures and, where relevant, included them again for 2011/2012 to emphasise our commitment.

See pages 48 to 53 for our progress against our targets →

2010/11 awards

Building Public Trust Awards 2010
Winner of 'Excellence in Reporting'
in the FTSE 250

Full details of the Group's 2010/2011 and 2011/2012 objectives and targets can be found on the Company's website at www.gpe.co.uk/corporate_responsibility/.

To ensure the highest level of achievement, where appropriate, elements of the Group's objectives and targets are also included within individual employees' objectives and targets.

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

Business ethics

We aspire to the highest standards of conduct based on honesty and transparency in everything we do and our Ethics policy sets out the Company's approach in its relations with tenants, the local community, shareholders and other investors, employees, suppliers, and the government. All employees have a part to play in upholding our standards and we raise awareness of these responsibilities through the acceptance and sign-off of the policy by all employees. During the year we also updated our whistleblowing policy to cover both employees and those who work with the company in respect of their obligations under the Bribery Act 2010.

See our Ethics and whistleblowing policies at www.gpe.co.uk/corporate_responsibility/ethics_policy/

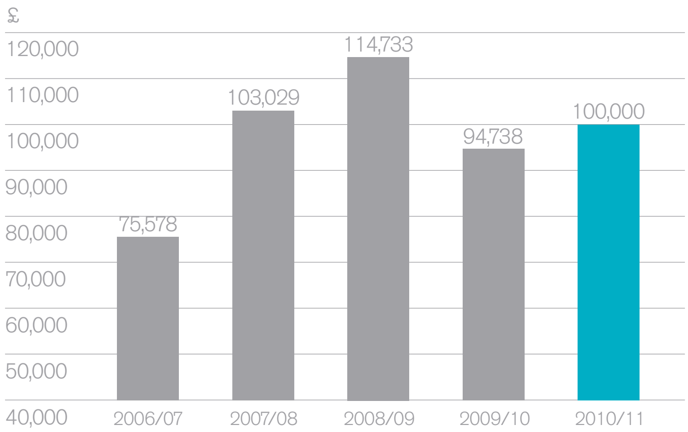
In September 2010 we were awarded a gold award by EPRA for our 2010 Annual Report, in October 2010 we were delighted to win PwC's Building Public Trust Award FTSE 250 "Excellence in Reporting" and in November 2010 we won the Investor Relations Society Best Practice Awards 2010 for the most effective overall Annual Report in the FTSE 250.

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

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

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

New West End Company contributions



Neil Thompson serves on the Operations Committee of the Westminster Property Association ("WPA") an association of property owners and their advisers in the City of Westminster which actively lobbies Westminster City Council and the London Mayor's office on a full range of planning related topics aimed at improving development within the West End. Neil Thompson is also on the Management Board and Management Executive of the British Council of Offices involved in the research, development and communication of best practice in all aspects of the office sector.

Toby Courtauld and Timon Drakesmith also serve on the British Property Federation which addresses a range of issues affecting the property industry including construction, sustainability, finance, regeneration, development, commercial and insurance matters.

Corporate responsibility

How we performed against our key corporate responsibility objectives

Stakeholder	Value Statement	Risk	Strategy	Objective
Tenants	The Group is committed to effective environmental management and regards regulatory compliance as a minimum standard	Poor development returns relating to the quality of completed buildings	To improve, where appropriate, the environmental performance of the Group's buildings, through development or asset management initiatives Environmental Policy Committee established to ensure appropriate environmental policies in place for changing legislation	To encourage all contractors and consultants to adopt similar environmental policies and standards to the Company
				To monitor and seek to reduce resource consumption
				To consider environmental issues during acquisition, development and refurbishment
				To understand the risk to the portfolio if water main pressure is reduced by Thames Water
Tenants and the Community	To carry out our property developments and refurbishments to create high quality, efficient accommodation having regard to their effect on our tenants, our neighbours and the community	Poor development returns relating to poor development management	Regular liaison between Development Managers, Asset Managers and Contractors during development process Tenant Action Plans to be in place for all developments Suppliers made aware of the Group's principles and their responsibilities under Health & Safety and Environmental areas	To minimise disruption to tenants in situ during developments

2011 Target	Achieved	Commentary
1. To undertake a BREEAM audit for all projects over 50,000 sq ft with the aim of achieving a minimum scoring of "very good" on refurbishments and "excellent" on new builds 2012 target	Not applicable	No projects over 50,000 sq ft were completed in 2010/11.
2. To ensure that all new developments achieve an EPC rating of 'B' and on refurbishments, the existing EPC rating to be improved by a minimum of one grade 2012 target	100%	
3. To carry out a post occupation audit on Bermondsey developments six months after 50% occupation	In progress	Our post occupation audit for Bermondsey Street will be completed in June 2011.
4. To identify properties at risk in the event water pressure is reduced (i.e. mains fed) and establish work required to change to boosted supply	100%	We have implemented works at 14/17 Market Place to ensure good water pressure throughout the property. Works at other high risk properties are now being integrated into refurbishment plans.
5. All developments and refurbishments to have a Tenant Action Plan 2012 target	100%	By using our Tenant Action Plan at Marcol House we were able to ensure both our tenants and neighbouring tenants' businesses were affected as little as possible by the demolition works at the building.
6. Asset Managers and Project Managers to undertake a post completion evaluation of the Tenant Action Plan for all developments and refurbishments over 5,000 sq ft within three months of practical completion. 2012 target	90%	"Thank you for scheduling your demolition works to ensure they took place outside of key times during our Conference. You definitely lived up to the description of 'a considerate constructor.'" **Dr Mohammed Abdel-Haq** CEO, Barwa Capital UK Limited

Refurbishment projects due for completion by March 2012

Property	BREEAM Target
24/25 Britton Street	Very good
14/20 St Thomas Street	Very good
28/29 Savile Row	Very good

New build projects started during the year 2010/11

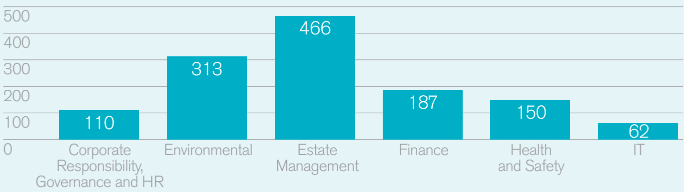
Property	BREEAM Target
Marcol House	Excellent
75/79 Wigmore Street	Excellent

Property	Benchmark	Original EPC rating	BREEAM Target
24/25 Britton Street	E	D	C*
126/130 Regent Street	E	D	C*
1/1B Dean Street	F	E	D
14/17 Market Place	E	D	C
71 Kingsway	E	D	C
33/34 Gresse Street	C	E	C
75/79 Wigmore Street	E	F	B*

* Targeted

How we performed against our key corporate responsibility objectives (continued)

Stakeholder	Value Statement	Risk	Strategy	Objective
Tenants	The Group is committed to effective environmental management and regards regulatory compliance as a minimum standard	Adverse regulatory risks	Environmental Policy Committee established to ensure appropriate environmental policies in place for changing legislation To improve, where appropriate, the environmental performance of the Group's buildings, through development or asset management initiatives	To monitor and seek to reduce resource consumption
Suppliers	To encourage suppliers to follow similar corporate responsibility principles as the Group	Adverse regulatory risks	Suppliers made aware of the Group's principles and in particular, their responsibilities under Health & Safety and Environmental areas	To monitor and seek to reduce resource consumption
Employees	To attract, motivate, develop and retain the best people	Inability to motivate and develop talented employees	To provide a working environment which is stimulating and challenging with strong corporate values of integrity and professionalism within an open culture to give employees the opportunity to reach both personal and professional goals whilst delivering business targets	To ensure employee personal development through relevant training To keep employees more informed of business activities

2011 Target		Achieved	Commentary
7.	To ensure 100% of new energy contracts placed are on green energy tariffs, where green tariff rates are available and within 10% of the rate for brown energy	100%	"A clear strategy on energy conservation is imperative. Our Energy Action Plans form the first stage of this process. These plans will be used at every stage of the property's life cycle and will assist us in improving our energy performance across the portfolio. By improving our energy performance we aim to provide savings to tenants through reduced energy costs and resultant Carbon Reduction Energy Efficiency Scheme charges." **Janine Cole** Safety, Health and Environment Manager (SHE) Manager 
8.	To establish Building Specific Energy Action Plans for all properties in the managed portfolio and to ensure appropriate actions are implemented 2012 target	98%	
9.	Aim to reuse or recycle 90% of non-hazardous demolition waste and 75% of construction waste by weight for projects covered by a Site Waste Management Plan 2012 target 80% of construction waste to be reused or recycled	100%	 "At Marcol House we have succeeded in diverting over 95% of demolition waste from landfill." **Helen Dawson** Project Manager
10.	To engage with cleaning and waste contractors to increase the quantity of waste diverted from landfill from our managed properties based on 2009/10 data	100%	 "During 2010/11 all of our cleaning contracts were retendered to ensure our contractors maximise their efforts to divert waste from landfill." **Sam Keane** Facilities Manager
New for 2012	To reduce energy consumption by 12% on a normalised basis for common parts on the 2009/10 baseline by 2014/15 To divert 90% of managed waste from landfill		
11.	To provide an average of at least one day's training a year per employee 2012 = 1.5 days	100%	See our people on pages 38 to 42 ← Total number of training hours 
12.	To provide property industry specific sustainability update seminars on a quarterly basis 2012 target	100%	In advance of our participating in Phase 2 of the Carbon Reduction Commitment Energy Efficiency Scheme our quarterly sustainability seminars included a briefing for both our property and finance teams on the implications of the scheme for our business.
13.	To revisit our Sustainability Frameworks during 2010 to ensure up to date with legislation and best practice and ensure changes communicated to employees 2012 target	100%	The key change to our Sustainability Framework was to ensure our contractors and professional teams consider the diversion of waste from landfill throughout the development process as part of our signing the Waste Resources Action Programme ('WRAP') commitment to halve waste to landfill by 2012.
New for 2012	To launch an intranet site to keep employees informed of the Group's performance and plans		

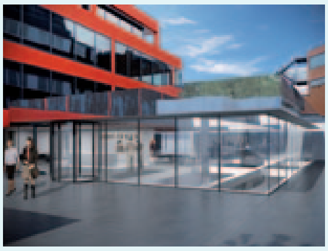
How we performed against our key corporate responsibility objectives (continued)

Stakeholder	Value statement	Risk	Strategy	Objective
Employees	To provide employees with a good and safe working environment	Loss of or injury to employees and resultant reputational damage	The Group employs a Safety, Health & Environmental Manager, reporting directly to the Finance Director, Timon Drakesmith, to manage and review health & safety compliance	To provide a safe and healthy working environment for all employees
Tenants and the Community and Suppliers	To provide tenants with a safe working environment	Loss of or injury to tenants, the public and contractors and resultant reputational damage	The Group employs a Safety, Health & Environmental Manager, reporting directly to the Finance Director, Timon Drakesmith, to manage and review health & safety compliance. A Health and Safety Management System designed to comply with ISO 18001 requirements is maintained for all properties managed by the Group, and includes on-site inspections changes in legislation, the development of new procedures and the allocation of resources to health & safety	To provide a safe and healthy working environment for tenants and visiting members of the public
Tenants	To be responsive to tenant queries, and to work with them, as their needs change to provide them with appropriate space	Failure to maximise income from investment properties	To undertake property management in-house Building and Asset Managers responsible for individual buildings Help desk provided for tenants	To improve and promote services to tenants To improve tenant retention

2011 Target	Achieved	Commentary
14. To achieve zero injury days lost amongst employees as a result of workplace accidents 2012 target	100%	Health and Safety statistics (see table below)
15. To achieve zero reportable incidents 2012 target	100%	
16. To achieve zero notices of fines 2012 target	100%	
17. Asset Managers to meet with tenants twice a year and Building Managers to visit individual buildings at least once a week 2012 target	90%	By keeping close to our tenants we are able to work with them to meet their changing needs. See Britton Street case study pages 12 and 13 ←
18. Customer satisfaction ratings on tenant surveys carried out in 2010/11 to be at least equal to previous year or better 2012 target	81%	"Our tenant survey is an important measure of how our facilities management services are viewed by our tenants and help to inform us on how contractors are achieving against their Key Performance Indicators." **Chris Donker** Assistant Facilities Manager
New for 2012 To achieve a tenant retention rate of over 65% (i.e. tenant renews at lease expiry or does not exercise its break option) at our investment properties		

Health and Safety statistics

	2009	2010	2011
Number of reportable injuries	1	2	0
First aid injuries	6	5	5
Three day injuries	1	1	0
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	3	0	0
Number of employee days off work from injury	0	0	0



Our properties and tenants

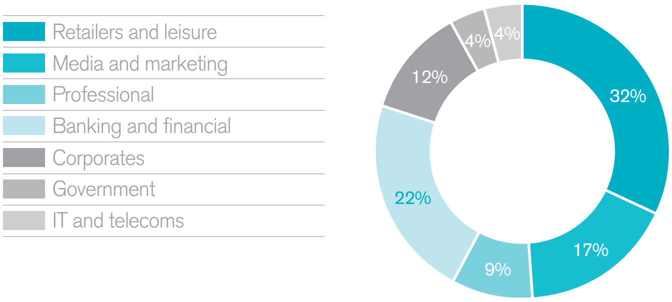
Ownership	Property name	Location	Tenure	Rent roll (GPE share)	Net internal area
£50 million plus					
100%	Wells & More	Noho	FH	4,498,000	123,200
100%	Hanover Square Estate	Rest of West End	FH	2,054,000	105,800
100%	60 Great Portland Street	Noho	FH	4,446,000	93,500
50%	508/540 Oxford Street	Noho	LH	3,410,500	88,400
100%	Marcol House	Noho	LH	299,000	102,600
100%	90 Queen Street	City & Southwark	FH	3,485,000	68,400
100%	35 Portman Square	Noho	LH	4,243,000	73,000
50%	Bishopsgate Estate	City & Southwark	LH	200,000	257,300
100%	14/17 Market Place	Noho	LH	2,923,000	59,300
100%	20/30 Great Titchfield Street	Noho	FH	2,868,000	66,900
50%	City Place House	City & Southwark	LH	3,697,500	177,000
£40 million – £50 million					
100%	160 Great Portland Street	Noho	FH	70,000	89,900
50%	Jermyn Street Estate	Rest of West End	LH	3,280,000	132,500
100%	20 St James's Street	Rest of West End	LH	2,251,000	55,500
100%	73/89 Oxford Street	Rest of West End	LH	2,506,000	82,200
£30 million – £40 million					
50%	Wigmore Street Island Site	Noho	FH	279,000	111,400
100%	14/20 St Thomas Street	City & Southwark	FH	2,385,000	100,300
50%	Park Crescent West	Noho	LH	1,055,500	129,500
100%	184/190 Oxford Street	Noho	LH	829,000	25,900
50%	26/40 Kensington High Street	Rest of West End	FH	1,490,500	120,000
£20 million – £30 million					
50%	100 Regent Street and 33 Glasshouse Street	Rest of West End	LH	1,336,500	53,100
50%	19/25 Argyll Street	Rest of West End	LH	1,690,000	64,800
100%	78/92 Great Portland Street	Noho	FH	1,195,000	49,400
50%	26/30 Broadwick Street	Rest of West End	FH	1,272,500	70,500
100%	10/12 Cork Street	Rest of West End	LH	1,334,000	21,400
100%	27/35 Mortimer Street	Noho	FH	1,003,000	31,700
100%	Fetter Lane	City & Southwark	FH/LH	–	53,600
100%	46/58 Bermondsey Street	City & Southwark	FH	1,145,000	46,800

Ownership	Property name	Location	Tenure	Rent roll (GPE share)	Net internal area
£10 million – £20 million					
50%	City Tower	City & Southwark	LH	1,728,500	133,600
100%	24/31 Holborn	City & Southwark	FH	458,000	64,200
100%	24/25 Britton Street	City & Southwark	FH/LH	21,000	49,300
100%	192/194 Oxford Street	Noho	LH	788,000	10,000
50%	288/300 Regent Street & 13/14 Great Castle Street	Noho	LH	892,500	52,100
100%	28/29 Savile Row	Rest of West End	LH	231,000	15,300
50%	103/113 Regent Street	Rest of West End	LH	1,225,000	52,800
50%	126/130 Regent Street	Rest of West End	LH	848,000	30,800
100%	14/28 Shand Street	City & Southwark	FH	966,000	56,400
100%	33/35 Gresse Street and 23/24 Rathbone Place	Noho	FH	806,000	24,200
50%	Park Crescent East	Noho	LH	725,000	109,800
100%	6/10 Market Place	Noho	FH	746,000	18,400
100%	37/41 Mortimer Street	Noho	FH	635,000	24,700
100%	59/63 Wells Street	Noho	FH	920,000	25,300
50%	40/48 Broadway & 1/15 Carteret St	Rest of West End	LH	333,000	73,900
100%	Newman Street	Noho	LH	–	25,200
50%	240 Blackfriars Road	City & Southwark	FH	–	–
Below £10 million					
100%	65/71 and 75 Bermondsey Street	City & Southwark	FH	603,000	25,100
50%	48/54 Broadwick Street	Rest of West End	FH	483,000	29,600
100%	32/36 Great Portland Street	Noho	FH	314,000	12,900
50%	67/75 Kingsway	City & Southwark	FH/LH	375,000	31,100
50%	201/207 Kensington High Street	Rest of West End	FH/LH	371,500	17,600
50%	122/124 Regent Street	Rest of West End	LH	279,000	8,800
100%	183/190 Tottenham Court Road	Noho	LH	339,000	11,900

Key: FH = Freehold or virtual Freehold
LH = Leasehold

Top 10 tenants	Percentage of rent roll
1 The Engine Group Limited	5.5%
2 Intesa Sanpaulo S.p.A	4.2%
3 New Look Limited	3.7%
4 Fallon London Limited	2.2%
5 Cleary Gottlieb Steen & Hamilton LLP	2.0%
6 Secretary of State for Communities and Local Government	1.8%
7 Austin Reed Limited	1.8%
8 Ahli United Bank (UK) Plc	1.7%
9 Next Group plc	1.4%
10 Russell & Bromley Limited	1.3%
Total	**25.6%**

Tenant diversity including share of joint ventures



Portfolio statistics at 31 March 2011

Lease profile

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	24.2	0.8	25.0	2.4	0.2	2.6	27.6
		Retail	4.7	0.1	4.8	4.3	1.0	5.3	10.1
	Rest of West End	Office	3.5	0.1	3.6	7.3	0.6	7.9	11.5
		Retail	2.6	0.8	3.4	5.3	–	5.3	8.7
	Total West End		**35.0**	**1.8**	**36.8**	**19.3**	**1.8**	**21.1**	**57.9**
	City and Southwark	Office	8.2	1.6	9.8	5.9	1.1	7.0	16.8
		Retail	0.9	0.4	1.3	0.1	–	0.1	1.4
	Total City and Southwark		**9.1**	**2.0**	**11.1**	**6.0**	**1.1**	**7.1**	**18.2**
Total let portfolio			**44.1**	**3.8**	**47.9**	**25.3**	**2.9**	**28.2**	**76.1**
Voids					1.5			1.3	2.8
Premises under refurbishment					11.3			14.1	25.4
Total portfolio					**60.7**			**43.6**	**104.3**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length years	EPRA vacancy %	Rent roll secure for five years %	Weighted average lease length years	EPRA vacancy %
London	North of Oxford Street	Office	39.9	5.3	2.8	0.4	2.5	7.5
		Retail	62.3	5.3	1.8	75.7	8.3	–
	Rest of West End	Office	–	1.7	–	17.3	3.5	2.1
		Retail	6.0	2.1	4.0	76.1	11.4	0.5
	Total West End		**36.1**	**4.7**	**2.4**	**45.5**	**6.7**	**3.8**
	City and Southwark	Office	53.1	5.8	2.3	62.2	5.2	0.7
		Retail	72.2	9.1	1.1	83.3	9.4	–
	Total City and Southwark		**54.9**	**6.2**	**2.7**	**62.7**	**5.3**	**0.9**
Total let portfolio			**40.0**	**5.0**	**2.5**	**49.7**	**6.4**	**3.0**

Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	40	48	26	44	4.2	5.2	3.8	5.2
		Retail	29	39	70	82	4.5	5.0	4.8	4.9
	Rest of West End	Office	30	33	36	38	3.1	4.4	5.2	5.4
		Retail	43	61	48	48	2.7	4.4	4.7	4.9
	Total West End		**37**	**45**	**42**	**45**	**3.8**	**4.9**	**4.8**	**5.1**
	City and Southwark	Office	26	32	35	38	3.9	6.0	3.8	6.2
		Retail	21	33	39	38	4.1	5.8	6.1	6.5
	Total City and Southwark		**26**	**32**	**35**	**37**	**3.9**	**5.9**	**3.8**	**6.2**
Total portfolio			**34**	**41**	**40**	**42**	**3.8**	**5.1**	**4.5**	**5.4**

Financials

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

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Group income statement

For the year ended 31 March 2011

	Notes	2011 £m	2010 £m
Total revenue	2	**73.6**	54.9
Net rental income	3	**63.7**	45.7
Joint venture fee income	12	**4.1**	3.0
Rental and joint venture fee income		**67.8**	48.7
Property expenses	4	**(4.0)**	(4.0)
Net rental and related income		**63.8**	44.7
Administration expenses	5	**(17.3)**	(12.6)
Development management income		**–**	0.1
Operating profit before surplus on investment property and results of joint ventures		**46.5**	32.2
Surplus from investment property	10	**131.3**	89.8
Share of results of joint ventures	12	**97.9**	59.0
Operating profit		**275.7**	181.0
Finance income	6	**2.2**	0.4
Finance costs	7	**(13.8)**	(13.2)
Charge on 2010 cancellation of derivatives	7	**(3.1)**	(11.6)
Profit before tax		**261.0**	156.6
Tax	8	**(0.9)**	(0.2)
Profit for the year		**260.1**	156.4
Basic and diluted earnings per share	9	**83.8p**	55.5p
EPRA earnings per share	9	**16.0p**	10.0p

All results are derived from continuing operations.

Group statement of comprehensive income

For the year ended 31 March 2011

	2011 £m	2010 £m
Fair value movement on derivatives in effective hedging relationships	**–**	0.2
Fair value movement on derivatives in joint venture in effective hedging relationships	**2.0**	0.1
Charge on 2010 cancellation of derivatives	**3.1**	11.6
Actuarial deficit on defined benefit scheme	**(0.2)**	(1.0)
Deferred tax on actuarial deficit on defined benefit scheme	**–**	0.2
Net profit recognised directly in equity	**4.9**	11.1
Profit for the year	**260.1**	156.4
Total comprehensive income and expense for the year	**265.0**	167.5

Group balance sheet

At 31 March 2011

	Notes	2011 £m	2010 £m
Non-current assets			
Investment property	10	**1,049.5**	774.9
Development property, plant and equipment	11	**1.2**	1.2
Investment in joint ventures	12	**449.8**	332.4
		1,500.5	1,108.5
Current assets			
Trade and other receivables	13	**21.7**	32.8
Corporation tax receivable		**–**	0.8
Cash and cash equivalents		**3.0**	45.7
		24.7	79.3
Total assets		**1,525.2**	1,187.8
Current liabilities			
Trade and other payables	14	**31.5**	30.6
Corporation tax payable		**0.1**	–
		31.6	30.6
Non-current liabilities			
Interest-bearing loans and borrowings	15	**352.1**	278.3
Obligations under finance leases	17	**28.5**	2.0
Pension liability	23	**0.3**	0.2
		380.9	280.5
Total liabilities		**412.5**	311.1
Net assets		**1,112.7**	876.7
Equity			
Share capital	18	**39.1**	39.1
Share premium account		**218.1**	218.1
Hedging reserve		**(1.5)**	(4.6)
Capital redemption reserve		**16.4**	16.4
Retained earnings		**844.6**	608.0
Investment in own shares	19	**(4.0)**	(0.3)
Total equity		**1,112.7**	876.7
Net assets per share	9	**359p**	280p
EPRA net assets per share	9	**360p**	283p

Approved by the Board on 24 May 2011 and signed on its behalf by

Toby Courtauld
Chief Executive

N.T. Drakesmith

Timon Drakesmith
Finance Director

Group statement of cash flows

For the year ended 31 March 2011

	Notes	2011 £m	2010 £m
Operating activities			
Operating profit		**275.7**	181.0
Adjustments for non-cash items	20	**(223.7)**	(150.3)
Decrease/(increase) in receivables		**18.6**	(26.2)
Increase in payables		**2.7**	2.9
Cash generated from operations		**73.3**	7.4
Interest received		**–**	0.4
Interest paid		**(11.7)**	(12.5)
Cash flows from operating activities		**61.6**	(4.7)
Investing activities			
Purchase of interest in joint ventures		**–**	(44.0)
Distributions from joint ventures		**28.8**	40.7
Purchase and development of property		**(259.2)**	(55.2)
Sale of properties		**114.1**	168.7
Cash flows from investing activities		**(116.3)**	110.2
Financing activities			
Issue of share capital – net proceeds from Rights Issue		**–**	166.4
Borrowings drawn/(repaid)		**73.1**	(100.0)
Termination of derivatives		**–**	(18.2)
Purchase of derivatives		**–**	(2.3)
Funds from joint ventures		**(29.3)**	(86.1)
Purchase of own shares		**(5.7)**	(3.5)
Equity dividends paid		**(26.1)**	(23.4)
Cash flows utilised in financing activities		**12.0**	(67.1)
Net (decrease)/increase in cash and cash equivalents		**(42.7)**	38.4
Cash and cash equivalents at 1 April		**45.7**	7.3
Cash and cash equivalents at balance sheet date		**3.0**	45.7

Group statement of changes in equity

For the year ended 31 March 2011

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

Group statement of changes in equity

For the year ended 31 March 2010

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

*Net of issue costs.

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 90.

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

During 2011, the following accounting standards and guidance were adopted by the Group, the pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

– Amendments to IAS 32 Classification of Rights Issues;

– Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions;

– IFRS 3 (revised) Business Combinations; and

– Amendments to IAS 27 Consolidated and Separate Financial Statements.

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

– Amendments to IAS 12 Deferred Tax of Underlying Assets;

– Amendments to IFRS 7 Disclosures – Transfers of Financial Assets;

– IFRS 9 Financial Instruments;

– IAS 24 (revised) Related Party Disclosures;

– Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement; and

– IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

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 2011. 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
The directors have considered the potential transfer of risks and rewards of ownership in accordance with IAS 17 Leases for all properties leased to tenants and in their judgement have determined that all such leases are operating leases.

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

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

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

Share-based payment

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

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

Investment property

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

Investment property under development

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

Depreciation

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

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

Joint ventures

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

Deferred tax

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

Pension benefits

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

Capitalisation of interest

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

Financial instruments:

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

ii Borrowings The Group's borrowings in the form of its debentures 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.

Notes forming part of the Group financial statements

1 Accounting policies (continued)

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

Segmental analysis
All of the Group's revenue is generated from investment properties located in central London. The properties are managed as a single portfolio by an asset management team whose responsibilities are not segregated by location or type, but are managed on an asset by asset basis. The majority of the Group's assets are mixed use, therefore the office and retail space is managed together. Within the investment property portfolio the Group has a number of properties under development. The directors view the Group's development activities as an integral part of the life cycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed it returns to the investment property portfolio. The directors have considered the nature of the business, how the business is managed and how they review performance and, in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by CBRE, are set out on page 30 of this report.

Development management agreements
Where the outcome of a development management agreement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the balance sheet date. Management exercise judgement when estimating the percentage complete. This is normally measured as the proportion that contract costs incurred for work performed bear to the estimated total contract costs. Variations in work, claims and incentive payments are included to the extent that they have been agreed with the client.

Where the outcome of a development management agreement cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred that it is probable will be recoverable. Costs are recognised as expenses in the period in which they are incurred. When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

2 Total revenue

	2011 £m	2010 £m
Gross rental income	42.7	42.9
Amortisation of capitalised lease incentives	(0.4)	2.9
Surrender premium net of associated capitalised lease incentives	21.5	–
Service charge income	5.7	6.0
Joint venture fee income	4.1	3.0
Development management income	–	0.1
	73.6	54.9

3 Net rental income

	2011 £m	2010 £m
Gross rental income	42.7	42.9
Amortisation of capitalised lease incentives	(0.4)	2.9
Ground rents payable	(0.1)	(0.1)
Rental income before surrender premium	42.2	45.7
Surrender premium net of associated capitalised lease incentives	21.5	–
	63.7	45.7

4 Property expenses

	2011 £m	2010 £m
Service charge income	**(5.7)**	(6.0)
Service charge expenses	**6.9**	7.2
Other property expenses	**2.8**	2.8
	4.0	4.0

5 Administration expenses

	2011 £m	2010 £m
Employee costs	**14.5**	10.3
Other	**2.8**	2.3
	17.3	12.6

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £1.9 million (2010: £1.5 million).

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

	2011 £m	2010 £m
Wages and salaries	**12.1**	8.7
Social security costs	**1.9**	1.3
Other pension costs	**1.0**	0.8
	15.0	10.8
Less: recovered through service charge	**(0.5)**	(0.5)
	14.5	10.3

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 102 to 112.

Employee information

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

	2011 Number	2010 Number
Head office and property management	**77**	69

Auditor's remuneration

	2011 £m	2010 £m
Audit of Company and subsidiary accounts	**0.2**	0.2
Amounts for regulatory filings (Rights Issue)	**–**	0.3
	0.2	0.5

During the year the Group's auditor provided other services in addition to the audit fee of £10,000 (2010: £305,000 including fees in relation to the rights issue).

6 Finance income

	2011 £m	2010 £m
Interest on balances with joint venture partners	**2.2**	0.4
	2.2	0.4

Notes forming part of the Group financial statements

7 Finance costs

	2011 £m	2010 £m
Interest on bank overdrafts and bank loans	**4.4**	3.8
Interest on debentures	**8.0**	8.1
Interest on obligations under finance leases	**0.4**	0.3
Gross finance costs	**12.8**	12.2
Less: capitalised interest at an average rate of 3.2% (2010: 4.3%)	**(0.1)**	(0.2)
	12.7	12.0
Fair value movement on derivatives in ineffective hedging relationships	**1.1**	1.2
	13.8	13.2

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

8 Tax

	2011 £m	2010 £m
Current tax		
UK corporation tax	**1.1**	–
Tax over provided in previous years	**(0.2)**	–
Total current tax	**0.9**	–
Deferred tax	**–**	0.2
Tax charge for the year	**0.9**	0.2

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

	2011 £m	2010 £m
Profit before tax	**261.0**	156.6
Tax charge on profit at standard rate of 28% (2010: 28%)	**73.1**	43.8
REIT tax-exempt rental profits and gains	**(21.7)**	(0.3)
Non-taxable revaluation surplus	**(53.3)**	(44.6)
REIT conversion charge in respect of corporate acquisition	**1.1**	–
Previous years' corporation tax	**(0.2)**	–
Other	**1.9**	1.3
Tax charge for the year	**0.9**	0.2

During the year £nil (2010: £0.2 million) of deferred tax was credited directly to equity in respect of the Group's pension fund. The Group's net deferred tax at 31 March 2011 was £nil (2010: £nil). A deferred tax asset of £8.4 million, mainly relating to tax losses carried forward at 31 March 2011 and deferred tax arising in respect of the fair value of derivatives, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

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

8 Tax (continued)

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

9 Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the new Best Practice Recommendations issued by the European Public Real Estate Association (EPRA) in October 2010.

Weighted average number of ordinary shares

	2011 Number of shares	2010 Number of shares
Issued ordinary share capital at 1 April	312,676,149	181,023,034
Rights Issue	–	101,715,557
Investment in own shares	(2,381,988)	(851,512)
Weighted average number of ordinary shares	310,294,161	281,887,079

Basic, diluted and EPRA earnings per share

	Profit/(loss) before tax 2011 £m	Tax 2011 £m	Profit/(loss) after tax 2011 £m	Earnings/(loss) per share 2011 pence	Profit/(loss) after tax 2010 £m	Earnings/(loss) per share 2010 pence
Basic and diluted	261.0	(0.9)	260.1	83.8	156.4	55.5
Surplus from investment property (see note 10)	(131.3)	–	(131.3)	(42.3)	(89.8)	(31.8)
Surplus from joint venture investment property (see note 12)	(83.1)	–	(83.1)	(26.8)	(51.3)	(18.2)
Movement in fair value of derivatives (see note 7)	1.1	–	1.1	0.4	1.2	0.4
Movement in fair value of derivatives in joint ventures (see note 12)	(0.4)	–	(0.4)	(0.1)	–	–
Charge on 2010 cancellation of derivatives (see note 7)	3.1	–	3.1	1.0	11.6	4.1
EPRA earnings	50.4	(0.9)	49.5	16.0	28.1	10.0

Net assets per share

	Net assets 2011 £m	Number of shares 2011 million	Net assets per share 2011 pence	Net assets 2010 £m	Number of shares 2010 million	Net assets per share 2010 pence
Basic and diluted	1,112.7	310.2	359	876.7	311.7	280
Fair value of financial liabilities (see note 16)	11.0	–	3	32.9	–	11
Diluted triple net assets	1,123.7	310.2	362	909.6	311.7	291
Fair value of financial liabilities	(11.0)	–	(3)	(32.9)	–	(11)
Fair value of derivatives (see note 16)	(2.7)	–	(1)	(1.1)	–	–
Fair value of derivatives in joint ventures (see note 12)	5.8	–	2	8.2	–	3
EPRA net assets	1,115.8	310.2	360	883.8	311.7	283

Notes forming part of the Group financial statements

10 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2009	548.4	166.0	714.4
Costs capitalised	6.7	1.0	7.7
Acquisitions	48.1	–	48.1
Disposals	(144.9)	(49.6)	(194.5)
Purchase of freehold interest	6.1	(6.1)	–
Transfer from development property	11.0	–	11.0
Transfer from investment property under development	66.0	–	66.0
Net valuation surplus on investment property	77.5	27.5	105.0
Book value at 31 March 2010	618.9	138.8	757.7
Acquisitions	**13.2**	**242.7**	**255.9**
Costs capitalised	**0.9**	**1.3**	**2.2**
Disposals	**(18.2)**	**(95.8)**	**(114.0)**
Transfer of freehold interest	**(18.5)**	**27.2**	**8.7**
Transfer from investment property under development	**17.5**	**–**	**17.5**
Transfer to investment property under development	**(70.0)**	**(26.3)**	**(96.3)**
Net valuation surplus on investment property	**81.5**	**33.0**	**114.5**
Book value at 31 March 2011	**625.3**	**320.9**	**946.2**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2009	66.0	–	66.0
Costs capitalised	1.8	–	1.8
Interest capitalised	0.2	–	0.2
Transfer from development property – IAS 40 (revised)	11.8	–	11.8
Transfer to investment property	(66.0)	–	(66.0)
Net valuation surplus on investment property under development	3.4	–	3.4
Book value at 31 March 2010	17.2	–	17.2
Acquisitions	**12.6**	**–**	**12.6**
Costs capitalised	**1.0**	**0.7**	**1.7**
Interest capitalised	**0.1**	**–**	**0.1**
Transfer from investment property	**70.0**	**26.3**	**96.3**
Transfer to investment property	**(17.5)**	**–**	**(17.5)**
Net valuation surplus on investment property under development	**(14.7)**	**7.6**	**(7.1)**
Book value at 31 March 2011	**68.7**	**34.6**	**103.3**
Total investment property	**694.0**	**355.5**	**1,049.5**

The book value of investment property includes £28.5 million (2010: £2.0 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £1,021.0 million.

The cumulative interest capitalised in development property was £0.1 million (2010: £nil).

10 Investment property (continued)

Surplus from investment property

	2011 £m	2010 £m
Net valuation surplus on investment property	**107.4**	108.4
Profit/(loss) on sale of investment properties	**23.9**	(18.6)
	131.3	89.8

The Group's investment properties including those held in joint venture (note 12) were valued on the basis of Market Value by CB Richard Ellis, external valuers, as at 31 March 2011 in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors ("the Standards") and has been primarily derived using comparable recent market transactions on arm's-length terms.

At 31 March 2011 the Group had capital commitments of £25.1 million (2010: £nil).

At 31 March 2011 properties with a carrying value of £319.5 million (2010: £293.6 million) were secured under first mortgage debenture stock (see note 15).

11 Development property, plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Development property £m	Total £m
Cost or valuation				
At 1 April 2009	2.0	0.9	22.8	25.7
Transfer to investment property on development completion	–	–	(11.0)	(11.0)
Transfer to investment property – IAS 40 (revised)	–	–	(11.8)	(11.8)
At 31 March 2010	2.0	0.9	–	2.9
Costs capitalised	**–**	**0.4**	**–**	**0.4**
At 31 March 2011	**2.0**	**1.3**	**–**	**3.3**
Depreciation				
At 1 April 2010	**0.9**	**0.8**	**–**	**1.7**
Charge for the year	**0.2**	**0.2**	**–**	**0.4**
At 31 March 2011	**1.1**	**1.0**	**–**	**2.1**
Carrying amount at 31 March 2010	1.1	0.1	–	1.2
Carrying amount at 31 March 2011	**0.9**	**0.3**	**–**	**1.2**

Notes forming part of the Group financial statements

12 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	Total £m
At 1 April 2010	355.8	(23.4)	332.4
Movement on joint ventures balances	**–**	**31.5**	**31.5**
Acquisitions	**14.8**	**–**	**14.8**
Share of profit of joint ventures	**14.8**	**–**	**14.8**
Share of revaluation surplus of joint ventures	**75.3**	**7.8**	**83.1**
Share of results of joint ventures	**90.1**	**7.8**	**97.9**
Fair value movement on derivatives taken to equity	**2.0**	**–**	**2.0**
Distributions	**(28.8)**	**–**	**(28.8)**
At 31 March 2011	**433.9**	**15.9**	**449.8**

In July 2010 the Great Star Partnership was formed with an affiliate of Starwood Capital Group Global L.P. In a series of transactions it acquired City Tower, 40 Basinghall Street, EC2 and City Place House, 55 Basinghall Street, EC2.

The investments in joint ventures comprise the following:

	Country	2011 ownership	2010 ownership
The 100 Bishopsgate Partnership	United Kingdom	**50%**	50%
GPE Marcol House Limited*	United Kingdom	**100%**	100%
The Great Capital Partnership	United Kingdom	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Star Partnership	United Kingdom	**50%**	–
The Great Victoria Partnerships	United Kingdom	**50%**	50%
The Great Wigmore Partnership	United Kingdom	**50%**	50%

* GPE Marcol House Limited is a joint venture with Eurohypo. Eurohypo has a profit share arrangement dependent on the success of the two development schemes held by GPE Marcol House Limited. Eurphypo is able to exert influence over the development strategy for the buildings and because these are the only assets held by the entity this influence extends over the whole of the entity's operations. As a result of this arrangement GPE and Eurohypo are considered to have joint control over the business of the entity although GPE has a 100% equity interest. Therefore, in accordance with IAS 31 GPE Marcol House Limited has been treated as a joint venture.

12 Investment in joint ventures (continued)

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

	The 100 Bishopsgate Partnership £m	GPE Marcol House Ltd £m	The Great Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Star Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2011 Total £m	2010 Total £m
Balance sheets									
Investment property	65.3	84.7	276.0	32.8	80.9	85.7	39.7	665.1	483.2
Current assets	3.2	1.2	7.5	0.9	4.6	1.9	0.7	20.0	17.3
Balances to/(from) Partners	(11.3)	(52.1)	88.6	(18.3)	(15.1)	(5.5)	(2.2)	(15.9)	23.4
Bank loans	–	–	(112.2)	–	(39.1)	(28.3)	–	(179.6)	(140.3)
Derivatives	–	–	(5.9)	–	0.1	–	–	(5.8)	(8.2)
Current liabilities	(1.7)	(4.1)	(6.7)	(0.5)	(2.7)	(2.0)	(0.6)	(18.3)	(11.2)
Finance leases	(7.4)	–	(8.0)	(5.2)	(11.0)	–	–	(31.6)	(8.4)
Net assets	48.1	29.7	239.3	9.7	17.7	51.8	37.6	433.9	355.8
Income statements									
Net rental income	3.7	0.4	14.4	1.3	5.7	3.4	0.7	29.6	19.8
Property and administration costs	(0.6)	(0.1)	(1.6)	(0.3)	(0.5)	(0.3)	(0.3)	(3.7)	(2.8)
Net finance costs	(0.1)	(0.1)	(6.1)	(1.4)	(2.2)	(1.6)	–	(11.5)	(8.8)
Tax (REIT conversion charge)	–	–	–	–	–	–	–	–	(0.5)
Movement in fair value of derivatives	–	–	0.3	–	0.1	–	–	0.4	–
Share of profit from joint ventures	3.0	0.2	7.0	(0.4)	3.1	1.5	0.4	14.8	7.7
Revaluation of investment property	2.2	19.5	28.1	4.2	(0.2)	9.4	12.1	75.3	47.4
Profit on sale of investment property	–	–	–	–	–	–	–	–	1.1
Share of results of joint ventures	5.2	19.7	35.1	3.8	2.9	10.9	12.5	90.1	56.2

The joint ventures have bank loans with a total nominal value of £360.9 million. The Great Capital Partnership has a £225 million facility which is secured, attracts a floating rate of between 0.75% and 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. The Great Star Partnership has an £79.1 million secured credit facility, which attracts a floating rate of 1.90% above LIBOR and expires in 2015. All interest bearing loans are in sterling. At 31 March 2011 the joint ventures had £nil undrawn facilities (2010: £nil).

The Great Capital Partnership has four interest rate swaps and an interest rate collar with notional principal amounts of £143.9 million and £25.0 million respectively. The interest rate swaps and collar expire coterminously with the bank loan in 2013. The weighted average contracted fixed interest rate for the interest rate swaps was 5.27%, and the collar has a floor of 4.845% and a cap of 6.5%. The Great Star Partnership has an interest rate swap with a fixed interest rate of 2.715% and a notional principal amount of £39.8 million and an interest rate cap at 4.0% with a notional principal amount of £39.8 million. The interest rate swap and cap expire coterminously with the bank loan in 2015.

Notes forming part of the Group financial statements

12 Investment in joint ventures (continued)

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

	2011 £m	2010 £m
Movement on joint venture balances during the year	**31.5**	88.9
Balances (receivable)/outstanding at the year end from joint ventures	**(15.9)**	23.4
Distributions	**28.8**	40.7
Fee income	**4.1**	3.0

The balances outstanding at the period end to and from Partners do not bear interest, apart from the account with the Great Ropemaker Partnership on which interest is payable at 6%, the Great Star Partnership on which interest is payable at 7% and the 100 Bishopsgate Partnership on which interest is payable at LIBOR +2%. The investment properties include £31.6 million (2010: £8.4 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £633.5 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's-length transactions.

At 31 March 2011, the Group had no contingent liabilities arising in its joint ventures (2010: £nil). At 31 March 2011 the Group had capital commitments in respect of its joint ventures of £56.7 million (2010: £nil).

13 Trade and other receivables

	2011 £m	2010 £m
Trade receivables	**6.9**	3.6
Allowance for doubtful debts	**(0.3)**	(0.4)
	6.6	3.2
Prepayments and accrued income	**0.8**	15.4
Other trade receivables	**11.6**	13.1
Derivatives	**2.7**	1.1
	21.7	32.8

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the tenant's lease. Trade receivables are provided for based on estimated irrecoverable amounts determined by past default experience and knowledge of the individual tenant's circumstance. At 31 March 2011, debtors past due but not impaired were £4.9 million.

	2011 £m	2010 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.4)**	(0.1)
Amounts provided for during the year	**(0.5)**	(0.3)
Amounts written off as uncollectable	**0.6**	–
	(0.3)	(0.4)

14 Trade and other payables

	2011 £m	2010 £m
Trade payables	**11.6**	10.3
Non-trade payables and accrued expenses	**19.9**	20.3
	31.5	30.6

15 Interest-bearing loans and borrowings

	2011 £m	2010 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**144.2**	144.3
Unsecured		
Bank loans	**207.9**	134.0
	352.1	278.3

The Group has two floating rate revolving credit facilities of £350.0 million and £200.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR based on gearing and expires in 2015. The £200.0 million facility is unsecured, attracts a floating rate of 50 basis points above LIBOR and expires in July 2012. All interest-bearing loans and borrowings are in sterling. At 31 March 2011 the Group had £340 million (2010: £417 million) of undrawn committed credit facilities.

Post balance sheet event

GPE has agreed to issue a mix of sterling and US dollar bonds through private placement. The bonds were priced on 31 March 2011 with the respective coupons set as follows:

– £30 million, seven-year bond at 5.09%;

– $130 million, seven-year bond at 4.81%; and

– $78 million, ten-year bond at 5.37%.

The related legal documentation was signed on 27 April 2011 and the funds will be drawn on 30 June 2011.

As the Group operates solely in the United Kingdom, and all of its operating profits and net assets are sterling denominated, it entered into a cross currency swap in order to ensure the US dollar liability stream generated by the bond was fully hedged into sterling for the life of the transaction. Through entering into the cross currency swap the Group has created a synthetic sterling fixed rate liability exposure for seven and ten years totalling £159.7 million.

16 Financial instruments

Categories of financial instrument	Carrying amount 2011 £m	Income/ (expense) 2011 £m	Gain/(loss) to equity 2011 £m	Carrying amount 2010 £m	Income/ (expense) 2010 £m	Gain/(loss) to equity 2010 £m
Interest rate swaps, caps and collars	–	(3.1)	3.1	–	(11.6)	11.8
Non-current liabilities at fair value	–	(3.1)	3.1	–	(11.6)	11.8
Interest rate swaptions	–	(1.1)	(1.1)	1.1	–	–
Interest rate floor	2.7	–	–	–	–	–
Non-current assets held at fair value	2.7	(1.1)	(1.1)	1.1	–	–
Trade receivables	19.0	–	–	31.7	–	–
Cash and cash equivalents	3.0	–	–	45.7	–	–
Loans and receivables	22.0	–	–	77.4	–	–
Trade and other payables	(31.5)	–	–	(30.6)	–	–
Interest-bearing loans and borrowings	(352.1)	(12.4)	–	(278.3)	(11.9)	–
Finance leases	(28.5)	(0.4)	–	(2.0)	(0.3)	–
Liabilities at amortised cost	(349.1)	(12.8)	–	(310.9)	(12.2)	–
Total financial instruments	(324.4)	(17.0)	2.0	(232.4)	(23.8)	11.8

Financial risk management objectives

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy tenants and obtaining sufficient rental cash deposits or third party guarantees as a means of mitigating financial loss from defaults.

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

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

Capital risk

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

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

16 Financial instruments (continued)

Liquidity risk

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

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

Key covenants	Covenant	March 2011 Actuals
Group		
Net debt/net equity	**≤1.25x**	**0.32x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**≥1.66x**	**3.46x**
Interest cover	**≥1.35x**	**4.03x**

The Group has undrawn credit facilities of £340 million and has substantial headroom above all of its key covenants. As a result the directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

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

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

At 31 March 2010	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million 5⅝% debenture stock 2029	144.3	294.3	8.0	8.0	24.2	254.1
Bank loans	134.0	137.3	1.4	1.4	134.5	–
Derivative financial instruments						
Interest rate swaptions	(1.1)	–	–	–	–	–
	277.2	431.6	9.4	9.4	158.7	254.1

16 Financial instruments (continued)

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

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

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

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

The Group has agreed to issue debt with a fixed interest rate in June 2011. The Group has bought an interest rate floor, which, when combined with this fixed rate debt, gives rise to the same economic effect as purchasing an interest rate cap in respect of floating rate debt.

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

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

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

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2011 %	2010 %	**2011 £m**	2010 £m	**2011 £m**	2010 £m
Cash flow hedges						
Interest rate swaptions						
In excess of five years	**–**	4.00%	**–**	100.0	**–**	1.1
Interest rate swaps						
Between two and five years	**1.87%**	–	**11.0**	–	**–**	–
Interest rate floor						
Between two and five years	**2.53%**	–	**159.7**	–	**2.7**	–
	2.49%	–	**170.7**	100.0	**2.7**	1.1

16 Financial instruments (continued)

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

	Average exchange rate		Foreign currency		Notional principal amount		Fair value	
	2011 rate	2010 rate	**2011 US$m**	2010 US$m	**2011 £m**	2010 £m	**2011 £m**	2010 £m
Cash flow hedges								
Cross currency swap								
In excess of five years	**1.604**	–	**208.0**	–	**129.7**	–	**–**	–
	1.604	–	**208.0**	–	**129.7**	–	**–**	–

As at 31 March 2011 the aggregate amount of unrealised losses in respect of cash flow hedges was £1.5 million (2010: £4.6 million).

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represents management's assessment of possible changes in interest rates. For the floating liabilities the analysis is prepared assuming the amount of the liability at 31 March 2011 was outstanding for the whole year.

	Impact on profit		Impact on equity	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Increase of 50 basis points	**(5.7)**	2.6	**(4.3)**	4.7
Increase of 100 basis points	**(3.1)**	1.0	**(2.4)**	2.0
Decrease of 50 basis points	**2.6**	(0.3)	**2.2**	(0.8)
Decrease of 100 basis points	**5.6**	(0.2)	**4.9**	(1.3)

Foreign exchange sensitivity

The sensitivity analysis below has been determined based on the exposure to foreign exchange rates for derivative financial instruments at the balance sheet date and represents management's assessment of possible changes in foreign exchange rates.

	Impact on profit		Impact on equity	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Increase of 20%	**(2.4)**	–	**(2.4)**	–
Increase of 10%	**(1.3)**	–	**(1.3)**	–
Decrease of 10%	**1.6**	–	**1.6**	–
Decrease of 20%	**3.6**	–	**3.6**	–

Fair value of interest-bearing loans and borrowings

	Book value 2011 £m	**Fair value 2011 £m**	Book value 2010 £m	Fair value 2010 £m
Non-current liabilities at amortised cost	**352.1**	**341.1**	278.3	245.4
Non-current assets held at fair value (derivatives)	**(2.7)**	**(2.7)**	(1.1)	(1.1)
	349.4	**338.4**	277.2	244.3

The fair values of the Group's listed long-term borrowings have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 7 Financial Instruments: Disclosures. The fair values of the Group's outstanding interest rate swaps and interest rate floors have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. The fair value of the Group's currency swaps have been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 7.

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

Notes forming part of the Group financial statements

17 Finance leases

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

	Minimum lease payments 2011 £m	Interest 2011 £m	Principal 2011 £m	Minimum lease payments 2010 £m	Interest 2010 £m	Principal 2010 £m
Less than one year	1.3	(1.3)	–	0.2	(0.2)	–
Between two and five years	5.3	(5.3)	–	0.7	(0.7)	–
More than five years	221.9	(193.4)	28.5	21.2	(19.2)	2.0
	228.5	(200.0)	28.5	22.1	(20.1)	2.0

18 Share capital

	2011 Number	2011 £m	2010 Number	2010 £m
Allotted, called up and fully paid				
At 1 April	312,676,149	39.1	181,023,034	22.6
Issue of ordinary shares – Rights Issue	–	–	131,653,115	16.5
At 31 March	312,676,149	39.1	312,676,149	39.1

19 Investment in own shares

	2011 £m	2010 £m
At 1 April	0.3	0.2
Employee Long-Term Incentive Plan and Share Matching Plan charge	(1.9)	(1.5)
Purchase of shares	5.7	3.5
Transfer to retained earnings	(0.1)	(1.9)
At 31 March	4.0	0.3

The investment in the Company's own shares is held at cost and comprises 2,482,630 shares (2010: 1,022,179 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met.

During the year 324,748 shares (2010: 499,231 shares) were awarded to directors and senior employees in respect of the 2007 LTIP award. The fair value of shares awarded and outstanding at 31 March 2011 was £7.4 million (2010: £11.3 million).

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

	2011 £m	2010 £m
Surplus from investment property	(131.3)	(89.8)
Employee Long-Term Incentive Plan and Share Matching Plan charge	1.9	1.5
Amortisation of capitalised lease incentives	3.3	(2.9)
Share of results from joint ventures	(97.9)	(59.0)
Other non-cash items	0.3	(0.1)
Adjustments for non-cash items	(223.7)	(150.3)

21 Dividends

	2011 £m	2010 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2011 of 3.1 pence per share	**9.6**	–
Second interim dividend for the year ended 31 March 2010 of 5.0 pence per share	**15.6**	–
Interim dividend for the year ended 31 March 2010 of 3.0 pence per share	**–**	9.3
Final dividend for the year ended 31 March 2009 of 8.0 pence per share	**–**	14.5
	25.2	23.8

A final dividend of 5.1 pence per share was approved by the Board on 24 May 2011 and will be paid on 12 July 2011 to shareholders on the register on 3 June 2011. The dividend is not recognised as a liability at 31 March 2011. The 2010 final dividend and the 2011 interim dividend were paid in the year and are included within the Group statement of changes in equity.

22 Operating leases

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

	2011 £m	2010 £m
The Group as a lessor		
Less than one year	**37.9**	36.9
Between two and five years	**104.8**	107.0
More than five years	**85.5**	91.4
	228.2	235.3

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2011 was 5.0 years (2010: 5.8 years). All investment properties except those under development generated rental income and no contingent rents were recognised in the year (2010: £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 2009 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2011 %	2010 %
Discount rate	**5.50**	5.75
Expected return on Plan assets	**5.45**	5.47
Expected rate of salary increases	**4.50**	4.75
Future pension increases	**3.50**	3.75

To develop the expected long-term rate of return on the Plan assets, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the long-term rate of return on Plan assets for the portfolio. This resulted in the selection of an assumption of 5.45% p.a.

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

	2011 £m	2010 £m
Present value of unfunded obligations	**(18.7)**	(17.5)
Fair value of the Plan assets	**18.4**	17.3
Pension liability	**(0.3)**	(0.2)

23 Employee benefits (continued)

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

	2011 £m	2010 £m
Current service cost	(0.2)	(0.2)
Interest on obligation	(1.0)	(0.9)
Expected return on the Plan assets	0.9	0.8
	(0.3)	(0.3)
Actuarial deficit recognised immediately in the Group statement of changes in equity	(0.2)	(1.0)
Cumulative actuarial gains recognised in the Group statement of changes in equity	1.2	1.4

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

	2011 £m	2010 £m
Defined benefit obligation at 1 April	17.5	13.4
Service cost	0.2	0.2
Interest cost	1.0	0.9
Actuarial gain	0.5	3.6
Benefits paid	(0.5)	(0.6)
Defined benefit obligation at 31 March	18.7	17.5

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

	2011 £m	2010 £m
Fair value of the Plan assets at 1 April	17.3	14.1
Expected return on the Plan assets	0.9	0.8
Actuarial gain	0.3	2.6
Contributions	0.4	0.4
Benefits paid	(0.5)	(0.6)
Fair value of the Plan assets at 31 March	18.4	17.3
Net liability	(0.3)	(0.2)

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

	2011 £m	2010 £m
Equities	7.4	6.9
Bonds	11.0	10.4
	18.4	17.3

The actual return on Plan assets was a surplus of £1.2 million (2010: surplus of £3.4 million).

23 Employee benefits (continued)

Life expectancy assumptions on retirement:

	2011 Years	2010 Years
Male aged 65	**23**	23
Female aged 65	**23**	26
Male aged 40	**25**	24
Female aged 45	**25**	28

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

	2011	2010	2009	2008	2007
Difference between expected and actual return on the scheme assets:					
Amount £m	**0.3**	2.6	(3.0)	(0.8)	(0.2)
Percentage of scheme assets	**1%**	15%	(21%)	(5%)	(1%)
Experience gains and losses on scheme liabilities:					
Amount £m	**–**	–	1.7	–	–
Percentage of scheme assets	**–**	–	13%	–	–
Total gains and losses:					
Amount £m	**–**	(1.0)	(1.8)	1.9	–
Percentage of scheme assets	**–**	(6%)	(13%)	13%	–

The Group expects to contribute £0.2 million to the Plan in the year ended 31 March 2012.

Independent auditor's report

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

We have audited the Group financial statements of Great Portland Estates plc for the year ended 31 March 2011 which comprise the Group Income Statement, the Group statement of comprehensive income, the Group balance sheet, the Group statement of cash flows, the Group statement of changes in equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Group financial statements:

– give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its profit for the year then ended;

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

Under the Listing Rules we are required to review:

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

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

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

Other matters

We have reported separately on the parent company financial statements of Great Portland Estates plc for the year ended 31 March 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.

Claire Faulkner

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

24 May 2011

Company balance sheet – UK GAAP

	Notes	2011 £m	2010 £m
Fixed assets			
Fixed asset investments	iii	**1,865.5**	1,574.8
Current assets			
Debtors	iv	**257.8**	147.0
Cash at bank and short-term deposits		**1.7**	46.2
		259.5	193.2
Creditors: amounts falling due within one year	v	**(660.2)**	(613.0)
Net current liabilities		**(400.7)**	(419.8)
Total assets less current liabilities		**1,464.8**	1,155.0
Creditors: amounts falling due after more than one year			
Debenture loans	15	**(144.2)**	(144.3)
Bank and other loans	15	**(207.9)**	(134.0)
Net assets		**1,112.7**	876.7
Capital and reserves			
Called up share capital	18	**39.1**	39.1
Share premium account		**218.1**	218.1
Hedging reserve	vi	**(1.5)**	(4.6)
Revaluation reserve	vi	**609.1**	337.4
Other reserves	vi	**25.0**	25.0
Profit and loss account	vi	**226.9**	262.0
Investment in own shares	19	**(4.0)**	(0.3)
Shareholders' funds		**1,112.7**	876.7

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

Approved by the Board on 24 May 2011 and signed on its behalf by

N.T. Drakesmith

Toby Courtauld
Chief Executive

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 90.

Subsidiary undertakings and joint ventures

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

Accounting policies for share-based payments, deferred tax and financial instruments are the same as those of the Group and are set out on pages 62 to 64.

ii Profit attributable to members of the parent undertaking

As permitted by section 408 Companies Act 2006, the Company has not presented its own profit and loss account. The loss dealt with in the accounts of the Company was £9.8 million (2010: profit of £214.7 million). The employees of the Company are the directors and the company secretary. Full disclosure of the directors remuneration can be found on pages 102 to 112.

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
At 1 April 2010	**80.7**	**1,143.4**	**350.7**	**1,574.8**
Additions	**–**	**19.0**	**–**	**19.0**
Surplus on revaluation	**27.6**	**244.1**	**–**	**271.7**
At 31 March 2011	**108.3**	**1,406.5**	**350.7**	**1,865.5**

Shares in subsidiary undertakings and joint ventures are carried at directors' valuation. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2011 was £887.5 million (2010: £868.5 million).

Were the Company to sell its fixed asset investments, an estimated charge of £163.1 million (2010: £99.6 million) would arise. However, the Company has no intention of selling any of its investments in the foreseeable future.

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

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

	2011 £m	2010 £m
Amounts owed by subsidiary undertakings	**192.1**	122.7
Amounts owed by joint ventures	**62.1**	7.4
Corporation tax	**0.7**	0.7
Other debtors	**0.1**	0.1
Prepayments and accrued income	**0.1**	15.0
Derivatives	**2.7**	1.1
	257.8	147.0

v Creditors: amounts falling due within one year

	2011 £m	2010 £m
Amounts owed to subsidiary undertakings	**527.5**	490.7
Amounts owed to joint ventures	**124.8**	118.8
Other taxes and social security costs	**0.1**	0.5
Other creditors	**2.9**	0.9
Accruals	**4.9**	2.1
	660.2	613.0

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 2010	16.4	8.6	25.0	(4.6)	337.4	262.0
Surplus on revaluation of fixed asset investments	–	–	–	–	271.7	–
Loss for the year	–	–	–	–	–	(9.8)
Dividends	–	–	–	–	–	(25.2)
Transfer to investment in own shares	–	–	–	–	–	(0.1)
Charge on 2010 cancellation of derivatives	–	–	–	3.1	–	–
At 31 March 2011	16.4	8.6	25.0	(1.5)	609.1	226.9

Company independent auditor's report

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

We have audited the parent company financial statements of Great Portland Estates plc for the year ended 31 March 2011 which comprise the parent company Balance sheet and the related notes i to vi. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the parent company financial statements:

– give a true and fair view of the state of the Company's affairs as at 31 March 2011;

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

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

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

Matters on which we are required to report by exception

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

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

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

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

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

Other matters

We have reported separately on the group financial statements of Great Portland Estates plc for the year ended 31 March 2011.

Claire Faulkner

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

24 May 2011

Governance

Pages **88–114**

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

88 Report of the directors
92 Corporate governance
102 Directors' remuneration report
113 Directors' responsibilities statement
114 Analysis of ordinary shareholdings

Report of the directors

Business review

The principal business of the Group is the investment in, and development of, freehold and leasehold properties. The information that fulfils the requirements of the Business Review can be found on pages 2 to 56, which are incorporated into this Directors' Report by reference. A review of the performance and development of the Group's business during the year including KPIs, the position at the year end and prospects, is set out in the sections covering our business and financial position on pages 24 to 35. A description of the principal risks and uncertainties facing the Group and how these are mitigated can be found on pages 43 and 45. Additional information on employees, environmental matters and social and community matters is included on pages 38 to 42 and on pages 46 to 53.

The purpose of the Annual Report is to provide information to the members of the Company, as a body. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends for the year

The Group results for the year are set out on page 58. An interim dividend of 3.1 pence per share (2010: 3.0 pence) was paid on 5 January 2011, and the directors propose to pay a final dividend of 5.1 pence per share, making a total of 8.2 pence per share (2010: 8.0 pence) for the year ended 31 March 2011.

Freehold and leasehold properties

A valuation of the Group's property portfolio at 31 March 2011 was carried out by CB Richard Ellis on the basis of market value which amounted to £1,021.0 million (2010: £772.9 million). The difference of £28.5 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

Biographical details of the directors of the Company, each of whom served throughout the year, are shown on pages 36 and 37.

Timon Drakesmith resigned from the Board with effect from 27 May 2011 and the Board is in the process of recruiting his replacement.

The Company's Articles of Association require that a director shall retire from office if he has been appointed since the previous Annual General Meeting or if it is the third Annual General Meeting following that at which he was elected or last re-elected. However, in accordance with the UK Corporate Governance Code the directors will all retire and will offer themselves for re-election at the forthcoming Annual General Meeting. The Chairman has confirmed that following the Board evaluation process, the performance of all of the directors continues to be effective and to demonstrate their commitment to the role.

Directors' shareholdings

	At 31 March 2011 Number of shares[1]	At 31 March 2010 Number of shares
Martin Scicluna	**8,636**	8,636
Toby Courtauld	**517,002**	472,780
Timon Drakesmith	**171,273**	144,124
Neil Thompson	**191,687**	164,538
Charles Irby	**5,181**	5,181
Phillip Rose	**3,454**	3,454
Jonathan Nicholls	**10,000**	10,000
Jonathan Short	**13,455**	13,455

1 Includes shares bought by the Executive Directors in the Group's 2010 Share Incentive Plan.

All directors' shareholdings are in ordinary shares and are beneficial, unless otherwise stated. There have been no changes in the shareholdings of any director between 1 April 2011 and 24 May 2011. No director had any interest in or contract with the Company or any subsidiary undertaking (other than service contracts) during the year.

Directors' indemnities

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

Corporate governance statement

The information fulfilling the requirements of the Corporate Governance Statement can be found in this Report of the directors and on pages 92 to 101, which are incorporated into this Report of the directors by reference.

Significant shareholdings

As at 13 May 2011, the Company had been notified of the following beneficial or discretionary interests amounting to 3% or more of the voting rights of the issued share capital:

	Number of shares	%
BlackRock, Inc	27,262,852	8.98
Cohen & Steers, Inc	20,484,495	6.55
Westbrook Partners	17,169,962	5.66
Norges Bank Investment Management	14,788,666	4.87
European Investors Inc	13,497,134	4.45
Legal & General Investment Management Limited	12,331,737	4.06
Scottish Widows Investment Partnership	12,288,148	4.05
ING Clarion Real Estate Securities	11,481,975	3.78
Standard Life Investments Limited	9,838,996	3.24
Daiwa Asset Management	9,814,545	3.23

Share capital and control

The following information is given pursuant to section 992 of the Companies Act 2006. On 31 March 2011, there were 312,676,149 ordinary shares of 12.5 pence in issue. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carries any special rights with regard to the control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers and voting rights.

The Great Portland Estates plc LTIP Employee Share Trust (the "Trust") is an employees' share scheme which holds ordinary shares in the Company on trust for the benefit of employees within the Group. The Trustee of the Trust has the power to exercise all the rights and powers (including rights with regard to control of the Company) incidental to, and to generally act in relation to, the ordinary shares subject to the Trust in such manner as the Trustees in their absolute discretion think fit as if they were absolutely entitled to those ordinary shares.

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

The powers of the directors are contained in the Company's Articles. These include powers, subject to relevant legislation, to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting.

The rules about the appointment and replacement of directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by the shareholders in accordance with legislation in force from time to time.

Post balance sheet event

On 27 April 2011, the Company agreed to issue a mix of sterling and US dollar bonds equating to £159.7 million through private placement (see note 15).

Report of the directors

Financial instruments

Details of the financial instruments used by the Group are set out in notes 1 and 16, which are incorporated into this Directors' Report by reference. The Group's financial risk management objectives and policies are included in the Risk management overview on pages 43 to 45 and in Our financial position on pages 32 to 35.

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 2011, the average payment period for trade creditors was 36 days (2010: 34 days).

Essential contracts

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

Charitable and other donations

Charitable donations for the year supporting organisations involved in health, the homeless and the community amounted to £48,036 (2010: £44,992); no contributions for political purposes were made.

Going concern

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Annual review on pages 2 to 56. The finances of the Group, its liquidity position and borrowing facilities are set out in Our financial position on pages 32 to 35 and in note 16 of the accounts on pages 74 to 77. The Group has completed significant bank refinancing during the year and on 27 April 2011, the Group agreed to issue £159.7 million of bonds through private placement. As a result, the Group has strong liquidity, a favourable debt maturity profile and significant headroom against covenants.

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

Statement as to disclosure of information to 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.

Auditor

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

Annual General Meeting

The Board has decided, in line with best practice, to move to voting on a poll at the Annual General Meeting, rather than a show of hands. The Board believes that this will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held.

The Notice of Meeting on pages 116 and 117 sets out the resolutions to be proposed at the Annual General Meeting and gives details of the voting record date and proxy appointment deadline for that meeting. Resolutions 1 to 12 comprise ordinary business and resolutions 13 to 16 special business.

Authority to allot shares and grant rights

At the Annual General Meeting held on 8 July 2010, shareholders authorised the directors, under section 551 of the Companies Act 2006 to allot ordinary shares without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2011 or, if earlier, on 1 October 2011. Resolution 13 will seek to renew this authority and to authorise the directors under section 551 of the Companies Act 2006 to allot ordinary shares or grant rights to subscribe for or convert any securities into shares for a period expiring no later than 1 October 2012.

Paragraph (a)(i) of resolution 13 will allow the directors to allot ordinary shares up to a maximum nominal amount of £13,028,172 representing approximately one-third of the Company's existing issued share capital and calculated as at 23 May 2011 (being the latest practicable date prior to publication of this Report). In accordance with the latest institutional guidelines issued by the Association of British Insurers, paragraph (a)(ii) of resolution 13 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of resolution 13, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a Rights Issue to ordinary shareholders up to a maximum nominal amount of £26,056,344, representing approximately two-thirds of the Company's existing issued share capital and calculated as at 23 May 2011 (being the latest practicable date prior to publication of this report). The directors have no present intention of exercising this authority. However, if they do exercise the authority, the directors intend to follow best practice as regards its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI.

Resolution 13 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2012.

Disapplication of pre-emption rights

Also at last year's meeting, a special resolution was passed, under sections 570 to 573 of the Companies Act 2006 , empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 14 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles of Association to issue shares in connection with a Rights Issue and otherwise to issue shares for cash up to a maximum nominal amount of £1,954,225 which includes the sale on a non pre-emptive basis of any shares held in treasury. The maximum nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 23 May 2011 (being the latest practicable date prior to publication of this Report).

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

Resolution 14 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2012.

Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 15 will seek to renew this authority. The maximum number of shares to which the authority relates is 46,870,154. This represents 14.99% of the share capital of the Company in issue as at 23 May 2011. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 15 is passed at the Annual General Meeting, the Company will have the option of holding as treasury shares any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the Company with additional flexibility in the management of its capital base. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares. Any shares purchased by the Company under this authority would be cancelled unless the shares are being purchased by the Company to hold and resell as treasury shares.

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

There were no purchases of shares by the Company during the year. At 31 March 2011, the number of shares which may be purchased under the shareholders' authority given at the 2010 Annual General Meeting, following the Rights Issue was 46,870,154 based on shares in issue of 312,676,149.

At 23 May 2011, the Company held no shares in treasury.

Resolution 15 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2012.

Notice of general meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual General Meetings must always be held on at least 21 clear days' notice.)

At last year's Annual General Meeting, shareholders authorised the calling of general meetings other than an Annual General Meeting on not less than 14 clear days' notice and Resolution 16 seeks to renew this authority. The authority granted by this resolution, if passed will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

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

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

Recommendation

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

By order of the Board

Desna Martin
Company Secretary

24 May 2011

Corporate governance

Good communication, both internally and externally, together with transparency in how we operate, is fundamental to achieving good governance.

Great Portland Estates' Board is committed to maintaining a high standard of corporate governance in respect of leadership, effectiveness, accountability, remuneration and our relationship with our shareholders as identified by the UK Corporate Governance Code. Fundamental to achieving these is, I believe, transparency in how we operate, together with good communication, both internally and externally.

Board culture and evaluation

Leadership starts with the Board and each year the Board undertakes a formal evaluation of its own performance and that of its Committees and individual directors either internally, by the Senior Independent Director, or by external consultants. In order to maintain objectivity and to ensure "best practice" following two years of internal Board review, this year the performance evaluation was undertaken externally by Jan Hall of JCA Group, who provides no other services to the Group, which concluded the Board operated in an efficient and effective manner. The process covered Board, Committee and personal performance and the output was reviewed at the January 2011 Board meeting to ensure any pertinent points could be incorporated into the Group's strategic review and wider corporate governance review in March 2011. Overall the process confirmed that:

- there is open and real dialogue between the executive and Non-Executive Directors with the right balance being achieved in the level of constructive challenge and contribution given by the different members of the Board;
- the Committees were considered to be working effectively; and
- the quality of information provided to the Board was high.

Whilst there were no recommendations to change the way in which the Board operates, unsurprisingly, it was considered that the Board's review of risk and the make up of the Board were key areas which should be continually borne in mind in maintaining the Board's effectiveness.

Resourcing and succession planning

To implement our strategy to make further selected acquisitions, to drive rental growth and execute our extensive development programme during the year we have actively recruited to help broaden the strength and depth of our asset management, investment, development and finance teams. Overall headcount has increased by almost 15% and we have appointed individuals with significant experience. As part of the Strategy Review, the Board also reviews the succession planning and development requirements for key executives and senior managers across each of the teams.

In January 2011, we announced that Timon Drakesmith will resign with effect from 27 May 2011 and we are in the process of recruiting his replacement. Timon Drakesmith has made a significant contribution to the Group's progress since 2005 and we wish him well in his new role.

In accordance with the UK Corporate Governance Code, for the first time this year, all of the directors will be submitting themselves for re-election at the Annual General Meeting.

Risk management

Consideration of risks is integral to each stage in all of the Group's activities of investment, asset management and development. When seeking approval of projects or transaction events, "sponsoring" individuals are specifically required to highlight the main risks associated with the transaction and how these will be monitored and addressed. These are debated by both Senior Executives and the Board, as appropriate, as part of the transaction approval process. During 2010, the Group revisited how it formally reported on its risks internally and the revised processes were reviewed by the Audit Committee. Since July 2010, the whole Board now formally considers the Group's risks and review processes at its November and May Board meetings. The Group's key risks and how they have changed during the year, along with processes used to manage them are disclosed on pages 43 to 45.

The work undertaken by the Audit Committee during the year is also covered on pages 97 to 99.

Martin Scicluna Chairman

Bribery Act 2010

With the Bribery Act 2010 coming into force on 1 July 2011, we have reviewed our policies and procedures to ensure that we will be compliant with the Act. Although our way of conducting our business has not changed as a result of this review, in some areas we have amended our policies and procedures to ensure that our agents acknowledge their obligations under the Act, and internally, that we document the basis of decisions taken in selecting contractors and awarding tenders. Where appropriate, members of the asset management, investment and development teams have received training on these changes. Our whistleblowing policy has also been updated to include third parties and has been made available on our Company website.

Executive reward

In 2010, the Chairman of the Remuneration Committee and I met with a number of the Group's major shareholders and consulted with several shareholder representative bodies on a proposed new remuneration structure designed to simplify the Group's remuneration structures and to ensure the measures under the Group's performance plans mirrored the fundamental measures that demonstrate the Group's performance, being:

– growth in absolute Net Asset Value per share;
– relative Total Shareholder Return; and
– relative Total Property Return.

I am pleased to be able to report that the new remuneration structure was approved at our 2010 Annual General Meeting and the alignment of the Group's variable awards for executives with Company strategy is shown on page 105 of the Remuneration Report.

Communication with shareholders

Communication with shareholders is given a high priority by the board with over 180 presentations being made in the year to investors, potential investors and analysts by a combination of the Executive Director team and senior managers below the Board. Independent feedback on presentations by the Executive Directors to all major shareholders is provided to the Non-Executive Directors on a regular basis. I am also delighted to be able to say that, for the third time in four years, we received external recognition for our efforts on our Annual Report in winning the PwC Building Public Trust Awards 2010 "Excellence in Reporting" in the FTSE 250.

Martin Scicluna
Chairman

Corporate governance

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

The Board of Directors

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

Composition

The Board comprises the Chairman, three Executive Directors and four Non-Executive Directors. The biographies of all members of the Board are set out on pages 36 and 37. Martin Scicluna as Chairman is responsible for leading the Board and its effectiveness and Toby Courtauld as Chief Executive is responsible for the day-to-day management of the Company, with the division of responsibilities approved by the Board. Charles Irby, the Senior Independent Director is available to shareholders as required and acts as a sounding board for the Chairman.

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

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

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

1 As a result of a number of significant transactions during the year, there were eight unscheduled Board meetings during the year – see page 95.

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

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

Board activities

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

- the setting and monitoring of strategy, including dividend policy;
- review of the Group's risk and related controls;
- reviewing performance and implementation of the strategy by the Executive Directors;
- reviewing the Group's property valuation;
- significant financing arrangements;
- examining major potential acquisitions and disposals;
- approval of major developments;
- interim, half year and annual reporting to shareholders;
- approving policy on key areas including sustainability objectives and targets, health and safety and the environment;
- Board appointments and the appointment of the Company Secretary; and
- corporate governance arrangements and the Board evaluation.

Additional Board meetings were held during the year to approve:

- the establishment of GSP and the purchase of City Place House, EC3 (see pages 10 and 11);
- the Bishopsgate Business Plan, a new Development Agreement with the Leathersellers Company and the demolition contract;
- the purchase of Capital & Counties Properties PLC half share of four properties held within GCP (see page 24);
- a new £350 million revolving credit facility (see page 34);
- the pre-let of 24/25 Britton Street, EC1 (see pages 12 and 13);
- the acquisition of 20 St James's Street, SW1 (see page 24)
- the lease surrender of 160 Great Portland Street, W1 (see page 26);
- the GWP Wigmore Street development; and
- the Crossrail Masterplan Development Agreement (see page 29).

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.

To enable the Board to discharge its duties, all directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings and regular property tours which, this year, included a tour of the GSP buildings, City Tower and City Place House and the public exhibition in relation to the Hanover Square site. All directors have access to the advice and services of the Company Secretary, who is responsible to the Chairman on matters of corporate governance.

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

Committees of the Board

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

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

Board induction and development

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

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

Conflicts of interest

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

Internal controls and risk management

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

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

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

Key features of the system of internal control include:

- a comprehensive system of financial reporting and business planning;
- a defined schedule of matters for decision by the Board;
- an organisational structure with clearly defined levels of authority and division of responsibilities;
- formal documentation procedures;
- the close involvement of the Executive Directors in all aspects of day-to-day operations, including regular meetings with senior management to review all operational aspects of the business and risk management systems;
- the Board reviewing Group strategy and progress on developments at each scheduled Board meeting; and
- a formal whistleblowing policy.

Twice a year, the Audit Committee carries out a review of the framework of how the Group's risks are managed through operational management procedures/authorisations, ongoing review by the Executive Committee, and Board review and oversight. The Committee formally considers the scope and effectiveness of the Group's system of internal control and reports to the Board. This involves the identification of risks specific to the areas of property and financial markets which impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks, which are reviewed, formalised and updated throughout the year, as appropriate. These include business risks, financial controls, social, ethical and environmental issues and policy, and the regulatory environment. Key risks to the business, how these have changed during the year and the processes in place by which the Company aims to manage those risks are included on pages 43 and 45.

Relations with shareholders

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

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

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

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

The Chairman of each of the Audit, Nomination and Remuneration Committees is available at the Annual General Meeting to answer questions. Details of the resolutions to be proposed at the Annual General Meeting on 7 July 2011 can be found in the Notice of Meeting on pages 116 and 117. After the Annual General Meeting, the Company's Registrars will count and verify the poll votes. The results will be announced to the London Stock Exchange and will be published on our website.

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

A summary of the system of governance adopted by the Company is set out on pages 92 to 101. Throughout the year ended 31 March 2011, the Company fully complied with the Code provisions set out in section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008. In June 2010, the FRC published *The UK Corporate Governance Code* which supersedes the Combined Code and is applicable for companies with accounting periods beginning on or after 29 June 2010. The Board has reviewed the provisions of the new Governance Code and believes it will comply with all of these recommendations.

Audit Committee

The Audit Committee reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems and the independence and effectiveness of the auditors.

Chairman:

Jonathan Nicholls

Members:

Charles Irby

Phillip Rose

Jonathan Short

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

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

– the interim management statements, the half year and annual financial statements and significant reporting judgements and key assumptions therein;
– meetings with the Company auditors and property valuers;
– developments in accounting and reporting requirements;
– the review of the Company's internal control and risk management systems;
– the Company's systems and controls for the prevention of bribery and reports on non-compliance;
– the Company's whistleblowing policy;
– the scope, effectiveness, independence and objectivity of the external audit;
– the external auditors' management letter;
– the level of fees paid to the external auditors for audit and non-audit services; and
– the potential need for an internal audit function.

Corporate governance

Month	Principal activities
May 2010	Review of year end results
	– Meeting with the Valuers
	– Meeting with the Auditors
	– Review of internal controls and risk management process and the consideration of the need for internal audit
	– Review of Annual Report/Preliminary Announcement
	– Review of relationship between the auditors and GPE management
July 2010	Review of Interim Management Statement
	– Meeting with the Valuers
	– Review of Interim Management Statement Announcement
September 2010	Annual planning meeting
	– Meeting with the Auditors
	– Review of:
	– effectiveness and independence of the auditors
	– 2010 management letter
	– accounting and reporting matters
	– 2011 Audit Plan
	– Risk areas for review in respect of the Bribery Act 2010
	Review of pension plan annual accounts
October 2010	Review of half year results
	– Meeting with the Valuers
	– Meeting with the Auditors
	– Review of internal controls and risk management process
	– Review of half year result announcement
	– Review of Property Sector Key Performance Indicators
January 2011	Review of Interim Management Statement
	– Meeting with the Valuers
	– Review of Interim Management Statement Announcement
	– Review of the effectiveness of the Committee
March 2011	Year end planning update
	– Meeting with the Auditors
	– Review of:
	– developments in accounting and reporting requirements
	– Audit Plan update
	Approval of:
	– updated whistleblowing policy

Accounting and disclosure matters

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

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

Following a review of the Group's KPIs it was decided that an operational measure used internally relating to the Group's void levels should be included as one of the main measures in reporting the Group's results. EPRA vacancy has, therefore, been formally reported on for the first time this year, replacing the Group's ROCE measure. The performance of the ROCE KPI is highly correlated with the KPIs of EPRA Net Assets per share growth and Total Property Return and was, therefore, considered to duplicate information already provided.

The external audit

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

The auditors are responsible for the annual statutory audit and other services which the Audit Committee believe they are best placed to undertake due to their position as auditors. Under the Group's policy in respect of non-audit services permitted to be provided by the external auditor (available from the Company's website at www.gpe.co.uk/investors/governance), prior approval is required by the Audit Committee for assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditors over 50% of that year's audit fees. During the year activities undertaken by the auditors outside of the main audit included reporting in connection with the debenture trust deed. Payments made by the Group for audit and non-audit fees for the year are disclosed on page 65.

Deloitte LLP has been the Group's auditors since 2003. It is a requirement that the audit partner responsible for the Group and subsidiary audits is rotated every five years and the current lead audit partner has been in place since 2008. Deloitte LLP has confirmed to the Audit Committee that they remain independent and have maintained internal safeguards to ensure their objectivity.

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

Internal audit

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

Remuneration Committee

The Remuneration Committee has responsibility for determining the remuneration, bonuses, long-term incentive arrangements, contract terms and other benefits in respect of the Executive Directors and approval of remuneration arrangements for senior employees and the Chairman. It also reviews the framework for the remuneration of all other employees.

Chairman:
Charles Irby

Members:
Jonathan Nicholls
Jonathan Short

Month	Principal activities
April/May 2010	Consultation with major shareholders, the ABI and RiskMetrics of proposed changes to executive incentive arrangements
May 2010	Approval of:
	– Chairman's fees for 2010/11
	– Circular to shareholders in respect of proposed 2010 Performance Plan and all Employee share schemes
June 2010	Review of the 2007 LTIP and SMP performance and vesting of awards
	Review of the effectiveness of the Committee
July 2010	Approval of:
	– 2010 LTIP and SMP awards
January 2011	Review of executive remuneration and updated guidance from institutional investors
	Review of the effectiveness of the Committee
March 2011	Review of:
	– Senior Manager bonuses
	– Senior Manager salary, bonus and long-term incentive levels for forthcoming year
	Approval of:
	– 2010 corporate bonus adjustment following partial settlement of CPO claim in respect of 18/19 Hanover Square, W1
May 2011	Review of:
	– year end appraisals of Executive Directors, Investment Director and Company Secretary and their objectives and targets set for forthcoming year
	Approval of:
	– Executive Director, Investment Director and Company Secretary bonuses
	– Executive Director, Investment Director and Company Secretary salary and bonus levels for forthcoming year
	– Executive Director and employee corporate bonus plan targets

The Committee has access to professional advice outside the Company, as required. Its role is described further in the Directors' remuneration report on pages 102 to 112.

Nomination Committee

The Nomination Committee undertakes an annual review of succession planning and ensures that the membership and composition of the Board, including the balance of the skills, continue to be appropriate.

Chairman:

Martin Scicluna

Members:

Charles Irby
Jonathan Nicholls
Phillip Rose

Month	Principal activities
May 2010	Review of succession and development plans for the Executive Directors and key senior managers with the Chief Executive
January 2011	Review of the role and qualities sought in the new Finance Director
	Review of the effectiveness of the Committee
February 2011	Review of:
	– matters arising from the 2011 Board Evaluation Report;
	– reappointments to the Board to be proposed at the 2011 Annual General Meeting;
	– Committee memberships; and
	– training and development.

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

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

Following Timon Drakesmith's resignation in January 2011 with effect from 27 May 2011, prior to external recruitment consultants Russell Reynolds being appointed, the role of new Finance Director and the qualities sought in Timon Drakesmith's successor were agreed by Martin Scicluna as Chairman of the Board and Nomination Committee, Jonathan Nicholls as Chairman of the Audit Committee and Toby Courtauld as Chief Executive.

Following the Board evaluation process in January 2011, Charles Irby as Senior Independent Director led a review of the Chairman's performance which concluded that the Chairman had established a good working relationship with each of the Executive Directors and encouraged discussion and debate between the members of the Board. The Nomination Committee also considered the composition of the Board and its Committees with Jonathan Nicholls being appointed to the Nomination Committee with effect from 1 April 2011.

By order of the Board

Desna Martin
Company Secretary

24 May 2011

Directors' remuneration report

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

Remuneration policy principles

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

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

Changes in 2010/11

Following shareholders approval at the Annual General Meeting in July 2010 the following changes to the remuneration structure for Executive Directors were implemented:

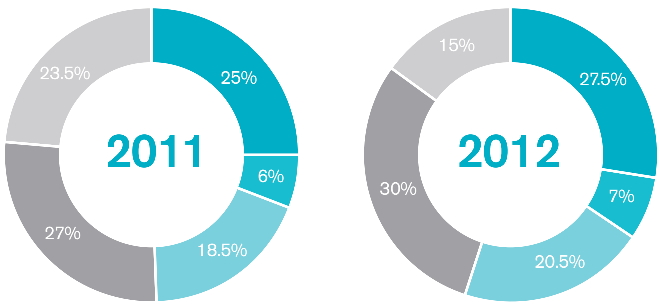
- The Long-Term Incentive Plan ("LTIP") and Share Matching Plan ("SMP") were simplified so that only one scheme, the 2010 Long-Term Incentive Plan (the "New Plan") operates for the award of annual Performance Shares and Matching Shares;
- a new performance measure for the New Plan was adopted based on relative Total Property Return to ensure that the measures under the New Plan mirrored the fundamental measures that demonstrated the Group's performance being:
  - growth in absolute net asset value per share;
  - relative Total Shareholder Return; and
  - relative Total Property Return.
- the level of NAV growth that is required for awards to vest was increased significantly;
- the maximum award under the unmatched part of the LTIP was increased from 150% of basic salary to 200% of basic salary in order to provide a competitive overall total remuneration package;
- in order to receive a Matching Share award of up to 100% of basic salary, the Executive Directors were required to buy or pledge existing shares of one-third of basic salary rather than the 30% of salary previously required; and
- in the year to 31 March 2011 only, Executive Directors were given the opportunity to receive an award of an additional 100% of basic salary by making a further investment of one-third of basic salary in Company shares or pledging the same amount of shares currently held. The performance conditions in relation to this additional award are considerably more stretching than awards made under the ongoing LTIP.

Charles Irby Chairman of the Remuneration Committee

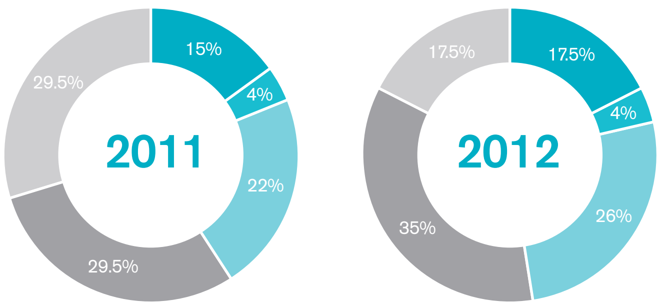
Changes for 2011/12

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

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



Composition of maximum annual Executive Director remuneration



Salary
Pension
Bonus
Performance shares
Matching shares

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

Details of all payments to Executive Directors in the year, which are disclosed on page 104, show the relative values of the basic and performance related elements of remuneration for the year under review.

Basic salary and benefits

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

On 1 April 2011, the Executive Directors received increases in salaries as follows: Toby Courtauld £490,000 (from £471,000) and Neil Thompson £390,000 (from £325,000). The increase for Toby Courtauld is in line with the average increases provided to employees across the Group. The increase for Neil Thompson is ahead of the average across the Group because his responsibilities were significantly increased after the departure of the Property Director during the year to 31 March 2010 when he became Portfolio Director with responsibility for both the asset and development management teams. The Committee, taking account of salaries of senior operational directors at peer comparator companies, has sought to re-align Mr Thompson's salary since then to reflect these increased responsibilities as he has grown into the role.

Directors' remuneration report

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

Directors' remuneration details in respect of the year ended 31 March 2011 (audited)

	Salaries/ fees £000	Performance related bonuses £000	2010 Adjustment for deferred receipts £000[4]	Benefits £000	Total 2011 £000	Total 2010 £000	Pension contribution 2011 £000	Pension contribution 2010 £000
Executive								
Toby Courtauld	471	707	167	19	1,364	792	94	89
Timon Drakesmith	315	473	102	10	900	486	63	55
Neil Thompson	325	488	107	17	937	511	65	57
Robert Noel[1]	–	–	–	–	–	286	–	54
	1,111	1,668	376	46	3,201	2,075	222	255
Non-Executive								
Martin Scicluna	185	–	–	7	192	175	–	–
Charles Irby	59	–	–	–	59	53	–	–
Phillip Rose	47	–	–	–	47	44	–	–
Jonathan Short	48	–	–	–	48	44	–	–
Jonathan Nicholls[3]	51	–	–	2	53	36	–	–
Kathleen O'Donovan[2]	–	–	–	–	–	16	–	–
Total	1,501	1,668	376	55	3,600	2,443	222	255

1. Resigned from the Board on 31 December 2009.

2. Retired from the Board on 9 July 2009.

3. Joined the Board on 10 July 2009.

4. As a result of the Group's results being adversely affected by the CPO of 18/19 Hanover Square, W1, in November 2009, the IPD target for the bonus plan was not met for the year ended 31 March 2010. Following continued negotiations with Transport for London during the course of 2011 in respect of the Group's claim in relation to the CPO of 18/19 Hanover Square, W1, a full and final settlement of an additional £56 million was reached in March 2011 in respect of the value of "Land Taken" in 2009. This amount has, therefore, been treated as relating to the year ended 31 March 2010 rather than 31 March 2011, resulting in the IPD target for the bonus plan for the year ended 31 March 2010 being partially met (50%) and resulting in a 2010 bonus payment to the Executive Directors of 37.5% of their 2010 salary. Discussions with Transport for London are continuing to resolve the remaining elements of the claim.

Alignment of variable awards with Company strategy for the year ended 31 March 2011

Variable component	Maximum percentage of salary	Key elements of strategy	Measured by	Maximum performance target	Actual/ anticipated vesting level
Annual Bonus Plan	75%	Market competitiveness	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index (for the year to 31 March 2011)	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of 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 2011) – positive NAV growth underpin	Positive NAV growth greater than 130% of target	45%
	30%	Operational excellence	Achievement against objectives (for the year to 31 March 2011)	Exceeding personal objectives	30%
2007, 2008 and 2009 LTIP[1]	75%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2007[2] 2008[3] 2009–n/a
	75%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 8%	2007[2] 2008[3] 2009–n/a
2007, 2008 and 2009 SMP[1,4]	50%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2007[5] 2008[6] 2009–n/a
	50%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 12%	2007[5] 2008[6] 2009–n/a
New Plan[1] Ongoing	100%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2010–n/a
Additional (2010 only)	33.33%			Upper quintile TSR performance	
Ongoing	100%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 9% p.a.	2010–n/a
Additional (2010 only)	33.33%			The Group's net assets to exceed RPI plus 9.5% p.a.	
Ongoing	100%	Market competitiveness	Total property return (based on a three year performance period)	Upper quintile TPR performance	2010–n/a
Additional (2010 only)	33.33%			Upper quintile TPR performance	

1. Measured over a three year performance period.
2. 88% of the 2007 TSR LTIP award vested to Toby Courtauld, Timon Drakesmith and Neil Thompson for awards made on 31 May 2007 and vesting in 2010 following TSR targets being met. 0% of the 2007 NAV LTIP award vested as a result of NAV targets not being met.
3. As at the date of this Report, 100% of shares under the 2008 TSR LTIP target would vest and 0% of shares under the NAV target will vest.
4. Maximum SMP award is based on a maximum investment of 30% of pre-tax salary, grossed up at the prevailing marginal rate of income tax (i.e. 40%) and matched on a ratio of 2:1.
5. 88% of the 2007 TSR SMP award vested to Toby Courtauld, Timon Drakesmith and Neil Thompson for awards made on 8 June 2007 and vesting in 2010 following TSR targets being met. 0% of the 2007 NAV SMP award vested as a result of NAV targets not being met.
6. As at the date of this Report, 100% of shares under the 2008 TSR SMP target would vest and 0% of shares under the NAV target will vest.

Bonus plan

Each year the Committee considers the appropriateness of the component parts of the annual bonus plan on page 105 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 2011.

The Company has continued to perform well overall, both in its relative total shareholder return, achievement against NAV and IPD targets and in the Executive Directors' achievement of their personal objectives to progress the Company's strategy.

The personal objectives, other than those covered by the corporate measures, for the Executive Directors for 2011 included the following and were specific as to each individual's role and responsibilities:

- proactive targeting of potential investment and development opportunities;
- de-risking of the short- to medium-term development programme;
- successful progression of the development programme;
- active tracking of, and responsiveness to, changing tenant requirements;
- exceeding rental income, void and delinquency targets;
- ensuring appropriate turnover of assets;
- proactive shareholder relations programme;
- provision of high quality financial reporting;
- maintaining and extending strong relationships with debt finance providers;
- arrangement of appropriate financing facilities;
- effective internal and external communication;
- ensuring appropriate levels of human resources and succession planning;
- development of individuals/teams;
- active representation on key property industry associations;
- setting of the Group's environmental and sustainability strategy;
- integration of the Group's property and finance IT systems; and
- ensuring delivery of health and safety objectives.

As a result of the achievement of the Executive Directors' objectives during the year, as reflected in the review of the Company on pages 2 to 56, the Committee has awarded the Executive Directors the full 30% of salary for operational excellence.

Long-Term Incentive Plans

New 2010 LTIP

Following shareholder approval, a new incentive arrangement – the 2010 Long-Term Incentive Plan (the "New Plan"), was introduced in July 2010 to simplify the LTIP and SMP arrangements and to improve the alignment of executive incentives with the Company's strategy.

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

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

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

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

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

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

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

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

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

Upon vesting, shares to satisfy awards under the LTIP, SMP and New Plan 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 Company's share plans. The shares to satisfy vested awards have been purchased by the Trustees of the Trust in the open market.

The number of shares held by the Trust as at 31 March 2011 was 2,482,630.

2008 and 2009 LTIP awards

Executive Directors (and Senior Managers to a lesser extent) were eligible to be awarded shares under an LTIP, up to an annual limit of 150% of a participant's salary. Under the scheme there are two separate performance conditions for the vesting of awards, each applying to one half of the shares awarded.

- 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 of grant) 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.

Directors' remuneration report

Long-Term Incentive Award details in respect of the year ended 31 March 2011 (audited)

	Plan	Award date	Market value of a share on grant Pence[3]	Number of shares under award at 1 April 2010[4]	Number of shares awarded during the year	Number of shares lapsed/did not vest during the year	Number of shares vested during the year	Market value on date of vesting Pence	**Number of shares under award at 31 March 2011**	Vesting date of outstanding shares
Toby Courtauld	LTIP	31 May 2007[2]	534.20	122,856	–	69,462	53,934	313.30	**–**	n/a
	LTIP	29 May 2008[2]	295.47	213,565	–	–	–	–	**213,565**	29 May 2011
	LTIP	28 May 2009[2]	229.96	278,647	–	–	–	–	**278,647**	28 May 2012
	New Plan	16 July 2010[3]	298.00	–	311,920	–	–	–	**311,920**	16 July 2013
Total awards outstanding									**804,132**	
Timon Drakesmith[1]	LTIP	31 May 2007[2]	534.20	75,160	–	42,165	32,995	313.30	**–**	n/a
	LTIP	29 May 2008[2]	295.47	130,652	–	130,652	–	–	**–**	n/a
	LTIP	28 May 2009[2]	229.96	170,466	–	170,466	–	–	**–**	n/a
	New Plan	16 July 2010[3]	298.00	–	208,609	208,609	–	–	**–**	n/a
Total awards outstanding									**–**	
Neil Thompson	LTIP	31 May 2007[2]	534.20	75,160	–	42,165	32,995	313.30	–	n/a
	LTIP	29 May 2008[2]	295.47	136,873	–	–	–	–	**136,873**	29 May 2011
	LTIP	28 May 2009[2]	229.96	178,584	–	–	–	–	**178,584**	28 May 2012
	New Plan	16 July 2010[3]	298.00	–	215,231	–	–	–	**215,231**	16 July 2013
Total awards outstanding									**530,688**	

1. Timon Drakesmith has resigned from the Board with effect from 27 May 2011.
2. Performance conditions attached to the 2008 and 2009 LTIP awards are described on page 107.
3. Performance conditions attached to the 2010 Performance Shares awards are described on pages 106 and 107.
4. To take account of the Rights Issue completed in June 2009 adjustments were made to 2008 and 2009 awards under the LTIP and SMP by applying an adjustment factor to the awards to ensure that the value of shares under award before and immediately after shares in the Company became "ex-rights" were, as far as possible, the same. The figures in the table show the number of shares after the adjustment factor was applied.

Share Matching Plan

2008 and 2009 SMP awards

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

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

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

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

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

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

Matching Award details[1] in respect of the year ended 31 March 2011 (audited)

	Plan	Award date	Market value of a share on grant Pence[3]	Number of shares under award at 1 April 2010[4]	Number of shares awarded during the year	Number of shares lapsed/did not vest during the year	Number of shares vested during the year	Market value on date of vesting Pence	**Number of shares under award at 31 March 2011**	Vesting date of outstanding shares
Toby Courtauld	SMP	08 June 2007	493.88	81,268	–	45,449	35,819	285.60	**–**	n/a
	SMP	06 June 2008	285.58	142,377	–	–	–	–	**142,377**	06 June 2011
	SMP	03 June 2009	231.45	185,762	–	–	–	–	**185,762**	03 June 2012
	New Plan	16 July 2010	298.00	–	332,016	–	–	–	**332,016**	16 July 2013
Total awards outstanding									**660,155**	
Timon Drakesmith[2]	SMP	08 June 2007	493.88	49,719	–	27,805	21,914	285.60	**–**	n/a
	SMP	06 June 2008	285.58	48,187	–	48,187	–	–	**–**	06 June 2011
	SMP	03 June 2009	231.45	113,64	–	113,641	–	–	**–**	03 June 2012
	New Plan	16 July 2010	298.00	–	222,048	222,048	–	–	**–**	16 July 2013
Total awards outstanding									**–**	
Neil Thompson	SMP	08 June 2007	493.88	49,719	–	27,805	21,914	285.60	**–**	n/a
	SMP	06 June 2008	285.58	91,248	–	–	–	–	**91,248**	06 June 2011
	SMP	03 June 2009	231.45	119,052	–	–	–	–	**119,052**	03 June 2012
	New Plan	16 July 2010	298.00	–	229,098	–	–	–	**229,098**	16 July 2013
Total awards outstanding									**439,398**	

1. Performance conditions attached to the 2008 and 2009 SMP awards are described on pages 108 and 109.

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

3. Performance conditions attached to the 2010 Matching Share awards are described on page 107.

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

Share ownership

Executive Directors are expected to build and hold a shareholding of the Company's shares obtained through incentive plans equal in value to 100% of salary within five years from appointment. As at 31 March 2011, all of the Executive Directors held shares considerably in excess of this requirement.

As at 31 March 2011

Director	Target value of shareholding £	Current shareholding shares	Value of shareholding 31 March 2011 £	Percentage holding against target
Toby Courtauld	471,000	517,002	1,994,593	423%
Timon Drakesmith	315,000	171,273	660,772	209%
Neil Thompson	325,000	191,687	739,529	227%

Pensions

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

Remuneration of Non-Executive Directors

Non-Executive Directors' annual fees as at 31 March 2011

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Martin Scicluna	185,000	–	–	–	–	185,000
Charles Irby	39,000	5,000	4,500	7,000	3,350	58,850
Phillip Rose	39,000	–	4,500	–	3,350	46,850
Jonathan Short	39,000	–	4,500	4,500	–	48,000
Jonathan Nicholls	39,000	–	8,000	4,500	–	51,500

The fees of the Non-Executive Directors, excluding the Chairman, are reviewed annually by the Executive Directors, who make recommendations to the Board. The Remuneration Committee is responsible for setting the Chairman's fee. The total of Non-Executive Directors' fees is limited by the Articles of Association. Remuneration of the Non-Executive Directors excluding the Chairman comprises a basic fee, together with a fee for serving on each Board Committee. The Chairman, who also chairs the Nomination Committee, receives a basic fee of £185,000 per annum (increased to £192,500 from 1 April 2011) and all other Non-Executive Directors receive a basic fee of £39,000 per annum (increased to £41,000 from 1 April 2011). 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 £8,000 per annum (increased to £9,000 from 1 April 2011) and the Chairman of the Remuneration Committee a fee of £7,000 per annum (increased to £7,500 from 1 April 2011). Members of the Audit and Remuneration Committee receive a fee of £4,500 per annum and £3,350 for the Nomination Committee. Non-Executive Directors are not eligible for the Bonus Plan, LTIP or SMP, nor are contributions made to any pension arrangements.

Service agreements

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

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

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

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

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

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

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

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002	12
Timon Drakesmith	15 August 2005	12
Neil Thompson	1 August 2006	12
Non-Executive	**Date of appointment letter**	**Date when next subject to re-election**
Martin Scicluna	1 October 2008	2011
Charles Irby	1 April 2004	2011
Phillip Rose	11 April 2005	2011
Jonathan Nicholls	10 July 2009	2011
Jonathan Short	22 March 2007	2011

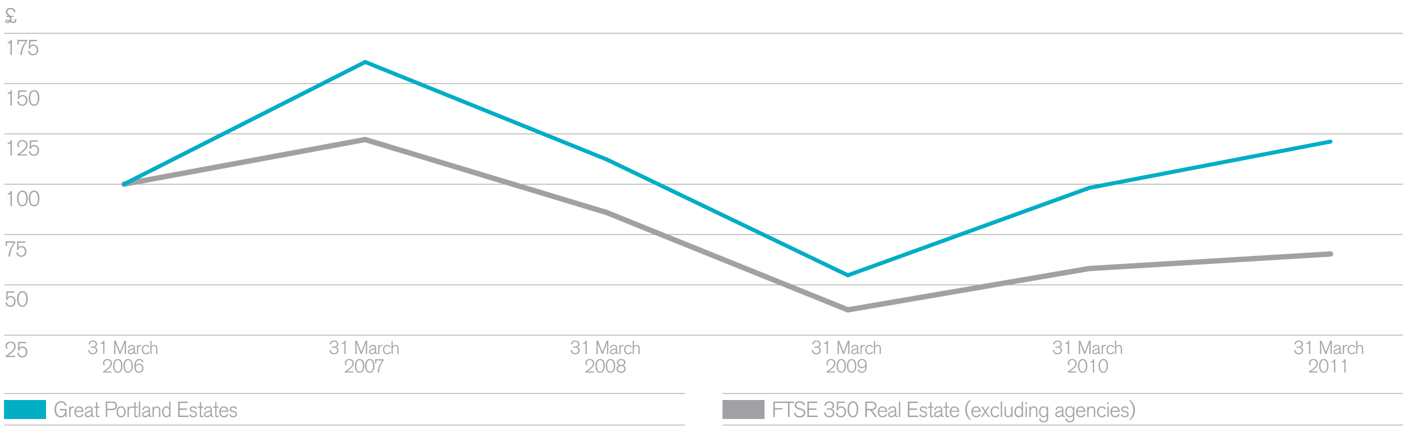
All-employee share plans

Following approval by shareholders at the 2010 Annual General Meeting, the Company introduced an HMRC approved Share Incentive Plan (the "2010 SIP") by which all employees may purchase shares up to £1,500 and be gifted two additional shares for each share purchased. If the shares are held in a trust for at least three years and the employee does not leave the Company during that period then the shares may be retained by the individual subject to some relief against income tax and national insurance charges.

Total shareholder return

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

Total shareholder return



This graph shows the value, by 31 March 2011, of £100 invested in Great Portland Estates on 31 March 2006 compared with the value of £100 invested in the FTSE 350 Real Estate index, excluding agencies. The other points plotted are the values at intervening financial year ends.

Source: Datastream

Remuneration Committee and advisers

The Committee comprises three independent Non-Executive Directors, Charles Irby (Chairman), Jonathan Nicholls and Jonathan Short, and has responsibility for:

- determining the remuneration, contract terms and other benefits of the Chairman and Executive Directors in light of remuneration payable to employees across the Group;
- reviewing the remuneration framework for Senior Managers including the annual bonus plan, and long-term incentive arrangements and determining the remuneration, contract terms and other benefits for all employees with a basic salary of more than £150,000 per annum;
- reviewing the remuneration framework for all other employees including the annual bonus plan, where employees are eligible to participate in performance related bonus plans based on Company and individual performance targets;
- overseeing any significant changes to employee benefits, including pensions; and
- approving the design of and targets for performance related incentive schemes.

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

The Committee was advised during the year by PwC as independent remuneration consultants who were appointed by the Committee. PwC also act as the Group's tax advisor. During the year the Committee was also advised by Hewitt New Bridge Street ("HNBS"), a firm of independent remuneration consultants, who provided advice to the Committee in respect of vesting of the Total Shareholder Return element of the LTIP and SMP awards and Investment Property Databank ("IPD") who provide measurement against its property benchmark, with both companies being appointed by the Committee in respect of these roles.

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

Remuneration report

In preparing this Remuneration report, the Committee has followed the requirements of section 1 of the 2008 Combined Code on Corporate Governance, the Companies Act 2006, schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008, and the Listing Rules of the Financial Service Authority. This report will be submitted to shareholders for approval at the Annual General Meeting to be held on 7 July 2011.

Approved by the Board on 24 May 2011 and signed on its behalf by

Charles Irby
Chairman of the Remuneration Committee

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Report of the directors, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

N.T. Drakesmith

Toby Courtauld
Chief Executive

24 May 2011

Timon Drakesmith
Finance Director

24 May 2011

Analysis of ordinary shareholdings

At 31 March 2011

By shareholder

	Shareholders		Shareholding	
	Number	%	Number	%
Banks and nominee companies	980	33.60	302,104,383	96.63
Individuals	1,840	63.08	6,965,537	2.23
Investment trusts	7	0.24	26,618	0.01
Insurance companies	3	0.10	72,421	0.02
Other limited companies	58	1.99	1,067,762	0.34
Pension funds	2	0.07	650,253	0.20
Other institutions	27	0.92	1,789,175	0.57
	2,917	100.00	312,676,149	100.00

By size of holding

	Shareholders		Shareholding	
	Number	%	Number	%
1 – 500	674	23.11	159,043	0.05
501 – 1,000	461	15.80	349,082	0.11
1,001 – 5,000	1,055	36.17	2,488,532	0.79
5,001 – 10,000	222	7.61	1,589,148	0.51
10,001 – 50,000	205	7.03	4,680,219	1.50
50,001 – 100,000	78	2.67	5,676,567	1.81
100,001 – and above	222	7.61	297,733,558	95.23
	2,917	100.00	312,676,149	100.00

Glossary

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

EPRA adjustments
Standard calculation methods for adjusted EPS and NAV as set out by the European Public Real Estate Association (EPRA) in their Best Practice and Policy Recommendations.

EPRA vacancy rate
The element of a property which is unoccupied but available for letting, expressed as the ERV of the vacant space divided by the ERV of the total portfolio.

Estimated Rental Value (ERV)
The market rental value of lettable space as estimated by the Company's valuers at each balance sheet date.

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

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

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

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

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

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

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

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

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

Notice of meeting

Notice is hereby given that the fifty-fourth Annual General Meeting of Great Portland Estates plc will be held at 50 Stratton Street, London W1, on Thursday 7 July 2011 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 2011.
2. To authorise the payment of a final dividend for the year ended 31 March 2011.
3. To approve the Directors' remuneration report.
4. To re-elect Toby Courtauld as a director of the Company.
5. To re-elect Neil Thompson as a director of the Company.
6. To re-elect Martin Scicluna as a director of the Company.
7. To re-elect Charles Irby as a director of the Company.
8. To re-elect Jonathan Nicholls as a director of the Company.
9. To re-elect Phillip Rose as a director of the Company.
10. To re-elect Jonathan Short as a director of the Company.
11. To reappoint Deloitte LLP as auditors.
12. To authorise the directors to agree the remuneration of the auditors.

As special business, to consider and, if thought fit, to pass the following resolution 13 as an ordinary resolution, and those numbered 14 to 16 inclusive as special resolutions. The items of special business are explained in more detail in the Report of the directors on pages 88 to 91.

Ordinary resolution

13. That:

(a) the directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:

(i) in accordance with Article 9 of the Company's Articles of Association (the Articles), up to a maximum nominal amount of £13,028,172 (such amount to be reduced by the nominal amount of any equity securities (as defined in Article 10 of the Articles) allotted under paragraph (ii) below in excess of £13,028,172); and

(ii) comprising equity securities (as defined in Article 10 of the Articles), up to a maximum nominal amount of £26,056,344 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a Rights Issue (as defined in Article 10 of the Articles);

(b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or, if earlier, at the close of business on 1 October 2012; and

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

Special resolutions

14. That:

(a) in accordance with Article 10 of the Company's Articles of Association (the Articles), the directors be given power to allot equity securities for cash;

(b) the power under paragraph (a) above (other than in connection with a Rights Issue, as defined in Article 10 of the Articles) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £1,954,225;

(c) these authorities shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2012; and

(d) all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.

15. That, in accordance with the Companies Act 2006, the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Companies Act 2006) of its shares on such terms and in such manner as the directors may determine, provided that:

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

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

(c) the authority conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 1 October 2012 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.

(d) all existing authorities for the Company to make market purchases of its shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has not yet been executed.

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

Registered office:

33 Cavendish Square
London W1G 0PW

By order of the Board

Desna Martin
Company Secretary

24 May 2011

Notes to notice of meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:
   - in hard copy form by post, by courier or by hand to the Company's Registrar at the address shown on the form of proxy; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

   and in each case must be received by the Company's Registrar not less than 48 hours before the time of the meeting.
2. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so. A shareholder must inform the Company's Registrar in writing of any termination of the authority of a proxy.
3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
4. The statement of rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by shareholders of the Company.
5. Nominated persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
6. As at 23 May 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 312,676,149 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23 May 2011 are 312,676,149.
7. Copies of all directors' contracts will be available for inspection at 33 Cavendish Square, London W1G 0PW during normal business hours on any weekday (English public holidays excepted) from the date of this Notice 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 on the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual.

   The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

   (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00pm on 5 July 2011 (or in the event of any adjournment, at 6.00pm on the date which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
11. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006, and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.
12. A member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. A copy of this notice, and other information required by section 311A of the Companies Act 2006 can be found at www.gpe.co.uk/investors/agm/
14. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any other purposes other than those expressly stated.
15. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held.

Five year record

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

Balance sheet

	2007 £m	2008 £m	2009 £m	2010 £m	**2011 £m**
Property portfolio	1,333.0	1,095.8	803.2	774.9	**1,049.5**
Joint ventures	176.0	390.6	183.2	332.4	**449.8**
Loans and borrowings	(393.3)	(425.3)	(378.3)	(278.3)	**(352.1)**
Other net (liabilities)/assets	(39.7)	(11.7)	(39.5)	47.7	**(34.5)**
Net assets	1,076.0	1,049.4	568.6	876.7	**1,112.7**

Financed by

	2007 £m	2008 £m	2009 £m	2010 £m	**2011 £m**
Issued share capital	22.6	22.6	22.6	39.1	**39.1**
Reserves	1,053.4	1,026.8	546.0	837.6	**1,073.6**
Total equity	1,076.0	1,049.4	568.6	876.7	**1,112.7**
Net assets per share*	443p	433p	234p	280p	**359p**
Net assets per share – EPRA*	443p	434p	245p	283p	**360p**

Income statement

	£m	£m	£m	£m	**£m**
Net rental income	46.9	44.4	42.4	45.7	**63.7**
Joint venture fee income	1.6	5.8	4.7	3.0	**4.1**
Rental and joint venture fee income	48.5	50.2	47.1	48.7	**67.8**
Property and administration expenses	(18.2)	(19.9)	(17.6)	(16.6)	**(21.3)**
Development management profits	5.3	7.1	4.0	0.1	**–**
	35.6	37.4	33.5	32.2	**46.5**
Surplus/(deficit) on investment property	278.1	(8.7)	(315.5)	89.8	**131.3**
Share of results of joint ventures	45.2	(1.6)	(131.5)	59.0	**97.9**
Operating profit/(loss)	358.9	27.1	(413.5)	181.0	**275.7**
Finance income	0.3	0.6	0.3	0.4	**2.2**
Finance costs	(22.0)	(30.7)	(22.9)	(13.2)	**(13.8)**
Non-recurring items	(11.2)	–	(0.1)	(11.6)	**(3.1)**
Profit/(loss) before tax	326.0	(3.0)	(436.2)	156.6	**261.0**
Tax	56.8	(1.1)	0.1	(0.2)	**(0.9)**
Profit/(loss) for the year	382.8	(4.1)	(436.1)	156.4	**260.1**
Earnings per share – basic*	175.9p	(1.6)p	(180.0)p	55.5p	**83.8p**
Earnings per share – EPRA*	7.6p	9.4p	9.1p	10.0p	**16.0p**
Dividend per share*	8.4p	8.9p	9.0p	8.0p	**8.2p**

* Restated for the rights issue May 2009.

Financial calendar

2011

1 June
Ex-dividend date for 2010/2011 final dividend

3 June
Registration qualifying date for 2010/2011 final dividend

7 July
Annual General Meeting

12 July
2010/2011 final dividend payable

9 Nov
Announcement of 2011/2012 interim results (provisional)[1]

16 Nov
Ex-dividend date for 2011/2012 interim dividend (provisional)[1]

18 Nov
Registration qualifying date for 2011/2012 interim dividend (provisional)[1]

2012

4 Jan
2011/2012 interim dividend payable (provisional)[1]

23 May
Announcement of 2011/2012 full year results (provisional)[2]

1 Provisional dates will be confirmed in the Half Year results announcement 2011.
2 The timetable for the potential final dividend will be confirmed in the 2012 Annual Report.

Shareholders' information

Shareholder enquiries

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

The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
Fax: 01484 600 911
Email: shareholder.services@capitaregistrars.com

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

Unsolicited telephone calls – Boiler room scams

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

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

- ensure you get the correct name of the person and organisation;
- check that the organisation is on the Financial Services Authority ("FSA") Register and is authorised to give financial advice before getting involved by visiting www.fsa.gov.uk/pages/register
- report the matter to the FSA Consumer Helpline (0300 500 5000) with details, or complete the Unauthorised Firms Reporting Form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/form.shtml and
- if the calls persist, hang up.

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

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

Payment of dividends

If you would like your dividends/interest paid directly into your bank or building society account you should write to Capita Registrars including details of your nominated account. Although this will enable your dividend/interest to be paid directly into your account, your tax voucher will still be sent to your registered address.

Low cost dealing service

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

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

Website

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

Tax consequences of REIT status

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

Company Secretary

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

Design and production:
Radley Yeldar | ry.com

Print:
The Midas Press Ltd

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www.gpe.co.uk

Great Portland Estates plc
33 Cavendish Square
London W1G 0PW

Tel: 020 7647 3000
Fax: 020 7016 5500